



MATANG BERHAD

(Registration No. 201501017043 (1142377-X))



**EXPANSION AND
DIVERSIFICATION**

ANNUAL REPORT 2021

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CORPORATE SECTION

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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 TEOH SEW HOCK
Non-Independent Non-Executive Director

LIM CHIN HOCK
Non-Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE:

Chairman
Yeo Kwee Kwang

Member
Dato' Foong Chee Meng

Member
Datuk Teoh Sew Hock

NOMINATION COMMITTEE:

Chairman
Dato' Foong Chee Meng

Member
Yeo Kwee Kwang

Member
Tew Boon Chin

REMUNERATION COMMITTEE:

Chairman
Dato' Ng Keng Heng

Member
Yeo Kwee Kwang

Member
Tew Boon Chin

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/
603-2616 3191

STOCK EXCHANGE LISTING:

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

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

GROUP CORPORATE STRUCTURE



100% MATANG HOLDINGS BERHAD

100% MATANG REALTY SDN BHD

GROUP FINANCIAL HIGHLIGHTS

	2021	2020	2019	2018	2017
	RM'000	RM'000	RM'000	RM'000	RM'000
Fresh fruit bunches ("FFB") production (tonnes)	18,814	20,677	24,029	22,974	15,983
FFB yield per hectare (tonnes/hectare)	19.19	20.13	23.39	22.01	14.65
FFB price realised (RM)	728	465	406	550	638
Revenue	13,695	9,614	9,749	12,641	10,204
Gross profit	11,237	7,443	6,901	9,774	7,015
Profit before taxation	6,261	2,923	3,102	5,879	2,582
Profit after taxation	4,105	1,614	1,832	4,090	1,257
Profit attributable to owners of the parent	4,105	1,614	1,832	4,090	1,257
Earnings per share attributable to owners of the parent (Sen)	0.22 ⁽¹⁾	0.09	0.10	0.23	0.07
Dividend per share (Sen)	0.20 ⁽²⁾	0.15	0.15	0.20	-
Shareholders' equity	226,975	185,408	186,583	188,416	184,638
Cash, bank balance and short term funds	83,020 ⁽³⁾	40,806	39,178	38,675	32,854

Notes:

⁽¹⁾ Calculated based on weighted average number of ordinary shares of the Matang ("Matang Shares" or "Shares") of 1,844,712,585 in issue further to the private placement exercises undertaken during the financial year under review.

⁽²⁾ First and final dividend of 0.20 sen per ordinary share of Matang Berhad in respect of financial year ended 30 June 2021 is subject to the approval of the shareholders of Matang in the upcoming Annual General Meeting.

⁽³⁾ Inclusive of total proceeds of RM40.11 million from the private placement exercises undertaken by Matang Berhad in the financial year under review.

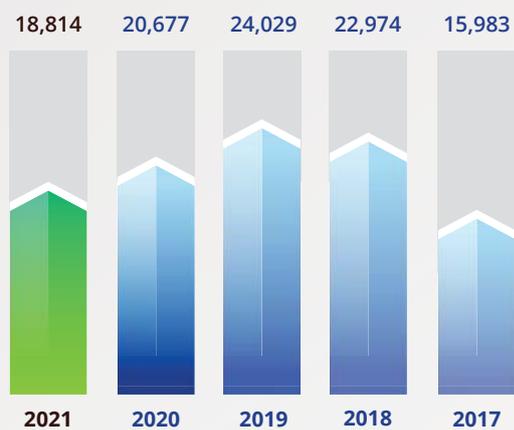


GROUP FINANCIAL HIGHLIGHTS

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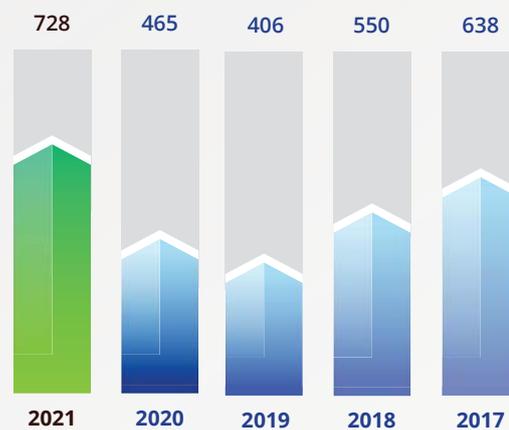
FFB PRODUCTION

(tonnes)



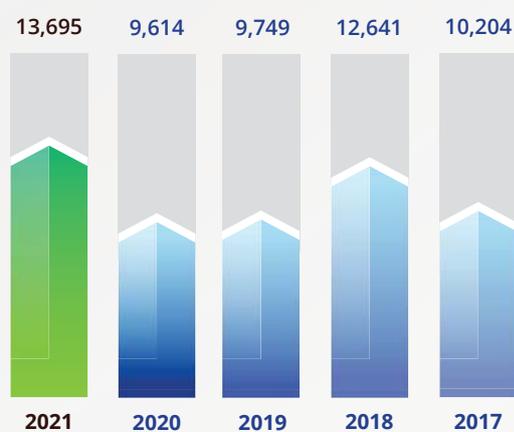
FFB PRICE REALISED

(RM)



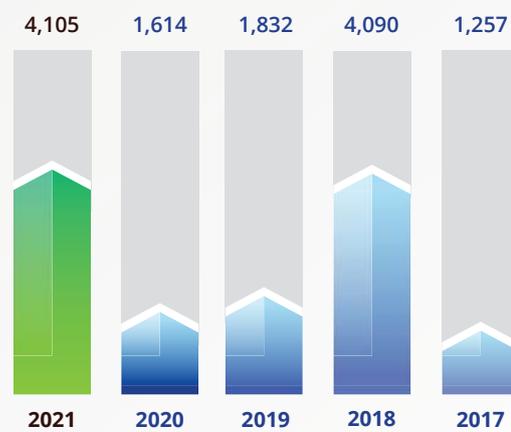
REVENUE

(RM'000)



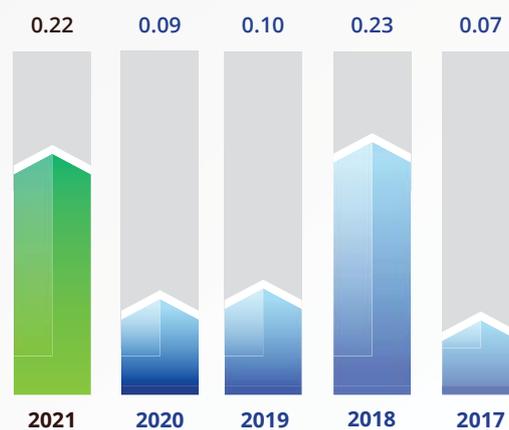
PROFIT AFTER TAXATION

(RM'000)



EARNING PER SHARE

(sen)



DIRECTOR'S PROFILE



DATO' FOONG CHEE MENG
Independent Non-Executive Chairman

Dato' Foong Chee Meng ("Dato' Foong"), male, aged 55, 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
Executive Director

Datuk Ir. Low Ah Keong ("Datuk Ir. Lawrence Low"), male, aged 49, 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
Executive Director

Dato' Ng Keng Heng ("Dato' Ng"), male, aged 53, 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



MR YEO KWEE KWANG

Independent Non-Executive Director

Mr Yeo Kwee Kwang ("Mr Yeo"), male, aged 53, 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.



