



MATANG BERHAD
(Company No. 1142377-X)

2019

ANNUAL REPORT



CORPORATE SECTION

Corporate Information /02	Statement of the Board of Directors /13	Corporate Governance Overview Statement /33	Analysis of Shareholdings /86
Group Corporate Structure /03	Management Discussion and Analysis /16	Sustainability Statement /42	Properties Held by the Group /89
Group Financial Highlights /04	Statement on Risk Management and Internal Control /26	Additional Compliance Information /44	Notice of 5 th Annual General Meeting /91
Director's Profile /06	Audit and Risk Management Committee Report /29	Statement of Director's Responsibilities /46	Form of Proxy
Profile of Senior Management Team /12			

TABLE OF

CONTENTS

FINANCIAL STATEMENTS

Directors' Report /47	Independent Auditors' Report /52	Statements of Profit or Loss and Other Comprehensive Income /56	Statements of Cash Flows /59
Statement by Directors /51	Statements of Financial Position /55	Statements of Changes in Equity /57	Notes to the Financial Statements /61
Statutory Declaration /51			

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATUK KIAT SWEE SUNG
Executive Deputy Chairman

DATO' ENG CHENG GUAN
Executive Director

DATUK IR. LOW AH KEONG
Executive Director

DATO' NG KENG HENG
Executive Director

LEW WENG HO
Independent Non-Executive Director

DATO' FOONG CHEE MENG
Independent Non-Executive Director

YEO KWEE KWANG
Independent Non-Executive Director

TEW BOON CHIN
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

LAU LIANG FOOK
Non-Independent Non-Executive Director

LIM CHIN HOCK
Non-Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Chairman
Lew Weng Ho

Member
Dato' Foong Chee Meng
Yeo Kwee Kwang

NOMINATION COMMITTEE

Chairman
Dato' Foong Chee Meng

Member
Lew Weng Ho
Tew Boon Chin

REMUNERATION COMMITTEE

Chairman
Datuk Kiat Swee Sung

Member
Lew Weng Ho
Yeo Kwee Kwang

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 PLT (LLP0018825-LCA & 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



MATANG BERHAD

100%

**MATANG
HOLDINGS BERHAD**

100%

**MATANG
REALTY SDN BHD**

GROUP FINANCIAL HIGHLIGHTS

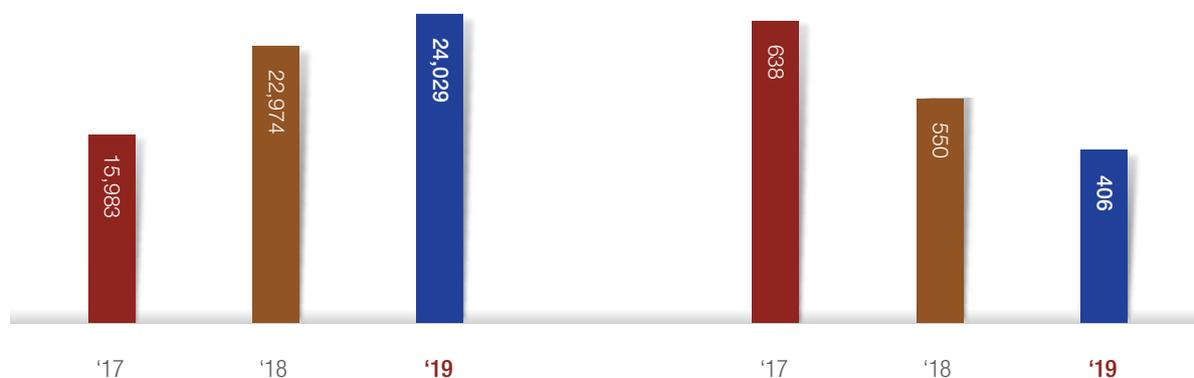
	Financial years ended 30 June		
	2017	2018	2019
Fresh fruit bunches (“FFB”) production (tonnes)	15,983	22,974	24,029
FFB yield per hectare (tonnes/hectare)	14.65	22.01	23.39
FFB price realised (RM)	638	550	406
	RM'000	RM'000	RM'000
Revenue	10,204	12,641	9,749
Gross profit	7,015	9,774	6,901
Profit before taxation	2,582	5,879	3,102
Profit after taxation	1,257	4,090	1,832
Profit attributable to owners of the parent	1,257	4,090	1,832
Earnings per share attributable to owners of the parent (Sen)	0.07	0.23	0.10
Dividend per share (Sen)	-	0.20	0.15[^]
Shareholders' equity	184,638	188,416	186,583
Cash, bank balance and short term funds	32,854	38,675	39,178

Notes:

[^] First and final single tier dividend of 0.15 sen per ordinary share of Matang Berhad in respect of financial year ended 30 June 2019 is subject to the approval of the shareholders of Matang in the upcoming Annual General Meeting.

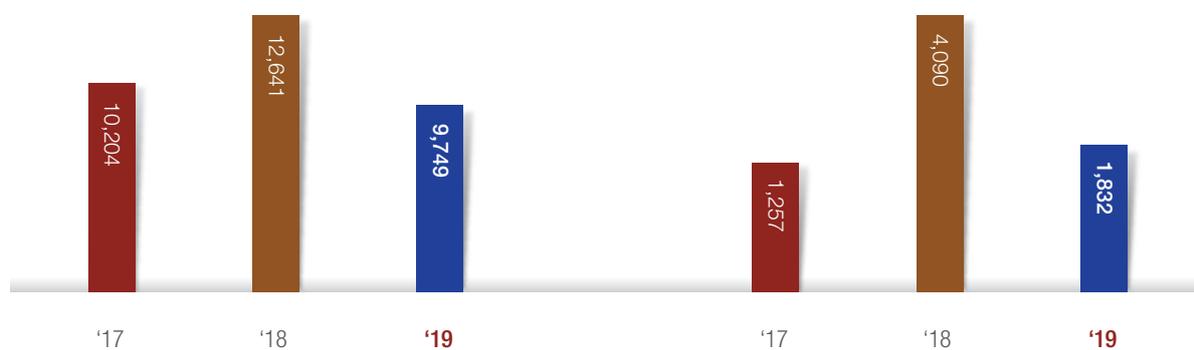
GROUP FINANCIAL HIGHLIGHTS

cont'd



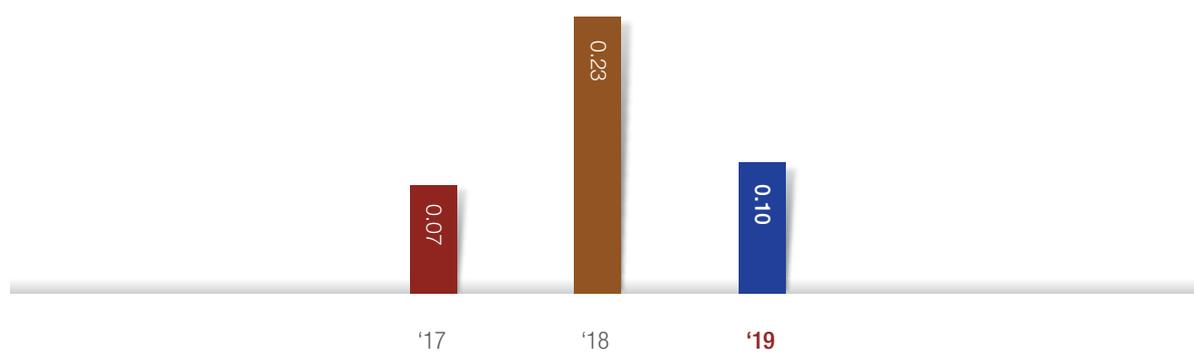
FRESH FRUIT BUNCHES PRODUCTION
(tonnes)

FFB PRICE REALISED
(RM per tonne)



REVENUE
(RM'000)

PROFIT AFTER TAXATION
(RM'000)



EARNING PER SHARE
(sen)

DIRECTOR'S PROFILE

DATUK KIAT SWEE SUNG

Datuk Kiat Swee Sung, male, aged 55, 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.

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 in 2013 and 2014 respectively the positions of which Datuk Kiat has resigned from on 8 March 2019. 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.

DATO' ENG CHENG GUAN

Dato' Eng Cheng Guan, male, aged 60, 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. Dato' 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, Dato' 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 Malaysian Chinese Association ("MCA") Simpang Renggam division, Vice Chairman of MCA Johor, as well as the Assistant of National Organising Secretary of MCA.

DIRECTOR'S PROFILE

cont'd

DATUK IR. LOW AH KEONG

Datuk Ir. Low Ah Keong, male, aged 47, a Malaysian, is our Executive Director. He was appointed to our Board on 23 May 2019 as a Non-Independent Non-Executive Director and was subsequently re-designated to an Executive Director on 28 August 2019.

Datuk Ir. Low who is also commonly known as Datuk Ir. Lawrence Low graduated in 1997 with a Bachelor Degree in Civil Engineering (Hons) from the University of Technology Malaysia. In 2000, Datuk Ir. Lawrence Low completed and obtained the Master Degree in Business Administration from Charles Sturt University, Australia. He is also a certified Professional Engineer on Board of Engineers Malaysia as well as a Corporate Member of Institution of Engineers, Malaysia. Since 2004, Datuk Ir. Lawrence Low has been the Managing Director of Dyninvest Progress Sdn Bhd, a company involved in the contracting and construction for civil infrastructure and building works.

Prior to 2004, Datuk Ir. Lawrence Low has served in wide-ranging capacities as Engineer under PC Geo-Management Sdn Bhd ("PC Geo"), including from the start as its Design Engineer in 1997 to being a seconded Resident Engineer for about nine (9) months to Ekovest-KMZ-Drageges Sdn Bhd where he was involved in works related to geotechnical and foundation for KL Sentral project.

In addition, from August to December 1998, Datuk Ir Lawrence Low served as Resident Engineer seconded by PC Geo to Chiyoda (M) Sdn Bhd for the ground investigation and foundation works for the manufacturing plants of Titan Petrochemical Sdn Bhd (now known as Lotte Chemical Titan Holding Berhad) in Pasir Gudang, Johor, Malaysia. From December 1998 to June 1999, Datuk Ir. Lawrence Low has been seconded as Resident Engineer under PC Geo to Ibai Bina Sdn Bhd where he was responsible for monitoring the construction sequences and instrumentation monitoring in embankment works and soil replacement works for Petronas's oil and gas plant located in Paka, Terengganu, Malaysia.

From 1999 to November 2001, Datuk Ir Lawrence Low served in the capacity as Project Manager with YWC Engineers & Constructors Sdn Bhd and from December 2001 to May 2004, Datuk Ir. Lawrence Low was the Head of Project and Property Division with Saiwai Realty Sdn Bhd.

Datuk Ir. Lawrence Low is currently the Deputy Treasurer General of MCA, an Executive Committee member of MCA Selangor State Liaison Committee and a member of MCA Central Committee.

DATO' NG KENG HENG

Dato' Ng Keng Heng, male, aged 51, a Malaysian, is our Executive Director. He was appointed to our Board as Non-Independent Non-Executive Director on 1 September 2015 and was subsequently re-designated to an Executive Director on 28 August 2019.

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. Dato' Ng has resigned as a director of Master Natural Sdn Bhd in 2018. Dato' Ng is currently also an Executive Director of Billion Series Sdn Bhd, involved in the trading of motor vehicle spare parts. On 3 November 2017, Dato' Ng has been re-appointed as an Executive Director of Bumi Kempas Sdn Bhd and on 1 February 2018, Dato' Ng became the major shareholder of Bumi Kempas Sdn Bhd.

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

DIRECTOR'S PROFILE

cont'd

LEW WENG HO

Mr Lew Weng Ho, male, aged 71, a Malaysian, is our Independent Non-Executive Director. He is also the Chairman of the Audit and Risk Management 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 ("MIA") 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.

From 2011 to 2017, Mr Lew was an Independent Non-Executive Director of Star Media Group Berhad (formerly known as Star Publications (Malaysia) Berhad), a local news publisher. From 2012 to 2017, he was a Non-Independent Non-Executive Chairman of Cityneon Holdings Ltd ("Cityneon"), 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.

DATO' FOONG CHEE MENG

Dato' Foong Chee Meng, male, aged 53, 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 and Risk Management 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 Malaysia Securities Berhad ("Bursa Securities"). In 2017, Dato' Foong was appointed as the Independent Non-Executive Director of Kumpulan Jetson Berhad and also as Independent Non-Executive Director of RHB Islamic Bank Berhad where he also serves as a member of the Islamic Risk Management Committee.

DIRECTOR'S PROFILE

cont'd

YEO KWEE KWANG

Mr Yeo Kwee Kwang, male, aged 51, a Malaysian, is our Independent Non-Executive Director. He was appointed to our Board on 23 May 2019. He is also a member of the Audit and Risk Management Committee and the Remuneration Committee of the Company.

Mr Yeo is a professional accountant. He was admitted as a member of the MIA in 1997 and in 2001, he was certified as Chartered Accountant by MIA. Besides, Mr Yeo is an Associate Member of Malaysian Institute of Taxation since 1998 and Associate Member of Institute of Chartered Secretaries and Administrators of the United Kingdom since 1995.

Mr Yeo is the founder and owner of Yeo Management Advisory Services ("Firm") which provides corporate secretarial, accounting and internal audit services to private companies in Malaysia since July 1996. In addition, the Firm also provides advisory services to foreign investors in manufacturing industries on statutory compliance requirements to start and operate businesses in Malaysia including permits and licenses applications. Prior to founding the Firm, Mr Yeo has served as auditors under an external audit firm providing audit services to various private companies from 1992 to 1996.

Currently, Mr Yeo also serves as directors in various companies, such as Directors and Company Secretary for Duplex Alliance Sdn Bhd, a licensed money exchange class C operator since 2005. He also is the Compliance Officer under Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 of Malaysia. Besides, Mr Yeo also serves as Director and Company Secretary for Bei Dou Group Holdings (M) Sdn Bhd, an investment holding company.

TEW BOON CHIN

Mr Tew Boon Chin, male, aged 49, a Malaysian, is our Independent Non-Executive Director. He was appointed to our Board on 23 May 2019. He is also a member of the Nomination Committee of the Company.

Mr Tew graduated from the New Jersey Institute of Technology in 1993 with a Bachelor of Science majoring in Civil Engineering and later he continued thereon to obtain his Master Degree in Science in Civil Engineering in 1995. Mr Tew began his career in Bachy Soletanche, a renowned French geotechnical specialist firm which has been involved in various prominent engineering projects including the construction of the foundation for Kuala Lumpur City Centre, or more commonly known as KLCC.

Mr Tew is currently the Managing Director of Anvil Group, a group of companies focused on property development, construction and plantation with almost three decades of track records. Anvil Group is also an award-winning property development group of companies which has scored awards that included Property Insight Luxury Award for 2016 and also the Asean Property Award 2019 for their property development projects.

As part of the Anvil Group, Mr Tew also gained experience in oil palm plantation and oil milling businesses where he holds directorship in various private companies, i.e., as a Director of Lembing Plantation Sdn Bhd, Kilang Sawit Lembing Sdn Bhd in Sungai Lembing, Kuantan and as well as plantation experiences in Johor, Sabah and Sarawak of Malaysia.

DIRECTOR'S PROFILE

cont'd

DATUK TAN TECK POH @ TAN AH TOO

Datuk Tan Teck Poh @ Tan Ah Too, male, aged 73, 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 oil palm plantation during this period of overseeing the cultivation and harvesting of oil palm. Datuk Tan is also an Executive Director and a shareholder of Murniwas Sdn Bhd, a property development company that owns nine (9) commercial shop lots.

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 oil palm estate investment holding company to hold oil palm estates, and was appointed as the Managing Director. Subsequently, the oil palm 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.

DATUK TEOH SEW HOCK

Datuk Teoh Sew Hock, 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 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.

In addition, together with his family members, Datuk Teoh also owns and manages durian plantation located in Johor which has been in operation for 5 years and has undertaken contract farming for various durian plantations for more than 10 years.

DIRECTOR'S PROFILE

cont'd

LAU LIANG FOOK

Mr Lau Liang Fook, male, aged 58, 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.

LIM CHIN HOCK

Mr Lim Chin Hock, male, aged 41, a Malaysian, is our Non-Independent Non-Executive Director. He was appointed to our Board on 23 May 2019.

Mr Lim is an entrepreneur involved in the business of car dealership where he is the owner of CH Auto Mobile Car Dealer in Segamat, Johor. In addition, Mr Lim is also one of the shareholders of Classic Speed Roller Shutter Sdn Bhd, a company dealing in the manufacture of roller shutters, doors, windows and other related products.

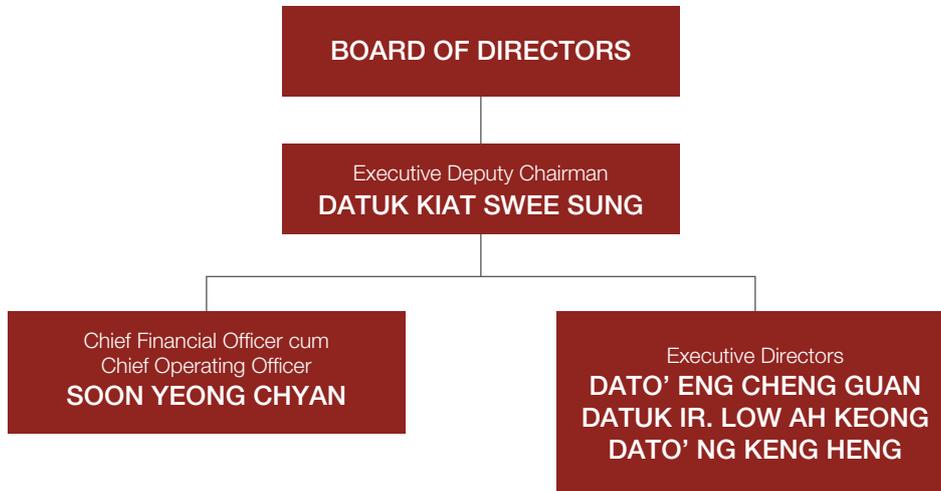
Apart from the above, Mr Lim is also a Director of Tai Poh Group Sdn Bhd since 2018. Tai Poh Group Sdn Bhd is a company involved in trading of sand. In addition, other companies in which Mr Lim held positions as Directors are Keris Dimensi Sdn Bhd since 2018, Ciptaan Berani Sdn Bhd in 2019 and Kawasan Maju Sdn Bhd in 2019. These companies are involved in timber and logging activities.

