



**MATANG BERHAD**

(Registration No. 201501017043 (1142377-X))

# SUSTAINING GROWTH



Annual Report

**2020**

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### DATO' FOONG CHEE MENG

Independent Non-Executive Chairman

#### DATUK IR. LOW AH KEONG

Executive Director

#### DATO' NG KENG HENG

Executive Director

#### YEO KWEE KWANG

Independent Non-Executive Director

#### TEW BOON CHIN

Independent Non-Executive Director

#### DATUK KIAT SWEE SUNG

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

#### Yeo Kwee Kwang

Chairman

#### Dato' Foong Chee Meng

Member

#### Datuk Teoh Sew Hock

Member

### NOMINATION COMMITTEE

#### Dato' Foong Chee Meng

Chairman

#### Yeo Kwee Kwang

Member

#### Tew Boon Chin

Member

### REMUNERATION COMMITTEE

#### Dato' Ng Keng Heng

Chairman

#### Yeo Kwee Kwang

Member

#### Tew Boon Chin

Member

### REGISTERED OFFICE

Unit 30-01, Level 30, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Malaysia  
Telephone number : 603-2783 9191  
Facsimile : 603-2783 9111

### HEAD OFFICE

Unit 39.02, Level 39,  
Menara Multi-Purpose  
Capital Square,  
8, Jalan Munshi Abdullah  
50100 Kuala Lumpur  
Malaysia  
Telephone number : 603-2693 0189/  
2698 0189  
Facsimile : 603-2202 8081

### EMAIL ADDRESS AND WEBSITE

Email address: info@matangbhd.com  
Website: www.matangbhd.com

### COMPANY SECRETARIES

#### Lim Hooi Mooi

(SSM PC No. 201908000134)  
(MAICSA 0799764)

#### Lau Yen Hoon

(SSM PC No. 202008002143)  
(MAICSA 7061368)

### AUDITORS

BDO PLT (LLP0018825-LCA & AF 0206)  
Chartered Accountants  
Level 8, BDO @ Menara CenTARa,  
360, Jalan Tuanku Abdul Rahman  
50100 Kuala Lumpur  
Malaysia  
Telephone number : 603-2616 2888  
Facsimile : 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  
Telephone number : 603-2713 6050  
Facsimile : 603-2713 6052

### PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad  
(198201008390 (88103-W))  
Menara Multi-Purpose  
Capital Square, 8 Jalan Munshi Abdullah  
50100 Kuala Lumpur  
Malaysia

United Overseas Bank (Malaysia) Berhad  
(199301017069 (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 (19710100970 (11324-H))  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Telephone number : 603-2783 9299  
Facsimile : 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			
	2020 RM'000	2019 RM'000	2018 RM'000	2017 RM'000
Fresh fruit bunches ("FFB") production (tonnes)	20,677	24,029	22,974	15,983
FFB yield per hectare (tonnes/hectare)	20.13	23.39	22.01	14.65
FFB price realised (RM)	465	406	550	638
Revenue	9,614	9,749	12,641	10,204
Gross profit	7,443	6,901	9,774	7,015
Profit before taxation	2,923	3,102	5,879	2,582
Profit after taxation	1,614	1,832	4,090	1,257
Profit attributable to owners of the parent	1,614	1,832	4,090	1,257
Earnings per share attributable to owners of the parent (Sen)	0.09	0.10	0.23	0.07
Dividend per share (Sen)	0.15 <sup>^</sup>	0.15	0.20	-
Shareholders' equity	185,408	186,583	188,416	184,638
Cash, bank balance and short term funds	40,806	39,178	38,675	32,854

**Note:**

<sup>^</sup> First and final dividend of 0.15 sen per ordinary share of Matang Berhad in respect of financial year ended 30 June 2020 is subject to the approval of the shareholders of Matang in the upcoming Annual General Meeting.



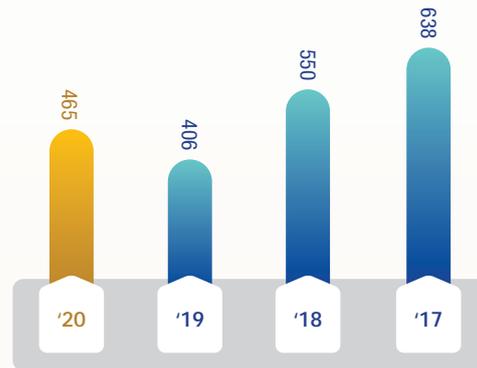
## GROUP FINANCIAL HIGHLIGHTS

cont'd

**FFB PRODUCTION**  
(tonnes)



**FFB PRICE REALISED**  
(RM per tonne)



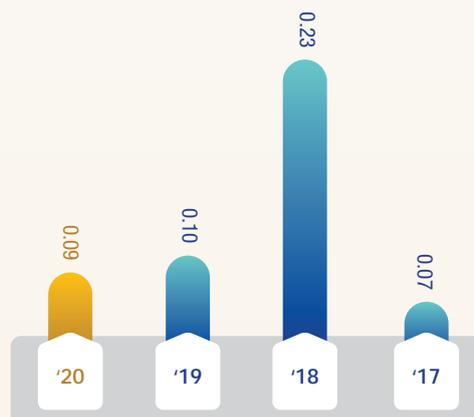
**REVENUE**  
(RM'000)



**PROFIT AFTER TAXATION**  
(RM'000)



**EARNING PER SHARE**  
(sen)



## DIRECTOR'S PROFILE

### DATO' FOONG CHEE MENG

Dato' Foong Chee Meng ("Dato' Foong"), male, aged 54, a Malaysian, is our Independent Non-Executive Chairman. He was appointed to our Board of Directors ("Board") on 1 September 2015. He is also the Chairman of the Nomination Committee and a member of the Audit and Risk Management Committee of the Company.

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 and 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 set up Messrs Foong & Partners and currently holds the position of the Managing Partner.

Dato' Foong 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.

### DATUK IR. LOW AH KEONG

Datuk Ir. Low Ah Keong ("Datuk Ir. Lawrence Low"), male, aged 48, a Malaysian, was appointed to our Board on 23 May 2019 as a Non-Independent Non-Executive Director and subsequently re-designated as Executive Director on 28 August 2019. Within Matang group of companies ("Matang Group" or "Group"), Datuk Ir. Lawrence Low is also a Director of Matang Holdings Berhad ("MHB") and Matang Realty Sdn Bhd ("MRSB").

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 a certified Professional Engineer on Board of Engineers Malaysia as well as a Corporate Member of Institution of Engineers, Malaysia.

Datuk Ir. Lawrence Low has more than 23 years of experience with wide range of capacity from Design Engineer to Resident Engineer, Project Manager, Head of Project and Property Division, including for KL Sentral Project, petrochemical plant in Pasir Gudang and also Petronas' oil and gas plant located in Paka, Terengganu. Datuk Ir. Lawrence Low has been the Chairman of Port Klang Free Zone Sdn Bhd since May 2020.

### DATO' NG KENG HENG

Dato' Ng Keng Heng ("Dato' Ng"), male, aged 52, 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 as Executive Director on 28 August 2019. Dato' Ng was appointed as the Chairman for the Remuneration Committee on 20 May 2020. Dato' Ng is also a Director of MHB and MRSB.

He graduated with a Bachelor Degree in Human Resource Management in 2009 from Open University of Malaysia after pursuing study from 2005.

Dato' Ng has served as local councillor for the Kota Tinggi District Council from 2001 to 2018 where he has extensive experiences on the local government procedures especially in relation to application for land use conversion, permit and license applications and business licence applications from local authorities.

Dato' Ng is also experienced in dealing of vehicle spare parts especially for used vehicle auto parts, a business for which he has been involved for more than 20 years before joining Matang Group. He is currently also an Executive Director of Bumi Kempas Sdn Bhd, a company involved in motor vehicle spare parts trading. Since February 2018, Dato' Ng is the major shareholder of Bumi Kempas Sdn Bhd.

## DIRECTOR'S PROFILE

cont'd

### YEOW KWEE KWANG

Mr Yeo Kwee Kwang ("Mr Yeo"), male, aged 52, a Malaysian, is our Independent Non-Executive Director. He was appointed to our Board on 23 May 2019. He was re-designated as Chairman of the Audit and Risk Management Committee on 26 November 2019. Mr Yeo is also a member of the Remuneration Committee and Nomination Committee of the Company.

Mr Yeo is a professional accountant. He was admitted as a member of the Malaysian Institute of Accountants ("MIA") in 1997 and in 2001, he was certified as Chartered Accountant by MIA. 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. The Firm also provides advisory services 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 an auditor 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 Director and Company Secretary for Duplex Alliance Sdn Bhd ("Duplex Alliance"), a licensed money exchange class C operator since 2005. He is also the Compliance Officer under Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 of Malaysia.

### TEW BOON CHIN

Mr Tew Boon Chin ("Mr Tew"), male, aged 50, 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 and the Remuneration 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 to obtain his Master Degree in Science in Civil Engineering in 1995. Mr Tew began his career with 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 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 has experience in oil palm plantation and oil milling businesses where he holds directorship in Lembing Plantation Sdn Bhd and Kilang Sawit Lembing Sdn Bhd in Sungai Lembing, Kuantan besides vast plantation experiences in Johor, Sabah and Sarawak of Malaysia.

### DATUK KIAT SWEE SUNG

Datuk Kiat Swee Sung ("Datuk Kiat"), male, aged 56, a Malaysian, is our Non-Independent Non-Executive Director, a position he was re-designated to on 25 February 2020. He was appointed to our Board on 1 September 2015.

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

Datuk Kiat was a Director of MHB and MRSB and he had resigned from the two companies in May 2020. He was appointed as a Non-Executive Director of Rohua Sdn Bhd and Huaren Holdings Sdn Bhd in 2013 and 2014 respectively which he resigned from in March 2019.

## DIRECTOR'S PROFILE

cont'd

### DATUK TEOH SEW HOCK

Datuk Teoh Sew Hock ("Datuk Teoh"), male, aged 51, a Malaysian, is our Non-Independent Non-Executive Director. He was appointed to our Board on 1 September 2015. Datuk Teoh is one of the members of the Company's Audit and Risk Management Committee since 26 November 2019. Datuk Teoh is also the Chairman for the Company's Durian Project Committee and also one of the Directors of the Company's subsidiary, MRSB.

Datuk Teoh 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, Datuk Teoh 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 the same year, he was appointed as an Executive Director of Local Casting Sdn Bhd where he is involved in day-to-day operations of the company. In 2006, he established and was appointed as Director for Success Local Development Sdn Bhd, a property development firm, which invested in land development in Kota Iskandar, Nusajaya, Johor.

Datuk Teoh also established and was appointed as a Non-Executive Director of Southern Birdnests Sdn Bhd, a company involved in the farming of swiftlet bird nests. 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 subsequently appointed as a Non-Executive Director.

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.

### LAU LIANG FOOK

Mr Lau Liang Fook ("Mr Lau"), male, aged 59, a Malaysian, is our Non-Independent Non-Executive Director. He was appointed to our Board on 1 September 2015.

Mr. Lau obtained the Certificate of Telecommunication Technician from City and Guilds of London Institute. 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. The Institute of Supervisory Management is now part of Institute of Leadership and Management. 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 he left in 1989. In 1989, he joined Next Electronic Technology Sdn Bhd, an electronic assembly factory, as a Quality Assurance Supervisor, and subsequently promoted to Production Cum Inventory Manager. In 2001, Mr Lau joined Jian Da Industries Sdn Bhd, a metal stamping factory, as a Factory Manager and then joined Everspark Industries Sdn Bhd in 2006 as the General Manager.

In 1984, he joined Lau Chek Min Sdn Bhd (his family-owned investment holding company in properties and shares with the subsidiaries, Wangda Leasing and Credit Sdn Bhd being a hire purchase agency) as an Executive Director and was subsequently re-designated to Executive Chairman in 2006. In 2010, he left Everspark Industries Sdn Bhd and thereafter focuses solely in Lau Chek Min Sdn Bhd.

### LIM CHIN HOCK

Mr Lim Chin Hock ("Mr Lim"), male, aged 42, 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.

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

#### NOTES

*None of Directors has any family relationship with any other director and/or major shareholder of the Company. None of the Directors has 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 public sanction or penalty by the relevant regulatory bodies during the financial year ended ("FYE") 30 June 2020.*

## PROFILE OF KEY SENIOR MANAGEMENT TEAM

### **DATUK IR LOW AH KEONG**

*Executive Director*

Please refer to page 6 of the Annual Report.

### **DATO' NG KENG HENG**

*Executive Director*

Please refer to page 6 of the Annual Report.

### **TAN THENG HWEE**

*Chief Financial Officer Cum Chief Operating Officer*

Ms Tan Theng Hwee ("Ms Tan"), female, aged 48, a Malaysian, was appointed to the position of Chief Financial Officer cum Chief Operating Officer of the Company on 3 February 2020.

Ms Tan graduated with a Bachelor of Accounting (Honours) Degree from the Northern University of Malaysia. She is a Chartered Accountant under MIA.

Ms Tan has over 20 years of experiences in auditing, financial management, operational finance, corporate finance, treasury and strategy and business planning. She started her career as an auditor and has subsequently served in a few public listed and private companies prior to joining Matang.

Ms Tan 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 public sanction or penalty by the relevant regulatory bodies during FYE 30 June 2020.



# CHAIRMAN'S STATEMENT

## // Dear Valued Shareholders,

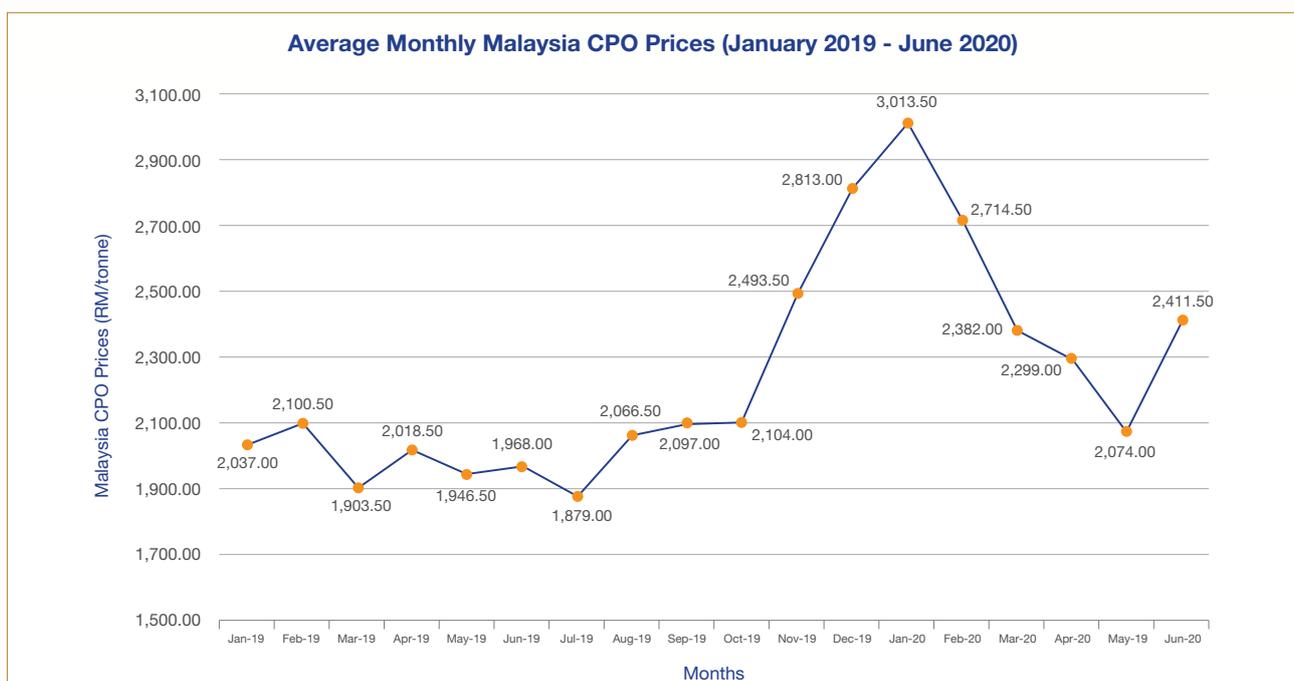
On behalf of the Board of Directors (“the Board”) of Matang Berhad (“Matang” or the “Company”), we are pleased to present the Annual Report and audited financial statements for the financial year ended (“FYE”) 30 June 2020 for Matang group of companies (“Matang Group” or “Group”)

### OVERVIEW

The year 2019 and first half of 2020 have seen volatilities in the price movements of Crude Palm Oil (“CPO”) arising from some fundamental developments that have affected the global demand and supply of CPO. The trade war between the United States of America (“US”) and China and the unresolved negotiations between the two countries had casted uncertainty on the demand of palm oil from China. Subsequently, concerns over dwindling demand from Chinese importers arose after China agreed to buy more agricultural products from the US under trade deals reached between the parties. In addition, changes in policies and import tariffs on palm oil products imposed by India in late 2019 and early 2020 have also posed uncertainty in terms of the demands of Malaysian palm oil by India, the world biggest buyer of edible oils.

However, inventory of Malaysia’s palm oil has shown significant decrease to about 2 million tonnes in January 2020 from the high of over 3 million tonnes in early 2019. The Indonesian Government also implemented B30 biodiesel and there have been positive developments in the Eurozone for some of the member countries’ biodiesel requirements. Meanwhile, the imminent palm oil output deficit following the dry weather pattern in 2019 and cutback in fertilisers earlier, had all panned out to move CPO prices upward since beginning of 2020.

The following diagram shows the levels of monthly average Malaysia CPO prices from January 2019 to June 2020.