MR TEW BOON CHIN

Independent Non-Executive Director

Mr Tew Boon Chin ("Mr Tew"), male, aged 51, a Malaysian, is our Independent Non-Executive Director. He was appointed to our Board on 23 May 2019. He is also a member of the Nomination Committee and the Remuneration Committee of the Company. Mr Tew is also the Chairman for the Company's Special Properties Committee.

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.

DIRECTOR'S PROFILE

cont'd

DATUK TEOH SEW HOCK

Non-Independent Non-Executive Director

Datuk Teoh Sew Hock ("Datuk Teoh"), male, aged 52, 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 ("Local Basic"), a family-owned business which is involved in manufacturing, assembly and sale of bicycle components, electrical appliances and components in Gelang Patah, Johor.

Datuk Teoh being the Managing Director of Local Basic has been instrumental in undertaking and managing the Industry Revolution 4.0 exercise and development. He has successfully put in place automations in the manufacturing and assembly process as well as the digitalisation of data and information through the implementation of big data analytics systems for Local Basic, making it at the forefront of automations and digitalisation for increase in both productivity and efficiency. Effective management in Local Basic is also enhanced following the digitalisation and automation exercises.

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.

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.

MR LIM CHIN HOCK

Non-Independent Non-Executive Director

Mr Lim Chin Hock ("Mr Lim"), male, aged 43, 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 2021.

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.

MS TAN THENG HWEI
Chief Financial Officer Cum Chief Operating Officer

Ms Tan Theng Hwei ("Ms Tan"), female, aged 49, 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 2021.





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 2021 for Matang group of companies (“Matang Group” or “Group”)

CHAIRMAN’S STATEMENT

OVERVIEW

The year 2020 has shown rally in crude palm oil (“CPO”) prices unseen for many preceding years. For our FYE 30 June 2021, the CPO prices rose continuously from RM2,519 per tonne on average for the month of July 2020 to RM3,621 per tonne in December 2020 and the rally continued to the height of RM4,572 per tonne for May 2021 before dropping to RM3,831 per tonne for June 2021. However, prices rebounded in second half of July 2021 and August 2021 with some daily CPO prices recorded above RM4,500 per tonne.

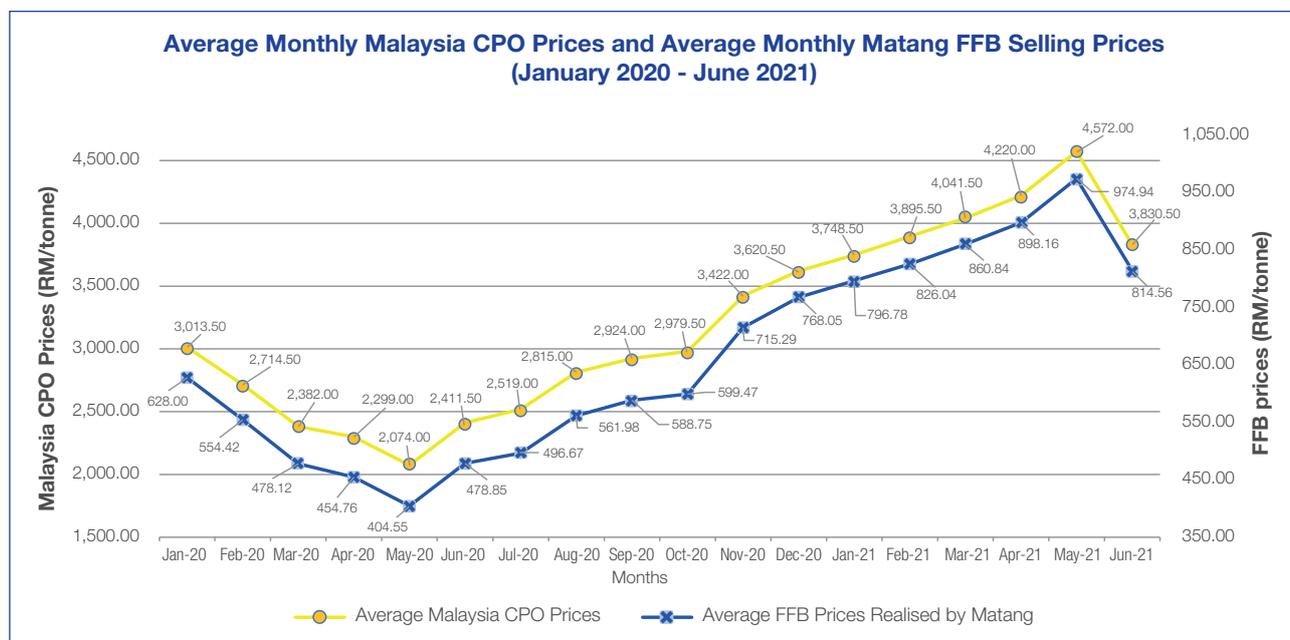
The increasing CPO price movements were first due to the weak CPO outputs in the second half (“2H”) of 2020 when the expected improving FFB yield nationwide in 2H 2020 did not materialise, as a result of which CPO inventory remained low. In addition, the price of world soy bean oil for which palm oil is one of the close substitutes also rose significantly in 2H 2020. All the preceding factors together with the removal of CPO export duty from June 2020 to December 2020 by the Government of Malaysia have helped to keep the buoyant CPO prices in 2H 2020 and into early 2021. Despite the reinstatement of Malaysian CPO export duties at 8% for CPO market price surpassing RM3,450 per tonne in January 2021, the rally in CPO prices continued in first half (“1H”) 2021 mainly due to the pickup in demand, rising prices of competing edible oils in particular soybean oil as well as stronger crude oil prices, the latter of which boost CPO’s appeals for use in food and biofuels.



CHAIRMAN'S STATEMENT

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The following diagram shows the levels of monthly average Malaysia CPO prices from January 2020 to June 2021.

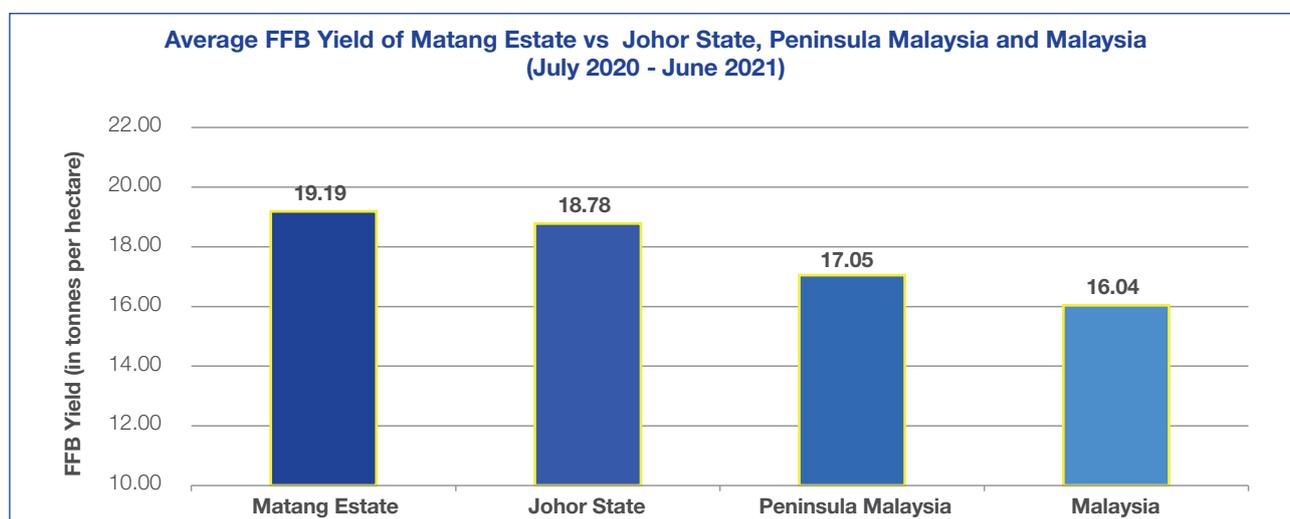


Source: Extracted from Malaysian Palm Oil Board ("MPOB") website and from Matang for the FFB Price