He is also currently serving as the Chairman of MCA Sekijiang Division and as the Vice Secretary of MCA Johor State Liaison Committee.

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 ("FYE") 30 June 2019.

PROFILE OF SENIOR MANAGEMENT TEAM



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.

**DATO’ ENG CHENG GUAN
DATUK IR. LOW AH KEONG
DATO’ NG KENG HENG**
Executive Director

For details of the profile of Dato’ Eng Cheng Guan, Datuk Ir. Low Ah Keng and Dato’ Ng Keng Heng, please refer to pages 6 to 7 of the Annual Report.

SOON YEONG CHYAN
Chief Financial Officer cum Chief Operating Officer

Mr Soon Yeong Chyan (“Mr Soon”), male, aged 50 and a Malaysian, was appointed to the position of Chief Financial Officer cum Chief Operating Officer of the Company on 3 January 2018.

Mr Soon graduated with a Bachelor of Accounting degree from the University of Malaya. He is a member of the Malaysian Institute of Accountants (“MIA”) and the Malaysian Institute of Certified Public Accountants (“MICPA”).

Mr Soon started his career with one of the Big Four accounting firms. He has more than 20 years of working experience in the field of auditing as well as in leading and managing the full spectrum of finance function of companies involved in various industries including plantation & integrated palm oil manufacturing, property development & investment and investment holdings.

Mr Soon 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 FYE 30 June 2019.

STATEMENT OF THE BOARD OF DIRECTORS

DEAR VALUED SHAREHOLDERS,

“On behalf of the Board of Directors (or “the Board”) of Matang Berhad (“Matang” or “Company”), we are pleased to present the Annual Report and audited financial statements for the financial year ended (“FYE”) 30 June 2019”

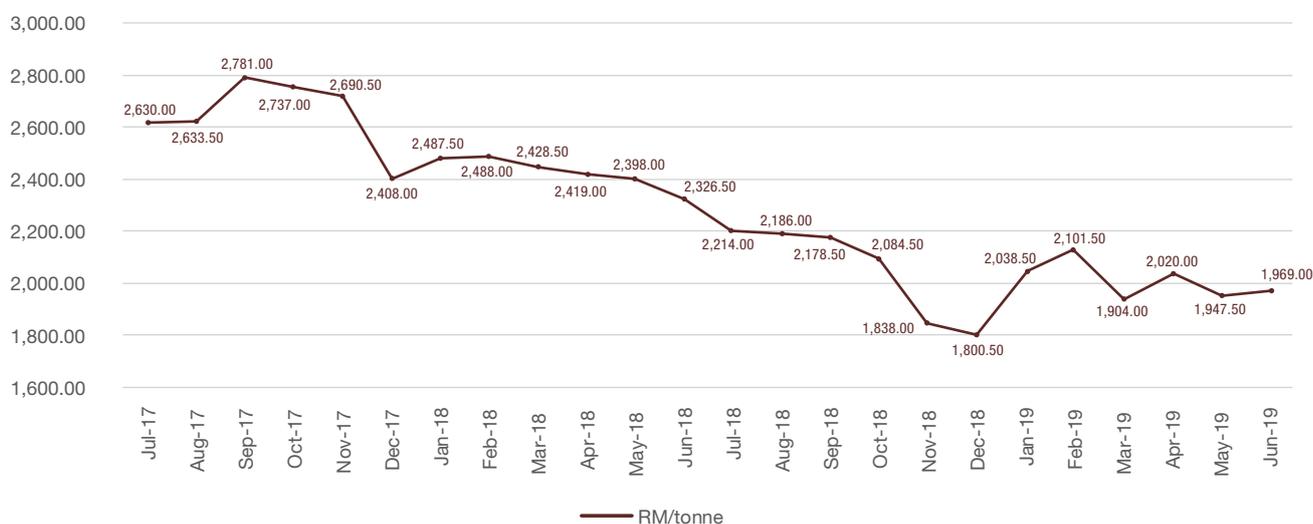
OVERVIEW

Malaysian palm oil industry experienced a set-back in its palm oil prices in 2018, a situation which unfortunately prevailed into the first half of 2019.

From the start of RM2,487.50 per tonne in January 2018, the monthly average crude palm oil (“CPO”) prices continued to slide to RM1,800.50 per tonnes in December 2018. Despite a slight upward adjustment to RM2,101.50 per tonne in February 2019, the prices remained below RM2,000 per tonne for much of the time thereafter until June 2019.



Average Monthly CPO Prices in Peninsular Malaysia from July 2017 to June 2019



Source: Extracted from Malaysian Palm Oil Board (“MPOB”) website

STATEMENT OF THE BOARD OF DIRECTORS

cont'd

OVERVIEW *cont'd*

In respect of Matang, the Company continued its efforts from previous financial year ("FY") to enhance fresh fruit bunches ("FFB") yield in our oil palm plantation estate of 1,094.15 hectares (or 2,703.7 acres) in Ledang and Segamat District in the State of Johor Darul Takzim ("Matang Estate").

As a result, Matang's FFB production reached a record high yield of 23.39 tonnes per hectare for the FY under review with total FFB harvested and sold of 24,029 tonnes. In comparison, the FFB yields for the previous two FYs were 22.01 tonnes per hectare in FY2018 and 14.65 tonnes per hectare in FY2017. In addition, the Board is glad to note that Matang achieved yet another year with FFB yield higher than the average yield per hectare for Peninsula Malaysia of 18.49 tonnes per hectare for the period from July 2018 to June 2019 as reported by MPOB.

REVIEW OF RESULTS

For FY 2019, our FFB production increased by 4.6% from 22,974 tonnes in the previous FY to 24,029 tonnes in line with the improvement in production yield. However, as with the industry wide decline in CPO prices, the average selling price for our FFBs has dropped from RM550 per tonne in FY2018 to RM406 per tonne in FY2019, reflecting a decline of about 26.2%. As a result, the revenue generated from the sales of FFBs in FY2019 was RM9.75 million as compared to RM12.64 million in the previous FY translating into a drop of RM2.89 million or 22.9%.

Gross profit for the Group for FY2019 was RM6.90 million as compared to RM9.77 million in the previous FY, tracking closely the same quantum of drop in revenue, i.e., RM2.87 million when the cost of sales of the Group remained relatively stagnant between the two FYs. Consequently, the gross profit margin ("GPM") for the Group dropped from 77.3% in FYE 30 June 2018 to 70.8% in FYE 30 June 2019.

As a result of the reduction in gross profit by about RM2.87 million, the Group's profit before taxation reduced by about RM2.78 million to register at RM3.10 million in FY2019 as compared to RM5.88 million for FY2018. The profit after taxation of the Group has also shrunk by RM2.26 million to RM1.83 million in FY2019. The earning per shares attributable to shareholders decreased from 0.23 sen per share in preceding FY to 0.10 sen per share in FYE 30 June 2019.

CORPORATE DEVELOPMENT

Apart from organic growth for FFB production from the existing Matang Estate as evident from the better FFB yield achieved for FY2019, the Board continues to consider and evaluate opportunities for expansion of its core business in oil palm plantation through acquisition of suitable and viable oil palm estates and/or land for development of new oil palm estates.

As reported in the previous FY, the Group had previously entered into a letter of intent ("LOI") with Raub Mining & Development Company Sdn Bhd ("RMDC") and Raub Oil Mill Sdn Bhd ("ROM") for the purchase of leasehold agricultural land of 1,707.69 hectares together with oil palm plantation thereon as well as a 60-tonnes per hour palm oil mill and other ancillary structures and items ("Proposed Acquisition"). However, on 28 September 2017, the Proposed Acquisition came to a halt following the notification received from RMDC that its disposal process of the aforesaid assets shall have to be put on hold due to an injunction granted by the High Court of Malaya.

As a result, due to the expiry of the 3-months validity period of the LOI with the lack of further news on any positive development with regards to the injunction on the disposal of the assets by RMDC and ROM, the Company has continued to pursue assessment of opportunities to acquire other suitable plantation estates and/or new land bank with a view to expand the business of the Company by leveraging on the production and operational achievement of Matang Estate.

STATEMENT OF THE BOARD OF DIRECTORS

cont'd

PROSPECTS

The Group achieved an increase in FFB production for FY2019 with a remarkable FFB yield of 23.39 tonnes per hectare which was significantly better than the average yield in Peninsula Malaysia of 18.49 tonnes per hectare for the period from July 2018 to June 2019 as reported by MPOB. Hence, barring unforeseen adverse weather conditions and disruption in the supply of workers, the Group envisages to continue its effort to improve the FFB yield and production.

For sustainable growth, the Group has also laid down plans for replanting exercises of fields with oil palm trees which are approaching the replanting age. Efforts have been undertaken to monitor yield performance of these fields and replanting shall commence as soon as these areas show significant deteriorating yield. The Group is also seeking opportunities to add suitable plantation estates or new land with a view to enhance palm plantation portfolio of Matang so that the value of the Group can grow synergistically with Matang Estate.

In addition, the Group also intends to diversify its operations to include ownership, operation, and management of durian plantation, processing, production and distribution of durian, and any related downstream business activities ("Durian Business") ("Proposed Diversification") following the increasing demands for durians and processed products with attractive prices for durians fetched by the durian businesses. In pursuing the Proposed Diversification, at this juncture, the Group has identified a land area of approximately 46.6 hectares (or about 115 acres) within the Matang Estate to commence with the plantation of durian. Further details of the Proposed Diversification have been included in the Circular dated 29 October 2019 to the shareholders accompanying this Annual Report for FYE 30 June 2019.

DIVIDEND

The Board recommends the first and final single tier dividend of 0.15 sen per ordinary share of Matang in respect of FYE 30 June 2019 which is subject to the approval of shareholders of Matang in the upcoming Annual General Meeting of the Company.

ACKNOWLEDGEMENTS

The Board would like to convey sincere gratitude to the management team and all our employees for their contribution, effort, commitment and dedication to the Group. The Board would also like to extend sincere appreciation to our shareholders, business associates, customers, bankers and the authorities for their continuous support to Matang Group of companies.

In addition, the Board would like to express the greatest thanks to our former Chairman, Dato' Teh Kean Ming for his invaluable guidance and leadership of the Board. Dato' Teh has resigned as a Director of Matang on 23 April 2019. Besides, the Board would also like to express our gratitude to Dato' Eng Cheng Guan, our Executive Director and Mr Lew Weng Ho, our Audit and Risk Management Committee Chairman for their services and contribution to the Company. Both Dato' Eng and Mr Lew have opted not to be re-elected as a Directors of the Company at the conclusion of the forth-coming Annual General Meeting of the Company.

At the same time, the Board would like to extend a warm welcome to four new directors who have been appointed to the Board of Matang on 23 May 2019. They are two new Independent Non-Executive Directors, i.e., Mr Yeo Kwee Kwang and Mr Tew Boon Chin and two new Executive Directors, i.e., Datuk Ir Low Ah Keong and Mr Lim Chin Hock. The Board looks forward to working with the new Directors to bring Matang to higher level of achievement

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

Matang, a company incorporated in Malaysia on 28 April 2015, and its subsidiaries (collectively as “Matang Group” or “Group”) are principally involved in the management of plantation estate, sale of fresh fruit bunches (“FFB”) and property holding. Its plantation estate of 1,094.15 hectares (or 2,703.7 acres) is located in the Districts of Ledang and Segamat in Johor (“Matang Estate” or “Estate”), out of which about 1,080 hectares (or 2,688.7 acres) are planted areas and the balance are made up of areas for estate office, staff and workers’ quarters, warehouse, amongst others.

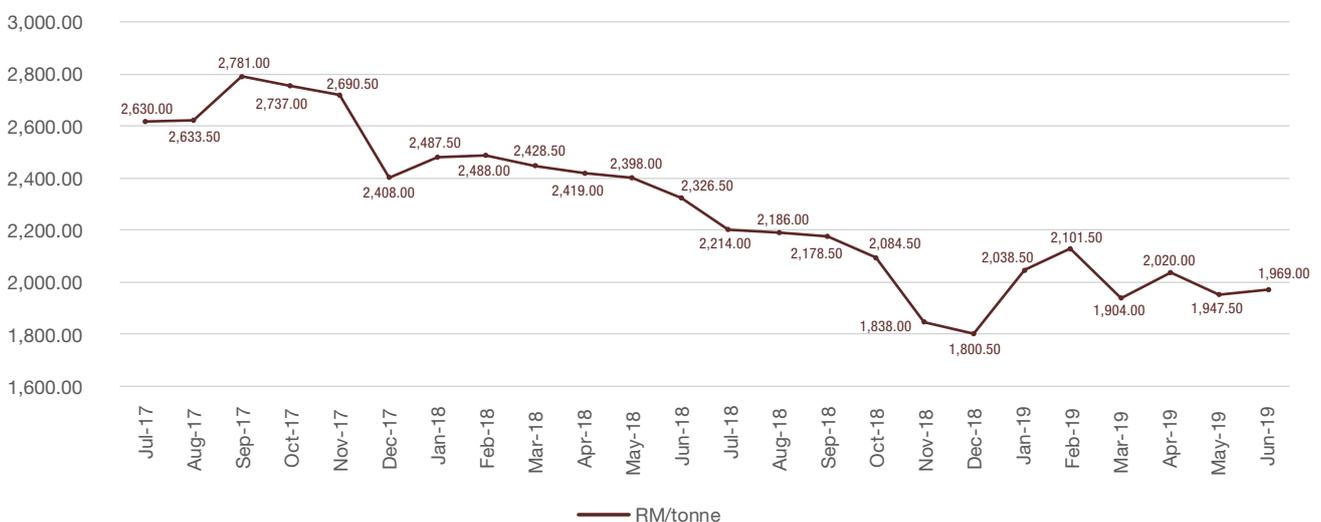
Through a wholly-owned subsidiary, Matang Holdings Berhad (“MHB”), Matang Group also owns an industrial property comprising three (3) blocks of buildings with total nett lettable areas of about 149,000 square feet located on a 3.2 acres leasehold land in Kawasan Perindustrian Larkin, Johor Bahru, Johor (“Larkin Investment Property”). Another subsidiary within the Group, Matang Realty Sdn Bhd (“MRSB”) owns a piece of vacant freehold development land of 5,016.85 square meter in Tangkak, District of Ledang, Johor.

OVERVIEW

Malaysian palm oil industry experienced significant decline in palm oil prices through 2018 which continued into first half of 2019.

For the past two years, from the high of over RM2,700 per tonne in September 2017, the crude palm oil (“CPO”) price has slid past the RM2,500 per tonne mark in December 2017, breaching RM2,000 per tonne in October 2018. For Matang’s financial year (“FY”) under review, the CPO price has continued to slide from RM2,214 per tonne (based on monthly average) in July 2018 to RM1,969 per tonne (based on monthly average) in June 2019.

Average Monthly CPO Prices in Peninsular Malaysia from July 2017 to June 2019



Source: Extracted from MPOB website

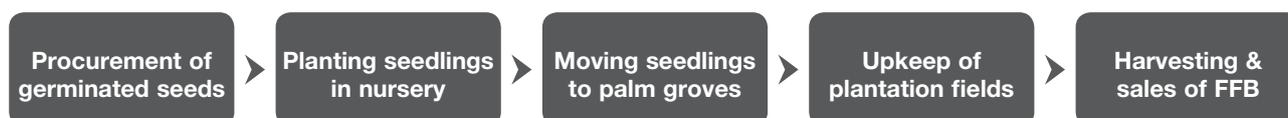
MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

BUSINESS AND OPERATIONS

Through the subsidiaries which comprise MHB and MRSB, Matang Group is involved in the management of plantation estate, sale of FFB and property holding.

The primary activities of Matang Estate are in the business of operations and management of plantation estate, including procuring germinated oil palm seeds, planting or replanting (as the case maybe), field upkeeping that include weeding, 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 FY under review, Matang Estate harvested and sold 24,029 tonnes of FFB in total to two customers namely Lenga Palmoil Industries Sdn Bhd ("Lenga") and Milik Mestika Sdn Bhd ("Milik Mestika") at average FFB price of about RM406 per tonne.

Matang's FFB harvested and sold for the FY under review was 24,029 tonnes, i.e., about 4.6% higher than the volume harvested and sold of 22,974 tonnes in the previous FY. Matang also achieved higher FFB yield at 23.39 tonnes per hectare for FY2019 as compared to the yield of 22.01 tonnes per hectare achieved in the previous FY. Based on the information of MPOB, Matang's FFB yield per hectare of 23.39 tonnes per hectare for FY2019 was also higher than the average FFB yield of 18.49 tonnes per hectare for Peninsular Malaysia recorded for the period from 1 July 2018 to 30 June 2019.

However, the average FFB price realised for the FY under review of RM406 per tonne was about 26.2% lower than the level realised in the previous FY of RM550 per tonne. The decline in FFB price realised was line with the slide in CPO prices during the same period.

OBJECTIVES AND STRATEGIES

In the FY under review, the Group's FFB production was 24,029 tonnes which translated into the FFB yield of 23.39 tonnes per hectare. Matang Group continues to explore opportunity to expand its plantation business both sustainably and organically through increased production of FFB and otherwise through acquisition of suitable producing plantations and or new land banks.

For FY2019, the management of Matang has undertaken several operational measures to improve further and to ensure long term sustainability of our estate's FFB production yield.