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

## CHAIRMAN'S STATEMENT

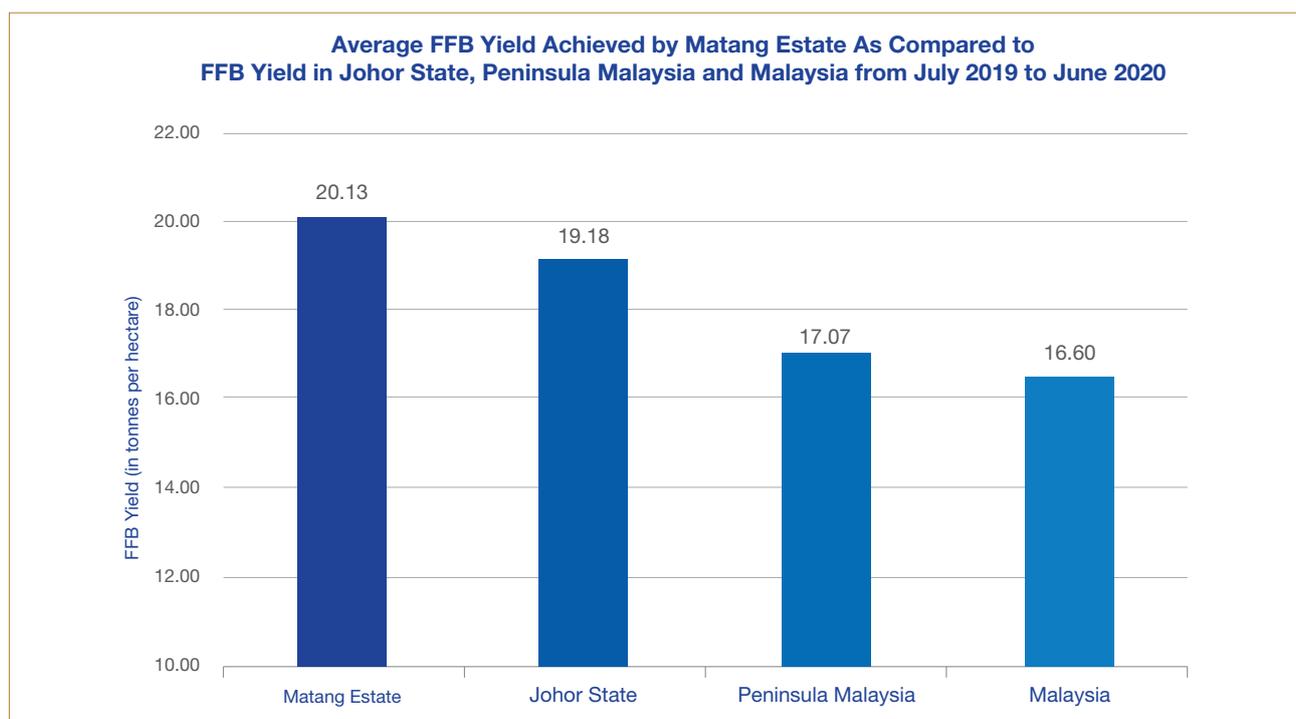
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### REVIEW OF PERFORMANCE AND RESULTS

For financial year (“FY”) 2020 which ended on 30 June 2020, our fresh fruit bunch (“FFB”) production from our oil palm estate of 1,094.15 hectares in the district of Ledang and Segamat, Johor (“Matang Estate” or “Estate”) decreased by 13.90% from 24,029 tonnes in the previous FY to 20,677 tonnes, a situation of which was similarly experienced by the industry as a whole. Our FFB production yield for FY2020 was 20.13 tonnes per hectare as compared to 23.39 tonnes per hectare for the previous FY.

Despite the drop in our FFB yield as compared to previous FY, we performed better in terms of yield as compared to industry, as evident with the FFB yield reported for Johor State at 19.18 tonnes per hectare and 17.07 tonnes per hectare for Malaysia as a whole for period from July 2019 to June 2020. The decline in FFB yield has been widely regarded as arising from the entry of oil palm in biological resting period particularly as evident in the second half of 2019 where FFB productions plunged significantly from October to December 2019.

The following diagram shows the comparison in terms of average one-year FFB yields between our Group and Johor State, Peninsula Malaysia and Malaysia as a whole from July 2019 to June 2020.



Source: Extracted from MPOB website (for average FFB yield for Johor State, Peninsula Malaysia and Malaysia) and from Matang for the yield of Matang Estate

While the FFB production and yield has seen a drop in FY2020, the average FFB price realised by our Estate has risen by 14.5% in FY2020 as compared to FY2019, i.e., from RM406 per tonne to RM465 per tonne. Combining the effects of both FFB price and sale tonnage, our revenue from the Estate achieved in FY2020, i.e., at RM9.61 million remained close to the level in FY2019, i.e., RM9.75 million albeit uncertainties that affected both the supplies and demands of CPO as outlined in the preceding section.

Gross profit (“GP”) for the Group for FY2020 was RM7.44 million as compared to RM6.90 million in the previous FY. The improved GP has materialised mainly from the reduced spending in fertiliser with lesser application due to shortage of labour and certain restriction in upkeep and maintenance activities during period when Movement Control Order (“MCO”) was effective as well as from reduction in transportation cost undertaken by our Estate. Consequently, the gross profit margin (“GPM”) for the Group also increased from 70.8% in FY2019 to 77.4% in FY2020.

## CHAIRMAN'S STATEMENT

cont'd

The Group's profit before taxation reduced by about 5.8% from RM3.10 million in previous FY to RM2.92 million in current FY under review mainly due to the decrease in other income and increase of administrative expenses. Other income which was mainly made up of interest income has dropped in FY2020 following reduction in interest rates. Administrative expenses have climbed by about 10% mainly due to a one-time lump-sum depreciation charge for bearer plant expenditure for oil palm trees felled and cleared to make way for the diversification of the Group into Durian Business. In addition, increase for upkeep and maintenance expenses of Larkin Investment Property and increase in assessment and quit rent paid also contributed to the rise in Group administrative expenses.

As a result of the above, the Group's profitability measured by profit after taxation in FY2020 has declined by about 11.9 % or RM0.22 million as compared to FY2019. The earning per share ("EPS") has dropped slightly from 0.10 sen in FY2019 to 0.09 sen in FY2020.

### CORPORATE DEVELOPMENT

The Company had in its Fifth AGM on 26 November 2019 obtained the requisite shareholders' approval for the diversification of the Group's principal activities to include ownership, operation and management of durian plantation, processing, production and distribution of durian and any related downstream business activities ("Durian Business"). Land preparation and earthworks have commenced in May 2020 albeit slight delay after appointment of the contractor in March 2020 due to the implementation of MCO by the Government of Malaysia. As at end of FY2020, i.e., 30 June 2020, felling and clearing of the land for the Group first durian plantation of 46.6 hectares ("Identified Land") in Matang Estate ("Durian Plantation") have been completed.

Barring unforeseen circumstances, the land preparation and earthworks for the Durian Plantation shall be completed by end of October 2020 to be followed by planting works in November and December 2020. If the anticipated timeline is met, the Group expects that certain percentage of its first Durian Plantation shall start flowering and may bear durian fruits by 2025. The Group also intends to evaluate suitable opportunities and proposals to enhance the hectareage for durian plantation with a view to accelerate diversification into the Durian Business. At the same time, the Group continues to 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.

However, the COVID-19 pandemic and the ensuing economic impact of the same and from the MCO have cast uncertainties on success of any large scale funding through equity and or borrowings in the near future for sizable despite viable acquisitions and as a result of that, the Group has been and is ever more carefully re-assessing any acquisition opportunities.

### PROSPECTS

The drop in FFB production of the Group in FY2020 has also affected the industry as a whole as shown in the drop in FFB yields for Johor State and for the country for the same period. Despite lower than previous FY's yields, Matang's FFB yield for FY2020 remained more superior as compared to the industry as a whole.

It is believed that the drop in the FFB yield in FY2020 was due to the entry of oil palm into biological resting in the second half of 2019 which has also triggered plummeting in productions from October to December 2019. For Matang, despite the implementation of MCO, continued focus on yields and accelerated harvests in first half of 2020 have allowed the Group to drive on the increase in FFB fruit bearing and enhanced FFB harvest and production from February 2020 until June 2020. The FFB production in June 2020 has reached 2,194.80 tonnes as compared to the lowest in the FY under review of 1,213.91 tonnes in January 2020.

MCO including the period of the Conditional MCO that lasted from 18 March 2020 to 9 June 2020 have disrupted and restricted certain activities in oil palm plantations in particular upkeep and maintenance that include manuring/fertilising, pruning and spraying. In addition, the shortage of foreign workers for the industry which has been a constant challenge for most oil palm plantation estates have been exacerbated with the regulatory freeze of new intake of foreign workers which started in June 2020 until end of 2020.

## CHAIRMAN'S STATEMENT

cont'd

To overcome the issues, Matang has undertaken strategic planning for appropriate use of workers within the Estate where workers will be deployed for field upkeep and maintenance activities in the months of expected lower FFB harvests. In achieving that, workers have been trained to be more versatile in undertaking a larger spectrum of activities within the Estate, including both harvesting and upkeep and maintenance. In addition, external contractors have been engaged to source for additional workers, whether local or foreign, to intensify harvests and upkeep and maintenance activities within the Estate.

Given the systemic issues that affect the industry, it has been widely expected that Malaysian palm oil industry will have slower growth in 2020 as compared to 2019 due to the impact of lower fertiliser application as well as long period of dry weather in 2019 and significant shortage of labour for the plantation sector. On the other hand, population growth and higher demands from key markets such as China and India as well as the continued implementation of the requirement for higher blend of palm oils in biodiesel in Indonesia, Thailand and Malaysia shall all set the scene for buoyant demands while at the same time supply and or productions of CPO may be restrictive. As a result, the strong CPO prices in the near term may be beneficial to compensate for any marginal decline in FFB productions of oil palm plantations in the near term.

In terms of Durian Business, the durian plantation businesses in the country have long seen increasing demands for their fruits and processed products in non-durian native countries with reasonably attractive prices fetched for such durians and related products. The supply of durians which is however limited to certain tropical countries has allowed durian plantations to enjoy significant advantages driven by strong demands in particular for certain breeds of durians such as Musang King or its equivalent grade.

Hence, the Group believes that the Durian Business represents an opportunity for Matang Group to diversify its existing business in the plantation sector to include other cash crops or fruits, i.e. durians from Malaysia which have seen increasing demand and prices in recent years while supply and production of the same have remained limited. The diversification may possibly in the long run reduce the Group's current significant reliance on its oil palm plantation for which financial performance has in recent FY been affected by the volatility in the FFB prices.

### DIVIDEND

The Board recommends the first and final dividend of 0.15 sen per ordinary share of Matang in respect of FYE 30 June 2020 which is subject to the approval of shareholders of Matang in the upcoming AGM 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.

The Board would like to express the greatest thanks to our former Independent Director and Audit and Risk Management Committee Chairman, Mr Lew Weng Ho ("Mr Lew") for his invaluable guidance to the Audit and Risk Management Committee of the Company. Mr Lew had opted not to be re-elected as Director of the Company and had retired at the conclusion of the last AGM of the Company on 26 November 2019.

In addition, the Board also would like to express its gratitude to Dato' Eng Cheng Guan ("Dato' Eng"), the former Executive Director of the Company and also Datuk Tan Teck Poh ("Datuk Tan"), a former Non-Independent Non-Executive Director of the Company, both of whom had also opted not to be re-elected as Director of the Company and had retired at the conclusion of the last AGM on 26 November 2019. Besides, the Board would also like to express our gratitude to Datuk Kiat Swee Sung ("Datuk Kiat") who has opted not to be re-elected as a Director of the Company at the conclusion of the forth-coming AGM of the Company.

The Board wishes Mr Lew, Dato' Eng, Datuk Tan and Datuk Kiat all the best in their further undertaking and endeavour.

## 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 investment holding, management of plantation estate, sale of fresh fruit bunches (“FFB”) and property holding.

The plantation estate of Matang 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. As at 30 June 2020, 46.6 hectares out of the planted areas of 1,080 hectares have been cleared for purpose of durian plantation, the diversification of which was approved by the shareholders of Matang on 26 November 2019.

In addition to plantation, Matang, through a wholly-owned subsidiary, Matang Holdings Berhad (“MHB”), also owns an industrial property comprising three (3) blocks of building 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

The year 2019 and first half of 2020 have seen significant volatilities in the price movements of CPO following a number of fundamental developments that affect both the demand and supply conditions of CPO globally.

The trade war between the United States and China which had started in 2018 has posed uncertainty in 2019 on the demand of palm oil from China which would ensue from the unresolved trade negotiations between the United States and China. Later, fears of dwindling demand from Chinese importers also loomed after China agreed in late 2019 to buy more agricultural products from the United States under trade deals reached between the parties. In addition, changes in policies and import tariffs on palm oil products imposed by India Government in late 2019 and early 2020 have also casted uncertainty in terms of demands of Malaysian palm oil by India, the world biggest buyer of edible oils.

However, since the beginning of 2020, inventory of Malaysia’s palm oil has shown acute decrease from a high of over 3 million tonnes in the start of 2019 to about 2 million tonnes in January 2020. In addition, the Indonesian Government also launched the implementation of B30 biodiesel and there has been positive developments in the EU front for some of the member countries’ biodiesel requirements. At the same time, the imminent palm oil output deficit following the dry weather pattern in 2019 and cutback in fertilisers earlier, had all panned out to move CPO prices upward since beginning of 2020.

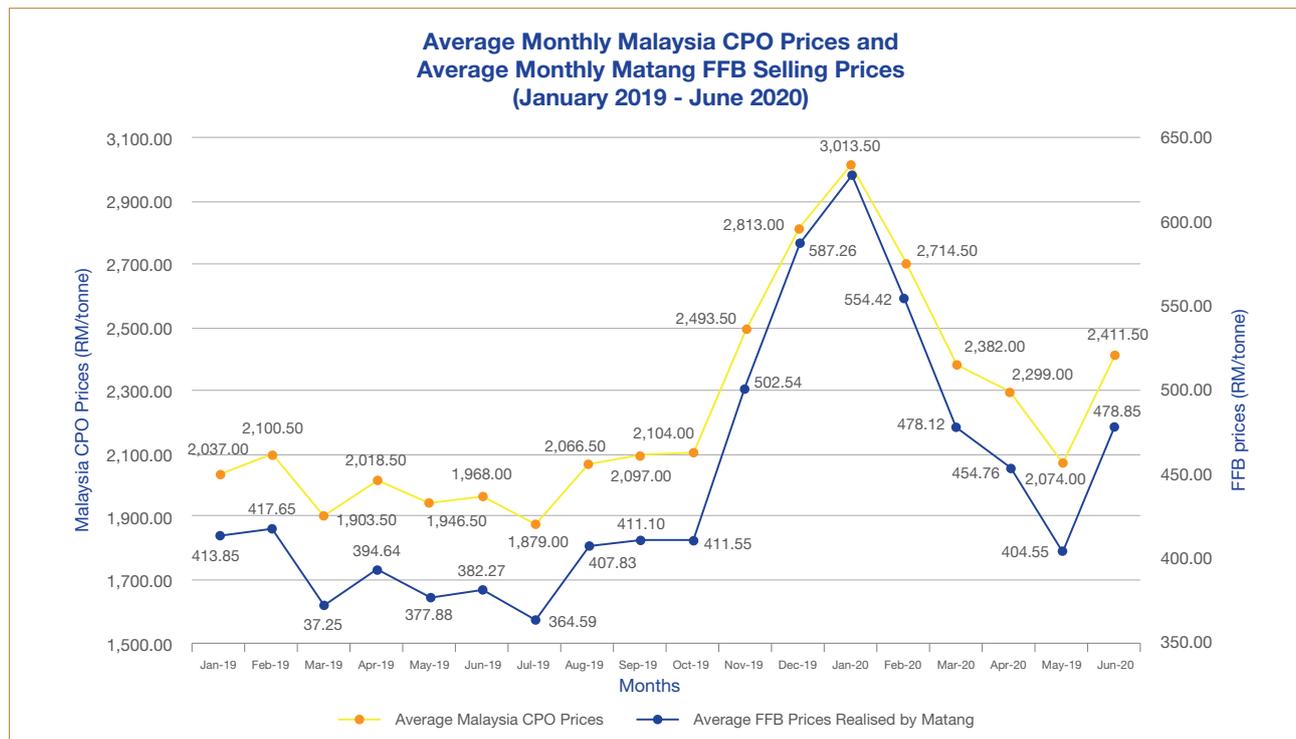
With the backdrop of the above, the CPO prices have shown volatility that started with a monthly average of RM2,037 per tonne in January 2019 down to RM1,879 per tonne in July 2019 (i.e., the start of FY2020 for Matang). However, since July 2019, the CPO prices movement reversed with increase that led to RM2,813 per tonne in December 2019 and reached the height of monthly average of RM3,013.50 per tonne in January 2020. The CPO price tapered down to the average of RM2,074.00 per tonne in May 2020 and rose again to RM2,411.50 per tonne in June 2020.

# MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

## OVERVIEW cont'd

The following diagram shows the levels of monthly average Malaysia CPO prices from January 2019 to June 2020.



Source: Extracted from MPOB website (for CPO prices) and from Matang for the FFB prices realised

As for the FFB, its price movements tracked the pattern of changes in CPO prices and as a result, the prices realised for Matang's FFB sold in FY2020 have changed from the low of about RM364 per tonne in July 2019 to the high of RM628 per tonne in January 2020 and eventually ended at RM479 per tonne in June 2020 when the CPO price averaged at RM2,411.50 per tonne in the same month. The average FFB price realised by Matang for FY2020 was RM465 per tonne.

## OPERATIONAL PERFORMANCE

### PRODUCTIVITY

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 upkeep that include weeding, pruning, manuring and pest control, harvesting and transporting of FFB and the sales of FFB to the oil palm mills.

For the FY under review, Matang Estate harvested and sold 20,677 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 RM465 per tonne. The harvest for FY2020 of 20,677 tonnes of FFB translated into the production yield of 20.13 tonnes per hectare, which was lower than the yield achieved in the previous FY of 23.39 tonnes per hectare from total FFB production of 24,029 tonnes.

Despite a lower yield as compared to previous FY, the yield achieved by Matang in FY2020 was about 17.9% higher than the average yield of 17.07 tonnes per hectare for Peninsula Malaysia for period from July 2019 to June 2020 and about 21.3% higher than the average yield of 16.60 tonnes per hectare for the whole of Malaysia for the same period.