REVIEW OF PERFORMANCE AND RESULTS

For financial year ("FY") 2021 which ended on 30 June 2021, our fresh fruit bunches ("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 9.01% from 20,677 tonnes in the previous FY to 18,814 tonnes, a situation of which was generally experienced by the industry as a whole as noted from the yields achieved nationwide. Our FFB production yield for FY2021 was 19.19 tonnes per hectare as compared to 20.13 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 a whole, as evident with the FFB yields reported for Johor State at 18.78 tonnes per hectare and 16.04 tonnes per hectare for Malaysia as a whole for period from July 2020 to June 2021. The following diagram shows the comparisons of average FFB yields between our Group and Johor State, Peninsula Malaysia and Malaysia as a whole from July 2020 to June 2021.



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

CHAIRMAN'S STATEMENT

cont'd

Despite better than industry's FFB yield, the FFB production of the Group has seen a slight drop in FY2021. However, the average FFB price realised by our Estate has risen by 56.6% in FY2021 as compared to FY2020, i.e., from RM465 per tonne to RM728 per tonne. As a result, the Group revenue which was primarily from the Estate achieved in FY2021 was RM13.69 million as compared to RM9.61 million for FY2020, i.e., registering a growth of 42.5%.

Gross profit ("GP") for the Group for FY2021 was RM11.24 million as compared to RM7.44 million in the previous FY. The improved GP has been materialised largely from the significant increase in revenue of 42.5% when cost of sales increased 13.2%. The revenue growth, as explained above, was driven by the increase in FFB price realised in FY2021 while the Group maintained its yield relatively constant as compared to previous FY when the industry on average achieved lower yields than our Group. Gross profit margin of the Group was 82.1% in FY2021 as compared to 77.4% for the previous FY.

Other income of the Group dropped from RM2.16 million in FY2020 to RM2.02 million in current FY under review mainly due to the reduction in interest income during the FY under review following the Bank Negara Malaysia Overnight Policy Rate cut. Administration expenses increased by about 3.6% as compared to previous FY. The Group's profit before taxation doubled from RM2.92 million in previous FY to RM6.26 million in current FY under review mainly due to the increase in revenue.

The Board is glad to inform that Group's profit after taxation in FY2021 has increased by about over 154.4% or by RM2.50 million from RM1.61 million to RM4.11 million. As a result, the earning per share ("EPS") of the Group increased from 0.09 sen in FY2020 to 0.22 sen in FY2021.

Our shareholders can find more details on the performance and results of the Group in Management Discussion and Analysis in this Annual Report.

CORPORATE DEVELOPMENT

PRIVATE PLACEMENT EXERCISES

Matang announced on 6 April 2021 that it proposes to undertake the following proposals:

- (a) a private placement of 181,000,000 new ordinary shares in Matang ("Matang Share(s)" or "Share(s)") ("Placement Share(s) I"), representing approximately 10% of the total issued shares of Matang, to Huaren Holdings Sdn Bhd, a major shareholder of the Company, at an issue price of RM0.1108 per Placement Share I ("Proposed Private Placement I").
- (b) a private placement of up to 20% of the total issued shares of Matang (excluding treasury shares, if any) ("Placement Shares II") to third-party investor(s) to be identified later at an issue price to be determined later in accordance with the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 ("Act") ("Proposed Private Placement II").

Collectively, the Proposed Private Placement I and Proposed Private Placement II shall be herein referred to as "Private Placements".

Bursa Malaysia Securities Berhad ("Bursa Securities") had, vide its letter on 3 May 2021, approved the listing and quotation of 181,000,000 Placement Shares I and up to 398,200,051 Placement Shares II respectively to be issued pursuant to the Proposed Private Placement I and Proposed Private Placement II subject to the conditions as therein set out in the aforesaid announcement.

We are glad to inform that the Proposed Private Placement I has been approved by the shareholders in an Extraordinary General Meeting on 28 May 2021 and the entire Placement Shares I of 181,000,000 have been issued on 3 June 2021 and listed on ACE Market of Bursa Securities on 8 June 2021. A sum of RM20.05 million has been raised from the issuance of Placement Shares I. As such as the Proposed Private Placement I has been completed.

CHAIRMAN'S STATEMENT

cont'd

As for Proposed Private Placement II, a total of 181,000,000 out of 398,200,051 Placement Shares II have been issued on 18 May 2021 at issue price of RM0.1108 per Share to certain third-party investors for which a total sum of RM20.05 million has been raised. The issued Placement Shares II have been listed on the ACE Market of Bursa Securities on 20 May 2021. The balance 217,200,051 Placement Shares II shall be issued within six months from 3 May 2021 subject to, amongst others, the successful procurement of third-party investor(s) and the further funding requirements of the Group. Matang had on 15 October 2021 submitted the application to Bursa Securities to seek its approval for an extension of time up to 2 May 2022 to complete the implementation of the Proposed Private Placement II.

More details in relation to the Private Placements can be found in the Circular to the shareholders of the Company dated 12 May 2021 which was announced. In addition, the status of the utilisation of the proceeds for the fund raised from the Private Placements can be found in Additional Compliance Information in this Annual Report.

OIL PALM BUSINESS

With the stable and mature operations of Matang Estate which has outperformed industry with its historical production yields which exceeded the average yield of Johor State and Malaysia, the Group envisages to expand its plantation hectarage or land bank for oil palm estates.

As set out in the Circular dated 12 May 2021 ("Circular") to the shareholders of the Company for the Extraordinary General Meeting ("EGM") held on 28 May 2021, the Group intends to use the fund raised from the Proposed Private Placement I and Proposed Private Placement II for, amongst others, acquisition of oil palm plantation(s), durian plantation(s) and/or additional land bank for development of new oil palm and/or durian plantation(s) in Malaysia. Part of the fund raised under the Private Placements shall be utilised to meet working capital requirements of plantations and/or land bank so acquired.

As of the date of this statement, the Group is evaluating a few proposals for either proposed acquisitions of oil palm plantation(s) and/or joint ventures for the development of oil palm plantation(s) in Malaysia. The Board envisages that via the successful acquisitions, the Group's FFB production yield and cash flows could be enhanced along with the Matang Estate. The Company shall make the requisite announcements and/or seek shareholders' approval in accordance with the ACE Market Listing Requirements of Bursa Securities as and when the new investment(s) are identified and terms of negotiation are finalised.

Photos of Matang Estate



CHAIRMAN’S STATEMENT

cont’d

DURIAN BUSINESS

Since the approval of the shareholders in November 2019 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”), the Board is glad to inform that the development including planting works for the Group’s first durian plantation measuring 46.6 hectares (“First Durian Plantation”) in Matang Estate has been completed in February 2021. A total of 4,092 durian seedlings have been successfully planted in February 2021 which is now comprising 2,455 Musang King breed seedlings and 1,228 Black Thorn breed seedlings amongst others.

Photos of Matang’s First Durian Plantation



The following shows the photos of the some of our durian seedlings planted and grown in the First Durian Plantation.