<p>Close monitoring of yield for fields with trees which exceed 20 years</p> <ul style="list-style-type: none"> Over 95% of the plantation areas of Matang Estate of 1,080.0 hectares, is mature area of between 5 and 25 years old, a majority of which (i.e., 61%) are less than 19 years. For the 34.1% of the plantation areas, i.e., 368.0 hectares which is 20 years old, monthly FFB production yields have been closely monitored. Replanting for the fields with age above 20 years is timed when yield decreases significantly over time. <p>Please refer to Table 1 below for more detailed breakdown of plantation age profile as at 30 June 2019.</p>	<p>Continued emphasis on quality of harvesting practices having improved deployment of harvesters</p> <ul style="list-style-type: none"> Programme has been put in place to discourage poor quality FFB harvests, such as unripe and overripe fruits which are often rejected by palm oil mills. Habits have also been inculcated amongst harvesters for reducing missed FFB bunches which are ripe for harvesting. Collection of loose fruits is also strictly required with mandores/supervisors conducting more rounds of check for loose fruits as well as missed ripen FFB in each harvesting round.
--	---

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

OBJECTIVES AND STRATEGIES *cont'd*

Better field maintenance and agronomy practices

- Extensive efforts have been undertaken to control and curb growth of woodies in the Estate.
- Annual fertilisers application programme is to be backed with results of leaf sampling to identify level of various key nutrients which are lacking in various different fields.
- Fertilisers ordered and purchased are also checked thoroughly with a more systematic fertiliser sampling process being implemented to ensure complete compliance to the levels of nutrients per order specifications.

Strict compliance to sustainable certification under requirements of Malaysian Sustainable Palm Oil (“MSPO”)

- Matang has also undertaken efforts to comply with the requirements under MSPO certification.
- Compliance audit has been conducted and issues, both major and minor, have been rectified leading to the award of MSPO certification on 5 August 2019 for our Estate.



MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

Table 1: Matang Estate Plantation Age Profile as at 30 June 2019

	Replanting	Immature area	Mature area				Old area	Total
	(< than 1 year)	(1 - 4 years)	(> 4 - 8 years)	(9 - 14 years)	(15 - 18 years)	(19 - 25 years)	(>25 years)	
Plantation / planted area (hectares)	-	52.8	355.8	254.5	48.9	368.0	-	1,080.0
% [^]	-	4.9%	32.9%	23.6%	4.5%	34.1%	-	100.0%

Note:

[^] % out of total planted areas of 1,080 hectares

Table 2: Matang Estate Terrain Classification in Hectares

	Flat / undulating		6°-20° slope		>20° - 25° slope		>25° slope	
	Ha	% [^]	Ha	% [^]	Ha	% [^]	Ha	% [^]
Mature areas	571.58	52.9%	391.36	36.2%	-	-	64.26	6.0%
Immature areas	32.8	3.0%	20.0	1.9%	-	-	-	-
Total planted areas	604.38	55.9%	411.36	38.1%	-	-	64.26	6.0%

Note:

[^] % out of total planted areas of 1,080 hectares

[The remainder of this page has been intentionally left blank]

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION

The Group's sole contributor of operating revenue for FY2019 remained from the sales of FFB from its Matang Estate in District of Ledang and Segamat, State of Johor. Other revenue from the rental of Larkin Investment Property is classified as part of other income in the financial statements.

The following table shows the comparison of key financial indicators based on the audited financial statements of the Group for FYE 30 June 2018 and FYE 30 June 2019.

Matang Group	2018	2019
	RM'000	RM'000
Statement of Consolidated Profit or Loss and Other Comprehensive Income	Audited	Audited
Revenue	12,641	9,749
Gross profit	9,774	6,901
GPM	77.3%	70.8%
Other income	2,184	2,247
Administration expenses	(6,013)	(6,027)
Other expenses	(67)	(18)
Profit before taxation	5,879	3,102
Profit after taxation	4,090	1,832
Profit attributable to owners of the parent	4,090	1,832
Basic earnings per share attributable to owners of the parent (sen) [^]	0.23	0.10
Statement of Consolidated Financial Position		
Shareholders' equity	188,416	186,583
Net assets per share (RM) [®]	0.10	0.10
Others		
Total FFB production (tonnes)	22,974	24,029
FFB yield per hectare (tonnes/hectare)	22.01	23.39

Notes:

[^] Calculated by dividing the profit for the FY attributable to the owners of the parent by the number of ordinary shares in issue during the FY, which are based on the issued and paid-up share capital of 1,810,000,256 Matang shares.

[®] Expressed based on total issued and paid-up share capital of 1,810,000,256 Matang shares.

REVENUE

For the FYE 30 June 2019, the Group's revenue from the sales of FFB declined by about 22.9% from RM12.64 million in preceding FY to RM9.75 million for FYE 30 June 2019.

The total FFB sold for FYE 30 June 2019 was 24,029 tonnes as compared to 22,974 tonnes for FYE 30 June 2018, reflecting an increase of 4.6% in FFB tonnage sold. However, the annual average price of FFB sold has decreased significantly from RM550 per tonne in FYE 30 June 2018 to RM406 per tonne i.e., a drop by about 26.2% in the current FY under review due to the drop in CPO prices over the same period of time.

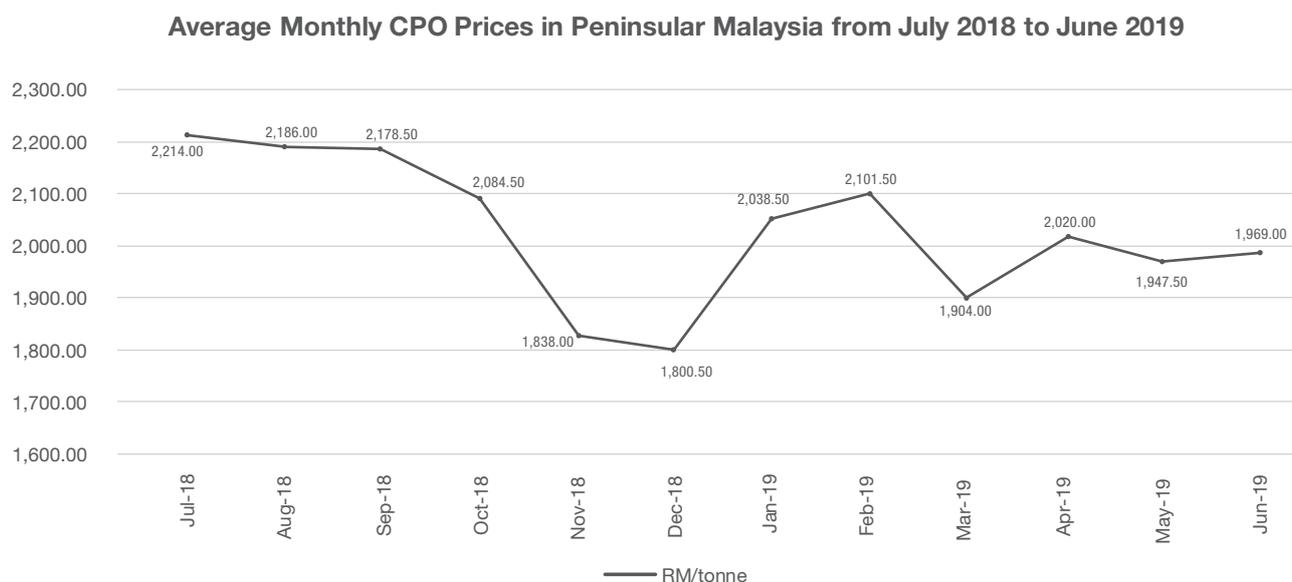
The CPO prices in Peninsular Malaysia have dropped from the high of RM2,214 per tonne (based on monthly average) in July 2018 to RM1,969 per tonne (based on monthly average) in June 2019, with the lowest being reached at RM1,800.50 per tonne in December 2018. CPO prices have conventionally been correlated to the FFB prices and have been used by the palm oil mill amongst other determinants to fix prices for FFB sold by oil palm planters.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

REVENUE cont'd

The following chart shows the monthly average CPO price (for Peninsular Malaysia) movements from July 2018 to June 2019:



Source: Extracted from MPOB website

GROSS PROFIT

The Group's gross profit for FY2019 was RM6.90 million as compared to RM9.77 million for FY2018, reflecting a drop of about 29.4%. The Group's gross profit margin ("GPM") (which is solely derived from the production and sales of FFB) for FY2019 was 70.8% as compared to 77.3% in FY2018. The drop in GPM was because of the decrease in revenue of 22.9% while the cost of sales remained relatively stagnant in the FY under review as compared to the previous FY.

Matang Group	2018 RM'000 Audited	2019 RM'000 Audited	Increase / (decrease) %
Harvesting cost			
Labour cost for harvesting	729	764	4.8%
Internal transportation, upkeep and maintenance	291	304	4.5%
	1,020	1,068	4.7%
Cultivation costs			
Fertiliser	1,225	1,092	(10.9%)
Labour cost for pruning	113	120	6.2%
Weeding, spraying and others	211	254	20.4%
Vehicle maintenance	73	41	(43.8%)
	1,622	1,507	(7.1%)
Transport	165	273	65.5%
Windfall tax	60	-	n/a
Total cost of sales	2,867	2,848	-0.7%

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

GROSS PROFIT *cont'd*

As shown in the table above, the cost of sales for the Group which was solely attributed to the management of Matang Estate has remained relatively the same between FY2018 and FY2019. However, amongst the separate sub-categories that made up the cost of sales, the following were noted:

- Transportation cost has risen in FY2019 by about 65.5% from the previous FY as a result of higher volume of FFB being sent to Lenga which is located about 38km away from the Estate as compared to Milik Mestika which is located about 8km away. The decision of the Estate to increase volume of FFB sold to Lenga in FY2019 has been due to less satisfactory payment records from Milik Mestika experienced towards the end of FY2018.
- Lower fertiliser costs incurred in FY2019 as certain manuring program for FY2019 was modified based on the laboratory test results of leaf sampling and a small portion of the manuring application was carried forward to next FY, i.e., FY2020.
- Higher weeding, spraying and other field maintenance expenses in FY2019 due to the higher expenditure incurred to clear woodies and volunteer oil palm seedlings ("VOPs").
- No windfall tax was incurred in FY2019 as the CPO prices for Peninsular Malaysia were below RM2,500 per tonne.

OTHER INCOME

The increase in other income from RM2.18 million in FY2018 to RM2.25 million in current FY under review was mainly due to the increase in interest income.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses remained relatively stable in FY2019 at RM6.03 million as compared to RM6.01 million in FY2018.

OTHERS EXPENSES

Other expenses of the Group reduced from RM66,955 in FY2018 to RM18,350 in current FY under review.

Profit Before Taxation, Profit After Tax and Earning per Share

As highlighted earlier, the gross profit of the Group was primarily arising from the operations of Matang Estate and the reduction of Group gross profit in FY2019 of RM2.87 million was driven by the drop in average FFB price realised to RM406 per tonne for FY2019 as compared to average price of RM550 per tonne of FFB realised in FY2018 despite a 4.6% increase in FFB production.

The drop in gross profit has resulted in reduction in Group profit before taxation of RM2.78 million as well as lower Group profit after taxation by RM2.26 million. Consequently, the resultant earnings per share of the Group has dropped from 0.23 sen in the preceding FY to 0.10 sen in the FY under review.

CASH FLOWS

The Group's net cash generated from operations for FY2019 was RM2.77 million against RM5.76 million for the preceding FY, a decrease of about RM2.99 million, principally due to the significant reduction in average FFB price realised.

The net cash flows from investing activities for FY2019 showed an increase of about RM1.31 million as compared to previous FY mainly due to the reductions both in purchase of property, plant and equipment and replanting expenditure as well as higher interest income.

During the FY under review, Matang paid first and final single tier dividend of 0.2 sen per share for FYE 30 June 2018, the total sum of which amounted to RM3.62 million that has been paid on 8 January 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

CASH FLOWS *cont'd*

The table below shows the summarised cash flows statement of the Group for FYE 30 June 2018 and FYE 30 Jun 2019.

Matang Group	2018	2019
	RM'000	RM'000
	Audited	Audited
Net cash generated from operating activities	5,764	2,770
Net cash from investing activities	46	1,353
Net cash from financing activities – dividend paid (in respect of FY2018)	-	(3,620)
Net increase in cash and cash equivalents	5,810	503
Cash and cash equivalent at beginning of the year	32,830	38,640
Cash and cash equivalent at end of the year	38,640	39,143

FINANCIAL POSITION

In terms of financial position of the Group, the shareholders' equity of the Group has decreased from RM188.42 million as at 30 June 2018 to RM186.58 million as at 30 June 2019 primarily arising from the final single tier dividend payment of RM3.62 million (based on 0.2 sen per share) in respect of FYE 30 June 2018. The Group net assets on per share outstanding basis remained at RM0.10 per share as at 30 June 2019.

KEY FINANCIAL RATIOS

The key financial ratios of the Group for FYE 30 June 2018 and FYE 30 June 2019 have been tabulated in the table below.

Matang Group	2018	2019
	Audited	Audited
Gross profit margin (%)	77.3%	70.8%
Net profit margin (%)	32.4%	18.8%
Trade receivable turnover (days)	13	14
Trade payable turnover (days)	11	22
Current ratios (times)	29	34

KEY RISK FACTORS

1. Dependency on the availability of an adequate labour force

The palm oil industry is labour intensive in nature. Labour force is required extensively both for upkeep and maintenance of fields and for harvesting of FFB in order to maintain the overall required yield from the entire plantation estate. The palm oil industry in Malaysia has been facing difficulty in fulfilling its labour requirements from local workers and the players in the industry has for a long time resorted to employing foreign workers to cope with any shortfall in the recruitment of Malaysian workers.

The local palm oil industry has conventionally sourced and relied on Indonesian workers to meet the gap of labour shortage but the supply of Indonesian workers has not been stable in particularly FFB harvesters and collectors who have opted to head home in recent years 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.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

KEY RISK FACTORS *cont'd*

1. Dependency on the availability of an adequate labour force *cont'd*

As at 30 June 2019, the Estate's work force is made up of total 67 employees of whom 58 (or 86.7%) are foreign workers. Further to the approval secured for additional quota of foreign workers in the Estate, Matang Estate has undertaken efforts more vigorously in FY2019 to bridge the gap of shortfalls in workers by utilising the additional quota granted.

2. 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 and the operation of the Estate including harvesting, upkeep and maintenance 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 in the past which has caused drought whereby 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 the 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.

3. Volatility of CPO prices

Palm oil industry especially the production and sales of palm oil by the oil mills have been adversely affected by the drop in CPO prices. As revealed in the monthly average CPO prices gathered from MPOB, the monthly average CPO prices in Peninsular Malaysia have continuously slid from the high of RM3,275 per tonne in January 2017 to RM2,692.50 per tonne in June 2017 and RM2,326.50 per tonne in June 2018. The monthly average CPO prices for Peninsular Malaysia breached below RM2,000 per tonne in October 2018 and was RM1,969 per tonne for June 2019.

CPO prices have conventionally been correlated to the FFB prices and have been used by the palm oil mill amongst other determinants to fix prices for FFB sold by oil palm planters to the oil mills. As a result, volatility of CPO prices has affected and will continue to affect the FFB prices that oil palm planters such as Matang can realise. Consequently, as noted for FY2019, the significant drop in CPO prices has resulted in the drop in revenue and gross profit of Matang Group of about 22.9% and 29.3% respectively from previous FY.

Despite efforts undertaken by the Group to control operational costs, enhance efficiency and boost FFB yield and production, further significant drop in FFB prices resulted from adverse volatility in CPO prices may offset the favourable outcome of the Group in its cost conservation, FFB yield and production improvements.

4. Dependency on major customers

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 Mas owned and operated by Milik Mestika in addition to Lenga's palm oil mill. Having said that, the Group places paramount importance on the sound creditworthiness and reliable payment track records of its customers especially in time of significant volatility in CPO prices. The Group will continue to explore sales of its FFB to new oil mill(s).

5. Expiry of lease for the Larkin Investment Property

Larkin Investment Property is erected on a leasehold land measuring approximately 3.2 acres with a 60 years lease term expiring on 24 September 2031, i.e., with remaining lease period for the land of about 12 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 re-submitted the application in February 2015, both applications of which were unsuccessful.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

KEY RISK FACTORS *cont'd*

5. Expiry of lease for the Larkin Investment Property *cont'd*

As for FYE 30 June 2019, the gross rental income from Larkin Investment Property was RM0.83 million and the net rental income before tax of RM0.02 million was about 0.69% of the profit before taxation of the Group for FYE 30 June 2019. Net rental income before tax for FYE 30 June 2019 from the Larkin Investment Property has declined significantly partly due to an impairment of RM0.30 million as a result of the revaluation of the property carried out in FY2019.

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 at the expiry of lease term on 24 September 2031, the land will be surrendered to Johor State Authority and there will be a permanent loss of rental income to the Group.

While the management of Matang Group reckons the limited remaining leasehold period, measures have been and will continue to be undertaken to attract new tenants or to entice existing tenants to expand tenanted areas.

PROSPECTS AND OUTLOOK

The Group achieved yet another year of growth in FFB production, i.e., an increase from 22,974 tonnes in FY2018 to 24,029 tonnes in FY2019. The Group's FFB yield has also improved from 22.01 tonnes per hectare in FY2018 to 23.39 tonnes per hectare in FY2019. Going forward, the Group will strive to continue its effort in improving FFB yield further barring unforeseen circumstances involving weather conditions and supply of labour, to name a few.

For sustainable growth over a longer term, the Group laid down plans for the next phase of replanting exercises of fields with oil palm trees which are approaching the replanting age. The Estate will continue to monitor yield performance of these fields and replanting shall commence as soon as these areas show deteriorating yield. As an effort to expand, the Group is also seeking opportunity and exploring to increase total plantation areas with suitable new plantation estates or new land so that the value of the Group can be synergistically enhanced at the same time when the existing Matang Estate grows its productions of FFB.

The Group also intends to diversify its operations to include Durian Business further to the increasing demands for durians and processed products with attractive prices for durians fetched while the oil palm plantation business of the Group has witnessed volatility of CPO prices which has resulted in downward trending of FFB prices since the start of 2017. In pursuing the Proposed Diversification, the Group has identified a land area of approximately 46.6 hectares (or about 115 acres) within the Matang Estate to commence with the planting of durian.

Subject to the shareholder approval for the Proposed Diversification in the forth-coming Annual General Meeting of the Company, the Group views the Proposed Diversification as a viable means to provide an opportunity for diversification in plantation sector with additional streams of revenue and income from another crop with no significant risk to the Group financially or otherwise. The Proposed Diversification is expected to augur well in the overall scheme of plantation business of the Group in view also of the potential and prospect of the Malaysian durian industry

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Malaysian Code on Corporate Governance (or “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 on Risk Management and Internal Control by the Board is made in respect of FYE 30 June 2019 pursuant to Rule 15.26 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) as well as the practice principles set out under 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 establishing an effective risk management framework and a sound 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. In addition, the Board emphasises practising good standards of corporate governance as well as observing best practices and improving on current practices with regards to risk management and internal controls for the Group.