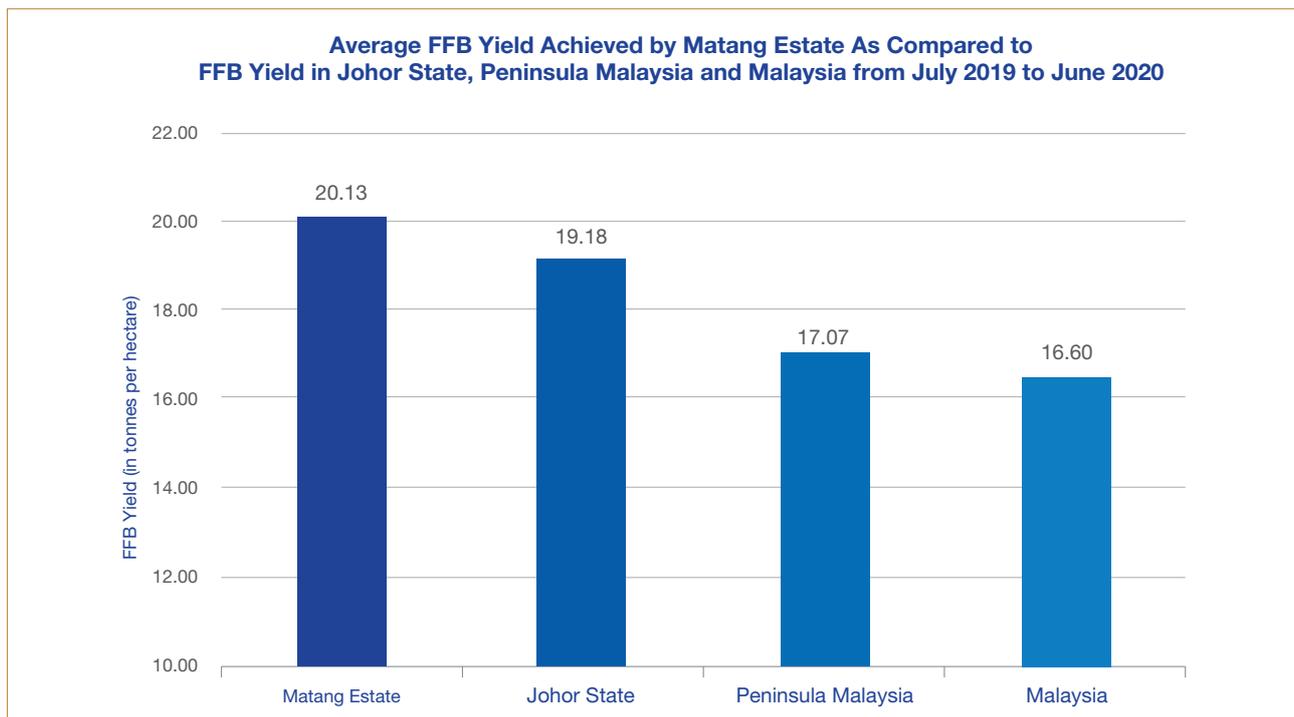
## MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

### OPERATIONAL PERFORMANCE *cont'd*

#### PRODUCTIVITY *cont'd*

The average FFB price realised for the FY under review of about RM465 per tonne was about 14.5% higher than the level realised in the previous FY of RM406 per tonne. The following chart shows the FFB production yields for FY2020 in comparison with the average FFB yield achieved in Johor state, in Peninsula Malaysia and in Malaysia as a whole for the period from July 2019 to June 2020.



Source: Extracted from MPOB website (for average FFB yield for Johor State, Peninsula Malaysia and Malaysia) and from Matang for the yield of Matang Estate

In terms of the age profile of oil palm trees in Matang Estate, a majority of the total plantable areas for oil palm of 1,033.40 hectares, i.e., 980.6 hectares are planted with mature trees while the remaining 52.8 hectares currently have oil palm trees of three to four years. Out of the planted areas for oil palm of 1,033.4 hectares, about 64%, i.e., 659.2 hectares comprise areas with mature oil trees at prime age, i.e., from 5 years to 18 years.

# MANAGEMENT DISCUSSION AND ANALYSIS

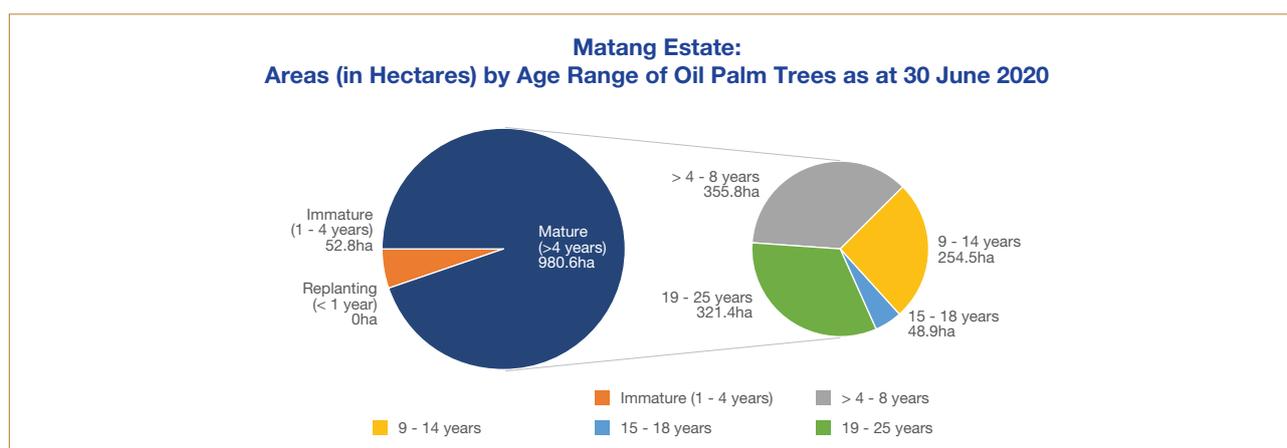
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## OPERATIONAL PERFORMANCE *cont'd*

### AGE PROFILE OF OIL PALM TREES AND TERRAIN DISTRIBUTION OF MATANG ESTATE

The following chart and table show the age profile of oil palm trees in Matang Estate as at 30 June 2020.

Matang Estate Plantation Age Profile as at 30 June 2020



	OIL PALM							DURIAN	TOTAL	
	Replanting (< than 1 year)	Immature area (1 - 4 years)	Mature area			Old area (>25 years)	Total areas (Oil Palm)			
			(> 4 - 8 years)	(9 - 14 years)	(15 - 18 years)					(19 - 25 years)
Plantation/planted area (hectares)	-	52.8	355.8	254.5	48.9	321.4	-	1,033.4	46.6	1,080.0
% <sup>^</sup>	-	4.9%	32.9%	23.6%	4.5%	29.8%	-	95.7%	4.3%	100.0%

**Note:**

<sup>^</sup> % out of total plantable areas of 1,080 hectares as at 30 June 2020, i.e., including 46.6 hectares of total plantable areas in Matang Estate which have been cleared in June 2020 for Durian Business.

In terms of the terrain, Matang Estate is mainly made up of flat and undulating areas which cover 55.9% or 604.4 hectares of total plantable areas of 1,080 hectares. 38.1% of total plantable areas or 411.4 hectares of 6° to 20° slope while only a small 6% or 64.3 hectares out of total 1,080 hectares of the areas is on slope more than 25°.

### STATUS OF CERTIFICATION

The Company's sole oil palm plantation estate, the Matang Estate, has attained the certification for Malaysian Sustainable Palm Oil ("MSPO") on 5 August 2019. The Estate shall have to undergo an annual surveillance audit one year from 5 August 2019 which was carried out in August 2020.

### DURIAN BUSINESS

The Company obtained its shareholders' approval on 26 November 2019 to undertake the diversification of the Group's principal activities to include the ownership, operation and management of durian plantation, processing, production and distribution of durian, and any related downstream business activities ("Durian Business").

Further to the aforesaid shareholders' approval, the Company had on 18 March 2020 appointed a third-party contractor to undertake the land preparation and earthworks ("Earthworks") for the first durian plantation of the Group on an area of 46.6 hectares ("Identified Land") within the existing Matang Estate ("Durian Plantation"). As set out in the circular to the shareholders dated 29 October 2019, the Identified Land was selected after considering, amongst others, the oil palm trees thereon were due for replanting.

## MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

### OPERATIONAL PERFORMANCE *cont'd*

#### DURIAN BUSINESS *cont'd*

Due to the implementation of the Movement Control Order ("MCO") by the Government of Malaysia from 18 March 2020, the Earthworks for the Durian Plantation commenced on 15 May 2020 with the start of felling and clearing of existing oil palm trees on the Identified Land. As of 30 June 2020, the felling and clearing works for the 46.6 hectares Identified Land have been completed. As of the date of this report, the Earthworks for the Durian Plantation is near to completion where the Identified Land has been cleared with terraces constructed. By end of 2020, the Durian Plantation is expected to have the planting of durian seedlings completed or near to be completed, barring unforeseen circumstances.

### FINANCIAL PERFORMANCE

The Group's sole contributor of operating revenue for FY2020 remained from the sales of FFB from its Matang Estate located in the district of Ledang and Segamat, State of Johor, Malaysia. Rental from 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 2020 and FYE 30 June 2019.

Matang Group	FY2020 RM'000	FY2019 RM'000
<b>Statement of Consolidated Profit or Loss and Other Comprehensive Income</b>	Audited	Audited
Revenue	9,614	9,749
Gross profit	7,443	6,901
GPM	77.4%	70.8%
Other income	2,155	2,247
Administration expenses	(6,622)	(6,027)
Other expenses	(26)	(18)
Finance cost <sup>#</sup>	(27)	-
Profit before taxation	2,923	3,102
Profit after taxation	1,614	1,832
Profit attributable to owners of the parent	1,614	1,832
Basic earnings per share attributable to owners of the parent (sen) <sup>^</sup>	0.09	0.10
<b>Statement of Consolidated Financial Position</b>		
Shareholders' equity	185,408	186,583
Net assets per share (RM) <sup>@</sup>	0.10	0.10
<b>Others</b>		
Total FFB production (tonnes)	20,677	24,029
FFB yield per hectare (tonnes/hectare)	20.13	23.39

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

<sup>@</sup> Expressed based on total issued and paid-up share capital of 1,810,000,256 Matang shares.

<sup>#</sup> Finance cost in respect of the lease interest expense on rented office space of the Group in Menara Multi-Purpose, Kuala Lumpur.

## MANAGEMENT DISCUSSION AND ANALYSIS

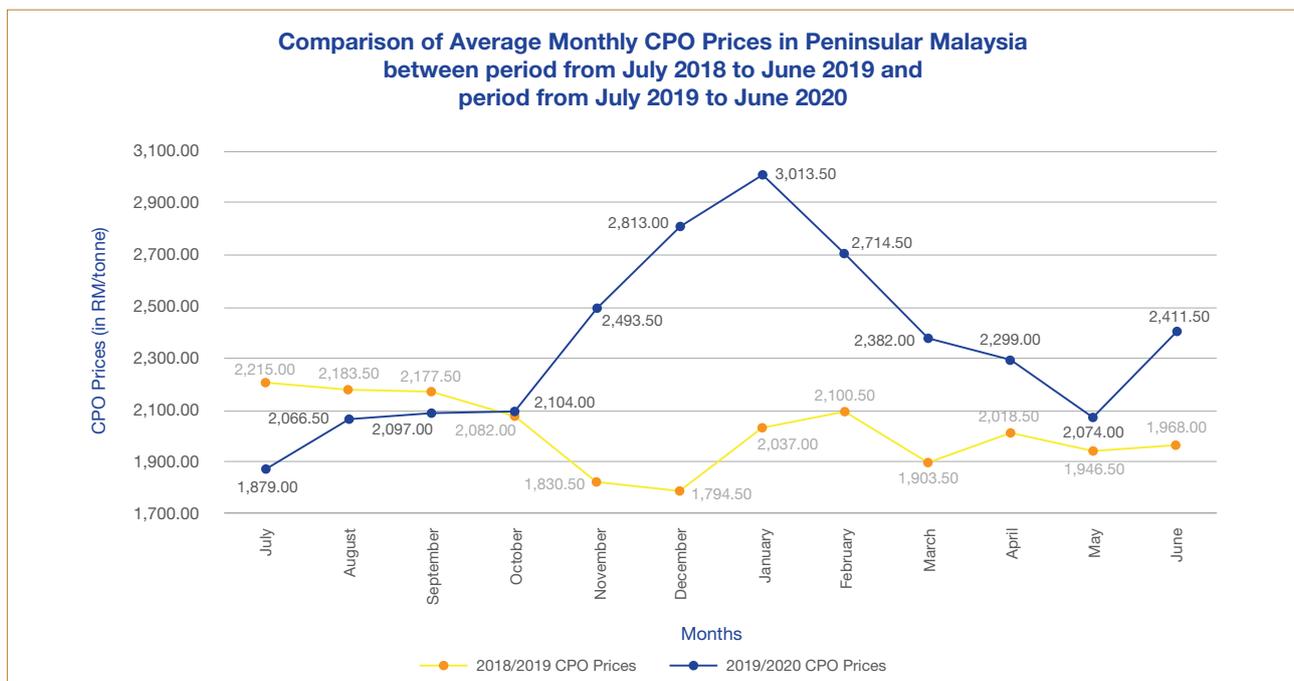
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### REVENUE

For the FYE 30 June 2020, the Group's revenue from the sales of FFB declined slightly by about 1.4% from RM9.75 million in preceding FY to RM9.61 million for FYE 30 June 2020.

The total FFB sold for FYE 30 June 2020 was 20,677 tonnes as compared to 24,029 tonnes for FYE 30 June 2019, reflecting a decrease of 13.9% in FFB tonnage sold. The drop in FFB production has been similarly experienced industry-wide as reflected in the drop in FFB yields for Johor State, Peninsula Malaysia and the country as a whole for the period from July 2019 to June 2020. The FFB yield of Matang for FY2020 from July 2019 to June 2020 was 20.13 tonnes per hectare as compared to the FFB yield of Johor State and Peninsula Malaysia of 19.18 tonnes per hectare and 17.07 tonnes per hectares respectively.

The annual average price of FFB sold has increased from RM406 per tonne in FYE 30 June 2019 to RM465 per tonne i.e., an increase of about 14.5% in the current FY under review following the increase in the CPO prices over the same period of time. The following chart shows the comparison of monthly average CPO prices between the two FYs, i.e., FY2019 and FY2020.



Source: Extracted from MPOB website

## MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

### GROSS PROFIT

The Group's gross profit for FY2020 was RM7.44 million as compared to RM6.90 million for FY2019, reflecting an increase of about 7.9%. The Group's gross profit margin ("GPM") (which is solely derived from the production and sales of FFB) for FY2020 was 77.4% as compared to 70.8% in FY2019. The increase in GPM was mainly due to the reduction in cost of sales of 23.8% while the revenue dropped by 1.4% in the FY under review as compared to the previous FY.

Matang Group	2020 RM'000 Audited	2019 RM'000 Audited	Increase/ (decrease) %
<b>Harvesting cost</b>			
Labour cost	696	764	(8.9%)
Internal transportation, upkeep and maintenance	326	304	7.2%
	<b>1,022</b>	<b>1,068</b>	<b>(4.3%)</b>
<b>Cultivation costs</b>			
Labour cost	204	289	(29.4%)
Fertiliser	595	1,061	(43.9%)
Weeding, spraying and others	69	116	(40.5%)
Vehicle maintenance	48	41	17.1%
	<b>916</b>	<b>1,507</b>	<b>(39.2%)</b>
<b>Transport</b>	191	273	(30.0%)
<b>Windfall tax</b>	42	-	N/A
<b>Total cost of sales</b>	<b>2,171</b>	<b>2,848</b>	<b>(23.8%)</b>

As shown in the table above, the cost of sales for the Group which was solely attributed to the management of Matang Estate has dropped by 23.8% in FY2020 mainly due to the following main reasons:

- Expenditure for manuring and pruning activities have reduced from RM1.09 million and RM0.12 million to RM0.62 million and RM0.06 million respectively, the reductions of which was about 43.0% and 52.5% respectively. This was because of the lesser fertiliser applications in FY2020, as compared to FY2019 due to the deployment of workers in the Estate to undertake more harvesting of FFB and the restriction on performance of certain Estate activities during MCO period.
- Transportation cost for FFB from the Estate to oil mills has reduced from RM0.27 million in FY2019 to RM0.19 million in FY2020, arising from the reduced sales of FFB to the oil mill which is located further away from the Estate (i.e., Lenga mill) as compared to a nearer oil mill. The cost-cutting decision has been made following the closure of a bridge for the transporting the FFB to Lenga mill, the closure of which has necessitated the use of a longer route for Matang to reach Lenga mill.

### OTHER INCOME

The decrease in other income from RM2.25 million in FY2019 to RM2.16 million in current FY under review was mainly due to the reduction in interest income of about RM0.09 million following reduction of interest rates across the board during the FY under review.

# MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

## ADMINISTRATIVE EXPENSES

The Group's administrative expenses have increased in FY2020 by about RM0.60 million from RM6.03 million in FY2019 to RM6.62 million in FY2020. The main reasons for the increase were as follows:

- The increase in depreciation of bearer plant from RM1.87 million in FY2019 to RM2.32 million mainly as a result of one-time lump sum depreciation charged for balance unamortised bearer plant expenditure for oil palm trees on the 46.6 hectares Identified Land which were felled and land cleared for Durian Plantation.
- The increase in upkeep and maintenance expenditure for the Group's investment property in Kawasan Perindustrian Larkin, Johor Bahru, from RM0.12 million in FY2019 to RM0.18 million, amongst others, for repair and replacement of necessary equipment to ensure continuous compliance of the property to fire safety requirements in Malaysia.
- The increase in total assessment and quit rent paid for the Estate and Larkin Investment Property from RM0.14 million in FY2019 to RM0.33 million in FY2020, as a result of the upwards revision of assessment rates for various properties by the local authorities in Johor.

## OTHERS EXPENSES AND FINANCE COSTS

Other expenses of the Group increased from RM18,350 in FY2019 to RM25,533 in current FY under review. Finance costs of RM26,781 are in relation to the interest expense on the lease liability for a right-of-use asset in the Group, i.e., the tenancy arrangement for the Group's rent of office space in Kuala Lumpur.