Photos of Selected Black Thorn Seedlings



Photos of Selected Musang King Seedlings



CHAIRMAN'S STATEMENT

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The Group has also commenced the development works involving land preparation and earthworks ("Earthworks") in June 2021 for its second durian plantation, also within Matang Estate, measuring 58.0 hectares ("Second Durian Plantation"). Barring unforeseen circumstances, the Earthworks for the Second Durian Plantation shall be completed by mid-December 2021 to be followed by planting works. The Group expects that certain percentage of its First Durian Plantation shall start flowering and may bear durian fruits by 2025 and about a year later, the Second Durian Plantation shall see fruit bearing too.

The Group has also embarked on the digitalisation exercise for its durian plantations with the implementation of Internet of Things ("IOT") Technology. With digitalisation exercise using the IOT Technology, vital recurring data and statistics such as amongst others, the moisture levels, PH and nutrient contents of soils of the Group's durian plantations can be gathered, organised and loaded onto Cloud platform for storage in databases and ease of future immediate access. This shall be able to assist in better future management, decision making as well as automations of the plantations, paving way for efficient growth monitoring of the durian trees, better management of plantations as well as effective development of other durian estates in future.

Going forward, the Group intends to continue the evaluation of suitable opportunities and proposals to enhance further the hectarage for durian plantations with a view to accelerate further diversification and growth into the Durian Business.

PROSPECTS

The slight drop in FFB production of the Group in FY2021 to 18,814 tonnes from 20,677 tonnes is evident as a situation to have also affected the industry as a whole. However, the Group has again demonstrated resilience in maintaining a level of FFB production yield which remained higher than the industry average. As shown in preceding pages, the Group's FFB production yield for FY2021 was 19.19 tonnes per hectare as compared to 18.78 tonnes per hectare for Johor State and 16.04 tonnes per hectare for Malaysia for the same period.

The Board is delighted to note that the Group has strived and achieved to perform more superior than the industry to keep its production yield above par while the FFB prices trended up for most part of the FY2021. As a result, the Group achieved the highest revenue level since the listing of Matang Berhad on ACE Market of Bursa Securities, at RM13.69 million with a gross profit level of RM11.24 million. The gross profit margin for the Group has also improved from 77.4% in the previous FY to 82.1%. The drop in the FFB yields in FY2021 was expected as a consequential outcome of dry weather experienced by oil palm plantations in the country in 2019/2020 as well as the further disruption to labour supply for the plantation industry due to the COVID-19 pandemic and various episodes of movement controls in 2020/2021 to curb the pandemic.

Beyond FYE 30 June 2021, the Group has seen CPO prices continue its upward trajectory above RM4,000 per tonne mark and pierced RM4,500 per tonne towards end of July 2021. In early August 2021, the CPO price was above RM4,500 per tonne while the CPO future contracts were priced above RM4,500 per tonne as at 9 August 2021 and above RM4,000 per tonne for future contracts of all months into December 2021. Moreover, daily CPO prices in August and September 2021 remained above RM4,500 per tonne for a majority of days with the spot CPO prices almost breached RM5,000 per tonne in early October 2021, i.e., reaching the height of RM4,996 per tonne on 6 October 2021. CPO price rally is believed to be a result of various factors that include concerns over lower outputs on sluggish CPO productions while demand from China and India is expected to remain high. Demand from China for palm oil may further increase in 2022 due to potential slowdown in soybean oil output growth. The increasing price levels for soy bean oils since mid-2020 continued to support a buoyant level of CPO price levels.

The situation of the labour issues for oil palm plantation industry which has been prevalent in Malaysia is expected to be exacerbated by the pandemic induced labour shortages and the implementation of movement restrictions/controls. That being said, the Group has undertaken efforts and measures to mitigate labour issues including obtaining outsourced labour supply from third-party contractors as well as optimising deployment of labour, the effort of which have allowed the Group to achieve FFB yield in FY2021 which was more superior than its peers both in Johor and in Malaysia. The Board envisages that the Group shall continue to strive to leverage on attractive FFB price with better than industry performance in FFB yield in the next FY.

CHAIRMAN'S STATEMENT

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Domestic durian prices have been on an upward trend since 2015 with wholesale and retail prices respectively growing at compound annual growth rate in excess of 30% between 2015 and 2019. Durian is primarily consumed by Asian consumers where it is sold fresh or processed. Whole durian is sold fresh for domestic consumption and to neighbouring countries in ASEAN region while processed durian is largely sold as paste or pulp for other export markets. Limited production and increasing demand from the export markets have resulted in an increase in durian prices.

In addition to the strong domestic consumptions, Malaysia being a net exporter of durian enjoys the advantages of its close proximity to the significant demands from consumers in Singapore and Indonesia for the fresh whole durian fruits. The whole durian fruits can be delivered to these ASEAN markets within short time where freshness is preserved and guaranteed, a factor that has added appeal. On top of that, the increasing demand from China in the past few years has been backed with the shift of consumers' demand towards durians in Malaysia in recent years, specifically for the Musang King variety which is largely recognised for its sticky, creamy texture and rich bittersweet flavour.

The export of Malaysian durian rose significantly from 2014 to 2018 followed by a dip in 2019, as lockdowns were imposed in 2020 to curb the spread of COVID-19, harvesting of durian and global supply chain activities were disrupted causing the exports to fall. The drop in Malaysian's durian exports in 2020 is not expected to be long term in particular post COVID-19 pandemic.

Hence, the Group believes that its Durian Business continue to represent an opportunity for Matang Group to diversify its existing business in the plantation sector to include other cash crops or fruits, i.e., durians which have seen increasing demand and prices in recent years while supply and production of the same have remained limited. Hence, for the long term the diversification shall possibly reduce the Group's reliance solely on its oil palm plantation as the sole revenue generator.

DIVIDEND

The Board recommends the first and final dividend of 0.20 sen per ordinary share of Matang in respect of FYE 30 June 2021 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, advisers, business associates, customers, bankers, auditors and the authorities for their continuous support to Matang Group of companies.

The Board would like to express its greatest thanks to Datuk Kiat Swee Sung ("Datuk Kiat"), the former Executive Director who has undertaken the role in leading the management and operations of Matang Group as well as executing the plans and decisions of the Board. Datuk Kiat 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 25 November 2020. Besides, the Board would also like to express its gratitude to Mr Lau Liang Fook ("Mr Lau"), a former Non-Independent Non-Executive Director of the Company who had retired at the conclusion of the last AGM on 25 November 2020.

The Board wishes Datuk Kiat and Mr Lau 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 2021, 46.6 hectares out of the planted areas of 1,080 hectares have been planted with durian trees under the Group’s First Durian Plantation further to the diversification into durian business as approved by the shareholders of Matang on 26 November 2019. Whilst, another 58.0 hectares within Matang Estate are being cleared as of 30 June 2021 for purpose of the Group’s Second Durian Plantation. With the First and Second durian plantations in the Estate, the total oil palm plantation of Matang Group shall be about 975.4 hectares and the durian plantation is about 104.6 hectares.

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 5,000 square meter in Tangkak, District of Ledang, Johor.

OVERVIEW

The year 2020 has shown rally in CPO prices unseen for many preceding years, first with a dip of the prices from the monthly average of RM3,014 per tonne in January 2020 all the way to RM2,074 per tonne in May 2020. Thereafter, the price movements reversed and the CPO prices rallied to December 2020, ending at the height of RM3,621 per tonne, thereby registering an increase of about 75% increase from the low in May 2020. Resuming thereon, the CPO price rally continued into January 2021 and beyond pushing past RM4,000 per tonne mark ending highest at RM4,572 per tonne in May 2021 before retracting slightly down to RM3,831 per tonne. However, in July 2021, prices rebounded in second half of the month with some daily CPO prices recorded above RM4,500 per tonne.