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, assessing and managing significant risks faced by the Group through its systems of internal controls and risk management.

RISK MANAGEMENT AND INTERNAL CONTROL PROCESS WITHIN THE GROUP

The Group has undertaken the preparation of the Group 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. The 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 and Risk Management Committee, the Nomination Committee and the Remuneration Committee, each of which has clearly defined terms of reference.

The Audit and Risk Management Committee has been tasked by the Board with, amongst others, 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’s 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 revenue, major operating and capital expenditures of the Group to ensure proper functioning and accountability at both business units and head office levels.

In addition, Management Committee comprising a Chairman, i.e., the Executive Deputy Chairman of the Company and three (3) members, i.e., the Executive Director of the Company, the Chief Financial Officer cum Chief Operating Officer and the Head of Corporate Services and Finance make decision for major operational and tactical matters affecting the Group based on the terms of reference and in accordance with the financial limits and authorities approved by the Board of the Company.

During the financial year under review, the Group has undertaken risk assessment workshop for which the risk profile of the Group was updated by re-visiting the risk mapping and assessments facilitated with the assistance of an external risk management consultant. The key risk areas for the core business functions and activities of the Group were reviewed and assessed based on the likelihood of occurrence and the resultant impacts. New risk areas were also explored based on feedbacks from the management team members in both Matang Estate and in the head office of the Group (“Head Office”).

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

These were then updated to the Group's risk register as part of the risk management framework of the Group and the same reviewed and deliberated by the Audit and Risk Management Committee. The same exercise also identified the specific risk owners to facilitate the responsibility for actions in response to the identified risks. Risk matrix is also generated to assist the management and the Board to prioritise their efforts and appropriately manage the different classes of risks.

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 and Risk Management 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.

INDEPENDENT INTERNAL AUDIT REVIEW

The Board is fully aware of the importance of the internal audit function and has engaged an independent professional firm namely NGL Tricor Governance Sdn Bhd ("NGL Tricor" or "Internal Auditors") to provide independent assurance to the Board and Audit and Risk Management Committee by providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control systems.

During the year under review, the internal audit reviews were carried out by the Internal Auditors to identify and address the internal control weaknesses. Significant weaknesses identified during the reviews together with the improvement measures to strengthen the internal controls were reported accordingly.

The Internal Auditors and its team members are not related to any of the Directors and members of the management team of the Group nor there exist any conflicts of interest between the Internal Auditors and the companies in the Group that could impair the objectivity and independence of the Internal Auditors.

For FYE 30 June 2019, the Internal Auditors undertook audit of three key areas of the various aspects of operations and management of Matang Estate covering activities from harvesting, transportation of FFB and billing for FFB sold, to collection monitoring and inventory recording, counting and reporting. The internal audit review carried out for the FY under review also covered the associated accounting and finance functions of the Group which are centralised in Head Office.

The Internal Auditors reports directly to and provides the Audit and Risk Management Committee with reports wherein it highlighted the observations on the adequacy of internal controls and findings with regards to the management's compliance to standard control procedures put in place. In addition, the Internal Auditors also made necessary recommendations to the Group based on the findings and observations. The internal audit fees incurred for FYE 30 June 2019 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 and Risk Management Committee, external and internal auditors and other experts at the expense of the Group.

QUALITY ASSURANCE

The Internal Auditors develops and maintains a quality assurance programme that covers all critical aspect of internal audit activities. The quality assurance programme of the Internal Auditors assesses the effectiveness of internal audit processes and identifies gaps or rooms for improvements. It has its own internal peer reviewer mechanism to ensure consistently good quality output of the audit engagement. The team leader of the Internal Auditors is experienced to undertake and manage internal audit assignments.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required under Rule 15.23 of the ACE Market Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement on Risk Management and Internal Control and reported to the Board that nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Control intended to be included in the Annual Report for FYE 30 June 2019 has not been prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of the Listed Issuers, nor is the Statement on Risk Management and Internal Control factually inaccurate.

The limited assurance review was performed under Audit Assurance and Practice 3 (AAPG 3) issued by the Malaysian Institute of Accountants which does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

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 Management Committee of the Group is responsible for the development and maintenance of the risk management and internal control framework as well as for ensuring the implementation and conduct of adequate risk management and internal control systems within the Group.
- (b) The conduct or performance of the independent internal audit function for which an internal audit report was first reviewed by the Audit and Risk Management Committee which discussed critical issues and findings with the Internal Auditors.
- (c) The periodic feedback of the management with regards to the adequacy of the operations and functioning of the Group's risk management and internal control systems.
- (d) The quarterly review of the Group's financial results and associated discussions with both the Chief Financial Officer and the Audit and Risk Management Committee in connection with financial conditions and performance of the Group.

The Board has also received assurance from the Management Committee 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 which has 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 2 October 2019.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Audit Committee of the Company 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. The committee was subsequently renamed to Audit and Risk Management Committee on 27 August 2018.

COMPOSITION AND MEETINGS

The Audit and Risk Management 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, the latter of whom has resigned on 23 April 2019. On 23 May 2019, Mr Yeo Kwee Kwang was appointed to the Board of the Company as well as a member of the Audit and Risk Management 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 Yeo Kwee Kwang who has been appointed a member of Audit and Risk Management Committee on 23 May 2019, is a Chartered Accountant certified by Malaysian Institute of Accountants since 2001. He has been an Associate Member of Malaysian Institute of Taxation since 1998 and Associate Member of Institute of Chartered Secretaries and Administrators of the United Kingdom since 1995. The details of qualifications and experiences of the Chairman and members of the Audit and Risk Management Committee can be found in the Directors' Profile in this Annual Report.

The Chairman and members of the Audit and Risk Management 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 Audit and Risk Management Committee shall meet at least four (4) times annually and to hold 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 and Risk Management Committee.

There was a total of five (5) Audit and Risk Management Committee meetings held in FY2019 and the details of attendance of the members at the meetings held during FYE 30 June 2019 are as follows:

Name [#]	No. of meetings attended
Lew Weng Ho <i>Independent Non-Executive Director</i>	5 out of 5
Dato' Foong Chee Meng <i>Independent Non-Executive Director</i>	5 out of 5
Dato' Teh Kean Ming[^] <i>Independent Non-Executive Director</i>	3 out of 3

Notes:

[#] Excluding Mr Yeo Kwee Kwang who was only appointed to the Board and as member of the Audit and Risk Management Committee on 23 May 2019. There was no meeting of the committee held between 23 May 2019 and 30 June 2019 (both dates inclusive).

[^] Dato' Teh Kean Ming has resigned as a Director as well as member of the Audit and Risk Management Committee with effect from 23 April 2019.

TERMS OF REFERENCE OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The complete terms of reference of the Audit and Risk Management Committee can be found on the Company's website, www.matangbhd.com.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

cont'd

SUMMARY OF WORKS OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee met five (5) times in FYE 30 June 2019 and this section set out the works and tasks of the Audit and Risk Management Committee of Matang during the current financial year under review.

(a) Financial Reporting and Other Financial Related Matters

The Audit and Risk Management Committee met at least once on a quarterly basis and has reviewed and deliberated all the announcements of quarterly financial results for FYE 30 June 2019 made by the Company on Bursa Securities and these included the following:

Date of Audit and Risk Management Committee meetings	Review of Financial Results / Annual Financial Statements and Other Financial Related Matters
27 August 2018 (1st Audit and Risk Management Committee meeting for the financial year ended 30 June 2019)	Unaudited fourth quarter financial results for the period ended 30 June 2018 and draft audited financial statements for the FYE 30 June 2018
27 November 2018 (2nd Audit and Risk Management Committee meeting for the financial year ended 30 June 2019)	Unaudited first quarter financial results for the period ended 30 September 2018
28 January 2019 (3rd Audit and Risk Management Committee meeting for the financial year ended 30 June 2019)	Unaudited second quarter financial results for the period ended 31 December 2018
10 May 2019 (Special Audit and Risk Management Committee meeting)	Special Audit and Risk Management Committee meeting
21 May 2019 (4th Audit and Risk Management Committee meeting for the financial year ended 30 June 2019)	Unaudited third quarter financial results for the period ended 31 March 2019

The Audit and Risk Management Committee was also presented with the draft audited financial statements of the Company for FYE 30 June 2019 for its review. The Audit and Risk Management 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 Auditors

On 21 May 2019, the Audit and Risk Management Committee reviewed and deliberated on the scope of statutory audit and the audit plan as well as discussing with the external auditors the audit strategies for FYE 30 June 2019 and any implementation of new or changes in accounting standards that will affect the Group in the current and next financial year. In the same meeting, the external auditors have also presented the audit plan to the Audit and Risk Management Committee as well as confirming to the Audit and Risk Management Committee their independence in undertaking the audit of the Group and the Company for FYE 30 June 2019.

The Audit and Risk Management Committee has on 28 August 2019 held a discussion with the external auditors in relation to the statutory audits of the Group without the presence of the management of the Company after the completion of audit field works for any findings and observations of material concerns and effects to the Group for FYE 30 June 2019.

The Audit and Risk Management Committee had assessed the independence and suitability of the external auditors and had recommended the re-appointment of the auditors for the ensuing year for shareholders' approval at the Annual General Meeting.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

cont'd

SUMMARY OF WORKS OF THE AUDIT AND RISK MANAGEMENT COMMITTEE *cont'd*

(c) Internal Auditors

The Audit and Risk Management Committee oversees the conduct of internal audit to ensure that review of the adequacy of the Group's internal control systems is carried out on a timely manner as well as ensuring operations are conducted in compliance with the established internal controls. Internal audit provides independent assessment on the effectiveness and efficiency of internal controls utilizing a global audit methodology and tool to provide assurance to the Audit and Risk Management Committee.

The Company has appointed an independent professional Internal Audit firm namely NGL Tricor Governance Sdn Bhd ("NGL Tricor" or "Internal Auditors") to undertake the internal audit of the Group, the audit of which was headed by Mr Yap Ping Hong ("Mr Yap"), a Professional Member of the Institute of Internal Auditors of Malaysia as well as a Fellow of the Association of Chartered Certified Accountants and a Member of the Malaysian Institute of Accountants.

Mr Yap and NGL Tricor confirmed they are free from any relationships or conflicts of interest which could impair their objectivity and independence of the internal audit of the Group. A team of three internal staff of NGL Tricor supervised by Mr Yap carried out the internal audit of the Group for FY2019. The internal audit was conducted in accordance with Standards for Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

The Internal Auditors reported directly to the Audit and Risk Management Committee based on the approved internal audit plan which was designed to cover the key activities of the Group's operations in Matang Estate. During the financial year under review, the scope of works of the Internal Auditors are primarily to independently review whether the procedures, systems and controls put in place by the Board and the management are present and functioning to ensure that the organisation meets its objectives of:

- (i) Compliance with the applicable laws, regulations, policies and standard operating procedures;
- (ii) Reliability and integrity of information; and
- (iii) Safeguarding of assets.

The scope of the review of internal control system undertaken by the Internal Auditors covers the following key processes of the Matang Estate:

- (i) Harvesting, transportation of FFB and billing or invoicing of the same;
- (ii) Monitoring of collection of payment from mills; and
- (iii) Inventory recording, counting and reporting.

For FYE 30 June 2019, the Audit and Risk Management Committee has reviewed the internal audit reports of the Group which covered the critical areas of the Estate as set out above. The Audit and Risk Management Committee had also discussed the internal audit findings and issues with the Internal Auditors prior to presenting the same to the Board.

Based on the internal audit report prepared by the Internal Auditors for FY2019, the Audit and Risk Management Committee and the Board are of the opinion that the internal audit review has been carried out in accordance with the internal audit plan and the coverage is adequate.

(d) Risk Management

The Audit and Risk Management Committee has also reviewed the enterprise risk management report including the risk profile register for the Group prepared by an independent risk management consultant for FY2019. In addition, the Audit and Risk Management Committee has also met with the risk management consultant on 28 August 2019 to deliberate on any risk management observations made by the risk management consultant for FYE 30 June 2019.

Further details of the report in relation to risk management have been summarised in the Statement on Risk Management and Internal Control in this Annual Report.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

cont'd

SUMMARY OF WORKS OF THE AUDIT AND RISK MANAGEMENT COMMITTEE *cont'd*

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

The Audit and Risk Management Committee has been satisfied that there was no related party transaction or recurrent related party transaction that have taken place during FYE 30 June 2019 other than the tenancy arrangement between MHB and a substantial shareholder of the Company for the Group's Head Office in Menara Multi-Purpose located at 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur. The said tenancy was signed for three (3) years from 1 May 2017 and have been entered on arms' length basis as reported in the Annual Report for the preceding financial year. The additional information in relation to the said tenancy arrangement has been included under Additional Compliance Information in Page 44 of this Annual Report.

(f) Corporate Governance & Others

The Audit and Risk Management Committee also reviewed and made recommendations to the Board for the Annual Report for the financial year under review pertaining to the Audit and Risk Management Committee Report and Corporate Governance Overview Statement and the Statement on Risk Management and Internal Controls of the Group, as well as the Corporate Governance Report.

In addition, the Chairman and members of the Audit and Risk Management 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, the Audit and Risk Management Committee and the Board have continued the practice of outsourcing the internal audit function of the Group to an independent internal audit firm. The Internal Auditors engaged report directly to the Audit and Risk Management Committee the findings and observations made from the internal audit exercise undertaken. The details of the Internal Auditors have been outlined in above section within the Audit and Risk Management Committee Report in this Annual Report. For the financial year under review, the internal audit covered the key activities of the operations of Matang Estate guided by the risk-based assessment conducted as part of the risk management of the Group.

This Audit and Risk Management Committee Report has been approved by the Board of Matang on 2 October 2019.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board places significant emphasis in ensuring that the standards of corporate governance practices are practically 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.

This Corporate Governance Overview Statement provides an overview of the application of the principles set out under the Malaysian Code on Corporate Governance while the full details of application of the principles are disclosed in the Corporate Governance Report submitted to Bursa Securities together with this Annual Report, which is also available on the Company's website, www.matangbhd.com.

1. BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

The Board has the overall responsibilities for the strategic aims and corporate governance of the Company including providing overall strategic guidance and effective oversight of the management of the Group. 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 towards the strategic aims and to create value for the shareholders in a sustainable manner.

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. In connection, the Board also has in place the Code of Ethics and Conducts for Directors of the Company, the details of which can also be found on the Company's website, www.matangbhd.com.

The Company is guided by the Board's overall strategic aims to grow the Group organically with optimal yet sustainable increase of FFB production and yield from the Matang Estate as well as through new acquisition of suitable land bank and/or plantation estates, both of which are targeted by the Board to enhance value to Matang's shareholders in a sustainable manner. At the same time, the Board ensures that corporate governance of the Company is implemented and safeguarded to provide effective oversight on the management.

The Board meets at least quarterly to deliberate and decide on significant business and financial decisions of the Company. To facilitate the deliberation and decision making of the Board on material matters affecting Company, notices for meetings are circulated at least seven (7) days prior to meeting day and complete and comprehensive board meeting papers are circulated within reasonable time prior to each meeting. Minutes of each Board Committee and Board meeting are also circulated prior to subsequent meeting for confirmation by the Board members.

The Board actively evaluates and deliberates all strategic proposals of the Group whether operational or corporate, the proposal of which the management puts forward for approval. Where appropriate, recommendations of the Audit and Risk Management Committee are also sought with regards to the strategic proposals, in particular for corporate proposals of the Company. To that effect, a number of ad-hoc or special Board meetings of the Company have been called when necessary to deliberate strategic proposals on acquisition of plantations.

Besides delegating the overall supervision of the management and operations of the Group to the Executive Deputy Chairman of the Company, the Board has established the Management Committee for the oversight of major and key management decisions and day-to-day implementation of the business, operation and corporate decisions, matters and directions of the Group. The Management Committee is chaired by the Executive Deputy Chairman and consist of members made up of Executive Directors, the Chief Financial Officer cum Chief Operating Officer and the Head of Corporate Services and Finance. The Management Committee meets at least once a month.

Board Composition

As at the date of this Statement, the Board comprises twelve (12) members, i.e., four (4) Executive Directors and eight (8) Non-Executive Directors out of whom four (4) are Independent Directors.

The Independent Directors make up one-third (1/3) of the Board membership as prescribed under Rule 15.02 of the ACE Market Listing Requirements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

1. BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

Board Composition *cont'd*

For a large part of FY2019, the Board was led by an Independent Non-Executive Chairman while the executive roles in the Group is headed by the Executive Deputy Chairman, the latter of whom leads the management team of the Group. After the resignation of the Independent Non-Executive Chairman on 23 April 2019, the deliberation of matters by the Board is carried out effectively and independently by electing ad hoc chairperson from one of the Independent Directors of the Company to chair each Board meeting. This is to ensure continuous distinction of responsibilities where the chair of the Board who plays a non-executive role, is primarily responsible for the orderly conduct and effectiveness of the Board while the Executive Deputy Chairman is responsible for the overall operations and management of the businesses of the Group and the implementation of the Board's strategy and policy.

In terms of Board membership, Matang Board consists of members with a wide and relevant range of skills and experiences, particularly in the plantation and agricultural industry in addition to members who are of professional and corporate backgrounds such as qualified accountant or chief financial officer, prominent lawyer and former chief executive of conglomerate in plantation and property development. Other 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 in the State of Johor where Matang Estate is located.

A summary of the information relating to the profile, meeting attendance and shareholdings of the Company's directors have been included in this Annual Report.

The Company has a policy on the tenure for Independent Directors for a cumulative term of not more than nine (9) years. The Board may seek shareholders' approval in the event that it retains an Independent Director who has served in that capacity for more than nine (9) years, with strong justification provided. Otherwise, upon completion of nine (9) years, an Independent Director may continue to serve on the Board subject to the director's re-designation as a Non-Independent Director. That having said, none of the Independent Directors of the Company has served more than nine (9) years on the Board as at the date of 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 Financial Officers 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.

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 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.

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 the 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 members to older members with age of 70 and above.