## Profit Before Taxation, Profit After Tax and Earning per Share

As set out earlier, the gross profit of the Group was primarily arising from the operations of Matang Estate and the increase in the Group gross profit in FY2020 by about RM0.54 million was primarily due to the reduction in cost of sales from RM2.85 million in FY2019 to RM2.17 million in FY2020. On the revenue front, despite the drop in the Group's FFB production from 24,029 tonnes in FY2019 to 20,677 tonnes in the current FY under review, the Group's FFB yield of 20.13 tonnes per hectare in the current FY under review remained more superior than the industry average of 19.18 tonnes per hectare for Johor State and 17.07 tonnes per hectare for the Peninsula Malaysia.

The increase in gross profit of about RM0.54 million in FY2020 has been mitigated by the increase in administrative expenses by RM0.60 million and the drop in other income of RM0.09 million, resulting in a lower profit before taxation of RM2.92 million in FY2020 as compared to RM3.10 million in FY2019. The reasons for the rise in administrative expenses and drop in other income have been clarified in the preceding sections in this Management Discussion and Analysis.

The profit after taxation of the Group accordingly dropped from RM1.83 million in FY2019 to RM1.61 million in FY2020. Consequently, the resultant earnings per share of the Group has dropped from 0.10 sen in the preceding FY to 0.09 sen in the FY under review.

## CASH FLOWS

The Group's net cash generated from operations for FY2020 was RM3.18 million against RM2.77 million for the preceding FY, i.e., showing an increase of about RM0.41 million. The net cash flows from investing activities for FY2020 showed a slight decrease of about RM0.06 million as compared to previous FY mainly due to the reductions in interest received during the FY under review. During the FY under review, Matang paid final single tier dividend of 0.15 sen per share for FYE 30 June 2019, the total sum of which amounted to RM2.72 million that has been paid on 8 January 2020.

## 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 2020 and FYE 30 June 2019.

Matang Group	2020	2019
	RM'000	RM'000
	Audited	Audited
Net cash from operating activities	3,181	2,770
Net cash from investing activities	1,288	1,353
Net cash from financing activities	(2,841)	(3,620)
Net increase in cash and cash equivalents	1,628	503
Cash and cash equivalent at beginning of the year	39,143	38,640
Cash and cash equivalent at end of the year	40,771	39,143

### FINANCIAL POSITION

In terms of financial position of the Group, the shareholders' equity of the Group has decreased from RM186.58 million as at 30 June 2019 to RM185.41 million as at 30 June 2020 primarily arising from the final single tier dividend payment of RM2.72 million (based on 0.15 sen per share) in respect of FYE 30 June 2019. The Group net assets on per share outstanding basis remained at RM0.10 per share as at 30 June 2020.

### KEY FINANCIAL RATIOS

The key financial ratios of the Group for FYE 30 June 2020 and FYE 30 June 2019 have been tabulated in the table below.

Matang Group	2020	2019
	Audited	Audited
Gross profit margin (%)	77.4%	70.8%
Net profit margin (%)	16.7%	18.8%
Trade receivable turnover (days)	19	12
Trade payable turnover (days)	43	29
Current ratios (times)	27	34

### KEY RISK FACTORS

#### 1. Dependency on the availability of an adequate labour force

The palm oil industry is labour intensive in nature for both the upkeep and maintenance of fields and for harvesting of FFB. The industry in Malaysia has for a long time resorted to employing foreign workers, in particular, Indonesian workers, to cope with any shortfall in the recruitment of Malaysian workers. However, the supply of Indonesian workers has not been stable of late particularly when the Indonesian workers have opted to head home in recent years given the improving oil palm sector in Indonesia. In addition, the number of Indonesians willing to leave home and families is dwindling due to the higher wages at home.

As at 30 June 2020, the Estate's work force is made up of total 76 employees of whom 58 (or 76%) are foreign workers. Matang Estate has made application to Jabatan Tenaga Kerja of Kementerian Dalam Negeri Malaysia for approval of additional quota of foreign labour, the approval process of which is currently put on hold by the Government of Malaysia due to the COVID-19 pandemic.

# MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

## KEY RISK FACTORS *cont'd*

### 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. Extended drought or dry period may result in low soil moisture for growth of oil palm trees and suppressed FFB production while excessive rainfall conditions may also disrupt the harvesting and logistics within the plantation segment.

To mitigate the aforesaid risks, Matang Estate practises planting legume cover crops and carry out empty fruit bunch mulching to retain soil moisture. Silt pits and trenches have been constructed and constantly maintained to improve drainage and to 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

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. Volatility of CPO prices will affect and will continue to affect the FFB prices, possibly adversely, that oil palm planters such as Matang can realise especially when the CPO prices are on downward trends. Despite efforts undertaken by the Group to control operational costs, enhance efficiency and boost FFB yield and production, any 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. The Group supplies its FFB to two customers, i.e., to Kilang Kelapa Sawit Mas owned and operated by Milik Mestika and to Lenga's palm oil mill. Having said that, the Group places 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) if viable.

### 5. Expiry of lease for the Larkin Investment Property

Larkin Investment Property, owned by MHB, is a cluster of three industry buildings 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 11 years. Applications for lease extension have previously been made but were rejected in various occasions. As of the date of this report, the Company had re-submitted application for lease extension in July 2020 and is awaiting response from the authorities.

As for FYE 30 June 2020, the gross rental income from Larkin Investment Property was RM0.77 million which was about 6.5% of the total revenue and other income of the Group for FYE 30 June 2020. The remaining leasehold land tenure of 11 years will limit and may possibly reduce the rental income from Larkin Investment Property in the near and long term. 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.

### 6. Diversification into Durian Business

Unlike the oil palm plantation which Matang has over 30 years of experience, Durian Business is a new venture of Matang Group. The venture into Durian Business exposes the Group to new risks which are inherent in the durian industry but different compared to the oil palm plantations such as but not limited to adverse changes in supply and demand conditions, outbreak of diseases, damage from pests and adverse climate conditions which are unique to durian and durian plantation.

Notwithstanding that, Matang seeks to overcome any potential adversities with the formation of Durian Project Committee which will meet and deliberate key matters of Durian Business and accordingly advise the Management and Board on key aspects with regards to the Durian Business. In addition, experienced contractors are and will be hired in undertaking development and preparatory works, the appointments of which are based on tender and evaluation of tender submissions made by various contractors. In addition, Matang shall continue to conduct periodic reviews of its business and site operations and also adopt prudent financial management and efficient operating procedures to limit the impact of the abovementioned risks.

## MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

### PROSPECTS AND OUTLOOK

The Group achieved lower FFB production of 20,677 for FYE 30 June 2020 as compared to 24,029 tonnes for FYE 30 June 2019, reflecting a decrease of 13.9%. The drop in FFB production has also affected the industry as a whole as shown in the drop in FFB yields for Johor State and for the country for the period from July 2019 to June 2020. It is widely believed that this drop has arisen due to the entry of oil palm into biological resting in the second half of 2019 as evident in the nationwide plunge in productions from October to December 2019.

In first half of Year 2020, continued focus on yields as well as accelerated harvests when possible have allowed the Group to capitalise on increasing FFB fruit bearing and production from February 2020 until June 2020. The FFB production of Matang in June 2020 was 2,194.80 tonnes and in July 2020 was 1,827.19 tonnes, still significantly higher than the average monthly production of 1,528.03 tonnes for October to December 2019.

Towards the end of 1st quarter of Year 2020, Malaysia enforced the MCO with effect from 18 March 2020 that lasted until early May 2020, followed by Conditional MCO ("CMCO"). During the period of MCO, certain segments of plantation activities, in particular, upkeep and maintenance that include manuring/fertilising, pruning and spraying have been interrupted and restricted to ensure compliance to the SOP for MCO. During the period of MCO including CMCO, transportation of the FFB to the palm oil mills have taken longer time due to the requirements for SOP compliance procedures. Despite all the challenges, the Group managed to increase its productions and yields from April to June 2020, the three months in FY2020 with the highest monthly FFB productions for FY2020.

Going forward beyond June 2020, it has been widely expected that Malaysian palm oil industry that encompasses both the FFB and CPO productions will likely to have slower growth in 2020 compared to 2019 due to the impact of lower fertiliser application in 2019 and significantly long period of dry weather in 2019. In addition, the shortage of foreign workers for the industry has become more acute because of the Government's decision in June 2020 to freeze new intake of foreign workers until end of 2020.

In this regard, Matang has undertaken strategic planning for appropriate use of workers within the Estate where workers will be deployed for field upkeep and maintenance activities in the months of expected lower FFB harvests. In achieving that, workers have been trained to be more versatile in undertaking a larger spectrum of activities within the Estate, including both harvesting and upkeep and maintenance. In addition, external contractors have been engaged to source for additional workers, whether local or foreign, to intensify harvests and upkeep and maintenance activities within the Estate.

The supply constraint of palm oil has manifested with the reducing inventory of CPO from the high of over 3 million tonnes in January 2019 to about 2 million tonnes at the end of the same year. Fundamentally, low inventory will result in higher CPO prices and vice versa. Similarly, the other world major vegetable oils have also seen the sharp decline in their stock levels.

On the demand side, population growth and higher demands from key markets such as China and India as well as the on-going push for the implementation of higher blend of palm oils in biodiesel including in Indonesia, Thailand and Malaysia shall all set the scene for buoyant demands while at the same time supply and or productions of CPO may be restrictive. As a result, the strong CPO prices in the near term may be beneficial to compensate for any marginal decline in FFB productions of Matang in the near term.

For the diversification into Durian Business which shareholders' approval was obtained in the AGM held in November 2019, the Group has completed the felling and clearing of the old oil palm trees on the Identified Land of 46.6 hectares earmarked for the first Durian Plantation of the Group as of end of June 2020, despite a slight delay for commencement of works due to the nationwide implementation of MCO. Barring unforeseen circumstances, the land preparation and earthworks for the Durian Plantation shall be completed by end of October 2020 to be followed by for planting works in November and December 2020. If the anticipated timeline is met, the Group expects that certain percentage of its first Durian Plantation shall start flowering and may bear durian fruits by 2025. In addition, the Group also intends to evaluate suitable opportunities and proposals to enhance the hectareage for durian plantation with a view to accelerate diversification into the Durian Business.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Malaysian Code on Corporate Governance (“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.

In addition, the Companies Act 2016 (“the CA”) also sets out that the Directors of a public company or a subsidiary of a public company shall have in place a system of internal control that will provide reasonable assurance that assets of the company are safeguarded against loss from unauthorised use of disposition and to give a proper account of the assets and all transactions are properly authorised as well as recorded as necessary to enable preparation of true and fair view of the financial statements of the company.

This Statement on Risk Management and Internal Control by the Board is made in respect of FYE 30 June 2020 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. 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.

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.

### RISK MANAGEMENT AND INTERNAL CONTROL PROCESS WITHIN THE GROUP

For the FY under review, the Group has undertaken the preparation of the annual Group risk management framework and assessment as the process for periodic evaluation and management of the significant risks affecting the Group’s operations to ensure that high risk areas are adequately addressed within the Group. Besides, the annual assessment also looks into identifying any potential new risks arising from any changes in business and operating environment due to both internal or external factors. The systems of internal controls and risk management primarily cover areas of operational efficiency, effectiveness and controls, financial controls and reporting, compliance monitoring and process improvements. Additionally, the Group has also undertaken the assessment of bribery and corruption risks as part of adequate procedures required to be implemented in connection with the Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) (“MACC Act”) that has come into force on 1 June 2020. The assessment for bribery and corruption risks primarily identified the areas of improvements required to be put in place to comply with the adequate procedures under the guidelines for the same.

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.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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### RISK MANAGEMENT AND INTERNAL CONTROL PROCESS WITHIN THE GROUP *cont'd*

There is a set of policies and procedures setting out the financial limits and approving authorities for key financial matters and decisions made for revenue, major operating and capital expenditures of the Group to ensure proper functioning and accountability at respective business units and head office levels. The Management Committee comprises two Executive Directors, Chief Financial Officer cum Chief Operating Officer and Head of Corporate Services and Finance. The decisions of the MC are made based on deliberations in meetings held at least once a month in accordance to the terms of reference approved by the Board of the Company.

During the FY 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 from business units and head office ("Head Office").

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 for purpose of risk management. 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 continued the engagement of 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 and risk management systems. 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 to the Audit and Risk Management Committee 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.

In connection with the audit for previous FY, the Internal Auditors have conducted the follow-up audit in January 2020 to review the rectification and or improvements to the findings and observations highlighted in the audit previously carried out for FY2019. The report for the said follow-up audit has been presented to the Audit and Risk Management Committee in May 2020.

For internal audit reviews for FY2020 which was conducted in June and July 2020, the Internal Auditors undertook the annual audit covering two key areas of operations and management of Matang Estate, i.e., in areas of procurement and field upkeep and maintenance (manuring). For the procurement procedures, the Internal Auditors reviewed processes encompassing ordering, tendering, goods receiving and payment. For field upkeep and maintenance (manuring) activities, the internal audit reviews covered processes for stock requisition, stock issuance and fertiliser applications.

The Internal Auditors reports provided directly to the Audit and Risk Management Committee 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 and reasonable practices expected to safeguard the assets and interest of the company. In addition, the Internal Auditors also made necessary recommendations for process and control improvements to the Group based on the findings and observations. The internal audit fees incurred for FYE 30 June 2020 was RM24,000.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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## 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.

## 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 2020 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 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 either for the development and maintenance of the risk management and internal control framework or for ensuring the implementation and conduct of adequate risk management and internal control systems within the Group.
- (b) The conduct or performance of the independent internal audit function for which an internal audit report, including for any follow-up audit report, were first reviewed by the Audit and Risk Management Committee which discussed critical issues and findings with the Internal Auditors. The Audit and Risk Management Committee also met with the Internal Auditors who presented their findings and deliberate on the same in meetings held with Audit and Risk Management Committee.
- (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 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 FY 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 12 October 2020.

## 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 is made up of three Directors of the Company, two (2) of whom are Independent Non-Executive Directors and one (1) is Non-Independent Non-Executive Director. The composition of the Audit and Risk Management Committee is as follows:

- a. Mr Yeo Kwee Kwang who was re-designated to become the Chairman of the Committee on 26 November 2019, taking over the designation from Mr Lew Weng Ho who has retired as Director on even date;
- b. Dato' Foong Chee Meng; and
- c. Datuk Teoh Sew Hock who was appointed as the member of Audit and Risk Management Committee on 26 November 2019.

The Audit and Risk Management Committee is made up solely of Non-Executive Directors of the Company. 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.

None of the Audit and Risk Management Committee save for Datuk Teoh Sew Hock hold any interest (whether direct or indirect) in Matang. The Directors' shareholdings in Matang as at 30 June 2020 is presented in the Analysis of Shareholdings in this Annual Report.

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 and employees of the companies within the Group and representatives of the external auditors and Internal Auditors may attend any particular or any part of the meeting at the invitation of the Audit and Risk Management Committee.

There was a total of six (6) Audit and Risk Management Committee meetings held in FY2020 and the details of attendance of the members at the meetings held during FYE 30 June 2020 are as follows:

Name	No. of meetings attended
<b>Yeo Kwee Kwang</b> <i>Independent Non-Executive Director</i>	6 out of 6
<b>Dato' Foong Chee Meng</b> <i>Independent Non-Executive Director</i>	6 out of 6
<b>Datuk Teoh Sew Hock<sup>#</sup></b> <i>Non-Independent Non-Executive Director</i>	2 out of 2
<b>Lew Weng Ho<sup>^</sup></b> <i>Independent Non-Executive Director</i>	4 out of 4

**Note:**

- # Datuk Teoh Sew Hock was appointed as a member of the Audit and Risk Management Committee on 26 November 2019. After his appointment, there were only two meetings of the Committee held for the FY under review.
- ^ Mr Lew Weng Ho retired as a Director as well as Chairman of the Audit and Risk Management Committee at the conclusion of the Fifth AGM of the Company held on 26 November 2019.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

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## 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](http://www.matangbhd.com).

## SUMMARY OF WORKS OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee met six (6) times in FYE 30 June 2020 and this section set out the works and tasks of the Audit and Risk Management Committee of Matang during the current FY 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 2020 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
28 August 2019 (1st Audit and Risk Management Committee meeting for FYE 30 June 2020)	Unaudited fourth quarter financial results for the period ended 30 June 2019 and draft audited financial statements for the FYE 30 June 2019
26 September 2019	Special Audit and Risk Management Committee meeting
14 October 2019	Special Audit and Risk Management Committee meeting
26 November 2019 (2nd Audit and Risk Management Committee meeting for FYE 30 June 2020)	Unaudited first quarter financial results for the period ended 30 September 2019
25 February 2020 (3rd Audit and Risk Management Committee meeting for FYE 30 June 2020)	Unaudited second quarter financial results for the period ended 31 December 2019
20 May 2020 (4th Audit and Risk Management Committee meeting for FYE 30 June 2020)	Unaudited third quarter financial results for the period ended 31 March 2020

The Audit and Risk Management Committee was also presented with the draft audited financial statements of the Company for FYE 30 June 2020 on 27 August 2020 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.

In addition, the Audit and Risk Management Committee also sit to deliberate on other financial-related matters which include the review of the draft announcement and draft circular to the shareholders for diversification of the Group's principal activities to include Durian Business prior to the tabling of the same to the Board.

### (b) External Auditors

On 20 May 2020, 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 2020 and any implementation of new or changes in accounting standards that will affect the Group in the current and next FY. 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 2020.

The Audit and Risk Management Committee has on 27 August 2020 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 (if any) to the Group for FYE 30 June 2020.

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

cont'd

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

#### (b) External Auditors *cont'd*

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 forth-coming Annual General Meeting.

#### (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 utilising a global audit methodology and tool to provide assurance to the Audit and Risk Management Committee.

Similar to FY2019, the Company has continued the appointment of 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 that 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 FY2020. 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 FY 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 for FY2020 covers the following key activities of the Matang Estate:

- (i) Procurement; and
- (ii) Field Upkeep and Maintenance (Manuring).

For FYE 30 June 2020, the Audit and Risk Management Committee has reviewed the internal audit report of the Group prepared by the Internal Auditors which covered the areas of the Estate's operations 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.