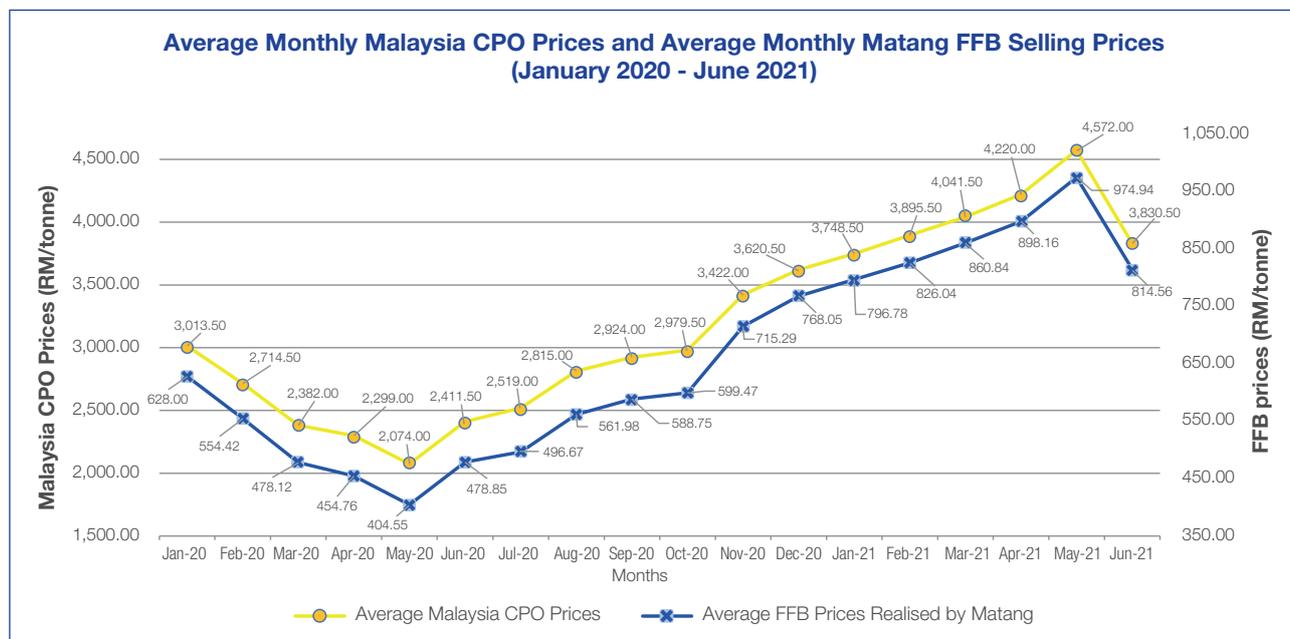
For 2020, the CPO price movements as outlined above were due to the declining CPO outputs in the 1H 2020 following adverse dry weather in 2019 coupled with the prevalence of labour shortage issues in Malaysia that has been made even more acute following decision of the Government of Malaysia (“Government”) in mid-2020 to freeze intake of new foreign labour into the country. Further, the expected improving FFB yield nationwide in 2H 2020 did not materialise causing the country to register weak outputs and low inventory of CPO. The weak CPO outputs and low inventory of the same together with the increase in the price of world soy bean oil to which palm oil is one of the close substitutes in 2H 2020 as well as the removal of CPO export duty from June 2020 to December 2020 by the Government have all helped to keep the buoyant CPO prices in 2H 2020 and in early 2021.

In 1H 2021, despite the reinstatement of CPO export duties at 8% for CPO market price surpassing RM3,749 per tonne in January 2021, the rally in CPO prices continued in 1H 2021 mainly due to the expectation of pickup in demand, rising prices of competing edible oils in particular soybean oil as well as stronger crude oil prices which would boost CPO’s appeals for use in food and biofuels. Soybean oil prices have increased from about USD820 per tonne in July 2020 to over USD1,400 per tonne in July 2021 while for the same period, the Brent Crude oil prices have increased from about USD40 per barrel in early July 2020 to over USD70 per barrel in July 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

The following diagram shows the levels of monthly average Malaysia CPO prices from January 2020 to June 2021.



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

As for the FFB, the price movements of which tracked the pattern of changes in CPO prices, the prices realised for Matang's FFB sold in FY2021 have increased from the low of about RM497 per tonne in July 2020 to the high of RM975 per tonne in May 2021. Similar to the CPO price movement, the Matang's FFB price dipped slightly to RM815 per tonne in June 2021. As a whole for FY2021, the average FFB price realised by Matang was RM728 per tonne as compared to RM465 per tonne for FY2020.

OPERATIONAL OVERVIEW

OIL PALM BUSINESS

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.

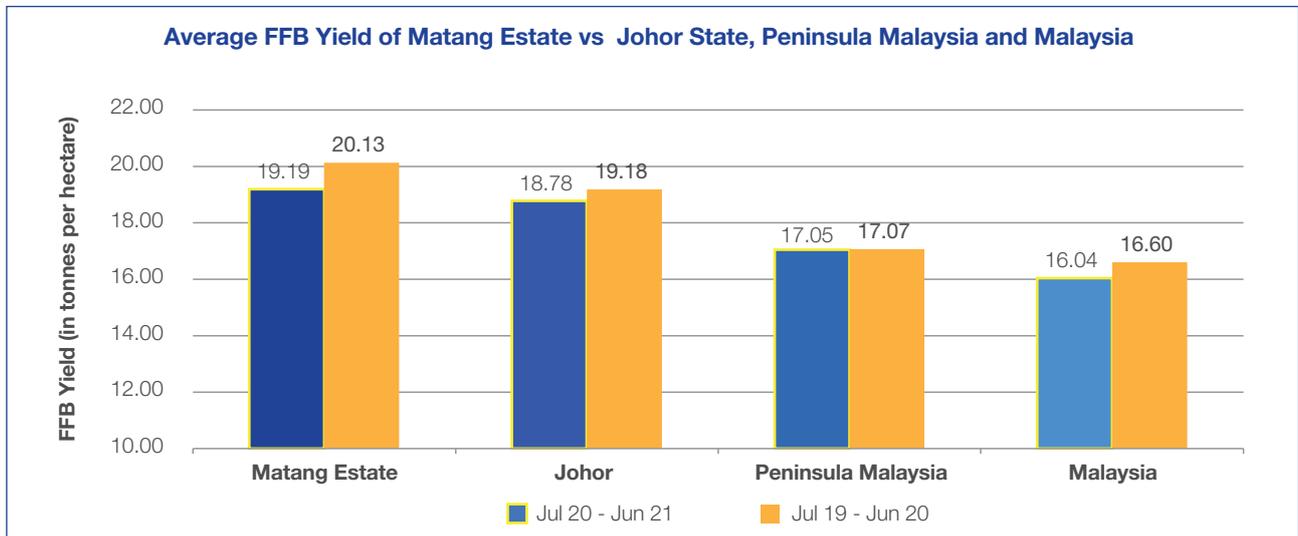
For the FY under review, Matang Estate harvested and sold 18,814 tonnes of FFB in total to three customers namely Lenga Palmoil Industries Sdn Bhd ("Lenga"), Milik Mestika Sdn Bhd ("Milik Mestika") and Jernih Kemboja Sdn Bhd ("Jernih Kemboja") at average FFB price of about RM728 per tonne. The harvest for FY2021 of 18,814 tonnes of FFB translated into the production yield of 19.19 tonnes per hectare, which was lower than the yield achieved in the previous FY of 20.13 tonnes per hectare from total FFB production of 20,677 tonnes.