The Board undertook the assessment of the performance and contribution of the Board members annually to ensure that all Board members shall have at least a full financial year of attendance to the Board meeting and any relevant Board Committees' meetings in order for the Company to have a meaningful evaluation.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

1. BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

Board Committees

The Board delegates specific responsibilities of financial performance review and monitoring, measurement, risk management and internal controls to the Audit and Risk Management Committee. The Audit and Risk Management Committee of the Company also provides independent oversight with regards to the risk management and internal controls frameworks, systems and practices of the Company.

The duties and responsibilities of overseeing the establishing of Board committees, selection, appointment and nomination of Directors, Chief Executive and Chief Financial Officers have been delegated to the Nomination Committee. The duties and responsibilities on the evaluation and recommendation of remuneration structure, levels and packages for Board members and Chief Executive and Chief Financial Officers have been delegated to the Remuneration Committee which consists of three members.

All committees, i.e., the Audit and Risk Management 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. The composition of each of the Board committees are shown in page 2 of this Annual Report.

For FYE 30 June 2019, the Audit and Risk Management Committee had held five (5) meetings. The Nomination Committee and the Remuneration Committee had respectively held three (3) and two (2) meetings.

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 for all Directors and senior executives of the Company.

Any individual Executive Director who is in the 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.

The Company has in place a general policy with regards to the remuneration levels for the Directors of the Group. However, these remunerations are to be approved from time to time after due deliberation by Nomination Committee of the competencies, skills, experiences as well as needs for the position and remuneration decided by the Remuneration Committee shall have to be recommended to the Board for deliberation and approval.

During FY2019, the Nomination Committee conducted meetings to deliberate and decide on the recommendation to the Board the confirmation of the Chief Financial Officer cum Chief Operating Officer, the amendments to terms of reference for Nomination Committee pursuant to certain practices under the Malaysian Code on Corporate Governance, as well as to review and approve the annual assessment in respect of individual Directors, Board Committees and effectiveness of the Board for FY2018. The Nomination Committee also evaluated, considered and made necessary recommendations for the deliberation by the Board, the appointment of four (4) new directors during FY2019.

For FY2019, the Remuneration Committee held meeting to deliberate, decide and thereafter recommend to the Board on the Directors' remuneration including Director's fees and benefits prior to the Company seeking applicable shareholders' approval in the Annual General Meeting of the Company as well as amendments to the terms of reference to the Remuneration Committee pursuant to certain recommended practices under the Malaysian Code on Corporate Governance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

1. BOARD LEADERSHIP AND EFFECTIVENESS cont'd

Remuneration for Directors

The Board has formalised and approved the structure that remunerate the Directors' contribution based on a fixed annual Director's fees and Director's meeting allowance, the latter of which is payable based on the number of attendance to the Board meetings. The same remuneration structure and level for the Board remain in force throughout FY2019.

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 are also entitled to Director's salary which are deliberated by the Remuneration Committee and the outcome is then recommended to the Board for approval.

The following section shows the summary of total remuneration for the Executive Directors and Non-Executive Directors by type of remuneration for FY2019.

By type of remuneration	Group		Company	
	Executive Directors RM'000	Non-Executive Directors# RM'000	Executive Directors RM'000	Non-Executive Directors# RM'000
Directors' fees	10	73	10	73
Salary and other emoluments [^]	65	31	5	31
Total	75	104	15	104

Notes:

[^] Other emoluments include the meeting allowance for the Directors' attendance to the Board meetings.

[#] Inclusive of remuneration for the former Independent Non-Executive Chairman, Dato' Teh Kean Ming who has resigned as a Director of the Company on 23 April 2019.

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

By band of remuneration	Group		Company	
	Executive Directors	Non-Executive Directors#	Executive Directors	Non-Executive Directors#
Up to RM50,000	-	7	1	7
RM50,001 to RM100,000	1	-	-	-
More than RM100,000	-	-	-	-
Total	1	7	1	7

Note:

[#] Inclusive of the former Independent Non-Executive Chairman, Dato' Teh Kean Ming who has resigned as a Director of the Company on 23 April 2019.

CORPORATE GOVERNANCE OVERVIEW 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 together with the information on the number of Board meetings attended by the Directors.

By Directors [#]	Number of Board meetings attended	Director Fees RM'000	Sitting Allowances RM'000	Directors' Salaries RM'000	Total RM'000
Dato' Teh Kean Ming [^]	4/4	13	4	-	17
Datuk Kiat Swee Sung	5/5	-	-	-	-
Dato' Eng Cheng Guan	5/5	10	5	60	75
Lew Weng Ho	4/5	10	4	-	14
Dato' Foong Chee Meng	4/5	10	4	-	14
Datuk Tan Teck Poh @ Tan Ah Too	5/5	10	5	-	15
Datuk Teoh Sew Hock	5/5	10	5	-	15
Dato' Ng Keng Heng	5/5	10	5	-	15
Lau Liang Fook	4/5	10	4	-	14
Total		83	36	60	179

Notes:

[^] Dato' Teh Kean Ming has resigned as Director of the Company on 23 April 2019.

[#] Exclusive of new Directors who were appointed to the Board on 23 May 2019 as there was no remuneration paid or payable to them for FYE 30 June 2019.

Company Secretaries

The Board continues to be supported by qualified and competent company secretaries in FY2019. 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 notices being circulated at least seven (7) days before scheduled dates of meeting and relevant meeting materials are circulated to the Board and Board committees within reasonable time 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 of Board committee as the case maybe for review prior to the succeeding meeting and all members of the Board have direct access to the company secretaries for any queries and doubts raised with regards to the records of the proceedings of all Board and Board committee meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

1. BOARD LEADERSHIP AND EFFECTIVENESS cont'd

Directors' Trainings

The Company acknowledges the importance of continuous education, training and professional development for all Directors and as such the Directors are encouraged to attend suitable seminars, conferences, workshops organised by relevant regulatory authorities and professional bodies to keep abreast with the latest developments in the industry, market place and/or new statutory and regulatory requirements.

Details of trainings attended by the Directors in FY2019 are as follows:

Directors	Courses (Trainings/Briefings) Attended
Dato' Teh Kean Ming [®]	<ul style="list-style-type: none"> Advocacy Programme on CG Assessment Using the Revised Asean CG Scorecard Methodology on 8 October 2018 2019 Budget: What you need to know – The Economy, Capital Market and You on 14 November 2018 12th Malaysian Property Summit 2019 on 21 February 2019 Ring the Bell for Gender Equality 2019 on 14 March 2019
Dato' Eng Cheng Guan	<ul style="list-style-type: none"> Palm Oil Economic Review & Outlook (R&O) Seminar 2019 held on 17 January 2019
Lew Weng Ho	<ul style="list-style-type: none"> BDO Tax Budget Seminar 2018: Keeping Ahead of Tax Reform organised by BDO on 14 November 2018
Datuk Tan Teck Poh @ Tan Ah Too	<ul style="list-style-type: none"> Palm Oil Economic Review & Outlook (R&O) Seminar 2019 held on 17 January 2019

Note:

[®] Dato' Teh Kean Ming has resigned as Director of the Company on 23 April 2019.

The following Directors who have been appointed to the Board of the Company on 23 May 2019 have attended the Mandatory Accreditation Programme within four (4) months from the date of appointment as required under the ACE Market Listing Requirements:

Directors	Courses (Trainings/Briefings) Attended
Yeo Kwee Kwang	<ul style="list-style-type: none"> Mandatory Accreditation Programme organised by The Iclif Leadership and Governance Centre on 19 – 20 August 2019
Tew Boon Chin	<ul style="list-style-type: none"> Mandatory Accreditation Programme organised by The Iclif Leadership and Governance Centre on 23 – 24 July 2019
Datuk Ir Low Ah Keong	<ul style="list-style-type: none"> Mandatory Accreditation Programme organised by The Iclif Leadership and Governance Centre on 23 – 24 July 2019
Lim Chin Hock	<ul style="list-style-type: none"> Mandatory Accreditation Programme organised by The Iclif Leadership and Governance Centre on 23 – 24 July 2019

2. EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit and Risk Management Committee

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

2. EFFECTIVE AUDIT AND RISK MANAGEMENT *cont'd*

Audit and Risk Management Committee *cont'd*

The Audit and Risk Management 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 accountant with experiences spanning across auditing, reporting, financial management, advisory and investment in various managerial capacities as well as experiences holding directorships in public listed companies in Malaysia and Singapore.

The other members of the Audit and Risk Management Committee include Dato' Foong Chee Meng and Mr Yeo Kwee Kwang. Dato' Teh Kean Ming who was one of the members of Audit and Risk Management Committee has resigned as a Director on 23 April 2019. Mr Yeo Kwee Kwang is a new Director appointed to the Board and as a member of the Audit and Risk Management Committee on 23 May 2019. The profile of the existing Audit and Risk Management Committee members has been included in page 29 of this Annual Report.

Prior to the start of the annual audit of financial statements of the Group for the financial year under review, the Audit and Risk Management Committee has conducted discussions with the external auditors to assess amongst others, their 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 and Risk Management Committee confirming their independence for the audit engagement and the conduct of the audit of the Group's financial statements for FYE 30 June 2019.

During the financial year under review, the Audit and Risk Management Committee has undertaken the 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 the meetings of Audit and Risk Management Committee. The Audit and Risk Management Committee, with satisfactory response from the management, has reported their view and advice in relation to the quarterly financial result and any relevant matters to the Board before the Board deliberates and approves the results for announcement to Bursa Securities.

The Audit and Risk Management 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 any questions and comments the Audit and Risk Management Committee may have. Guided by the discussions with the auditors and necessary responses and clarifications from the management, the Audit and Risk Management Committee then reports to the Board any matters of material concerns, if any, in particular in connection with the financial reporting and performances of the Group, risk management measures and the implementation of internal control systems of the Group and the effectiveness of the same.

During the financial year under review, the Audit and Risk Management 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 and Risk Management Committee Report on page 32 of this Annual Report.

The Audit and Risk Management Committee, under its terms of reference approved by the Board, has authority to investigate any matters of the Group it has come across in respect of any transactions that raise 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.

Risk Management and Internal Control Framework

In addition to overseeing the proper preparation of the quarterly financial reports and the annual financial statements of the Company and the Group, the Audit and Risk Management Committee also independently evaluates 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

2. EFFECTIVE AUDIT AND RISK MANAGEMENT *cont'd*

Risk Management and Internal Control Framework *cont'd*

The Audit and Risk Management Committee had also on 28 August 2019 held meeting with the risk management consultant on the works done and observations made for FY2019 in relation to the risk management profile of the Group. The risk management consultant also presented to the Audit and Risk Management Committee on 28 August 2019 the conclusions it drew with regards to the risk management profile of the Group.

More details of the Group risk management assessment performed have been included under the Audit and Risk Management Committee Report on page 31 of this Annual Report.

3. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

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 to the Group's business to existing and potential shareholders. In that connection, the Company also incorporates investor relations and corporate governance sections in its website where links to announcements made to Bursa Securities, in particular, for financial results and corporate developments are posted. Annual reports of the Company are also 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 and Risk Management Committee, Nomination Committee and Remuneration Committee in addition to corporate exercises undertaken and the updated status or progress.

In accordance with the ACE Market Listing Requirements, when necessary, 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 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 eight (28) days prior to the date of the meeting and the same notices will be published in at least one (1) nationally circulated daily newspapers.

Conduct of General Meetings

The forth-coming annual general meetings of the Company is scheduled to be held on 26 November 2019. The Board views that annual general meetings 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.

In the Annual General Meeting of the Company for FYE 30 June 2018, the meeting of which was held on 27 November 2018 in Kuala Lumpur, the Company has:

- made a presentation of the Group's business and financial performance for the financial year ended 30 June 2018 to its shareholders;
- taken and addressed all questions raised by the shareholders in the said annual general meeting;
- conducted poll voting for all resolutions for which approvals of the shareholders were sought.

For the forth-coming Annual General Meeting to be held on 26 November 2019, the Company adheres to the practice recommended under the Code to circulate notice for the Annual General Meeting at least twenty eight (28) days prior to the date of the said meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

3. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

cont'd

Conduct of General Meetings *cont'd*

The Board envisages that it will, as part of the Board's effort, to continue to create open dialogue with the shareholders, to conduct presentation(s) in relation to the Group and its performance along with prospects and outlooks disclosed in compliance with the Listing Requirements. Questions and Answers 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 received from the Minority Shareholders Watchdog Group, the Board shall aim at replying in writing before the general meetings if possible 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 continue to 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 certain areas as highlighted in the Corporate Governance Report of the Company (the report of which is submitted to Bursa Securities at the time of issuance of this Annual 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 Overview Statement has been approved by the Board of Matang on 2 October 2019.

SUSTAINABILITY STATEMENT

The Group conducts its business and operations based on sustainable practices and takes into consideration the factors of economic, environmental and social. In that regards, this Sustainability Statement is prepared to provide the shareholders of the Company an overview of the practices in place and undertaken by the Company.

ECONOMIC

Economic sustainability of the Group's core activities, i.e., oil palm plantation for the long-term health of the Group operationally and profitability has been always the focus of the Board to ensure that the interest and value to the shareholders of the Company are safeguarded and enhanced over the long term.

The significant measures and practices implemented by the Group to ensure economic sustainability with regards to the Matang Estate include:

1. Harvesting Practices and Quality of FFBs Harvested

In FY2018, Matang Estate has commenced a more efficient harvesting approach where harvesters were divided and grouped into dedicated teams assigned to carry out harvesting of FFB in adjacent fields in the Estate to facilitate both the supervisory works by mandors and to facilitate the efficient collections of FFBs harvested. This practice has enhanced the efficiency of FFB harvesting.

During the FY under review, the Estate has enforced requirements on harvesters to strictly prevent missing out on harvesting ripe FFB bunches. Mandors' daily checks and supervisions have been intensified to ensure that missed ripe bunches are minimised and in the event of missed bunches being noticed, harvesters are sent back to the fields to harvest. Also, harvesters have been encouraged to collect loose FFBs which have fallen onto the ground during the process of harvesting.

2. Soil Nutrients, Application of Fertilisers and Stringent Control of Quality of Fertilisers

Soil nutrient is also an area of emphasis in the Group's operations in Matang Estate to ensure long term health of our oil palm trees which has a direct impact on the FFB yield. Matang Estate practises annual leaf sampling tests where leaf samples are collected and sent to laboratory to determine if there is any nutrients deficiency, the outcome of which will be used by the Matang Estate to appropriately order the type of fertilisers and adequately apply the same to the trees. Continuous consultations with the agronomist before determining annual fertilisers program is crucial in ensuring the right fertilisers in terms of the type of nutrients required are applied. This is useful to ensure both the effectiveness of the fertilisers to enhance fruiting and correspondingly the future yield of FFB for the Estate and to mitigate the use of wrong fertilisers as well as reducing the wastage of fertilisers.

In addition, sampling tests on fertilisers ordered and received have been implemented more systematically and efficiently for each batch of fertilisers received by the Estate. Samples which show level of nutrient contents which are not conforming to specifications set out in orders placed will be highlighted to the suppliers and dealt with in accordance with the established procedures.

3. Replanting

About 34% of Matang Estate or 368 hectares out of 1,080 hectares of the planted areas is now with oil palm trees exceeding 20 years old as at 30 June 2019.

In FY2019, the management has undertaken assessment of replanting plans where mature trees approaching 25 years old are monitored closely for their yield performance. This has enabled the management to plan replanting program appropriately by phasing out low yielding trees first at the same time avoiding unnecessary sudden drop in FFB tonnage in a particular year.

The Group undertakes with due care the execution of replanting activities, beginning with the proper planning for the time to order required breeds of seedlings to the undertaking of the practices of proper ploughing of the soils of replanting areas, to the shortlisting of suppliers and eventual selection of seedlings to ensure future desired yield is assured.

Proper selection and nurturing of seedlings for replanting are mandatory and this gives the chance to the management of Matang Estate to choose the healthy palm seedling which will determine the sustainable production and yield for the Estate in the long term.

SUSTAINABILITY STATEMENT

cont'd

ECONOMIC *cont'd*

In addition to the above, the Group is committed to ensure that the interests of all other stakeholders in particularly, customers, suppliers, bankers and regulatory bodies are being taken care of. In that regard, the Company emphasises on good corporate governance practices and transparency to meet the expectation of these stakeholders including the Company's shareholders.

ENVIRONMENTAL

The Group recognises the importance of environmental impact on both the operations and performance of Matang Estate as well as on the society at large. In that connection, the Group observed and has been guided by the standards set out under Malaysian Sustainable Palm Oil ("MSPO") in ensuring sustainability in respect of the environment, amongst others.

The general assessing principles followed by the MSPO certification body in relation to environmental aspects as spelt out under Principle 5 of the General Principles for Oil Palm Plantations and Organised Smallholders cover the following areas:

1. Environmental management plan;
2. Efficiency of energy use and use of renewable energy;
3. Waste management and disposal;
4. Reduction of pollution and emission;
5. Natural water resources;
6. Status of rare, threatened, or endangered species and high biodiversity value area;
7. Zero burning practices.

The Group views the compliance of Matang Estate of the standards for MSPO certification as the critical effort of the Group in ensuring environmental sustainability both for the Matang Estate as well as for the larger communities around the Estate in which the Group operates. Towards that end, Matang Estate has during FY2019 commenced the preparation and implementation to comply with certification requirements against MSPO standards, an effort that had led to Matang Estate being awarded the MPSO certification on 5 August 2019.

SOCIAL

The Group's Matang Estate continues to provide employment opportunities to locals from communities near and/or around the Estate. These locals have been employed as both staff in the office in Matang Estate as well as forming reliable labour forces in the Estate proper with some taking up the roles and responsibilities as estate mandors as well as operators of trucks and tractors, to name a few.

As part of the continuous effort to improve the welfare for staff, Matang Estate has also in FY2019, renovated the bathroom and kitchen for workers quarters within the Estate. In addition, the Estate has also rendered co-operation and assistance to Jabatan Pengairan dan Saliran Daerah Segamat to undertake examination works to facilitate de-silting part of the drainage system that flows through the Estate in its effort to mitigate flash flood issues in an adjacent village.

While the Company has fulfilled the key areas where risk to sustainability of the Group's business may occur, the Company acknowledges that continuous improvements and measures will still be undertaken to monitor the performance or results of past efforts as well as to enhance outcome where possible.