In addition, in January 2020, the Internal Auditors also undertook the follow-up audit to review the rectifications and improvements made to resolve the audit findings highlighted for internal audit review for the previous FY, i.e., FY2019. The report for the follow-up audit has also been presented to the Audit and Risk Management Committee in May 2020.

Based on the internal audit reports (including the follow-up audit as highlighted above) prepared by the Internal Auditors for FY2020, 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.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

cont'd

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

### (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 FY2020. In addition, the Audit and Risk Management Committee has also met with the risk management consultant on 27 August 2020 to deliberate on any risk management observations made by the risk management consultant for FYE 30 June 2020.

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.

### (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 2020 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, Malaysia. The said tenancy was signed for three (3) years from 1 May 2020 and have been entered on arms' length basis. 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 FY under review pertaining to the Audit and Risk Management Committee Report and the Statement on Risk Management and Internal Controls of the Group.

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 and financial affairs of the Estate and of the Group as a whole.

For the FY under review, as part of the implementation of adequate procedures against the corporate liability pursuant to Section 17A of the MACC Act, the Audit and Risk Management also reviewed the risk assessment report prepared by an independent consultant for the evaluation of the bribery and corruption risks within the Group. The Committee also reviewed and deliberated on the anti-bribery and anti-corruption policies as well as other procedures proposed by the consultant for implementation. In addition, the Committee also established the Integrity Committee of the Group as part of the Audit and Risk Management Committee with terms of reference to amongst others, oversees that culture of integrity as well as to monitor the overall compliance of the Group to the anti-bribery and anti-corruption policies and procedures put in place.

## 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 appointed report directly to the Audit and Risk Management Committee on 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 FY 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 12 October 2020.

# 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 Code 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](http://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](http://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](http://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 viable acquisition of suitable land bank and/or plantation estates. In addition, with the approval of the shareholders for the diversification into Durian Business, the Board also undertakes the strategic monitoring of implementation by the management of the mandate approved by the shareholders for the Durian Business. This together with the oversight of the Board in relation to the oil palm business of the Group are targeted by the Board to enhance value in a sustainable manner to Matang's shareholders. At the same time, the Board also 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 as well as to review the financial performance 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 Board meeting. Minutes of each 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 and corporate proposals of the Group. To that effect, a number of ad-hoc or special Board meetings of the Company have been called when necessary to deliberate aforesaid proposals.

Besides delegating the overall supervision of the management and operations of the Group to the Executive Directors 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 one of the Executive Directors, Datuk Ir. Lawrence Low and consist of members made up of the other Executive Director, i.e., Dato' Ng, the Chief Financial Officer cum Chief Operating Officer and the Head of Corporate Services and Finance of the Company. The Management Committee meets at least once a month to deliberate all significant matters affecting the Group.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

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## 1. BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

### Board Composition

As at the date of this Statement, the Board consist of nine (9) members, i.e., two (2) Executive Directors and seven (7) Non-Executive Directors out of whom three (3) are Independent Directors. The three Independent Directors make up one-third (1/3) of the Board membership in line with the requirement as prescribed under Rule 15.02 of the ACE Market Listing Requirements.

The Board is led by an Independent Non-Executive Chairman (“Chairman”), Dato’ Foong Chee Meng, who has been re-designated from the position of Independent Non-Executive Director to become the Chairman of the Company on 20 May 2020. The executive roles and responsibilities in the Group are undertaken by two (2) Executive Directors, namely Datuk Ir. Lawrence Low and Dato’ Ng. The profile of Dato’ Foong, Datuk Ir. Lawrence Low and Dato’ Ng can be found in the section for Directors’ Profile in this Annual Report.

In terms of Board membership, Matang’s Board consists of members with a wide and relevant range of skills and experiences. Board members consist of businessmen and entrepreneurs with extensive commercial and operational experiences in oil palm plantation or other agriculture sectors such as durian plantation, qualified professional with corporate backgrounds such as professional accountant, prominent legal professional and professional engineer in construction or property development.

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 the Independent Non-Executive Chairman of the Company, Dato’ Foong Chee Meng and consist of two (2) other members who are 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 Board members are considered experienced in business and agricultural industry especially oil palm and durian plantation/estate, it is crucial for the members to contribute to Board deliberations and decision making. The Board adopted 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.

The Board also undertook the assessment of the performance and contribution of the Board members and the effectiveness of Board and Board Committee’s functioning annually.

# 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 as well as any significant financial-related matters or decision affecting the Group.

The duties and responsibilities on 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. The Remuneration Committee which consists of three members 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. The Remuneration Committee shall recommend the proposed remuneration to the Board for deliberation and approval.

During FY2020, the Nomination Committee conducted meetings to deliberate and recommend to the Board on the terms of reference for the new Executive Directors, i.e., Datuk Ir. Lawrence Low and Dato' Ng as well as undertaking the evaluation and deliberation on the appointment of new Chief Financial Officer cum Chief Operating Officer, Ms Tan before recommending the appointment to the Board.

In addition, the terms of reference and the reporting structure for Durian Project Committee were also deliberated and recommended to the Board for approval. The Durian Project Committee chaired by Datuk Teoh is established primarily to advise the Management and the Board in matters and decisions in connection with the development of Durian Business of the Group. Other tasks of the Nomination Committee undertaken during FY2020 include the assessment of the Directors, Board and Board Committees, deliberation on the re-election of Directors as well as the review of the updated terms of reference of the Management Committee.

During the FY under review, the Remuneration Committee held meetings to deliberate 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 held on 26 November 2019. In addition, the Remuneration Committee also deliberated on the remuneration level and package for the new Chief Financial Officer cum Chief Operating Officer appointed on 3 February 2020.

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 Audit and Risk Management Committees' meetings are also presented to the Board to keep the Board informed of deliberations and decisions of the said committee. The composition of each of the Board committees are shown in page 2 of this Annual Report.

For FYE 30 June 2020, the Audit and Risk Management Committee had held six (6) meetings. The Nomination Committee and the Remuneration Committee had respectively held four (4) meetings during the FY under review.

# 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 FY2020.

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 including certain allowances in connection with the executive roles 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 FY2020.

By type of remuneration	Group		Company	
	Executive Directors <sup>®</sup>	Non-Executive Directors <sup>#</sup>	Executive Directors	Non-Executive Directors <sup>#</sup>
	RM'000	RM'000	RM'000	RM'000
Directors' fees	24	69	24	69
Salary and other emoluments <sup>^</sup>	175 <sup>-</sup>	41	70 <sup>-</sup>	41
<b>Total</b>	<b>199</b>	<b>110</b>	<b>94</b>	<b>110</b>

**Note:**

<sup>®</sup> Inclusive of remuneration for the former Executive Director, i.e., Dato' Eng Cheng Guan whose terms of reference for his executive roles expired on 21 February 2020.

<sup>#</sup> Inclusive of remuneration for two former Non-Executive Directors, i.e., Mr Lew Weng Ho and Datuk Tan Teck Poh who had retired as Director at the conclusion of Fifth Annual General Meeting on 26 November 2019.

<sup>-</sup> Inclusive of salary-related payments to the Executive Directors such as employer's portion of the Employment Provident Fund ("EPF") and other allowances where applicable for their executive roles.

<sup>^</sup> Other emoluments include the meeting allowance for the Directors' attendance to the Board meetings.

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

By band of remuneration	Group		Company	
	Executive Directors <sup>®</sup>	Non-Executive Directors <sup>#</sup>	Executive Directors	Non-Executive Directors <sup>#</sup>
	Up to RM50,000	1	8	1
RM50,001 to RM100,000	2	-	2	-
More than RM100,000	-	-	-	-
<b>Total <sup>^</sup></b>	<b>3</b>	<b>8</b>	<b>3</b>	<b>8</b>

**Note:**

<sup>®</sup> Inclusive of remuneration for the former Executive Director, i.e., Dato' Eng Cheng Guan whose terms of reference for his executive roles expired on 21 February 2020.

<sup>#</sup> Inclusive of two former Directors, Mr Lew Weng Ho and Datuk Tan Teck Poh who have retired as Directors during the FY under review.

<sup>^</sup> Exclusive of one Director, Datuk Kiat Swee Sung who has opted not to receive any remuneration.

# 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	Meeting Allowances RM'000	Salaries & other emoluments <sup>#</sup> RM'000	Total RM'000
Dato' Foong Chee Meng	6/6	11	10	-	21
Datuk Ir Low Ah Keong	6/6	10	6	56	72
Dato' Ng Keng Heng	6/6	10	6	66	82
Lew Weng Ho <sup>^</sup>	3/4	4	4	-	8
Yeo Kwee Kwang	6/6	10	4	-	14
Tew Boon Chin	6/6	10	6	-	16
Datuk Kiat Swee Sung	6/6	-	-	-	-
Dato' Eng Cheng Guan <sup>^</sup>	2/4	4	2	38	44
Datuk Tan Teck Poh @ Tan Ah Too <sup>^</sup>	2/4	4	2	-	6
Datuk Teoh Sew Hock	6/6	10	5	-	15
Lau Liang Fook	6/6	10	5	-	15
Lim Chin Hock	6/6	10	6	-	16
<b>Total</b>		<b>93</b>	<b>56</b>	<b>160</b>	<b>309</b>

#### Note:

<sup>^</sup> Mr Lew Weng Ho, Dato' Eng Cheng Guan and Datuk Tan Teck Poh retired as Directors of the Company at the conclusion of the Fifth Annual General Meeting held on 26 November 2019.

<sup>#</sup> Other emoluments include salary-related payments to the Executive Directors such as employer's portion of the EPF and other allowances where applicable for their executive roles.

### Company Secretaries

The Board continues to be supported by qualified and competent company secretaries in FY2020. 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 amongst others, 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 agendas 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 that have been called for on short notices.

Minutes of all Board and Board committee meetings have been duly circulated to all members of the Board and 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.

Most of our Directors have participated in the training on 2 July 2020 organised by PKF Risk Management Sdn Bhd on the requirements under Section 17A of the MACC Act and the adequate procedures to be undertaken and put in place to safeguard against corporate liability pursuant the aforesaid act.

In addition, Datuk Ir. Lawrence Low and Dato' Ng, the Executive Directors have also attended the seminar "Palm Oil Economics Review and Outlook (R&O) Maximising Palm Oil Opportunity and Sustainability Amidst Challenges" organised by MPOB on 16 January 2020. Datuk Ir. Lawrence Low and Dato' Ng had also attended Session on Corporate Governance and Anti-Corruption on 31 October 2019 organised by Bursa Securities.

Mr Lew Weng Ho, our former Independent Non-Executive Director and also the Chairman of Audit and Risk Management Committee had attended the seminar, "Evaluating Effectiveness of Internal Audit Function – Audit Committee's Guide On How To", organised by Bursa Securities on 15 October 2019.

## 2. EFFECTIVE AUDIT AND RISK MANAGEMENT

### Audit and Risk Management Committee

The Board is committed to furnish the shareholders of the Company with 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.

The Audit and Risk Management Committee is made up of three (3) members, all of whom are Non-Executive Directors of the Company. The committee is chaired by Mr Yeo Kwee Kwang, who is a qualified chartered accountant and the other members of the Audit and Risk Management Committee are Dato' Foong Chee Meng and Datuk Teoh Sew Hock. Mr Lew Weng Ho who was the former Chairman of the Audit and Risk Management Committee has retired as a Director on 26 November 2019.

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 discussion with the external auditors in May 2020 to assess amongst others, their independence in acting as external auditors for the Group. Besides, in the same meeting, deliberation was also held with the external auditors on audit scope, plan and strategies as well as the relevant new accounting standards affecting 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 2020.

During the FY 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.

# 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 also exercises its responsibilities by reviewing both the Internal Audit Report and Audited Financial Statements of the Group and held discussions with the respective auditors in August 2020 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 FY 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 31 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.

The Company's Audit and Risk Management Committee is made up of Non-Executive Directors to oversee the Company's risk management framework and policies. The terms and reference of the Audit and Risk Management Committee can be found on the Company's website, [www.matangbhd.com](http://www.matangbhd.com).

The Audit and Risk Management Committee had also on 27 August 2020 held meeting with the risk management consultant on the works done and observations made for FY2020 in relation to the risk management profile of the Group. The risk management consultant also presented to the Audit and Risk Management Committee on even date the conclusions it drew with regards to the risk management profile of the Group. On the same day, the Audit and Risk Management Committee also met with the Internal Auditors on the internal audit review undertaken for FY2020.

More details of the Group risk management assessment and internal audit review performed have been included under the Audit and Risk Management Committee Report on pages 30 to 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](http://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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

#### Communication with Stakeholders *cont'd*

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 status or progress update. All aforesaid terms of reference for Board Committees and also the code of conduct and ethics for Directors and employees will be posted timely if there is/are any amendments and/or modification once the same is approved by the Board. In addition, in May 2020, the Company also uploaded the amended whistle blowing policy and the anti-bribery and anti-corruption policy as part of the compliance to ACE Market Listing Requirements pursuant to Section 17A of the MACC Act.

In accordance with the ACE Market Listing Requirements, when necessary, the Company will issue comprehensive circulars to the shareholders to facilitate obtaining shareholders' approval for relevant matters required under the Listing Requirements. In addition, where applicable and appropriate, explanatory notes to special resolutions will also be furnished to ensure availability of adequate information to the shareholders in annual general meetings before voting. 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 25 November 2020. 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 2019, the meeting of which was held on 26 November 2019 in Kuala Lumpur, the Company has:

- made a presentation of the Group's business and financial performance for the financial year ended 30 June 2019 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 25 November 2020, 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.

The Board envisages that it will, as part of the Board's effort, 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 12 October 2020.

## SUSTAINABILITY STATEMENT

The Group conducts its business and operations based on sustainable practices and takes into consideration the factors of economic, environmental and social (“EES”) risks and opportunities. 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 always been the focus of the Board to ensure that the interest and value to the shareholders of the Company are safeguarded and where possible 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 previous FYs, Matang Estate has implemented 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 effectively enhanced the efficiency of FFB harvesting.

In addition, in the previous FY, the Estate has also 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.

In current FY under review, efforts to improvise harvesting and supervision of the same have been undertaken and these include:

- Formalising the Harvesting Supervision Record (“HSR”) which is to be prepared and completed on daily basis to document harvesting supervision completed.
- Undertaking FFB grading at internal ramp in the Estate before transporting the same to the palm oil mills. Quality grading at ramp shall allow the Estate to identify workers who consistently harvest FFB of low or poor quality, such as overripe, unripe or underripe fruits to progressively reduce returns of FFB crops from the mills.
- Setting key performance indicators (“KPI”) for monitoring of mill deductions and mill returns. Queries will be raised if daily mill deductions and returns exceed KPIs or benchmarked set.

In addition, the Estate is constantly evaluating and undertaking measures to increase the labour force and to overcome issues of insufficient workforce encountered by the Estate. Measures undertaken include, application submitted for additional foreign labour quota and also engaging external contractors for the supply of additional workers for both harvesting and upkeep and maintenance activities in the Estate.

#### 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.

As with the previous years, 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 are crucial in ensuring the right fertilisers in terms of the type and specifications 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.

# SUSTAINABILITY STATEMENT

cont'd

## ECONOMIC *cont'd*

### 2. Soil Nutrients, Application of Fertilisers and Stringent Control of Quality of Fertilisers *cont'd*

Sampling tests or lab testing 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 or quality 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 the total areas of 1,080 hectares of Matang Estate is planted with oil palm trees exceeding 20 years old as at end of last FY, i.e., 30 June 2019.

The management has undertaken assessment of replanting plans where mature trees approaching 25 years old are monitored closely for their yield performance. The continuous assessments enable 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.

For FY2020, the Group has identified 46.6 hectares of oil palm trees areas planted in 1998, i.e., reaching 22 years in 2020 for replanting planned for in FY2020 ("Identified Land") given the yield pattern lower than the other areas of the same age. With the proposal for diversification in Durian Business using some parts of the land in Matang Estate which was approved by the shareholders in November 2019, the Identified Land has been chosen for the first Durian Plantation of the Group.

In FY2020, Matang Estate has also identified 51.2 hectares of oil palm trees areas planted in 1998 out of the remaining 321.4 hectares with age exceeding 20 years for the next replanting in FY2021. The Group continues to monitor yield performance for the areas of remaining oil palm trees exceeding 20 years and shall undertake with due care in 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 seedlings which will determine the sustainable production and yield for the Estate in the long term.

In addition, in relation to the Durian Business which the Group has commenced with the Durian Plantation of 46.6 hectares in Matang Estate, the management and Board ascertain that cares are exercised to ensure land clearing, terrace construction and construction of water conservation ponds, amongst others, are undertaken for planting of durian for long term sustainable production and output of fruits in future. The measures implemented included terraces were constructed with appropriate measurements required for the planting of durian as well as for convenience or efficiency of collection of durian fruits in future. In addition, water conservation ponds were also constructed to supply water to the Durian Plantation.

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. The Group observes and is accordingly guided by the requirements to be met under certification for MSPO as standards in respect of protecting environment and sustaining the same. In that regards, we would like to highlighted the Estate within the Group, i.e., Matang Estate has been awarded the MPSO certification on 5 August 2019.

## SUSTAINABILITY STATEMENT

cont'd

### SOCIAL

The Group's 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 field conductor, estate mandors as well as operators of trucks and tractors, to name a few.

In the previous FY, Matang Estate has 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.

In current FY under review, Matang Estate continues its initiatives for social responsibility especially in light of COVID-19 pandemic that has ravaged the nation in first and second quarter of Year 2020. The following are steps taken to protect the health and safety of our staff and workers in the Estate:

- Supply of face masks and hand sanitisers for use by both staff and workers in Estate;
- Strict compliance to SOP of Majlis Keselamatan Negara for prevention of COVID-19.

Other social initiatives undertaken in current FY under review include amongst others celebration of Hari Raya festive season. In addition, the Group has undertaken initiatives to refurbish the surau beside constructing a futsal court in our Estate during the FY under review.

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 12 October 2020.