Despite a lower yield as compared to previous FY, the yield achieved by Matang in FY2021 was about 12.6% higher than the average yield of 17.05 tonnes per hectare for Peninsula Malaysia for period from July 2020 to June 2021 and about 19.6% higher than the average yield of 16.04 tonnes per hectare for the whole of Malaysia for the same period. Notably, both Peninsula Malaysia and Malaysia as a whole have shown deterioration in terms of FFB yield for the period from July 2020 to June 2021 against the period from July 2019 to June 2020.

The average FFB price realised for the FY under review of about RM728 per tonne was about 56.6% higher than the level realised in the previous FY of RM465 per tonne. The following chart shows the FFB production yields for FY2021 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 2020 to June 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

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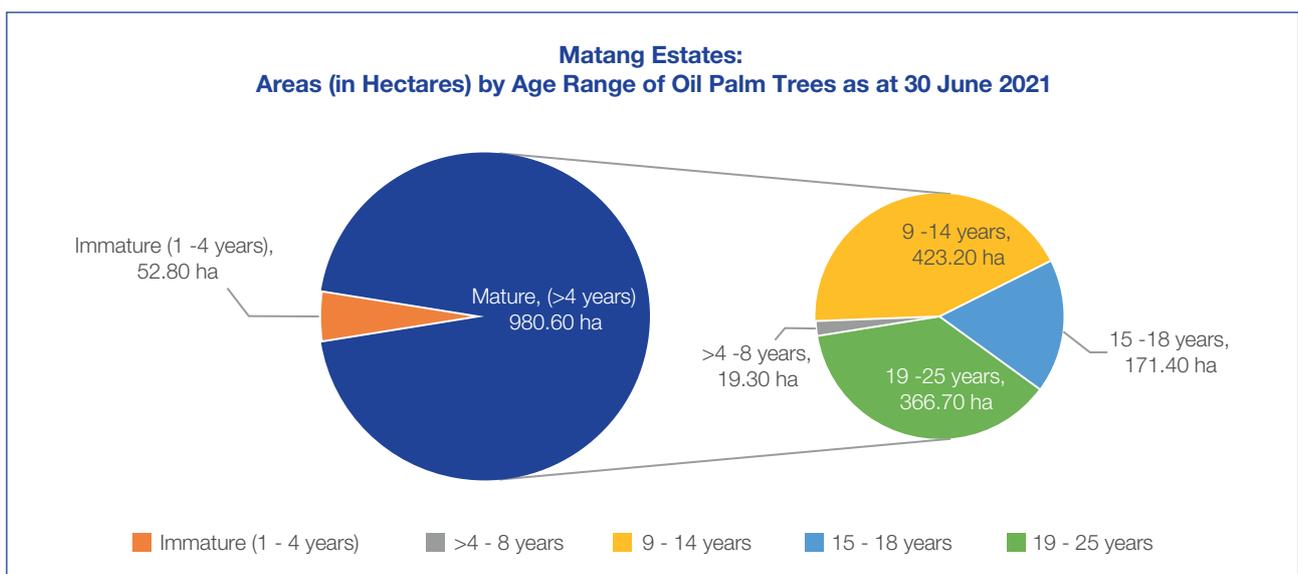
Source: Extracted from MPOB website (for average FFB yield for Johor State, Peninsula Malaysia and Malaysia) and from Matang for the yield of Matang Estate

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 59.4%, i.e., 613.9 hectares comprise areas with mature oil trees at prime age, i.e., from 5 years to 18 years.

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 2021.

Matang Estate Plantation Age Profile as at 30 June 2021



MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

	OIL PALM 							OIL PALM 	DURIAN 	TOTAL PLANTED AREAS
	Replanting	Immature area	Mature area				Old area	Total areas (Oil Palm)	Total areas (Durian)	
	(< than 1 year)	(1 - 4 years)	(> 4 - 8 years)	(9 - 14 years)	(15 - 18 years)	(19 - 25 years)	(>25 years)			
Plantation/ planted area (hectares)	-	52.8	19.3	423.2	171.4	366.7	-	1,033.4	46.6	1,080.0
%^	-	4.9%	1.8%	39.2%	15.9%	33.9%	-	95.7%	4.3%	100.0%

Note:

^ % out of total plantable areas of 1,080 hectares as at 30 June 2021, 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°.

MALAYSIAN SUSTAINABLE PALM OIL (“MSPO”) 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 have undergone its first and second annual surveillance audit after certification in August 2020 and July 2021 respectively.

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 above, the Group had in October 2020 completed the land preparation and earthworks for the first durian plantation of the Group on an area of 46.6 hectares within the existing Matang Estate (“First Durian Plantation” or “DP 1.0”). Subsequently in February 2021, the planting works and the required irrigation systems for the First Durian Plantation were also successfully completed followed with the commencement of maintenance and management works for the First Durian Plantation by an experienced contractor appointed. As at the date of this Annual Report, a total of 4,092 durian tree seedlings have been planted comprising amongst others 2,455 Musang King breed and 1,228 Black Thorn breed.

Shown below are some of the photos for the First Durian Plantation of the Group taken in June 2021.



MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

In addition, the Group had in June 2021 started the second durian plantation for the Group measuring about 58.0 hectares in Matang Estate ("Second Durian Plantation" or "DP 2.0") where the Company has commenced the land preparation and earthworks ("Earthworks") involving excavating the existing oil palm trees due for replanting. The Earthworks for the Second Durian Plantation of the Group is expected to complete by mid-December 2021 to be followed by the planting works and thereafter upkeep, maintenance and management phase.

Barring unforeseen circumstances, by the end of FY2022, the Group shall have about 105 hectares of durian plantation as part of its Durian Business approved by the shareholders in November 2019. The durian plantations are expected to start bearing fruits commencing year 2025/2026.

FINANCIAL OVERVIEW

The Group's sole contributor of operating revenue for FY2021 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 2021 and FYE 30 June 2020.

Matang Group	FY2021 RM'000	FY2020 RM'000
Statement of Consolidated Profit or Loss and Other Comprehensive Income	Audited	Audited
Revenue	13,695	9,614
Gross profit	11,237	7,443
GPM	82.1%	77.4%
Other income	2,020	2,155
Administration expenses	(6,859)	(6,622)
Other expenses	(88)	(26)
Finance cost	(27)	(27)
Net loss on impairment of financial instruments	(22)	-
Profit before taxation	6,261	2,923
Profit after taxation	4,105	1,614
Profit attributable to owners of the parent	4,105	1,614
Basic earnings per share attributable to owners of the parent (sen)	0.22 [^]	0.09
Statement of Consolidated Financial Position		
Shareholders' equity	226,975	185,408
Net assets per share (RM) [@]	0.10	0.10
Others		
Total FFB production (tonnes)	18,814	20,677
FFB yield per hectare (tonnes/hectare)	19.19	20.13

[^] Calculated by dividing the profit for the financial year attributable to the owners of the parent by the number of weighted average Matang Shares of 1,844,712,585 in issue following the two private placement exercises of Matang Shares.

[@] Expressed based on total issued and paid-up share capital of 2,172,000,256 Matang Shares.