This Sustainability Statement has been approved by the Board of Matang on 2 October 2019.



ADDITIONAL COMPLIANCE INFORMATION

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

Status of Utilisation of Proceeds

As at 30 June 2019, the gross proceeds from the Public Issue of RM16.90 million has been partially utilised in the following manner:

Purposes	Proposed utilisation	Actual utilisation	Deviation: surplus/ (deficit)	Balance unutilised	Estimated time frame for utilisation ⁽¹⁾
	RM'000	RM'000	RM'000	RM'000	
Replanting exercise	250	(250)	-	-	Within 24 months
Capital expenditure	2,550	(1,120)	-	1,430	Within 36 months
General working capital	11,924	(5,826) ⁽²⁾	-	6,098	Within 60 months
Estimated listing expenses	2,176	(2,176)	-	-	Within 3 months
Total	16,900	(9,372)		7,528	

Notes:

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

⁽²⁾ RM447,000 out the actual utilisation of RM5,826,000 as at 30 June 2019 were used to defray listing expenses which exceeds the estimated of RM2,176,000 in such manner as allowed under Section 3.10.1(v) of the Prospectus of the Company dated 19 December 2016.

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 which is subsisting from previous financial year:

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

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 on 5 April 2017 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 FYE 30 June 2019 was RM86,226 excluding RM34,490 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	
	FY2018 Paid RM'000	FY2019 Payable RM'000	FY2018 Paid RM'000	FY2019 Payable RM'000
Audit fees	57	60	25	26
Non-audit fees				
- Review of the Statement on Risk Management and Internal Control	5	5	5	5
Total	62	65	30	31

Corporate Social Responsibility

The Company did not carry out any specific programme or activities in relation to corporate social responsibility but generally the Company endorses only actions and projects that would not have any detrimental implications to the environment and public at large. Certain activities that have social implications have been undertaken by the Group and these have been set out and clarified in the Sustainability Statement set out on pages 42 to 43 of this Annual Report for reference.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The Board of Directors is required by the Companies Act 2016 to prepare the financial statements 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 Group and the Company for FYE 30 June 2019, the Board has adopted and consistently applied appropriate accounting policies, made judgements and estimates that are reasonable and prudent, ensure that all applicable accounting standards have been complied with and that the financial statements have been prepared on a going concern basis.

The Board of Directors are responsible for ensuring that the Group and the Company keep proper accounting records, which disclose with reasonable accuracy on the financial position of the Group and of the Company, and which enable them to ensure that the financial statements comply with the provisions of the Companies Act 2016. The Directors are responsible for taking reasonable steps to safeguard the assets of the Company and to prevent and detect other irregularities.

This statement has been approved by the Board of Matang on 2 October 2019.

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 2019.

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	Company
	RM	RM
Profit for the financial year	1,831,813	7,347,976
Profit attributable to owners of the parent	1,831,813	7,347,976

DIVIDENDS

Dividend paid, declared or proposed since the end of the previous financial year were as follows:

- (a) First and final single tier dividend of 0.2 sen per ordinary share, amounting to RM3,620,001 in respect of the financial year ended 30 June 2018 which was paid on 8 January 2019.
- (b) The Directors proposed a first and final single tier dividend of 0.15 sen per ordinary share, amounting to RM2,715,000 in respect of the financial year ended 30 June 2019. This dividend will be recognised in the subsequent financial year upon approval of shareholders at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

Matang Berhad

Datuk Kiat Swee Sung*
 Datuk Tan Teck Poh @ Tan Ah Too
 Datuk Teoh Sew Hock*
 Dato' Foong Chee Meng
 Dato' Eng Cheng Guan*
 Lau Liang Fook
 Lew Weng Ho
 Dato' Ng Keng Heng

DIRECTORS' REPORT

cont'd

DIRECTORS *cont'd*

The Directors who have held office during the financial year and up to the date of this report are as follows: *cont'd*

Matang Berhad *cont'd*

Yeo Kwee Kwang	(Appointed on 23 May 2019)
Tew Boon Chin	(Appointed on 23 May 2019)
Datuk Ir Low Ah Keong	(Appointed on 23 May 2019)
Lim Chin Hock	(Appointed on 23 May 2019)
Dato' Teh Kean Ming	(Resigned on 23 April 2019)

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

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 2019 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 1.7.2018/At appointment date	Bought	Sold	Balance as at 30.6.2019
Shares in the Company				
<u>Direct interests:</u>				
Datuk Tan Teck Poh @ Tan Ah Too	168,000	-	-	168,000
Datuk Teoh Sew Hock	28,000	-	-	28,000
Dato' Eng Cheng Guan	140,000	-	-	140,000
Dato' Ng Keng Heng	9,000	-	-	9,000
Lim Chin Hock	10,000	-	-	10,000
<u>Indirect interests:</u>				
Lau Liang Fook*	20,055,000	-	-	20,055,000

* *Deemed interest by virtue of his shareholding in Lau Chek Min Sdn. Bhd., pursuant to Section 8 of the Companies Act 2016 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

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 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 subsidiaries as disclosed in Note 18 (c) 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

DIRECTORS' REMUNERATION

The details of Directors' remuneration are disclosed in Note 18 (c) to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Company has entered into an arrangement for a corporate liability insurance for the Directors and officers of the Group during the financial year, which provides appropriate insurance cover for the Directors and officers of the Group. The amount of insurance premium paid by the Company was RM12,810.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

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.

DIRECTORS' REPORT

cont'd

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY *cont'd*

(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.

SUBSEQUENT EVENT AFTER THE END OF THE REPORTING PERIOD

Details of subsequent event after the end of reporting period are disclosed in Note 28 to the financial statements.

SUBSIDIARIES

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

AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

The details of auditors' remuneration of the Company and its subsidiaries for the financial year ended 30 June 2019 are disclosed in Note 18 to the financial statements.

BDO PLT (LLP0018825-LCA & AF 0206) was registered on 2 January 2019 and with effect from that date, BDO (AF 0206), a conventional partnership was converted to a limited liability partnership.

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

Datuk Kiat Swee Sung

Director

Kuala Lumpur
2 October 2019

Dato' Eng Cheng Guan

Director

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements as set out on pages 55 to 85 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 2019 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

.....
Datuk Kiat Swee Sung

Director

Kuala Lumpur
 2 October 2019

.....
Dato' Eng Cheng Guan

Director

STATUTORY DECLARATION

I, Soon Yeong Chyan (CA 12084), being the officer 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)
 2 October 2019)

Soon Yeong Chyan

Before me:

BALOO T. PICHAI (W663)
 COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF **MATANG BERHAD**
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Matang Berhad, which comprise the statements of financial position as at 30 June 2019 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 85.

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 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") 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 RM12.2 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 valuation was 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.

We have determined that there are no key audit matters to be communicated in our auditors' report of the audit of the separate financial statements of the Company.

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 conclusion thereon.

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with 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 internal control of the Group and of the Company.
- 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 *cont'd*

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 *cont'd*:

- 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 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 PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

Tan Seong Yuh
03314/07/2021 J
Chartered Accountant

Kuala Lumpur
2 October 2019

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2019

ASSETS	Note	Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
Non-current assets					
Property, plant and equipment	4	135,407,568	137,521,351	-	-
Investment properties	5	12,200,000	12,500,000	-	-
Other investments	6	107,610	151,920	-	-
Investments in subsidiaries	7	-	-	172,780,006	169,880,006
Land held for property development	8	-	1,057,730	-	-
Inventories	9	1,057,730	-	-	-
		148,772,908	151,231,001	172,780,006	169,880,006
Current assets					
Inventories	9	100,622	75,235	-	-
Biological assets	10	364,660	340,521	-	-
Trade and other receivables	11	855,982	991,506	230,954	134,656
Current tax assets		19,358	-	-	-
Cash, bank balances and short term funds	12	39,178,114	38,675,102	11,730,335	10,952,349
		40,518,736	40,082,364	11,961,289	11,087,005
TOTAL ASSETS		189,291,644	191,313,365	184,741,295	180,967,011
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	13	183,870,827	181,000,026	183,870,827	181,000,026
Reserves	14	2,712,392	7,415,691	689,687	(167,487)
TOTAL EQUITY		186,583,219	188,415,717	184,560,514	180,832,539
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	15	1,532,323	1,516,108	-	-
Current liabilities					
Trade and other payables	16	1,176,102	979,212	171,139	119,722
Current tax liabilities		-	402,328	9,642	14,750
		1,176,102	1,381,540	180,781	134,472
TOTAL LIABILITIES		2,708,425	2,897,648	180,781	134,472
TOTAL EQUITY AND LIABILITIES		189,291,644	191,313,365	184,741,295	180,967,011

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 2019

	Note	Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
Revenue	17	9,749,318	12,640,817	7,500,000	-
Cost of sales		(2,848,607)	(2,866,590)	-	-
Gross profit		6,900,711	9,774,227	7,500,000	-
Other income		2,247,059	2,184,334	461,525	371,895
Administration expenses		(6,027,230)	(6,012,761)	(547,254)	(697,536)
Other expenses		(18,350)	(66,955)	(4,320)	(10,057)
Profit/(Loss) before tax	18	3,102,190	5,878,845	7,409,951	(335,698)
Tax expense	19	(1,270,377)	(1,789,053)	(61,975)	(41,000)
Profit/(Loss) for the financial year		1,831,813	4,089,792	7,347,976	(376,698)
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Changes in fair value of available-for-sale financial assets, net of tax	6	-	(312,280)	-	-
		-	(312,280)	-	-
Items that will not be reclassified subsequently to profit or loss					
Fair value loss on equity investments at fair value through other comprehensive income	6	(44,310)	-	-	-
Total other comprehensive loss, net of tax		(44,310)	(312,280)	-	-
Total comprehensive income/(loss)		1,787,503	3,777,512	7,347,976	(376,698)
Profit/(Loss) attributable to owners of the parent		1,831,813	4,089,792	7,347,976	(376,698)
Total comprehensive income/(loss) attributable to owners of the parent		1,787,503	3,777,512	7,347,976	(376,698)
Earnings per share attributable to Ordinary equity holders of the Company (sen):					
- Basic	22	0.10	0.23		
- Diluted	22	0.10	0.23		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Group	← Non-distributable →				Distributable		Total equity RM
	Share capital	Share premium	Fair value reserve	Merger reserve	Retained earnings		
	RM	RM	RM	RM	RM	RM	
Balance as at 1 July 2017	181,000,026	2,870,801	339,625	(108,000,004)	108,427,757		184,638,205
Profit for the financial year	-	-	-	-	4,089,792		4,089,792
Other comprehensive loss, net of tax	-	-	(312,280)	-	-		(312,280)
Total comprehensive loss	-	-	(312,280)	-	4,089,792		3,777,512
Balance as at 30 June 2018	181,000,026	2,870,801	27,345	(108,000,004)	112,517,549		188,415,717

Group	Note	← Non-distributable →				Distributable		Total equity RM
		Share capital	Share premium	Fair value reserve	Merger reserve	Retained earnings		
		RM	RM	RM	RM	RM	RM	
Balance as at 1 July 2018		181,000,026	2,870,801	27,345	(108,000,004)	112,517,549		188,415,717
Profit for the financial year		-	-	-	-	1,831,813		1,831,813
Other comprehensive loss, net of tax		-	-	(44,310)	-	-		(44,310)
Total comprehensive loss		-	-	(44,310)	-	1,831,813		1,787,503
Transaction with owners								
Dividend paid	23	-	-	-	-	(3,620,001)		(3,620,001)
Total transaction with owners		-	-	-	-	(3,620,001)		(3,620,001)
Transfer pursuant to Companies Act 2016*	13	2,870,801	(2,870,801)	-	-	-		-
Balance as at 30 June 2019		183,870,827	-	(16,965)	(108,000,004)	110,729,361		186,583,219

* Pursuant to the Companies Act 2016, the credit balance in the share premium account has been transferred to the share capital account.

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

cont'd

Company	← Non-distributable →			Total equity
	Share capital	Share premium	Accumulated losses	
	RM	RM	RM	
Balance as at 1 July 2017	181,000,026	2,870,801	(2,661,590)	181,209,237
Loss for the financial year	-	-	(376,698)	(376,698)
Other comprehensive loss, net of tax	-	-	-	-
Total comprehensive loss	-	-	(376,698)	(376,698)
Balance as at 30 June 2018	181,000,026	2,870,801	(3,038,288)	180,832,539

Company	Note	← Non-distributable →			Total equity
		Share capital	Share premium	Accumulated losses	
		RM	RM	RM	
Balance as at 1 July 2018		181,000,026	2,870,801	(3,038,288)	180,832,539
Profit for the financial year		-	-	7,347,976	7,347,976
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	7,347,976	7,347,976
Transaction with owners					
Dividend paid	23	-	-	(3,620,001)	(3,620,001)
Total transaction with owners		-	-	(3,620,001)	(3,620,001)
Transfer pursuant to Companies Act 2016*		2,870,801	(2,870,801)	-	-
Balance as at 30 June 2019		183,870,827	-	689,687	184,560,514

* Pursuant to the Companies Act 2016, the credit balance in the share premium account has been transferred to the share capital account.

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax		3,102,190	5,878,845	7,409,951	(335,698)
Adjustments for:					
Depreciation of property, plant and equipment	4	2,209,514	2,236,642	-	-
Fair value adjustment of:					
- investment properties	5	300,000	-	-	-
- biological assets	10	(24,139)	86,628	-	-
Gain on disposal of property, plant and equipment		-	(38,997)	-	-
Interest income		(1,407,277)	(1,185,154)	(461,525)	(371,895)
Dividend income from a subsidiary		-	-	(7,500,000)	-
Property, plant and equipment written off		2,912	4,019	-	-
Operating profit/(loss) before working capital changes		4,183,200	6,981,983	(551,574)	(707,593)
Changes in working capital:					
Inventories		(25,387)	(40,585)	-	-
Trade and other receivables		90,964	1,007,376	(38,335)	259,065
Trade and other payables		196,890	37,986	51,417	(118,952)
Cash generated from/(used in) operations		4,445,667	7,986,760	(538,492)	(567,480)
Tax paid		(1,675,848)	(2,222,551)	(67,083)	(26,250)
Net cash from/(used in) operating activities		2,769,819	5,764,209	(605,575)	(593,730)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

cont'd

	Note	Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Advances to a subsidiary		-	-	(2,902,170)	(2,245,617)
Placement of deposits pledged with licensed banks		(434)	(10,697)	-	-
Interest received		1,451,837	907,446	405,732	248,959
Dividend received from a subsidiary		-	-	7,500,000	-
Purchase of property, plant and equipment	4	(98,643)	(889,230)	-	-
Proceeds from disposal of property, plant and equipment		-	39,000	-	-
Net cash from/(used in) investing activities		1,352,760	46,519	5,003,562	(1,996,658)
CASH FLOWS FROM FINANCING ACTIVITY					
Dividend paid	23	(3,620,001)	-	(3,620,001)	-
Net cash used in financing activity		(3,620,001)	-	(3,620,001)	-
Net increase/(decrease) in cash and cash equivalents		502,578	5,810,728	777,986	(2,590,388)
Cash and cash equivalents at beginning of financial year		38,640,405	32,829,677	10,952,349	13,542,737
Cash and cash equivalents at end of financial year	12	39,142,983	38,640,405	11,730,335	10,952,349

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

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 2 October 2019.

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 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.

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 29.1 to the financial statements.

The Group and the Company applied MFRS 15 *Revenue from Contracts with Customers* and MFRS 9 *Financial Instruments* for the first time during the current financial year, using the cumulative effect method as at 1 July 2018. Consequently, the comparative information were not restated and are not comparable to the financial information of the current financial year.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

cont'd

4. PROPERTY, PLANT AND EQUIPMENT

Group 2019	Balance as at 1.7.2018 RM	Additions RM	Written off RM	Balance as at 30.6.2019 RM
Cost				
Freehold estate land	107,787,217	-	-	107,787,217
Bearer plants	40,253,096	70,312	-	40,323,408
Plant and equipment	2,278,943	18,376	(3,040)	2,294,279
Motor vehicles	2,016,890	9,955	-	2,026,845
	152,336,146	98,643	(3,040)	152,431,749

	Balance as at 1.7.2018 RM	Depreciation charges for the financial year RM	Written off RM	Balance as at 30.6.2019 RM
Accumulated depreciation				
Bearer plants	12,067,708	1,870,658	-	13,938,366
Plant and equipment	1,684,702	96,705	(128)	1,781,279
Motor vehicles	1,062,385	242,151	-	1,304,536
	14,814,795	2,209,514	(128)	17,024,181

Group 2018	Balance as at 1.7.2017 RM	Additions RM	Disposal RM	Written off RM	Balance as at 30.6.2018 RM
Cost					
Freehold estate land	107,787,217	-	-	-	107,787,217
Bearer plants	40,083,560	169,536	-	-	40,253,096
Plant and equipment	2,267,631	83,692	-	(72,380)	2,278,943
Motor vehicles	1,557,888	636,002	(177,000)	-	2,016,890
	151,696,296	889,230	(177,000)	(72,380)	152,336,146

	Balance as at 1.7.2017 RM	Depreciation charges for the financial year RM	Disposal RM	Written off RM	Balance as at 30.6.2018 RM
Accumulated depreciation					
Bearer plants	10,159,298	1,908,410	-	-	12,067,708
Plant and equipment	1,653,716	99,347	-	(68,361)	1,684,702
Motor vehicles	1,010,497	228,885	(176,997)	-	1,062,385
	12,823,511	2,236,642	(176,997)	(68,361)	14,814,795

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019
cont'd4. PROPERTY, PLANT AND EQUIPMENT *cont'd*

Carrying amount	Group	
	2019 RM	2018 RM
Freehold estate land	107,787,217	107,787,217
Bearer plants	26,385,042	28,185,388
Plant and equipment	513,000	594,241
Motor vehicles	722,309	954,505
	135,407,568	137,521,351

- (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% |

5. INVESTMENT PROPERTIES

Group	Balance as at 1.7.2018 RM	Fair value adjustment RM	Balance as at 30.6.2019 RM
Leasehold land and buildings	12,500,000	(300,000)	12,200,000

Group	Balance as at 1.7.2017 RM	Fair value adjustment RM	Balance as at 30.6.2018 RM
Leasehold land and buildings	12,500,000	-	12,500,000

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

cont'd

5. INVESTMENT PROPERTIES *cont'd*

- (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, being the fair value of consideration paid, including related transactions costs and subsequently carried at fair value.
- (c) Direct operating expenses (including repairs and maintenance) arising from investment properties generating rental income during the financial year are as follows:

	Group	
	2019	2018
	RM	RM
Direct operating expenses	513,139	404,399

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

	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
2019				
Leasehold land and buildings	-	12,200,000	-	12,200,000
2018				
Leasehold land and buildings	-	12,500,000	-	12,500,000

- (i) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 30 June 2019 and 30 June 2018.
- (ii) Investment properties at Level 2 fair value were determined by external and independent property valuer 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.