## ADDITIONAL COMPLIANCE INFORMATION

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

#### Status of Utilisation of Proceeds

As at 30 June 2020, the gross proceeds from the Public Issue of RM16.90 million has been partially utilised in the following manner:

Purposes	Approved utilisation	Actual utilisation	Deviation: surplus/ (deficit)	Balance unutilised	Estimated time frame for utilisation <sup>(1)</sup>
	RM'000	RM'000	RM'000	RM'000	
Replanting exercise	250	(250)	-	-	Within 24 months
Capital expenditure	1,786 <sup>(2)(i)</sup>	(1,126)	-	660	Within 60 months <sup>(2)(ii)</sup>
General working capital					
(i) Day-to-day operational expense	6,888 <sup>(2)(i)</sup>	(5,996) <sup>(3)</sup>	-	892	Within 60 months
(ii) Purchase of fertilisers	5,800 <sup>(2)(i)</sup>	(3,536)	-	2,264	Within 60 months
Estimated listing expenses	2,176	(2,176)	-	-	Within 3 months
<b>Total</b>	<b>16,900</b>	<b>(13,084)</b>		<b>3,816</b>	

**Note:**

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

<sup>(2)</sup> Including the effect of variations to the utilisation of proceeds raised from the IPO as announced to Bursa Securities on 26 November 2019 ("Variations").

(i) The summary of the Variations is as follows:

	Approved utilisation		
	Initial IPO proceeds utilisation	Variations as announced on 26 November 2019	After Variations
	RM'000	RM'000	RM'000
Capital expenditure	2,550	(764)	1,786
General working capital			
(i) Day-to-day operational expenses	2,924	3,964	6,888
(ii) Purchase of fertilisers	9,000	(3,200)	5,800

(ii) Pursuant to the Variations, the expected timeframe for utilisation of proceeds for capital expenditure has been revised from 36 months to 60 months from the listing date.

<sup>(3)</sup> Including RM447,000 which has been utilised to cover the deficit arising from the utilisation for Listing expenses in such manner as allowed under Section 3.10.1(v) of the Prospectus of the Company dated 19 December 2016.

## ADDITIONAL COMPLIANCE INFORMATION

cont'd

### 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 16 July 2020 (“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 2020. Based on the valuation conducted by independent valuer on 20 April 2020, it is concluded that the rental rate pursuant to the Tenancy Agreement is in line with market rental value.

The sum of rental paid to the Landlord for the aforesaid office space for FYE 30 June 2020 was RM87,134 (nett of rebate arising from MCO) excluding RM38,942 for service charges for the same FY.

### 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	
	FY2020 Payable RM'000	FY2019 Paid RM'000	FY2020 Payable RM'000	FY2019 Paid RM'000
Audit fees	62	60	27	26
Non-audit fees				
- Review of the Statement on Risk Management and Internal Control	5	5	5	5
<b>Total</b>	<b>67</b>	<b>65</b>	<b>32</b>	<b>31</b>

### 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 40 to 42 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 2020, the Board has:

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable;
- ensured that all applicable accounting standards have been complied with; and
- applied the 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 12 October 2020.

## 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 2020.

### PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities. The principal activities of the subsidiaries are disclosed in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### RESULTS

	Group RM	Company RM
Profit for the financial year	1,613,527	2,597,532
Profit attributable to owners of the parent	1,613,527	2,597,532

### DIVIDENDS

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

- (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 which was paid on 8 January 2020.
- (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 2020. 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' REPORT

cont'd

## 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 Teoh Sew Hock*	
Dato' Foong Chee Meng	
Lau Liang Fook	
Dato' Ng Keng Heng*	
Yeo Kwee Kwang	
Tew Boon Chin	
Datuk Ir Low Ah Keong*	
Lim Chin Hock	
Dato' Eng Cheng Guan	(Resigned on 26 November 2019)
Lew Weng Ho	(Resigned on 26 November 2019)
Datuk Tan Teck Poh @ Tan Ah Too	(Resigned on 26 November 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 2020 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 1.7.2019	Bought	Sold	
<b>Shares in the Company</b>				
<u>Direct interests:</u>				
Datuk Teoh Sew Hock	28,000	2,550,000	-	2,578,000
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) 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' REPORT

cont'd

### 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 executives of the subsidiaries.

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' 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 RM13,871.

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.

# DIRECTORS' REPORT

cont'd

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

### (II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT *cont'd*

- (d) In the opinion of the Directors
- (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
  - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet its obligations as and when they fall due.

### (III) AS AT THE DATE OF THIS REPORT

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

## SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Significant event during the financial year is disclosed in Note 28 to the financial statements.

## SUBSEQUENT EVENT AFTER THE END OF THE REPORTING PERIOD

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

## SUBSIDIARIES

Details of subsidiaries are set out in Note 8 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 2020 are disclosed in Note 18 to the financial statements.

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

**Datuk Ir Low Ah Keong**  
Director

**Dato' Ng Keng Heng**  
Director

Kuala Lumpur  
12 October 2020

## STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements as set out on pages 54 to 87 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 2020 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 Ir Low Ah Keong**  
Director

Kuala Lumpur  
12 October 2020

.....  
**Dato' Ng Keng Heng**  
Director

## STATUTORY DECLARATION

I, Tan Theng Hwee (CA 15907), 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 54 to 87 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 )  
12 October 2020 )

**Tan Theng Hwee**

Before me:

**MARDHIYYAH ABDUL WAHAB** (W 729)  
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 2020 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 54 to 87.

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 2020, 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("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 6 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 determined this to be a key audit matter 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) Evaluated 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, actions taken to eliminate threats or safeguards applied.

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  
12 October 2020

## STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2020

ASSETS	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
<b>Non-current assets</b>					
Property, plant and equipment	4	132,829,950	135,407,568	-	-
Right-of-use asset	5	302,726	-	-	-
Investment properties	6	12,200,000	12,200,000	-	-
Other investments	7	86,510	107,610	-	-
Investments in subsidiaries	8	-	-	176,360,006	172,780,006
Inventories	9	1,057,730	1,057,730	-	-
		146,476,916	148,772,908	176,360,006	172,780,006
<b>Current assets</b>					
Inventories	9	130,016	100,622	-	-
Biological assets	10	394,807	364,660	-	-
Trade and other receivables	11	929,397	855,982	126,346	230,954
Current tax assets		-	19,358	-	-
Cash, bank balances and short term funds	12	40,806,458	39,178,114	8,116,688	11,730,335
		42,260,678	40,518,736	8,243,034	11,961,289
<b>TOTAL ASSETS</b>		<b>188,737,594</b>	<b>189,291,644</b>	<b>184,603,040</b>	<b>184,741,295</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	13	183,870,827	183,870,827	183,870,827	183,870,827
Reserves	14	1,536,924	2,712,392	572,219	689,687
<b>TOTAL EQUITY</b>		<b>185,407,751</b>	<b>186,583,219</b>	<b>184,443,046</b>	<b>184,560,514</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Lease liability	5	235,898	-	-	-
Deferred tax liabilities	15	1,542,197	1,532,323	-	-
		1,778,095	1,532,323	-	-
<b>Current liabilities</b>					
Trade and other payables	16	1,236,375	1,176,102	152,244	171,139
Lease liability	5	117,050	-	-	-
Current tax liabilities		198,323	-	7,750	9,642
		1,551,748	1,176,102	159,994	180,781
<b>TOTAL LIABILITIES</b>		<b>3,329,843</b>	<b>2,708,425</b>	<b>159,994</b>	<b>180,781</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>188,737,594</b>	<b>189,291,644</b>	<b>184,603,040</b>	<b>184,741,295</b>

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 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Revenue	17	9,614,257	9,749,318	3,000,000	7,500,000
Cost of sales		(2,171,707)	(2,848,607)	-	-
Gross profit		7,442,550	6,900,711	3,000,000	7,500,000
Other income		2,155,190	2,247,059	398,807	461,525
Administration expenses		(6,622,458)	(6,027,230)	(694,452)	(547,254)
Other expenses		(25,533)	(18,350)	(4,579)	(4,320)
Finance cost		(26,781)	-	-	-
Profit before tax	18	2,922,968	3,102,190	2,699,776	7,409,951
Tax expense	19	(1,309,441)	(1,270,377)	(102,244)	(61,975)
Profit for the financial year		1,613,527	1,831,813	2,597,532	7,347,976
<b>Other comprehensive income, net of tax</b>					
<b>Items that will not be reclassified subsequently to profit or loss</b>					
Fair value loss on equity investments at fair value through other comprehensive income	7	(21,100)	(44,310)	-	-
Total other comprehensive loss, net of tax		(21,100)	(44,310)	-	-
Total comprehensive income		1,592,427	1,787,503	2,597,532	7,347,976
Profit attributable to owners of the parent		1,613,527	1,831,813	2,597,532	7,347,976
Total comprehensive income attributable to owners of the parent		1,592,427	1,787,503	2,597,532	7,347,976
Earnings per share attributable to Ordinary equity holders of the Company (sen):					
- Basic	22	0.09	0.10		
- Diluted	22	0.09	0.10		

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

## STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Group	Note	← Non-distributable →			Distributable		Total equity RM
		Share capital RM	Share premium RM	Fair value reserve RM	Merger reserve RM	Retained earnings RM	
<b>Balance as at 1 July 2018</b>		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
<b>Transaction with owners</b>							
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)	-	-	-	-
<b>Balance as at 30 June 2019</b>		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.

## STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020  
cont'd

Group	Note	← Non-distributable →			Distributable		Total equity RM
		Share capital RM	Share premium RM	Fair value reserve RM	Merger reserve RM	Retained earnings RM	
<b>Balance as at 1 July 2019, as previously reported</b>		183,870,827	-	(16,965)	(108,000,004)	110,729,361	186,583,219
Effects of adoption of MFRS 16	30.1	-	-	-	-	(52,895)	(52,895)
<b>Balance as at 1 July 2019, as restated</b>		183,870,827	-	(16,965)	(108,000,004)	110,676,466	186,530,324
Profit for the financial year		-	-	-	-	1,613,527	1,613,527
Other comprehensive loss, net of tax		-	-	(21,100)	-	-	(21,100)
Total comprehensive loss		-	-	(21,100)	-	1,613,527	1,592,427
<b>Transaction with owners</b>							
Dividend paid	23	-	-	-	-	(2,715,000)	(2,715,000)
Total transaction with owners		-	-	-	-	(2,715,000)	(2,715,000)
<b>Balance as at 30 June 2020</b>		183,870,827	-	(38,065)	(108,000,004)	109,574,993	185,407,751

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

## STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

cont'd

Company	Note	← Non-distributable →		Retained earnings	Total equity
		Share capital	Share premium		
		RM	RM	RM	RM
<b>Balance as at 1 July 2018</b>		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
<b>Transaction with owners</b>					
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)	-	-
<b>Balance as at 30 June 2019</b>		183,870,827	-	689,687	184,560,514
<b>Balance as at 1 July 2019</b>		183,870,827	-	689,687	184,560,514
Profit for the financial year		-	-	2,597,532	2,597,532
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	2,597,532	2,597,532
<b>Transaction with owners</b>					
Dividend paid	23	-	-	(2,715,000)	(2,715,000)
Total transaction with owners		-	-	(2,715,000)	(2,715,000)
<b>Balance as at 30 June 2020</b>		183,870,827	-	572,219	184,443,046

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

## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before tax		2,922,968	3,102,190	2,699,776	7,409,951
Adjustments for:					
Depreciation of property, plant and equipment	4	2,656,936	2,209,514	-	-
Depreciation of right-of-use asset	5	106,844	-	-	-
Fair value adjustment of:					
- investment properties	6	-	300,000	-	-
- biological assets	10	(30,147)	(24,139)	-	-
Gain on disposal of property, plant and equipment		(21,099)	-	-	-
Interest expense		26,781	-	-	-
Interest income		(1,294,937)	(1,407,277)	(398,807)	(461,525)
Dividend income from a subsidiary		-	-	(3,000,000)	(7,500,000)
Property, plant and equipment written off		-	2,912	-	-
Operating profit/(loss) before working capital changes		4,367,346	4,183,200	(699,031)	(551,574)
Changes in working capital:					
Inventories		(29,394)	(25,387)	-	-
Trade and other receivables		(135,494)	90,964	17,467	(38,335)
Trade and other payables		60,273	196,890	(18,895)	51,417
Cash generated from/(used in) operations		4,262,731	4,445,667	(700,459)	(538,492)
Tax paid		(1,081,886)	(1,675,848)	(104,136)	(67,083)
Net cash from/(used in) operating activities		3,180,845	2,769,819	(804,595)	(605,575)

## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

cont'd

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Advances to a subsidiary		-	-	(3,583,870)	(2,902,170)
Placement of deposits pledged with a licensed bank		(312)	(434)	-	-
Interest received		1,346,794	1,451,837	489,818	405,732
Dividend received from a subsidiary		-	-	3,000,000	7,500,000
Purchase of property, plant and equipment	4	(79,319)	(98,643)	-	-
Proceeds from disposal of property, plant and equipment		21,100	-	-	-
Net cash from/(used in) investing activities		1,288,263	1,352,760	(94,052)	5,003,562
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Dividend paid	23	(2,715,000)	(3,620,001)	(2,715,000)	(3,620,001)
Payments of lease liability		(126,076)	-	-	-
Net cash used in financing activities		(2,841,076)	(3,620,001)	(2,715,000)	(3,620,001)
Net increase/(decrease) in cash and cash equivalents		1,628,032	502,578	(3,613,647)	777,986
Cash and cash equivalents at beginning of financial year		39,142,983	38,640,405	11,730,335	10,952,349
Cash and cash equivalents at end of financial year	12	40,771,015	39,142,983	8,116,688	11,730,335

## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020  
cont'd

### RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	<b>Group 2020 RM</b>
At 1 July 2019, as previously reported	-
Effect on adoption of MFRS 16 (Note 30.1 )	462,465
At 1 July 2019, as restated	462,465
Cash flows	(126,076)
Non-cash flows	
- Unwinding of interest	26,781
- Lease concessions	(10,222)
At 30 June 2020	352,948

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

## 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 12 October 2020.

## 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities. The principal activities of the subsidiaries are set out in Note 8 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 30.1 to the financial statements.

The Group and the Company applied MFRS 16 *Leases* and IC Interpretation 23 *Uncertainty over Income Tax Treatments* for the first time during the current financial year, using the cumulative effect method as at 1 July 2019. Consequently, the comparative information were not restated and are not comparable to the financial information of the current financial year.

The Group has also early adopted Amendment to MFRS 16 *Covid-19-Related Rent Concessions* during the financial year and elected to apply the practical expedient to all rent concession relating to leases with similar characteristics and similar circumstances.

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 2020  
cont'd

## 4. PROPERTY, PLANT AND EQUIPMENT

Group 2020	Balance as at 1.7.2019 RM	Additions RM	Disposal RM	Balance as at 30.6.2020 RM
<b>Cost</b>				
Freehold estate land	107,787,217	-	-	107,787,217
Bearer plants	40,323,408	55,269	-	40,378,677
Plant and equipment	2,294,279	24,050	-	2,318,329
Motor vehicles	2,026,845	-	(80,089)	1,946,756
	152,431,749	79,319	(80,089)	152,430,979
	Balance as at 1.7.2019 RM	Depreciation charges for the financial year RM	Disposal RM	Balance as at 30.6.2020 RM
<b>Accumulated depreciation</b>				
Bearer plants	13,938,366	2,324,262	-	16,262,628
Plant and equipment	1,781,279	90,357	-	1,871,636
Motor vehicles	1,304,536	242,317	(80,088)	1,466,765
	17,024,181	2,656,936	(80,088)	19,601,029
Group 2019	Balance as at 1.7.2018 RM	Additions RM	Written off RM	Balance as at 30.6.2019 RM
<b>Cost</b>				
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
<b>Accumulated depreciation</b>				
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

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

cont'd

### 4. PROPERTY, PLANT AND EQUIPMENT *cont'd*

Carrying amount	Group	
	2020 RM	2019 RM
Freehold estate land	107,787,217	107,787,217
Bearer plants	24,116,049	26,385,042
Plant and equipment	446,693	513,000
Motor vehicles	479,991	722,309
	132,829,950	135,407,568

- (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. LEASES

#### The Group as lessee

#### Right-of-use asset

Carrying amount	Balance as at 1.7.2019 RM	Effects of adoption of MFRS 16 (Note 30.1) RM	Depreciation RM	Balance as at 30.6.2020 RM
Premises	-	409,570	(106,844)	302,726

#### Lease liability

Carrying amount	Balance as at 1.7.2019 RM	Effects of adoption of MFRS 16 (Note 30.1) RM	Lease payments RM	Lease concessions RM	Interest expense RM	Balance as at 30.6.2020 RM
Premises	-	462,465	(126,076)	(10,222)	26,781	352,948

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

### 5. LEASES *cont'd*

#### The Group as lessee *cont'd*

Represented by:

	<b>2020</b> <b>RM</b>
Current liability	117,050
Non-current liability	235,898
	352,948
Lease liability owing to non-financial institutions	352,948

- (a) The right-of-use asset is depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use asset or the end of the lease term. The lease terms of right-of-use asset is as follows:

Premises 6 years

- (b) The Group has low value lease of office equipments of RM20,000 and below. The Group applies the "lease of low-value asset" exemptions for this lease.

- (c) The following are the amounts recognised in profit or loss:

	<b>Group</b> <b>2020</b> <b>RM</b>
Depreciation charge of right-of-use asset	106,844
Interest expense on lease liability (included in finance costs)	26,781
Expense relating to leases of low-value assets (included in administration expenses)	5,268
Variable lease payments:	
- arising from COVID-19 related rent concessions	(10,222)
	128,671

- (d) At the end of the financial year, the Group had total cash outflow for leases of RM126,076.
- (e) The Group leases a lease contract that include extension and termination options. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations.
- (f) The following table sets out the carrying amounts, the weighted average incremental borrowing rates and the remaining maturities of the lease liability of the Group that are exposed to interest rate risk:

	<b>Weighted average incremental borrowing rate</b>	<b>Total</b>	<b>Within 1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>Over 5 years</b>
<b>2020</b>	<b>%</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Lease liability						
Fixed rate	6.67	352,948	117,050	235,898	-	-

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

cont'd

### 5. LEASES *cont'd*

#### The Group as lessee *cont'd*

- (g) Sensitivity analysis for lease liability as at the end of the reporting period is not presented as fixed rate instruments are not affected by change in interest rates.
- (h) The table below summarises the maturity profile of the lease liability of the Group at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

Group 30 June 2020	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Lease liability	136,298	249,880	-	386,178

#### The Group as lessor

The Group has entered into non-cancellable lease agreements on certain properties for terms of between one (1) to three (3) years and renewable at the end of the lease period. The monthly rental consists of a fixed base rent.