MANAGEMENT DISCUSSION AND ANALYSIS

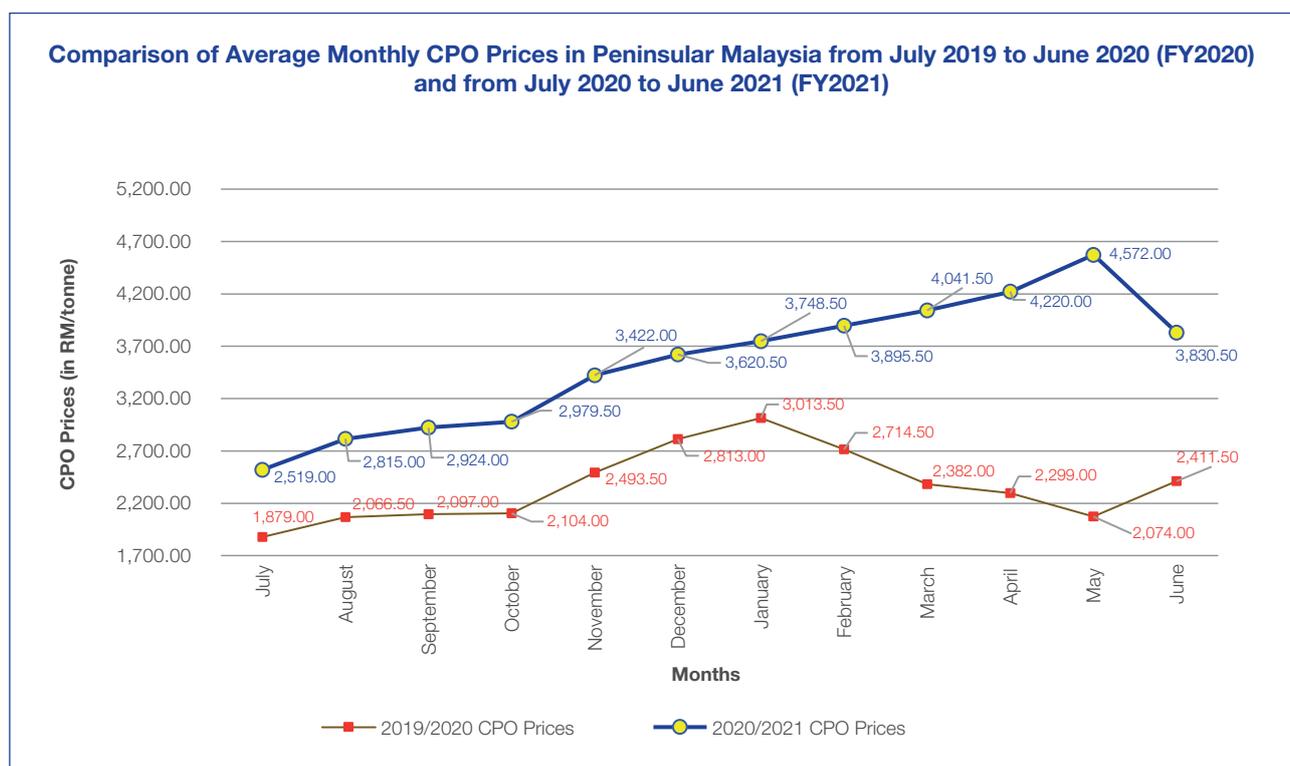
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REVENUE

For the FYE 30 June 2021, the Group's revenue from the sales of FFB increased by about 42.4% from RM9.61 million in preceding FY to RM13.70 million for FYE 30 June 2021.

The total FFB sold for FYE 30 June 2021 was 18,814 tonnes as compared to 20,677 tonnes for FYE 30 June 2020, reflecting a decrease of about 9.0% 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 2020 to June 2021. The FFB yield of Matang for FY2021, i.e., from July 2020 to June 2021 was 19.19 tonnes per hectare as compared to the FFB yield of Johor State and Peninsula Malaysia of 18.78 tonnes per hectare and 17.05 tonnes per hectare respectively.

The annual average price of Matang's FFB sold has increased from RM465 per tonne in FYE 30 June 2020 to RM728 per tonne i.e., an increase of about 56.6% 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., FY2020 and FY2021.



Source: Extracted from MPOB website

GROSS PROFIT

The Group's gross profit for FY2021 was RM11.24 million as compared to RM7.44 million for FY2020, reflecting an increase of about 51.1%. The Group's gross profit margin ("GPM") (which is solely derived from the production and sales of FFB) for FY2021 was 82.1% as compared to 77.4% in FY2020. The increase in GPM was mainly due to the revenue increased by 42.4% in the FY under review as compared to the previous FY.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

Matang Group	2021	2020	Increase /
	RM'000	RM'000	(decrease)
	Audited	Audited	%
Harvesting cost			
Labour cost	739	696	6.2%
Internal transportation, upkeep and maintenance	285	326	(12.6%)
	1,024	1,022	0.2%
Cultivation costs			
Labour cost	289	204	41.7%
Fertiliser	313	595	(47.4%)
Weeding, spraying and others	16	69	(76.8%)
Vehicle maintenance	54	48	12.5%
	672	916	(26.6%)
Transport	202	191	5.8%
Windfall tax	560	42	1,233.3%
Total cost of sales	2,458	2,171	13.2%

As shown in the table above, the cost of sales for the Group which was solely attributed to the management of Matang Estate has increased by 13.2% in FY2021 mainly due to the increased windfall tax paid during the financial year as a result of higher CPO prices.

OTHER INCOME

The decrease in other income from RM2.16 million in FY2020 to RM2.02 million in current FY under review was mainly due to the reduction in interest income following reduction of interest rates during the FY under review.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses has increased in FY2021 by about 3.6% from RM6.62 million in FY2020 to RM6.86 million in FY2021. The main reasons for the increase were due to the diminution in value of Larkin Investment Property by RM0.50 million following an appraisal of value which valued the property at RM11.7 million in current financial year as compared to the fair value of RM12.2 million in FY2020. On the other hand, some of the expenses such as depreciation and also electricity and water charges have decreased in FY2021.

OTHERS EXPENSES, FINANCE COSTS AND NET LOSS IMPAIRMENT OF FINANCIAL INSTRUMENTS

Other expenses of the Group increased from RM0.03 million in FY2020 to RM0.09 million in current FY under review. Finance costs which 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, remained at the level as per last FY, i.e., RM0.03 million. The net loss on impairment of financial instruments is a provision of impairment for other receivables in relation to a tenant of the Larkin Investment Property due to the implication of COVID-19 pandemic. The aforesaid provision was estimated taking into account of whether there has been significant increase in credit risk.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

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 FY2021 by about RM3.79 million was primarily due to the rise in revenue from RM9.61 million in FY2020 to RM13.70 million in FY2021 at the back of increased prices for FFB sold in FY2021. At the profit before taxation level, the increase in gross profit of about RM3.79 million in FY2021 has been off-set by the slight decrease in other income in FY2021 by about RM0.14 million primarily due to the reduction in interest income. In terms of expenses, the total expenses increased slightly from RM6.68 million in FY2020 to RM7.00 million, i.e., for about 4.8%.

Based on the reasons as set out above, the Group's profit before taxation for FY2021 was RM6.26 million as compared to RM2.92 million in FY2020, the increase of which was largely due to the increase in revenue in FY2021. The profit after taxation of the Group increased from RM1.61 million in FY2020 to RM4.11 million in FY2021. Consequently, the resultant earnings per share of the Group increased from 0.09 sen in the preceding FY to 0.22 sen in the FY under review.

CASH FLOWS

The Group's net cash generated from operations for FY2021 was RM5.46 million against RM3.18 million for the preceding FY, i.e., showing an increase of about RM2.28 million. The net cash flows from investing activities for FY2021 showed a deficit of RM19.27 million as compared to a deficit of RM0.80 million in the previous FY mainly due to an increase of RM1.50 million for the development expenditure incurred in relation to the Group's durian plantations as well as an increase of RM18.76 million placements of deposits with maturity more than three months with licensed banks.