6. OTHER INVESTMENTS

Fair value	Group	
	2019	2018
	RM	RM
Quoted shares in Malaysia		
At beginning of financial year	151,920	464,200
Fair value change	(44,310)	(312,280)
At end of financial year	107,610	151,920

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019
cont'd

6. OTHER INVESTMENTS *cont'd*

- (a) On 1 July 2018, the quoted shares were classified as financial assets at fair value through other comprehensive income ("FVOCI") pursuant to the MFRS 9 Financial Instruments. Comparative were not restated in accordance with the transition requirements in paragraph 7.2.15 of this standard.

These quoted shares are not held for trading for which the Group has irrevocably elected at initial recognition to recognise at fair value through other comprehensive income. The Group considers this classification to be appropriate and relevant.

- (b) Prior to 1 July 2018, these quoted shares were classified as available-for-sale ('AFS') financial assets pursuant to MFRS 139 *Financial Instrument : Recognition and Measurement*.

- (c) 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 FVOCI will be higher or lower with all other variables held constant. The following table demonstrates the sensitivity of the FVOCI reserve of the Group:

	Group	
	2019 RM	2018 RM
Fair value reserve		
- increase by 5% (2018: 5%)	5,381	7,596
- decrease by 5% (2018: 5%)	(5,381)	(7,596)

- (d) Quoted shares of the Group are categorised as Level 1 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2019 RM	2018 RM
At cost		
Unquoted shares- at cost	168,000,006	168,000,006
Equity loans	4,780,000	1,880,000
	172,780,006	169,880,006

The Directors of the Company have reassessed the nature of the amounts owing by subsidiaries and determined that the outstanding balance amounting to RM4,780,000 (2018:RM1,880,000) shall constitute equity loans to the subsidiaries, which are unsecured, interest free and settlement is neither planned nor likely to occur in the foreseeable future, and are considered to be part of the investments of the Company in providing the subsidiaries with a long term source of additional capital.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

cont'd

7. INVESTMENTS IN SUBSIDIARIES *cont'd*

- (a) Investments in subsidiaries which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less impairment losses, if any.

All components of non-controlling interests shall be measured at their acquisition date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

- (b) Equity loan

Equity loan represents non-trade loan granted by the Company to subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future and is intended to provide the subsidiaries with a long-term source of additional capital. It is, in substance, an addition to the investment in the subsidiaries of the Company and accordingly, is accounted for in accordance with MFRS 127 *Separate Financial Statements* as part of the investments in subsidiaries and measured at cost.

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

Name of company	Country of incorporation	Interest in equity held by				Principal activities
		Company		Subsidiary		
		2019	2018	2019	2018	
		%	%	%	%	
*Matang Holdings Berhad ("MHB")	Malaysia	100	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 PLT, Malaysia.

8. LAND HELD FOR PROPERTY DEVELOPMENT

	Group	
	2019	2018
	RM	RM
Freehold land, at cost		
At beginning of financial year	1,057,730	1,057,730
Transfer to inventories (Note 9)	(1,057,730)	-
At end of financial year	-	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, other relevant levies and costs.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019
cont'd

9. INVENTORIES

Non-current	Note	Group	
		2019 RM	2018 RM
Land held for property development	(a)	1,057,730	-
Current			
At cost			
Estate consumables		100,622	75,235

(a) The details of land held for property development are as follows:

Group	Freehold land 2019 RM
At 1 July 2018	-
Transfer from land held for property development (Note 8)	1,057,730
At 30 June 2019	1,057,730

(b) Other inventories are stated at the lower of cost and net realisable value.

(c) 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.

(d) During the financial year, inventories of the Group recognised as cost of sales amounted to RM1,212,227 (2018: RM1,281,462).

10. BIOLOGICAL ASSETS

At fair value	Group	
	2019 RM	2018 RM
Balance as at 1 July 2018/2017	340,521	427,149
Fair value gain/(loss)	24,139	(86,628)
Balance as at 30 June 2019/2018	364,660	340,521

(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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

cont'd

10. BIOLOGICAL ASSETS *cont'd*

(b) The fair values of biological assets are categorised as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2019				
Biological assets	-	-	364,660	364,660
2018				
Biological assets	-	-	340,521	340,521

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 30 June 2019 and 30 June 2018.

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Trade receivables				
Third parties	314,679	434,911	-	-
Other receivables and deposits				
Amount owing by a subsidiary	-	-	5,890	3,720
Other receivables	302,579	387,313	178,729	122,936
Deposits	165,016	165,282	8,000	8,000
	467,595	552,595	192,619	134,656
Total receivables, net of prepayment	782,274	987,506	192,619	134,656
Prepayments	73,708	4,000	38,335	-
	855,982	991,506	230,954	134,656

- (a) Total receivables are classified as financial assets measured at amortised cost.
- (b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group was 14 to 30 days (2018: 14 to 30 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (c) Amount owing by a subsidiary is unsecured, interest free and repayable in cash and cash equivalents within next twelve (12) months.
- (d) All trade and other receivables are denominated in Ringgit Malaysia ('RM').
- (e) Impairment for trade receivables are recognised based on the simplified approach within MFRS 9 using forward looking expected credit loss model as disclosed in Note 29.1(a)(ii) to the financial statements.

No expected credit loss is recognised from trade receivables as it is negligible.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019
cont'd

11. TRADE AND OTHER RECEIVABLES *cont'd*

- (f) Impairment for other receivables are recognised based on the general approach within MFRS 9 using forward looking expected credit loss model as disclosed in Note 29.1(a)(ii) to the financial statements.

No expected credit loss is recognised from other receivables as it is negligible.

- (g) The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 30 June 2019 which are grouped together as they are expected to have similar risk nature.

Group	Gross carrying amount	Loss allowance	Net balance
	RM	RM	RM
Current	314,679	-	314,679

As at the end of each reporting period, no collateral has been obtained by the Group. Thus, the maximum credit risk exposure is equivalent to the gross carrying amount of trade receivables of the Group.

During the financial year, the Group did not renegotiate the terms of any trade receivables.

- (h) Comparative information under MFRS 139 *Financial Instruments: Recognition and Measurement*

The aging of the trade receivables as at 30 June 2018 was as follows:

	Group 2018 RM
Current (not past due)	434,911

12. CASH, BANK BALANCES AND SHORT TERM FUNDS

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cash and bank balances	1,181,871	3,797,066	108,127	409,104
Deposits with licensed banks	21,532,182	34,878,036	8,565,540	10,543,245
Short term funds	16,464,061	-	3,056,668	-
	39,178,114	38,675,102	11,730,335	10,952,349

- (a) Deposits with licensed banks of the Group and the Company have a range of maturity period of 1 month to 1 year (2018: 1 month to 1 year); with weighted average effective interest rate of 3.85% (2018: 3.95%) and 4.20% (2018: 4.00%) per annum respectively.

- (b) All cash, bank balances and short term funds are denominated in Ringgit Malaysia ('RM').

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

cont'd

12. CASH, BANK BALANCES AND SHORT TERM FUNDS *cont'd*

- (c) Sensitivity analysis of interest rate at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit after tax				
- if interest rate increases by 1% (2018: 1%)	328,285	265,073	95,665	80,129
- if interest rate decreases by 1% (2018: 1%)	(328,285)	(265,073)	(95,665)	(80,129)

- (d) Short term funds aim to invest in highly liquid instruments which are investing its assets in Ringgit Malaysia deposits with financial institutions in Malaysia and are redeemable with one (1) day notice. These funds are subject to an insignificant risk of changes in value and form part of net cash and cash equivalents. Funds distribution income from those funds is tax-exempted, is calculated daily and distributed at every month end.
- (e) No expected credit losses were recognised arising from the deposits with financial institutions because the probability of default by these financial institutions were negligible.
- (f) 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	
	2019 RM	2018 RM	2019 RM	2018 RM
Cash, bank balances and short term funds	39,178,114	38,675,102	11,730,335	10,952,349
Deposits pledged with a licensed bank	(35,131)	(34,697)	-	-
	39,142,983	38,640,405	11,730,335	10,952,349

13. SHARE CAPITAL

	Group and Company			
	2019		2018	
	Number of shares	RM	Number of shares	RM
Issued and fully paid:				
At beginning of financial year	1,810,000,256	181,000,026	1,810,000,256	181,000,026
Transfer from share premium account pursuant to the Companies Act 2016	-	2,870,801	-	-
At end of financial year	1,810,000,256	183,870,827	1,810,000,256	181,000,026

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019
cont'd

13. SHARE CAPITAL *cont'd*

The owners of the Company 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.

With the introduction of the Companies Act 2016 effective 31 January 2017, the concept of authorised share capital and par value of share capital has been abolished. Consequently, balance within the share premium account of RM2,870,801 has been transferred to the share capital account pursuant to the transitional provisions set out in Section 618(2) of the Companies Act 2016. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the member as a result of this transition.

14. RESERVES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Non-distributable:				
Share premium	-	2,870,801	-	2,870,801
Fair value reserve	(16,965)	27,345	-	-
Merger reserve	(108,000,004)	(108,000,004)	-	-
	(108,016,969)	(105,101,858)	-	2,870,801
Distributable:				
Retained earnings/ (Accumulated losses)	110,729,361	112,517,549	689,687	(3,038,288)
	2,712,392	7,415,691	689,687	(167,487)

(a) Share premium

With the introduction of the Companies Act 2016 effective 31 January 2017, the balance within the share premium account has been transferred to the share capital account as disclosed in Note 13 to the financial statements.

(b) Fair value reserve

Fair value reserve represents the cumulative fair value changes of financial assets at fair value through other comprehensive income 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. 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 2019
cont'd

15. DEFERRED TAX LIABILITIES

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

	Group	
	2019 RM	2018 RM
Balance as at 1 July	1,516,108	1,486,000
Recognised in profit or loss		
- current year	30,356	60,002
- prior years	(14,141)	(29,894)
	16,215	30,108
Balance as at 30 June	1,532,323	1,516,108

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

	Group	
	Property, plant and equipment RM	Total RM
Deferred tax liabilities		
At 1 July 2017	1,486,000	1,486,000
Recognised in profit or loss	30,108	30,108
At 30 June 2018	1,516,108	1,516,108
Recognised in profit or loss	16,215	16,215
At 30 June 2019	1,532,323	1,532,323

16. TRADE AND OTHER PAYABLES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Trade payables				
Third parties	229,259	117,108	-	-
Other payables				
Other payables and accruals	740,439	630,566	171,139	119,722
Deposits received	206,404	231,538	-	-
	946,843	862,104	171,139	119,722
	1,176,102	979,212	171,139	119,722

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019
cont'd

16. TRADE AND OTHER PAYABLES *cont'd*

- (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 (2018: 30 to 90 days).
- (b) All trade and other payables are denominated in Ringgit Malaysia ('RM').

17. REVENUE

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Revenue from contracts with customers				
Sales of palm products	9,749,318	12,640,817	-	-
Other revenue:				
- Dividend income	-	-	7,500,000	-
	9,749,318	12,640,817	7,500,000	-

- (a) Revenue from sale of palm products is recognised at a point in time when the products has been transferred to the customer and coincides with the delivery of products and acceptance by customers.

There is no significant financing component in the revenue arising from sale of palm products as the sales are made on the normal credit terms not exceeding twelve months.

- (b) Dividend Income

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

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	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit/(Loss) before tax is arrived at after charging:				
Auditors' remuneration	60,000	57,000	26,000	25,000
Rental of premises	86,226	84,000	-	-
And crediting:				
Gain on disposal of property, plant and equipment	-	38,997	-	-
Interest income (a)	1,407,277	1,185,154	461,525	371,895
Rental income (b)	834,574	959,730	-	-

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

cont'd

18. PROFIT/(LOSS) BEFORE TAX *cont'd*

(a) Interest income

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

(b) Rental income

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

(c) Directors' remuneration

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Fees	82,500	85,000	82,500	85,000
Other emoluments	96,000	102,000	36,000	42,000
	178,500	187,000	118,500	127,000

19. TAX EXPENSE

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Income tax				
- current year	1,239,600	1,860,035	59,600	41,000
- under/(over) provision in prior years	14,562	(101,090)	2,375	-
	1,254,162	1,758,945	61,975	41,000
Deferred tax				
- current year	30,356	60,002	-	-
- over provision in prior years	(14,141)	(29,894)	-	-
	16,215	30,108	-	-
	1,270,377	1,789,053	61,975	41,000

- (a) The Malaysian income tax is calculated at the statutory tax rate of twenty-four percent (24%) (2018: 24%) of the estimated taxable profits for the fiscal years.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019
cont'd19. TAX EXPENSE *cont'd*

- (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	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit/(Loss) before tax	3,102,190	5,878,845	7,409,951	(335,698)
Tax expense at applicable tax of 24% (2018: 24%)	744,526	1,410,922	1,778,388	(80,568)
Tax incentive	-	(95,253)	-	-
Non-allowable expenses	653,680	654,509	94,812	121,568
Allowable expenses capitalised in bearer plants	(16,875)	(40,689)	-	-
Non-taxable income	(111,375)	(9,452)	(1,813,600)	-
	1,269,956	1,920,037	59,600	41,000
Under/(Over) provision in prior years				
- income tax	14,562	(101,090)	2,375	-
- deferred tax	(14,141)	(29,894)	-	-
	1,270,377	1,789,053	61,975	41,000

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	
	2019 RM	2018 RM
Not later than one (1) year	113,582	120,716
Later than one (1) year and not later than five (5) years	-	113,582
	113,582	234,298

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

cont'd

20. COMMITMENTS *cont'd*

(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	
	2019 RM	2018 RM
Not later than one (1) year	834,174	700,414
Later than one (1) year and not later than five (5) years	507,629	499,538
	1,341,803	1,199,952

21. EMPLOYEE BENEFITS

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Salaries, allowances and overtime	1,365,907	1,306,571	-	-
Contributions to defined contribution plan	202,557	201,074	-	-
Other employee benefits	104,520	110,776	-	-
	1,672,984	1,618,421	-	-

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	
	2019	2018
Profit attributable to owners of the parent (RM)	1,831,813	4,089,792
Weighted average number of ordinary shares in issue (unit)	1,810,000,256	1,810,000,256
Basic EPS (sen)	0.10	0.23

- (b) Diluted EPS of the Group for the financial years ended 30 June 2019 and 30 June 2018 is equivalent to the basic EPS as there are no potential ordinary shares outstanding as at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019
cont'd

23. DIVIDENDS

	Group and Company 2019	
	Gross dividend per share sen	Amount of dividend net of tax RM
In respect of financial year ended 30 June 2018		
-Final cash dividend	0.2	3,620,001

As approved by shareholders at an Annual General Meeting held on 27 November 2018, a first and final single tier dividend of 0.2 sen per share, amounting to RM3,620,001 in respect of financial year ended 30 June 2018 was paid on 8 January 2019.

24. CONTINGENT LIABILITIES

	Group	
	2019 RM	2018 RM
Bankers' guarantees in favour of third parties	33,000	33,000

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 and investment property. These segment do not meet the quantitative threshold for reporting segments in 2019 and 2018. All the Group's operations are carried out in Malaysia.

The Group evaluates performance on the basis of profit or loss from operations before tax.

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

cont'd

26. RELATED PARTY DISCLOSURES *cont'd*

(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	
	2019	2018
	RM	RM
Related party:		
Rental of office charged by Huaren	86,226	84,000
Service charge charged by Huaren	34,490	33,600
	120,716	117,600

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 defined as those persons having the authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

Key management personnel comprise all the Directors of the Company.

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Fees	82,500	85,000	82,500	85,000
Other emoluments	96,000	102,000	36,000	42,000
Total key management compensation	178,500	187,000	118,500	127,000

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 shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group remains unchanged from financial year ended 30 June 2018.

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 2019 and 30 June 2018.

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019
cont'd

27. CAPITAL AND FINANCIAL RISK MANAGEMENT *cont'd*

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

2019	On demand or within one year	1 - 2 years	2 - 5 years	Over 5 years	Total
Group	RM	RM	RM	RM	RM
Financial liabilities					
Trade and other payables	1,176,102	-	-	-	1,176,102
Company					
Financial liabilities					
Trade and other payables	171,139	-	-	-	171,139

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019
cont'd

27. CAPITAL AND FINANCIAL RISK MANAGEMENT *cont'd*

(b) Financial risk management *cont'd*

(ii) Liquidity and cash flow risk *cont'd*

2018 Group	On demand or within one year RM	1 - 2 years RM	2 - 5 years RM	Over 5 years RM	Total RM
Financial liabilities					
Trade and other payables	979,212	-	-	-	979,212
Company					
Financial liabilities					
Trade and other payables	119,722	-	-	-	119,722

(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.

(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 at fair value through other comprehensive income.

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(c) 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 RM768,662 (2018: RM926,050).

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019
cont'd

28. SUBSEQUENT EVENT AFTER THE END OF THE REPORTING PERIOD

On 28 August 2019, Matang Holdings Berhad, a wholly owned subsidiary of the Company declared an interim single tier dividend of 2.50 sen per ordinary share, amounting to RM3,000,000 in respect of financial year ended 30 June 2019 which is payable on 19 September 2019. This dividend will be recognised in the financial year ending 30 June 2020.

29. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

29.1 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
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

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company except for the adoption of MFRS 9 described in the following section.

(a) MFRS 9 *Financial Instruments*

MFRS 9 replaces MFRS 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, encompassing all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group applied MFRS 9 prospectively, with an initial application date of 1 July 2018. The Group has not restated the comparative information, which continues to be reported under MFRS 139. Differences arising from the adoption of MFRS 9 have been recognised directly in retained earnings and other components of equity.