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

	Group	
	2020 RM	2019 RM
Less than one (1) year	529,544	834,174
One (1) to two (2) years	10,665	507,629
Two (2) to three (3) years	4,620	-
	544,829	1,341,803

### 6. INVESTMENT PROPERTIES

Group 2020	Balance as at 1.7.2019 RM	Fair value adjustment RM	Balance as at 30.6.2020 RM
Leasehold land and buildings	12,200,000	-	12,200,000

Group 2019	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

- (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.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

### 6. INVESTMENT PROPERTIES *cont'd*

- (c) Direct operating expenses (including repairs and maintenance) arising from investment properties generating rental income during the financial year are as follows:

	Group	
	2020	2019
	RM	RM
Direct operating expenses	604,118	513,139

- (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
<b>2020</b>				
Leasehold land and buildings	-	-	12,200,000	12,200,000
<b>2019</b>				
Leasehold land and buildings	-	-	12,200,000	12,200,000

- (i) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 30 June 2020 and 30 June 2019.
- (ii) Leasehold land and buildings at Level 3 fair value measurements are based primarily on latest available market transactions of similar properties within the vicinities as well as reports by professional valuers. In relying on the valuation reports, the Directors have exercised its judgement and is satisfied that the valuation methods and estimates reflect the current market conditions.

#### Fair value information

The valuation techniques and significant unobservable inputs used in determining Level 3 fair value measurement of investment properties as well as the relationship between its significant unobservable inputs and fair value, is detailed in the table below:

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
<p>The cost method considers the summation of the replacement costs of the land and building. The replacement costs of land are estimated based on location, plot size, accessibility and other relevant factors.</p> <p>The replacement cost of building is determined based on current estimates of reconstruction cost less depreciation or replacement cost less depreciation, obsolescence and existing physical condition of the building.</p>	<ul style="list-style-type: none"> <li>• Land value at RM30 per sq. ft. (2019: RM26.50 per sq. ft.).</li> <li>• Site improvement at RM1.50 per sq. ft. (2019: RM1.50 per sq. ft.).</li> <li>• Main floor area cost ranging from RM80 per sq. ft. to RM145 per sq. ft. (2019: RM80 per sq. ft. to RM130 per sq. ft.).</li> <li>• Depreciation rates ranging from 32% to 72% (2019: 30% to 70%).</li> </ul>	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> <li>• Land value per square foot was higher/(lower).</li> <li>• Site improvement per ft run was higher/(lower).</li> <li>• Main floor area cost were higher/(lower).</li> <li>• Depreciation rates were lower/(higher).</li> </ul>

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

cont'd

### 7. OTHER INVESTMENTS

	Group	
	2020	2019
<b>Fair value through other comprehensive income</b>	<b>RM</b>	<b>RM</b>
Quoted shares in Malaysia		
At beginning of financial year	107,610	151,920
Fair value change	(21,100)	(44,310)
At end of financial year	86,510	107,610

- (a) 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 ("FVOCI"). The Group considers this classification to be appropriate and relevant.
- (b) At the end of the year, if the market price had been five percent (5%) higher or lower, higher or lower fair value gains on financial assets will be recognised directly in other comprehensive income and the fair value of equity instruments classified as 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	
	2020	2019
	RM	RM
<b>Fair value reserve</b>		
- increase by 5% (2019: 5%)	4,326	5,381
- decrease by 5% (2019: 5%)	(4,326)	(5,381)

- (c) 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.

### 8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020	2019
	RM	RM
<b>At cost</b>		
Unquoted shares- at cost	168,000,006	168,000,006
Equity loans	8,360,000	4,780,000
	176,360,006	172,780,006

The Directors of the Company have reassessed the nature of the amounts owing by subsidiaries and determined that the outstanding balance amounting to RM8,360,000 (2019: RM4,780,000) 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 2020  
cont'd

### 8. 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.

Impairment for equity loans to subsidiaries are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model as disclosed in Note 11(f) to the financial statements.

No expected credit loss is recognised arising from equity loans to subsidiaries of the Company as it is negligible.

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

Name of company	Country of incorporation	Interest in equity held by				Principal activities
		Company		Subsidiary		
		2020	2019	2020	2019	
		%	%	%	%	
*Matang Holdings Berhad ("MHB")	Malaysia	100	100	-	-	Engaged in investment holding, management of plantation estate and sales of fresh fruit bunch.
<b>Subsidiary of Matang Holdings Berhad</b>						
*Matang Realty Sdn Bhd	Malaysia	-	-	100	100	Engaged in property investment holding.

\* Both audited by BDO PLT, Malaysia.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

cont'd

### 9. INVENTORIES

	Note	Group	
		2020 RM	2019 RM
<b>Non-current</b>			
Land held for property development	(a)	1,057,730	1,057,730
<b>Current</b>			
<b>At cost</b>			
Estate consumables		97,453	100,622
Nursery		32,563	-
		130,016	100,622

- (a) Land held for property development is stated at cost less impairment losses, if any. 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.
- (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 RM722,319 (2019: RM1,212,227).

### 10. BIOLOGICAL ASSETS

	Group	
	2020 RM	2019 RM
<b>At fair value</b>		
Balance as at 1 July 2019/2018	364,660	340,521
Fair value gain	30,147	24,139
Balance as at 30 June 2020/2019	394,807	364,660

- (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 2020  
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
<b>2020</b>				
Biological assets	-	-	394,807	394,807
<b>2019</b>				
Biological assets	-	-	364,660	364,660

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 30 June 2020 and 30 June 2019.

### 11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>Trade receivables</b>				
Third parties	500,571	314,679	-	-
<b>Other receivables and deposits</b>				
Amount owing by a subsidiary	-	-	9,760	5,890
Other receivables	267,763	302,579	87,718	178,729
Deposits	114,190	165,016	8,000	8,000
	381,953	467,595	105,478	192,619
<b>Total receivables, net of prepayment</b>	882,524	782,274	105,478	192,619
Prepayments	46,873	73,708	20,868	38,335
	929,397	855,982	126,346	230,954

- (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 (2019: 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").

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

cont'd

### 11. TRADE AND OTHER RECEIVABLES *cont'd*

- (e) Impairment for trade receivables are recognised based on the simplified approach within MFRS 9 using forward looking expected credit loss model. During the process, the probability of non-payment by the trade receivables is adjusted by forward looking information (gross domestic product (GDP)) and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. No expected credit loss is recognised from trade receivables as it is negligible.
- (f) Impairment for other receivables are recognised based on the general approach within MFRS 9 using 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. 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 the end of the reporting period which are grouped together as they are expected to have similar risk nature.

Group	Gross carrying amount RM	Loss allowance RM	Net balance RM
<b>2020</b>			
Current	500,571	-	500,571
<b>2019</b>			
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.

### 12. CASH, BANK BALANCES AND SHORT TERM FUNDS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash and bank balances	1,315,019	1,181,871	125,206	108,127
Deposits with licensed banks	22,514,685	21,532,182	4,839,629	8,565,540
Short term funds	16,976,754	16,464,061	3,151,853	3,056,668
	40,806,458	39,178,114	8,116,688	11,730,335

- (a) Deposits with licensed banks of the Group and the Company have a range of maturity period of 1 month to 1 year (2019: 1 month to 1 year); with weighted average effective interest rate of 2.82% (2019: 3.85%) and 3.32% (2019: 4.20%) per annum respectively.

## NOTES TO THE FINANCIAL STATEMENTS

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

- (b) All cash, bank balances and short term funds are denominated in Ringgit Malaysia ('RM').
- (c) Sensitivity analysis of interest rate at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>Profit after tax</b>				
- if interest rate increases by 1% (2019: 1%)	340,879	328,285	68,300	95,665
- if interest rate decreases by 1% (2019: 1%)	(340,879)	(328,285)	(68,300)	(95,665)

- (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	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash, bank balances and short term funds	40,806,458	39,178,114	8,116,688	11,730,335
Deposits pledged with a licensed bank	(35,443)	(35,131)	-	-
	40,771,015	39,142,983	8,116,688	11,730,335

## NOTES TO THE FINANCIAL STATEMENTS

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### 13. SHARE CAPITAL

	Group and Company			
	2020		2019	
	Number of shares	RM	Number of shares	RM
<b>Issued and fully paid:</b>				
At beginning of financial year	1,810,000,256	183,870,827	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	183,870,827

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. In the previous financial year, balance within the share premium account of RM2,870,801 was transferred to the share capital account pursuant to the transitional provisions set out in Section 618(2) of the Companies Act 2016. There was 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	
	2020	2019	2020	2019
	RM	RM	RM	RM
Non-distributable:				
Fair value reserve	(38,065)	(16,965)	-	-
Merger reserve	(108,000,004)	(108,000,004)	-	-
	(108,038,069)	(108,016,969)	-	-
Distributable:				
Retained earnings	109,574,993	110,729,361	572,219	689,687
	1,536,924	2,712,392	572,219	689,687

#### (a) 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.

## NOTES TO THE FINANCIAL STATEMENTS

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### 14. RESERVES *cont'd*

#### (b) 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 ("MHB")	(60,000,002)
Merger reserve	108,000,004

### 15. DEFERRED TAX LIABILITIES

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

	Group	
	2020	2019
	RM	RM
Balance as at 1 July	1,532,323	1,516,108
Recognised in profit or loss (Note 19)		
- current year	28,697	30,356
- prior years	(18,823)	(14,141)
	9,874	16,215
Balance as at 30 June	1,542,197	1,532,323

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

	Group	
	Property, plant and equipment	Total
	RM	RM
<b>Deferred tax liabilities</b>		
<b>At 1 July 2018</b>	1,516,108	1,516,108
Recognised in profit or loss	16,215	16,215
<b>At 30 June 2019</b>	1,532,323	1,532,323
Recognised in profit or loss	9,874	9,874
<b>At 30 June 2020</b>	1,542,197	1,542,197

## NOTES TO THE FINANCIAL STATEMENTS

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### 16. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>Trade payables</b>				
Third parties	254,136	229,259	-	-
<b>Other payables</b>				
Other payables and accruals	706,202	740,439	152,244	171,139
Deposits received	276,037	206,404	-	-
	982,239	946,843	152,244	171,139
	1,236,375	1,176,102	152,244	171,139

- (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 (2019: 30 to 90 days).
- (b) All trade and other payables are denominated in Ringgit Malaysia ('RM').
- (c) Maturity profile of the trade and other payables of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is repayable on demand or within one year.

### 17. REVENUE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>Revenue from contracts with customers</b>				
Sale of palm products	9,614,257	9,749,318	-	-
<b>Other revenue:</b>				
Dividend income	-	-	3,000,000	7,500,000
	9,614,257	9,749,318	3,000,000	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.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

### 18. PROFIT BEFORE TAX

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

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Profit before tax is arrived at after charging:					
Auditors' remuneration		62,000	60,000	27,000	26,000
Rental of premises		-	86,226	-	-
Rental of photocopiers		5,268	4,008	-	-
And crediting:					
Gain on disposal of property, plant and equipment		21,099	-	-	-
Interest income	(a)	1,294,937	1,407,277	398,807	461,525
Rental income	(b)	765,584	834,574	-	-

#### (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	
	2020 RM	2019 RM	2020 RM	2019 RM
Fees	92,808	82,500	92,808	82,500
Other emoluments	216,777	96,000	111,788	36,000
	309,585	178,500	204,596	118,500

## NOTES TO THE FINANCIAL STATEMENTS

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### 19. TAX EXPENSE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Income tax				
- current year	1,264,765	1,239,600	66,800	59,600
- under provision in prior years	34,802	14,562	35,444	2,375
	1,299,567	1,254,162	102,244	61,975
Deferred tax (Note 15)				
- current year	28,697	30,356	-	-
- over provision in prior years	(18,823)	(14,141)	-	-
	9,874	16,215	-	-
	1,309,441	1,270,377	102,244	61,975

- (a) The Malaysian income tax is calculated at the statutory tax rate of twenty-four percent (24%) (2019: 24%) of the estimated taxable profits for the fiscal years.
- (b) The numerical reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rate of the Group and of the Company is as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit before tax	2,922,968	3,102,190	2,699,776	7,409,951
Tax expense at applicable tax of 24% (2019: 24%)	701,513	744,526	647,946	1,778,388
Non-allowable expenses	751,837	653,680	161,698	94,812
Allowable expenses capitalised in bearer plants	(13,265)	(16,875)	-	-
Non-taxable income	(146,623)	(111,375)	(742,844)	(1,813,600)
	1,293,462	1,269,956	66,800	59,600
Under/(Over) provision in prior years				
- income tax	34,802	14,562	35,444	2,375
- deferred tax	(18,823)	(14,141)	-	-
	1,309,441	1,270,377	102,244	61,975

- (c) Uncertainty over income tax treatments

There is no material effect on the financial performance or position of the Group and Company on the first-time adoption of the IC Interpretation 23 *Uncertainty over Income Tax Treatments*.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
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### 20. COMMITMENTS

#### 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	
	2020	2019
	RM	RM
Not later than one (1) year	5,268	118,850
Later than one (1) year and not later than five (5) years	8,151	13,419
	13,419	132,269

### 21. EMPLOYEE BENEFITS

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

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Salaries, allowances and overtime	1,509,753	1,365,907	50,000	-
Contributions to defined contribution plan	179,677	202,557	5,250	-
Other employee benefits	127,630	104,520	538	-
	1,817,060	1,672,984	55,788	-

### 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	
	2020	2019
Profit attributable to owners of the parent (RM)	1,613,527	1,831,813
Weighted average number of ordinary shares in issue (unit)	1,810,000,256	1,810,000,256
Basic EPS (sen)	0.09	0.10

- (b) Diluted EPS of the Group for the financial years ended 30 June 2020 and 30 June 2019 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

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### 23. DIVIDENDS

	Group and Company 2020		Group and Company 2019	
	Gross dividend per share sen	Amount of dividend net of tax RM	Gross dividend per share sen	Amount of dividend net of tax RM
In respect of financial year ended 30 June 2018				
- Final cash dividend	-	-	0.20	3,620,001
In respect of financial year ended 30 June 2019				
- Final cash dividend	0.15	2,715,000	-	-
	0.15	2,715,000	0.20	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 0.20 sen per share, amounting to RM3,620,001 in respect of financial year ended 30 June 2018 was paid on 8 January 2019.

As approved by shareholders at an Annual General Meeting held on 26 November 2019, a first and final single tier dividend of 0.15 sen per share, amounting to RM2,715,000 in respect of financial year ended 30 June 2019 was paid on 8 January 2020.

### 24. CONTINGENT LIABILITIES

	Group	
	2020 RM	2019 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 2020 and 2019. 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.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

### 26. RELATED PARTY DISCLOSURES

#### (a) Identities of related parties

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

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

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

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

#### (b) Significant related party transactions and balances

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

	Group	
	2020 RM	2019 RM
Related party:		
Rental of office charged by Huaren	126,076	120,716

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	
	2020 RM	2019 RM	2020 RM	2019 RM
Fees	92,808	82,500	92,808	82,500
Other emoluments	216,777	96,000	111,788	36,000
Total key management compensation	309,585	178,500	204,596	118,500

## NOTES TO THE FINANCIAL STATEMENTS

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### 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 2019.

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 2020 and 30 June 2019.

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

#### (b) Financial risk management

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

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

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

##### (i) Credit risk

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

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

The credit risk profile analysis 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.

In order to mitigate the potential risk exposure due to COVID-19 pandemic, the Group has taken and will continue to take necessary steps to safeguard and preserve its financial condition, emphasising on liquidity management to meet its continuing financial commitments and liquidity needs of business operations.

The analysis of financial instruments by remaining contractual maturities has been disclosed in Notes 5 and 16 to the financial statements respectively.

## NOTES TO THE FINANCIAL STATEMENTS

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

#### (b) Financial risk management *cont'd*

##### (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 and lease liability. 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 5 and 12 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 7 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 RM760,690 (2019: RM768,662).

### 28. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The World Health Organisation declared the 2019 Novel Coronavirus infection ("COVID-19") a pandemic on 11 March 2020. This was followed by the Government of Malaysia issuing a Federal Government Gazette on 18 March 2020, imposing a Movement Control Order ("MCO") effective from 18 March 2020 to 31 March 2020 arising from the COVID-19 pandemic. The MCO was subsequently extended until 12 May 2020, followed by Conditional MCO until 9 June 2020 and then, Recovery MCO until 31 December 2020.

Based on the assessment and information available at the date of authorisation of the financial statements, the Group has sufficient cash flows and undrawn facilities to meet its liquidity needs in the next 12 months after the end of the reporting period. The Group does not anticipate significant supply disruptions and would continue to monitor its fund and operational needs.

### 29. SUBSEQUENT EVENT AFTER THE END OF THE REPORTING PERIOD

On 27 August 2020, 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 2020.

## NOTES TO THE FINANCIAL STATEMENTS

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### 30. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

#### 30.1 New MFRSs adopted during the financial year

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

Title	Effective Date
MFRS 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
Amendment to MFRS 16 <i>Covid-19-Related Rent Concessions</i>	1 June 2020 (early adopted)

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 16 as described in the following section.

#### MFRS 16 *Leases*

MFRS 16 supersedes MFRS 117 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the financial statements.

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors would continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 does not have a material impact for leases for which the Group is the lessor.

The Group applied MFRS 16 using the modified retrospective approach, for which the cumulative effect of initial application is recognised in retained earnings as at 1 July 2019. Accordingly, the comparative information presented is not restated.

On adoption of MFRS 16, the Group recognised lease liability in relation to leases which had previously been classified as “operating leases” under the principles of MFRS 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of the Group as of 1 July 2019. The incremental borrowing rates of the Group applied to the lease liability on 1 July 2019 was at 6.67%.

In order to compute the transition impact of MFRS 16, a significant data extraction exercise was undertaken by management to summarise all property and equipment lease data such that the respective inputs could be uploaded into management’s model. The incremental borrowing rate method has been adopted where the implicit rate of interest in a lease is not readily determinable.

## NOTES TO THE FINANCIAL STATEMENTS

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

#### 30.1 New MFRSs adopted during the financial year *cont'd*

##### MFRS 16 Leases *cont'd*

For leases previously classified as finance leases, the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability respectively at the date of initial application. The measurement principles of MFRS 16 are only applied after that date.

In applying MFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- (a) Applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- (b) Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review - there were no onerous contracts as at 1 July 2019;
- (c) Accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 and do not contain a purchase option as short-term leases;
- (d) Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- (e) Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

On transition to MFRS 16, the Group recognised right-of-use asset and lease liability, recognising the difference in retained earnings. The impact on transition is summarised below:

Group	Note	As at 30 June 2019 RM	Impact RM	As at 1 July 2019 RM
Right-of-use asset	(a)	-	409,570	409,570
Lease liability	(b)	-	(462,465)	(462,465)
Retained earnings		110,729,361	(52,895)	110,676,466

(a) The associated right-of-use asset for property leases was measured on a retrospective basis as if the new rules had always been applied.

(b) Lease liability is measured as follows:

	Group RM
Operating lease commitments at 30 June 2019 as disclosed under MFRS 117	132,269
Weighted average incremental borrowing rate as at 1 July 2019	6.67%
Discounted operating lease commitments as at 1 July 2019	127,394
Recognition exemption for leases of low value assets	(16,596)
Contracts reassessed as lease contracts	351,667
<b>Lease liability recognised at 1 July 2019</b>	<b>462,465</b>

## NOTES TO THE FINANCIAL STATEMENTS

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

#### 30.1 New MFRSs adopted during the financial year *cont'd*

##### **Amendment to MFRS 16 Covid-19-Related Rent Concessions**

MFRS 16 has been amended to:

- (a) Provide lessees with an exemption from the requirement to determine whether a COVID-19-related rent concession is a lease modification; and
- (b) Require lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications

The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- (i) Changes in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (ii) Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (iii) There is no substantive change to other terms and conditions of the lease.

The Group has early adopted Amendment to MFRS 16 and elected to apply the practical expedient to all rent concession relating to leases with similar characteristics and in similar circumstances. Consequently, the Group does not recognise changes in these lease payments as lease modifications and instead, recognise these as variable lease payments in profit or loss. The effects of early adoption are disclosed in Note 5(c) to the financial statements.

#### 30.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2020

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
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>Amendments to MFRS 3 Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108 Definition of Material</i>	1 January 2020
<i>Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform</i>	1 January 2020
<i>Amendments to MFRS 4 Insurance Contract - Extension of the Temporary Exemption from Applying MFRS 9</i>	17 August 2020
<i>Annual Improvements to MFRS Standards 2018 - 2020</i>	1 January 2022
<i>Amendments to MFRS 3 Reference to the Conceptual Framework</i>	1 January 2022
<i>Amendments to MFRS 116 Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
<i>Amendments to MFRS 137 Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
<i>Amendments to MFRS 101 Classification of Liabilities as Current or Non-current</i>	1 January 2023
<i>MFRS 17 Insurance Contracts</i>	1 January 2023
<i>Amendments to MFRS 17 Insurance Contracts</i>	1 January 2023
<i>Amendments to MFRS 10 and MFRS 128 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.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020  
cont'd

## 31. FINANCIAL REPORTING UPDATES

### 31.1 IFRIC Agenda Decision - An assessment of the lease term (IFRS 16)

The IFRS Interpretations Committee ('IFRIC') issued a final agenda decision on 26 November 2019 regarding 'Lease term and useful life of leasehold improvements (IFRS 16 and IAS 16)'.

The submission to the IFRIC raised a question pertaining the determination of the lease term of a cancellable lease or a renewable lease based on the requirements of IFRS 16.B34.

Based on the final agenda decision, the IFRIC concluded that the determination of the enforceable period of a lease and the lease term itself shall include broad economic circumstances beyond purely commercial terms.

The Group has implemented the requirements of this final agenda decision during the financial year ended 30 June 2020.

## ANALYSIS OF SHAREHOLDINGS

AS AT 28 SEPTEMBER 2020

### SHARE CAPITAL

Total Number of Issued Shares	:	1,810,000,256
Issue 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	:	13,969

### DISTRIBUTION OF SHAREHOLDINGS AT 28 SEPTEMBER 2020

(as per the Record of Depositors)

Size of holdings	No. of holders	% of holders	No. of shares held	% of issued shares
Less than 100	7	0.05	226	*
100 to 1,000	138	0.99	78,049	*
1,001 to 10,000	579	4.14	4,362,867	0.24
10,001 to 100,000	9,821	70.31	419,616,004	23.18
100,001 to less than 5% of issued shares	3,422	24.50	1,000,080,682	55.25
5% and above of issued shares	2	0.01	385,862,428	21.32
<b>Total</b>	<b>13,969</b>	<b>100.00</b>	<b>1,810,000,256</b>	<b>100.00</b>

**Notes:**

\* Less than 0.01%

### SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS AS AT 28 SEPTEMBER 2020

(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 <sup>^</sup>	12.58

**Notes:**

<sup>^</sup> 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 28 SEPTEMBER 2020  
cont'd

### SHAREHOLDINGS OF DIRECTORS AS AT 28 SEPTEMBER 2020

Name of Directors	Direct interest		Indirect interest	
	No. of shares held	% of issued shares	No. of shares held	% of issued shares
Dato' Foong Chee Meng	-	-	-	-
Datuk Ir Low Ah Keong	-	-	-	-
Dato' Ng Keng Heng	9,000	*	-	-
Yeo Kwee Kwang	-	-	-	-
Tew Boon Chin	-	-	-	-
Datuk Kiat Swee Sung	-	-	-	-
Datuk Teoh Sew Hock	2,828,000	0.16	-	-
Lau Liang Fook	-	-	20,055,000 <sup>#</sup>	1.10
Lim Chin Hock	10,000	*	-	-

**Notes:**

\* Less than 0.01%

<sup>#</sup> Deemed interest by virtue of his shareholdings in Lau Chek Min Sdn Bhd pursuant to Section 8 of the Companies Act 2016, and his siblings' (Lau Ai Choo and Lau Ai Fong) shareholdings in the Company.

### LIST OF TOP 30 LARGEST SECURITIES ACCOUNT HOLDERS

(as per the Record of Depositors as at 28 September 2020)

	Name	No. of shares	% of Shares
1	Huaren Holdings Sdn Bhd	207,858,000	11.48
2	Malaysian Trustees Berhad <i>Matang Berhad</i>	178,004,428	9.83
3	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB For Kuan Peng Ching @ Kuan Peng Soon (PB)</i>	41,607,000	2.30
4	Maybank Nominees (Asing) Sdn Bhd <i>Nomura Singapore Limited For Improve Performance Investments Limited (418541)</i>	25,000,000	1.38
5	Lau Chek Min Sdn Bhd	19,985,000	1.10
6	Rohua Sdn Bhd	19,768,000	1.09
7	HLIB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Yap Qwee Beng</i>	16,890,000	0.93
8	CGS-CIMB Nominees (Asing) Sdn Bhd <i>Exempt An for CGS-CIMB Securities (Singapore) Pte. Ltd. (Retail Clients)</i>	11,785,300	0.65
9	RHB Nominees (Asing) Sdn Bhd <i>Exempt An For RHB Securities Singapore Pte. Ltd. (A/C Clients)</i>	9,832,900	0.54
10	Kuan Peng Ching @ Kuan Peng Soon	9,500,000	0.53
11	Lim Jyh Torng	9,100,000	0.50
12	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB For Unique Bay Sdn Bhd (PB)</i>	9,000,000	0.50
13	MERCSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Siow Wong Yen @ Siow Kwang Hwa</i>	9,000,000	0.50

## ANALYSIS OF SHAREHOLDINGS

AS AT 28 SEPTEMBER 2020

cont'd

### LIST OF TOP 30 LARGEST SECURITIES ACCOUNT HOLDERS *cont'd* (as per the Record of Depositors as at 28 September 2020)

	Name	No. of shares	% of Shares
14	Kwang Yeow Heng Realty Development (Malaysia) Sdn Bhd	6,006,000	0.33
15	Kuan Khian Leng	5,815,000	0.32
16	Tee Ah Leck	5,790,000	0.32
17	Chua Chin Hwee	5,364,100	0.30
18	Lim Kew Lin Realty Sdn Bhd	5,040,000	0.28
19	Yeo Ann Seck	5,000,000	0.28
20	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lim Sing Hua</i>	4,410,000	0.24
21	Golden Development Sdn Bhd	4,000,000	0.22
22	Low Sin Kim	4,000,000	0.22
23	Kong Tiam Ming	3,450,000	0.19
24	Maybank Nominees (Asing) Sdn Bhd <i>Nomura Singapore Limited for Grand Continental Worldwide Limited (417921)</i>	3,398,400	0.19
25	Toh Boon Heng	3,168,000	0.18
26	Chang Yek Maw	3,134,400	0.17
27	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB For Modern Discovery Sdn Bhd (PB)</i>	3,000,000	0.17
28	Tay Chye Hock	3,000,000	0.17
29	Tiong Ah Tee	3,000,000	0.17
30	Yeoh Boon Koeng	2,900,000	0.16
	<b>Total</b>	<b>637,806,528</b>	<b>35.24</b>

## PROPERTIES HELD BY THE GROUP

AS AT 30 JUNE 2020

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	RM131,903,266  (out of which RM24,116,049 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 2020

cont'd

<b>Properties/ location</b>	<b>Registered Proprietor</b>	<b>Description/ Existing Use</b>	<b>Tenure</b>	<b>Land Area</b>	<b>Year of Acquisition/ (Revaluation)</b>	<b>Net Book Value</b>
Lot PTD 10109 H.S.(D) 4636 Mukim Tangkak Daerah Ledang, State of Johor	Matang Realty Sdn Bhd	Vacant land	Freehold	0.50 hectares	Acquired: 2001	RM1,057,730
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: 2020	RM12,200,000

## NOTICE OF 6TH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Sixth Annual General Meeting (“AGM”) of the Company will be conducted virtually through live streaming from the broadcast venue at Tricor Business Centre, Gemilang Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia (“Broadcast Venue”) using the Remote Participation and Voting facilities (“RPV”) provided by Tricor Investor & Issuing House Services Sdn Bhd (“Tricor” or “TIIH”) via TIIH Online website at <https://tiih.online> on Wednesday, 25 November 2020 at 10.00 a.m. for the following purposes:

### AGENDA

#### As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 30 June 2020 and the Reports of the Directors and the Auditors thereon.  
*(Please refer to Note No. 3)*
2. To approve the payment of Directors’ Fees of RM92,808 in respect of the financial year ended 30 June 2020. **Resolution 1**
3. To approve the payment of Directors’ benefits (excluding Directors’ fees) of up to RM56,000 for the financial period from 1 January 2021 to 31 December 2021.  
*(Please refer to Note No. 4)* **Resolution 2**
4. To re-elect the following Directors retiring in accordance with Clause 125 of the Constitution of the Company:-
  - 4.1 Mr Lau Liang Fook **Resolution 3**
  - 4.2 Dato’ Foong Chee Meng **Resolution 4***(Please refer to Note No. 5)*
5. To re-appoint BDO PLT as the Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

#### As Special Business

6. 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 2020.  
*(Please refer to Note No. 6(i))* **Resolution 6**
7. 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 20% of the total number of issued shares of the Company for the time being **AND THAT** such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.”  
*(Please refer to Note No. 6(ii))* **Resolution 7**

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

# NOTICE OF 6TH ANNUAL GENERAL MEETING

cont'd

## NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

**NOTICE IS HEREBY GIVEN THAT** subject to the approval of shareholders at the Sixth 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 2020 will be paid to shareholders on 8 January 2021. The entitlement date for the said dividend shall be on 18 December 2020.

- a. Shares transferred to the depositor's securities account before 4.30 p.m. on 18 December 2020 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.

By Order of the Board

**LIM HOOI MOOI (SSM PC No. 201908000134)** (MAICSA 0799764)

**LAU YEN HOON (SSM PC No. 202008002143)** (MAICSA 7061368)

Joint Company Secretaries

Kuala Lumpur

Dated: 27 October 2020

### NOTES:

1. *The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Member(s), proxy(ies), attorney(s) or authorised representative(s) **WILL NOT BE ALLOWED** to attend the Sixth AGM in person at the Broadcast Venue on the day of the AGM. Members are to attend, participate (including posing questions via real time submission of typed texts) and vote remotely at the AGM via the RPV provided by Tricor. A member who has appointed a proxy or attorney or authorised representative to participate in this AGM via the RPV must request his/ her proxy or attorney or authorised representative to register himself/herself for RPV via Tricor's **TIIH Online** website at <https://tiih.online>. Please refer to the procedures set out in the Administrative Guide for the AGM to register, participate and vote remotely via the RPV.*

### 2. Appointment of Proxy

- *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 2020** 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.*
- *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 appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company at least forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof:*

*In hard copy form*

*In the case of an appointment made in hard copy form, the proxy form must be deposited at the Share Registrar's office at Tricor Investor & Issuing House Services Sdn Bhd 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 Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.*

*By electronic means*

*The proxy form can be electronically lodged with the Share Registrar of the Company via **TIIH Online** at <https://tiih.online>. Please refer to the Administrative Guide for the AGM on the procedures for electronic lodgement of Proxy Form via TIIH Online.*

# NOTICE OF 6TH ANNUAL GENERAL MEETING

cont'd

- Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Company's Share Registrar's office at the above address not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the persons named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/ or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
- For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL/DULY CERTIFIED** certificate of appointment of authorised representative with the Share Registrar of the Company at the above address. The certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member. If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by at least two (2) authorised officers, of whom one shall be a director; or any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

### 3. 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.

### 4. 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 2021. 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 2021 to 31 December 2021 (the due date for which the next Annual General Meeting should be held).

### 5. Retirement of Director

Datuk Kiat Swee Sung, a Non-Independent Non-Executive Director who is retiring by rotation in accordance with Clause 125 of the Constitution of the Company, has expressed his intention not to seek re-election as a Director of the Company. Hence, he shall hold office until the conclusion of this AGM.

### 6. Explanatory Notes on Special Businesses

#### (i) Resolution No. 6 - First and Final Single-Tier Dividend in respect of the Financial Year Ended 30 June 2020

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 2020 for shareholders' approval.

#### (ii) Resolution No. 7 - 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 general mandate to provide flexibility to the Company to issue new securities up to a maximum of 20% of the total number of issued shares of the Company for the time being as allowed by Bursa Malaysia Securities Berhad via its letter dated 16 April 2020. The Board of Directors is of the view that the proposed Resolution No. 7 is in the best interest of the Company and the shareholders as the general mandate will provide the flexibility to raise funds expeditiously and efficiently 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 if any, 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 the general mandate granted at the previous Annual General Meeting of the Company.

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

**MATANG BERHAD**201501017043 (1142377-X)  
(Incorporated in Malaysia)**PROXY FORM**

<b>CDS Account No.</b>	
<b>No. of shares held</b>	

I/We, ..... NRIC/Passport/Company No. ....  
(FULL NAME IN BLOCK LETTERS) (COMPULSORY)of .....  
(ADDRESS OF SHAREHOLDER)being a member of **MATANG BERHAD**, do hereby appoint .....  
(FULL NAME OF PROXY 1 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)

of .....

or failing him/her \*the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Sixth Annual General Meeting of the Company to be conducted virtually through live streaming from the broadcast venue at Tricor Business Centre, Gemilang Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia ("Broadcast Venue") using the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn Bhd via TIH Online website at <https://tiah.online> on Wednesday, 25 November 2020 at 10.00 a.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below:

Resolutions	Descriptions	FOR	AGAINST
	<b>Ordinary Business</b>		
No. 1	Approval of Directors' Fees of RM92,808 in respect of the financial year ended 30 June 2020		
No. 2	Approval of Directors' benefits (excluding Directors' fees) of up to RM56,000 for the financial period from 1 January 2021 to 31 December 2021		
No. 3	Re-election of Mr Lau Liang Fook as Director		
No. 4	Re-election of Dato' Foong Chee Meng as Director		
No. 5	Re-appointment of BDO PLT as Auditors and authorisation for Directors to fix their remuneration		
	<b>Special Business</b>		
No. 6	Approval of first and final single-tier dividend of 0.15 sen per ordinary share for the financial year ended 30 June 2020		
No. 7	Authority to allot and issue shares pursuant to Section 75 and 76 of the Companies Act 2016		

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

Signed this ..... day of ..... 2020

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(s) .....

**Notes:**

1. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Member(s), proxy(ies), attorney(s) or authorised representative(s) **WILL NOT BE ALLOWED** to attend the Sixth AGM in person at the Broadcast Venue on the day of the meeting. Members are to attend, participate (including posing questions via real time submission of typed texts) and vote remotely at the AGM via the RPV provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor"). A member who has appointed a proxy or attorney or authorised representative to participate in this AGM via the RPV must request his/ her proxy or attorney or authorised representative to register himself/herself for RPV via Tricor's **TIIH Online** website at <https://tiih.online>. Please refer to the procedures set out in the Administrative Guide for the AGM to register, participate and vote remotely via the RPV.
2. 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 2020** 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.
3. 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.
4. 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.
5. 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.
6. 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.
7. 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.
8. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company at least forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof:

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AFFIX  
STAMP

The Registrar

**Matang Berhad** 201501017043 (1142377-X)  
**c/o Tricor Investor & Issuing House Services Sdn Bhd**  
197101000970 (11324-H)

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

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In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited at the Share Registrar's office at Tricor Investor & Issuing House Services Sdn Bhd 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 Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

By electronic means

The proxy form can be electronically lodged with the Share Registrar of the Company via **TIIH Online** at <https://tiih.online>. Please refer to the Administrative Guide for the AGM on the procedures for electronic lodgement of Proxy Form via TIIH Online.

9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Company's Share Registrar's office at the above address not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the persons named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/ or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
10. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL/DULY CERTIFIED** certificate of appointment of authorised representative with the Share Registrar of the Company at the above address. The certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member. If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by at least two (2) authorised officers, of whom one shall be a director; or any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

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