(i) Classification of financial assets and financial liabilities

The Group and the Company classify their financial assets into the following measurement categories depending on the business model of the Group and the Company for managing the financial assets and the terms of contractual cash flows of the financial assets:

- Those to be measured at amortised cost; and
- Those to be measured subsequently at fair value either through other comprehensive income or through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019
cont'd

29. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs cont'd

29.1 New MFRSs adopted during the financial year cont'd

(a) MFRS 9 *Financial Instruments* cont'd

(i) Classification of financial assets and financial liabilities cont'd

The following summarises the key changes:

- The Available-For-Sale (AFS), Held-To-Maturity (HTM) and Loans and Receivables (L&R) financial asset categories were removed.
- A new financial asset category measured at Amortised Cost (AC) was introduced. This applies to financial assets with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by collecting contractual cash flows.
- A new financial asset category measured at Fair Value Through Other Comprehensive Income (FVTOCI) was introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- A new financial asset category for non-traded equity investments measured at FVTOCI was introduced.

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities.

However, under MFRS 139 all fair value changes of liabilities designated as FVTPL are recognised in profit or loss, whereas under MFRS 9 these fair value changes are generally presented as follows:

- Amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in Other Comprehensive Income; and
- The remaining amount of change in the fair value is presented in profit or loss.

(ii) Impairment of financial assets

The adoption of MFRS 9 has fundamentally changed the accounting for impairment losses for financial assets of the Group by replacing the incurred loss approach of MFRS 139 with a forward-looking expected credit loss approach. MFRS 9 requires the Group to record an allowance for expected credit losses for all debt financial assets not held at fair value through profit or loss.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

Impairment for trade receivables and contract assets that do not contain a significant financing component are recognised based on the simplified approach within MFRS 9 using the lifetime expected credit losses.

During the process, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019
cont'd

29. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs *cont'd*

29.1 New MFRSs adopted during the financial year *cont'd*

(a) MFRS 9 *Financial Instruments* *cont'd*

(ii) Impairment of financial assets *cont'd*

Impairment for receivables from other receivables are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

(iii) Classification and measurement

The following table summarises the reclassification and measurement of the financial assets and financial liabilities of the Group and of the Company as at 1 July 2018:

	Classification		Carrying amount	
	Existing under MFRS 139	New under MFRS 9	Existing under MFRS 139 RM	New under MFRS 9 RM
Group				
Financial assets				
Other investments	AFS	FVTOCI	151,920	151,920
Trade and other receivables, net of prepayments	L&R	AC	987,506	987,506
Cash and bank balances	L&R	AC	38,675,102	38,675,102
Financial liabilities				
Trade and other payables	OFL*	AC	979,212	979,212

* Other Financial Liabilities at Amortised Cost

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019
cont'd

29. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs cont'd

29.1 New MFRSs adopted during the financial year cont'd

(a) MFRS 9 *Financial Instruments* cont'd

(iii) Classification and measurement cont'd

	Classification		Carrying amount	
	Existing under MFRS 139	New under MFRS 9	Existing under MFRS 139 RM	New under MFRS 9 RM
Company				
Financial assets				
Trade and other receivables, net of prepayments	L&R	AC	134,656	134,656
Cash and bank balances	L&R	AC	10,952,349	10,952,349
Financial liabilities				
Trade and other payables	OFL*	AC	119,722	119,722

* *Other Financial Liabilities at Amortised Cost*

(b) MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 establishes a comprehensive framework for revenue recognition and measurement. It replaces MFRS 118 *Revenue*, MFRS 111 *Construction Contracts*, and related Interpretations. Under MFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control, at a point in time or over time, requires significant judgement.

The Group and the Company adopted MFRS 15 using the modified retrospective method (without practical expedients), with the effect of initially applying this Standard at the date of initial application of 1 July 2018. The cumulative effect of initially applying MFRS 15 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under MFRS 111, MFRS 118 and related Interpretations.

The adoption of this Standard results in changes in accounting policies for revenue recognition, and has no material financial impact other than the disclosures made in the Group's and the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019
cont'd

29. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs *cont'd*

29.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2019

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
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 3 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 112 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 123 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendments to <i>References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
Amendments to MFRS 3 <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 101 and MFRS 108 <i>Definition of Material</i>	1 January 2020
MFRS 17 <i>Insurance Contracts</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. The Group and the Company do not expect the adoption of the above Standards to have a significant impact on the financial statements.

ANALYSIS OF SHAREHOLDINGS

AS AT 25 SEPTEMBER 2019

SHARE CAPITAL

Total Number of Issued Shares	:	1,810,000,256
Issued Share Capital	:	RM183,870,827
Class of shares	:	Ordinary shares
Voting rights	:	1 vote for each ordinary share held on a poll
Number of shareholders	:	14,069

DISTRIBUTION OF SHAREHOLDINGS AT 25 SEPTEMBER 2019

(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	207	*
100 to 1,000	114	0.81	64,644	*
1,001 to 10,000	503	3.58	3,804,700	0.21
10,001 to 100,000	9,944	70.68	424,145,505	23.43
100,001 to less than 5% of issued shares	3,500	24.88	994,960,772	54.97
5% and above of issued shares	2	0.01	387,024,428	21.38
Total	14,069	100.00	1,810,000,256	100.00

Note:

* Less than 0.01%

SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS AS AT 25 SEPTEMBER 2019

(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	207,858,000	11.48	-	-
Malaysian Chinese Association	-	-	227,626,000 [^]	12.58

Note:

[^] 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 2019
cont'd

SHAREHOLDINGS OF DIRECTORS AS AT 25 SEPTEMBER 2019

Name of Directors	Direct interest		Indirect interest	
	No. of shares held	% of issued shares	No. of shares held	% of issued shares
Datuk Kiat Swee Sung	-	-	-	-
Dato' Eng Cheng Guan	140,000	0.01	-	-
Dato' Foong Chee Meng	-	-	-	-
Lew Weng Ho	-	-	-	-
Yeo Kwee Kwang	-	-	-	-
Tew Boon Chin	-	-	-	-
Datuk Tan Teck Poh @ Tan Ah Too	168,000	0.01	-	-
Datuk Teoh Sew Hock	28,000	*	-	-
Datuk Ir Low Ah Keong	-	-	-	-
Dato' Ng Keng Heng	9,000	*	-	-
Lau Liang Fook	-	-	20,055,000 [#]	1.10
Lim Chin Hock	10,000	*	-	-

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) shareholdings 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 2019)

	Name	No. of shares	% of Shares
1	Huaren Holdings Sdn Bhd	207,858,000	11.48
2	Malaysian Trustees Berhad	179,166,428	9.90
3	CGS-CIMB Nominees (Asing) Sdn Bhd <i>Exempt An For CGS-CIMB Securities (Singapore) Pte. Ltd. (Retail Clients)</i>	66,651,900	3.68
4	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB For Kuan Peng Ching @ Kuan Peng Soon (PB)</i>	21,851,200	1.21
5	Lau Chek Min Sdn Bhd	19,985,000	1.10
6	Rohua Sdn Bhd	19,768,000	1.09
7	Mersec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Siow Wong Yen @ Siow Kwang Hwa</i>	13,500,000	0.75
8	RHB Nominees (Asing) Sdn Bhd <i>Exempt An for RHB Securities Singapore Pte. Ltd. (A/C Clients)</i>	9,832,900	0.54
9	Kuan Peng Ching @ Kuan Peng Soon	9,500,000	0.52
10	Lim Jyh Torng	9,100,000	0.50
11	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB For Unique Bay Sdn Bhd (PB)</i>	9,000,000	0.50
12	Tan Kim Lai	8,600,000	0.48
13	Tee Ah Leck	6,090,000	0.34
14	Kwang Yeow Heng Realty Development (Malaysia) Sdn Bhd	6,006,000	0.33
15	Kuan Khian Leng	5,815,000	0.32

ANALYSIS OF SHAREHOLDINGS

AS AT 25 SEPTEMBER 2019

cont'd

LIST OF TOP 30 LARGEST SECURITIES ACCOUNT HOLDERS cont'd

(as per the Record of Depositors as at 25 September 2019)

	Name	No. of shares	% of Shares
16	Chua Chin Hwee	5,250,000	0.29
17	Yvonne Chew Siok Fong	5,176,190	0.29
18	Lim Kew Lin Realty Sdn Bhd	5,040,000	0.28
19	Low Sin Kim	4,500,000	0.25
20	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lim Sing Hua</i>	4,410,000	0.24
21	Toh Boon Heng	3,660,000	0.20
22	Yeo Ann Seck	3,500,000	0.19
23	Maybank Nominees (Asing) Sdn Bhd <i>Nomura Singapore Limited for Grand Continental Worldwide Limited (417921)</i>	3,398,400	0.19
24	Benua Dutamas Sdn Bhd	3,000,070	0.17
25	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Modern Discovery Sdn Bhd (PB)</i>	3,000,000	0.17
26	Hew Kat Fah	2,850,000	0.16
27	Ching Hwa Kheng	2,500,000	0.14
28	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Lim Siew Mei (PB)</i>	2,500,000	0.14
29	Dennis Tow Jun Fye	2,422,000	0.13
30	Ng Lee Kiang	2,212,000	0.12
	Total	646,143,088	35.70

PROPERTIES HELD BY THE GROUP

AS AT 30 JUNE 2019

Properties/ location	Registered Proprietor	Description/ Existing Use	Tenure	Land Area	Year of Acquisition/ (Revaluation)	Net Book Value
<u>Mukim Tangkak, Daerah Ledang, State of Johor</u>	Matang Realty Sdn Bhd	Oil palm plantation	Freehold	Total: 1,094.15 hectares	Acquired: 1983/ Revalued: 2016	RM134,172,259 (out of which RM26,385,042 is net book value for bearer plants)
Lot 984, Geran 2752						
Lot 1543, Geran 215103						
Lot 4073, Geran 215598						
Lot 672, Geran 214838						
Lot 4615, Geran 215709						
Lot 6711, Geran 218156						
<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 2019

cont'd

Properties/ location	Registered Proprietor	Description/ Existing Use	Tenure	Land Area	Year of Acquisition/ (Revaluation)	Net Book Value
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: 2019	12,200,000

NOTICE OF 5TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifth Annual General Meeting of the Company will be held at The Auditorium, 3rd Floor, Wisma MCA, 163, Jalan Ampang, 50450 Kuala Lumpur on Tuesday, 26 November 2019 at 2.30 p.m. for the following purposes:

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 30 June 2019 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 RM82,500 in respect of the financial year ended 30 June 2019. **Resolution 1**
3. To approve the payment of Directors' benefits (excluding Directors' fees) of up to RM72,000 for the financial period from 1 January 2020 to 31 December 2020.
(Please refer to Note No. 3) **Resolution 2**
4. To re-elect the following Director retiring in accordance with Clause 125 of the Constitution of the Company:-
 - 4.1 Datuk Tan Teck Poh @ Tan Ah Too **Resolution 3**
(Please refer to Note No. 4)
5. To re-elect the following Directors retiring in accordance with Clause 130 of the Constitution of the Company:-
 - 5.1 Mr Yeo Kwee Kwang **Resolution 4**
 - 5.2 Mr Tew Boon Chin **Resolution 5**
 - 5.3 Datuk Ir Low Ah Keong **Resolution 6**
 - 5.4 Mr Lim Chin Hock **Resolution 7**
6. To re-appoint BDO PLT as the Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 8**

As Special Business

7. To approve the payment of the first and final single-tier dividend of 0.15 sen per ordinary share for the financial year ended 30 June 2019. **Resolution 9**
(Please refer to Note No. 5(i))

NOTICE OF 5TH ANNUAL GENERAL MEETING

cont'd

8. To consider and if thought fit, to pass the following as Ordinary Resolution:

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.” **Resolution 10**
(Please refer to Note No. 5(ii))

9. To consider and if thought fit, to pass the following as Ordinary Resolution:

Proposed Diversification of the Existing Principal Activities of Matang Berhad and Its Subsidiary Companies to Include Ownership, Operation and Management of Durian Plantation, Processing, Production and Distribution of Durian, and any Related Downstream Business Activities (“Durian Business”) (“Proposed Diversification”)

“**THAT**, subject to the approvals of the relevant authorities and/ or parties being obtained, approval be and is hereby given to the Company and its subsidiary companies to diversify its existing principal activities to include Durian Business, which entails, amongst others, the planting, harvesting, transportation, processing, marketing, sales and distribution of the durian fruits, as well as other related downstream business activities associated with the Durian Business;” **Resolution 11**

AND THAT the Board be and is hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the Proposed Diversification with full power to assent to any conditions, variations, modifications, and/ or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matter relating thereto and to take all such steps to do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Diversification.”
(Please refer to Note No. 5(iii))

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

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT subject to the approval of shareholders at the Fifth Annual General Meeting of the Company, the first and final single-tier dividend of 0.15 sen per ordinary share in respect of the financial year ended 30 June 2019 will be paid to shareholders on 8 January 2020. The entitlement date for the said dividend shall be on 18 December 2019.

- a. Shares transferred to the depositor’s securities account before 4.30 p.m. on 18 December 2019 in respect of transfers.
- b. Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

NOTICE OF 5TH ANNUAL GENERAL MEETING

cont'd

By Order of the Board

LIM HOOI MOOI (MAICSA 0799764)
LAU YEN HOON (MAICSA 7061368)
 Joint Company Secretaries

Kuala Lumpur
 Dated: 29 October 2019

NOTES:

1. Appointment of Proxy

- A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies 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 a member, an authorised nominee or an exempt authorized nominee appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, otherwise the appointment shall not be valid.
- 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 18 November 2019 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. 3

The approval for the proposed Resolution No. 2 in relation to the payment of Directors' benefits is sought pursuant to Section 230(1) of the Companies Act 2016. The proposed Resolution is to facilitate payment of Directors' benefits on current financial year basis until the conclusion of the Company's next Annual General Meeting in 2020. 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 January 2020 to 31 December 2020 (the due date for which the next Annual General Meeting should be held).

4. Retirement of Directors

Dato' Eng Cheng Guan and Mr Lew Weng Ho, both Directors who are retiring in accordance with Clause 125 of the Constitution of the Company, have expressed their intention not to seek re-election as Directors of the Company. Hence, they shall hold office until the conclusion of this Annual General Meeting.

NOTICE OF 5TH ANNUAL GENERAL MEETING

cont'd

5. Explanatory Notes on Special Businesses

(i) Resolution No. 9 - First and Final Single-Tier Dividend in respect of the Financial Year Ended 30 June 2019

The Board of Directors, having satisfied that the distribution of first and final single-tier dividend is made out of profits of the Company and that the Company will be solvent and will be able to pay its debts as and when the debts become due within 12 months immediately after the distribution is made in accordance with the requirements under the Companies Act 2016, is recommending the first and final single-tier dividend of 0.15 sen per ordinary share for the financial year ended 30 June 2019 for shareholders' approval.

(ii) Resolution No. 10 - Authority to Allot and Issue Shares Pursuant to Section 75 and 76 of the Companies Act 2016

The proposed Ordinary Resolution is to seek a renewal of 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 the aforesaid applications as they may in their absolute discretion deem fit.

As at the date of this Notice, the Company has not issued any new shares under this general mandate.

(iii) Resolution No. 11 - Proposed Diversification

The proposed Ordinary Resolution is to seek shareholders' approval pursuant to Rule 10.13(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad to allow Matang Group to diversify its existing principal activities to include the Durian Business.

Please refer to the Circular to Shareholders dated 29 October 2019 for full details of the Proposed Diversification.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Election as Directors

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 5 (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 Fifth Annual General Meeting for details of this proposed resolution.



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

PROXY FORM

CDS Account No.	
No. of shares held	

I/We, NRIC/Passport/Company No.
(FULL NAME IN BLOCK LETTERS) (COMPULSORY)

of
(ADDRESS OF SHAREHOLDERS)

being a member of **MATANG BERHAD**, do hereby appoint
(FULL NAME OF PROXY IN BLOCK LETTERS)

NRIC/ Passport No. of
(COMPULSORY) (ADDRESS OF PROXY 1)

..... and/or
(FULL NAME OF PROXY 2 IN BLOCK LETTERS)

NRIC/ Passport No. of
(COMPULSORY) (ADDRESS OF PROXY 2)

or failing him/her *the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Fifth Annual General Meeting of the Company to be held at The Auditorium, 3rd Floor, Wisma MCA, 163, Jalan Ampang, 50450 Kuala Lumpur on **Tuesday, 26 November 2019** at **2.30 p.m.** and at any adjournment thereof

My/Our proxy is to vote as indicated below:

Resolutions	Descriptions	FOR	AGAINST
	Ordinary Business		
No. 1	Approval of Directors' Fees of RM82,500 in respect of the financial year ended 30 June 2019		
No. 2	Approval of Directors' benefits (excluding Directors' fees) of up to RM72,000 for the financial period from 1 January 2020 to 31 December 2020		
No. 3	Re-election of Datuk Tan Teck Poh @ Tan Ah Too as Director		
No. 4	Re-election of Mr Yeo Kwee Kwang as Director		
No. 5	Re-election of Mr Tew Boon Chin as Director		
No. 6	Re-election of Datuk Ir. Low Ah Keong as Director		
No. 7	Re-election of Mr Lim Chin Hock as Director		
No. 8	Re-appointment of BDO PLT as Auditors and authorisation for Directors to fix their remuneration		
	Special Business		
No. 9	Approval of first and final single-tier dividend of 0.15 sen per ordinary share for the financial year ended 30 June 2019		
No. 10	Authority to allot and issue shares pursuant to Section 75 and 76 of the Companies Act 2016		
No. 11	Proposed diversification of the existing principal activities of Matang Berhad and its subsidiary companies to include the Durian Business		

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.

Signed this day of 2019

For appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies:

	No of shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100%

.....
Signature/Common Seal of Member

Notes:

- A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies 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 a member, an authorised nominee or an exempt authorized nominee appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, otherwise the appointment shall not be valid.
- 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 18 November 2019 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

Then Fold Here

AFFIX
STAMP

The Registrar

Matang Berhad (1142377-X)

c/o 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

1st Fold Here

www.matangbhd.com