During the FY under review, Matang also received a total sum of RM40.11 million from the issuance of Matang Shares under two private placement exercises, i.e., issuance of 181 million Shares to its major shareholder and another 181 million Shares to third party investors. In addition, Matang paid final single tier dividend of 0.15 sen per share in respect of FYE 30 June 2020, the total sum of which amounted to RM2.72 million that has been paid on 8 January 2021.

The table below shows the summarised cash flows statement of the Group for FYE 30 June 2021 and FYE 30 Jun 2020.

Matang Group	2021	2020
	RM'000	RM'000
	Audited	Audited
Net cash from operating activities	5,464	3,181
Net cash (used in) investing activities	(19,267)	(804)
Net cash from/(used in) financing activities	37,258	(2,841)
Net increase/(decrease) in cash and cash equivalents	23,455	(464)
Cash and cash equivalent at beginning of the year	32,038	32,502
Cash and cash equivalent at end of the year	55,493	32,038

FINANCIAL POSITIONS

In terms of financial position of the Group, the shareholders' equity of the Group increased from RM185.41 million as at 30 June 2020 to RM226.98 million as at 30 June 2021 on combination of two major reasons, i.e., primarily arising from the increase of share capital of Matang by RM40.11 million due to the issuance of 362 million new Shares as well as an increase of RM1.46 million in retained earnings of the Group in FY2021.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

KEY FINANCIAL RATIOS

The key financial ratios of the Group for FYE 30 June 2021 and FYE 30 June 2020 have been tabulated in the table below.

Matang Group	2021 Audited	2020 Audited
Gross profit margin (%)	82.1%	77.4%
Net profit margin (%)	30%	16.8%
Trade receivable turnover (days)	24	15
Trade payable turnover (days)	53	41
Current ratios (times)	36	27

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 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. The supply issue of labour for the plantation industry has been made more acute following the decision and actions of the Government to freeze new intake into the country of foreign labour with effect from June 2020 to curb the threat of COVID-19 pandemic that has inflicted the country since March 2020.

As at 30 June 2021, the Estate's work force is made up of total 60 employees of whom 38 (or 63%) are foreign workers. Matang Estate has consistently undertaken efforts to mitigate any operational issues that may arise due to insufficient workforce and these efforts include outsourcing the harvesting and cultivation activities to independent third-party contractor(s) who can supply labour. In addition, the Estate continued to undertake re-scheduling of activities within the Estate to optimise the use of labour where in the month of low FFB harvests expected, more workers are deployed to carry out cultivation activities such as manuring and spraying while in the months of expected high FFB harvests, the Estate deploy more workers for harvesting activities.

The Estate has also put up recruitment advertisement banners at the entrance of the Estate as well as in residential areas near and around the Estate. In addition, the Group has also enhanced certain incentives in the remuneration for the labours in the Estate as part of the effort to retain existing workers as well as to attract new workers to join. On the other hand, the Group continued its on-going effort to follow-up on its application to Jabatan Tenaga Kerja of Kementerian Dalam Negeri Malaysia for approval of additional quota of foreign labour despite being earlier rejected.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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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. 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 10 years. Applications for lease extension have previously been made but were rejected.

As for FYE 30 June 2021, the gross rental income from Larkin Investment Property was RM0.79 million which was about 5% of the total revenue and other income of the Group for FYE 30 June 2021. The remaining leasehold land tenure of about 10 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.

5. 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 including planting and grafting 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.

PROSPECTS AND OUTLOOK

The Group achieved lower FFB production of 18,814 for FYE 30 June 2021 as compared to 20,677 tonnes for FYE 30 June 2020, reflecting a decrease of 9.0%. Notably, the drop in FFB production has similarly 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 2020 to June 2021 as compared to the same period in the immediate preceding year.

Beyond FYE 30 June 2021, the CPO prices soared again above RM4,000 per tonne mark and pierced RM4,500 per tonne towards end of July 2021. In early August 2021, the CPO price remained above RM4,500 per tonne with August 2021 future contracts priced above RM4,500 per tonne as at 9 August 2021 and above RM4,000 per tonne for future contracts of all months into December 2021. Daily CPO spot prices in August and September 2021 remained above RM4,500 per tonne for a majority of days with the spot CPO prices reached the height of RM4,996 per tonne on 6 October 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

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CPO price rally is widely believed to be due to concerns over lower outputs as a result of the expectation of sluggish CPO productions in 2H 2021 in addition to the potentially higher demand expected from China and India. Demand from China for palm oil may further increase in 2022 due to potential slowdown in soybean oil output growth. In addition, the continued restocking by India may intensify further to the lifting of restrictions in June 2021 by the Indian Government to allow for refined palm oil and olein imports until end of 2021, a move which is seen aimed at helping to increase the availability of the CPO in Indian domestic market and thus cool the local consumer prices of edible oil. On the supply front, the situation of ever prevalent labour issues for oil palm plantation industry in Malaysia is expected to be exacerbated by the pandemic induced labour shortages and movement restrictions in the country is causing concerns over CPO output levels for 2H 2021. Besides, the potentially prolonged dry weather affecting producing nations of soy bean oil has elevated the price of the edible oil which has seen increase significantly since the beginning of 2H 2020.

In relation to Matang Group, it continues to ensure labour shortage issues are mitigated so that FFB harvests and productions in the immediate future are not affected while the Group is able to capitalise on the attractive CPO prices. Matang shall continue to engage independent contractors for the supply of workers to undertake harvesting and cultivation activities in addition to optimising the deployment of labour force available in the Estate.

As for durian, domestic durian prices have been on an upward trend since 2015 with wholesale and retail prices respectively growing at compound annual growth rate in excess of 30% between 2015 and 2019. Durian is primarily consumed by consumers in Asia where it is sold fresh or processed. Whole durian is sold fresh for domestic consumption and to neighbouring countries in ASEAN region while processed durian is largely sold as paste or pulp for other export markets.

Malaysia's durians have been supplied to meet strong domestic consumptions and exported to neighbouring countries in ASEAN region, i.e., primarily to Singapore as well as to Indonesia. Malaysia being a net exporter of durian enjoys the advantages of close proximity to the significant demands in Singapore and Indonesia for the fresh whole durian fruits where the short time required for shipment of the whole fruits ensure freshness is preserved and guaranteed.

Beyond domestic consumptions, the potential for Malaysia's durian industry is strongly supported by demand growth from its trading partners. Malaysia's main export partners for durians are Singapore, Hong Kong and China. Singapore, due to its short distance from Malaysia, has enjoyed the benefits of consuming fresh durian through the imports of whole fresh durian fruits. The increasing demand from China in the past few years has been backed with the shift of consumers' demand towards durians in Malaysia in recent years, specifically for the Musang King variety which is largely recognised for its sticky, creamy texture and rich bittersweet flavour.

The export of durian rose from USD10.2 million in 2014 to USD29.3 million in 2018 followed by a dip to USD22.3 million in 2019. In 2020, as lockdowns were imposed to curb the spread of COVID-19, harvesting of durian and global supply chain activities were disrupted causing the exports to fall to USD17.6 million. The drop in Malaysia's durian exports in 2020 is expected to be short term.

For Matang, with the diversification into Durian Business as approved by the shareholders in November 2019, the Group has in March 2020 embarked with the development of its First Durian Plantation measuring 46.6 hectares for which planting works were completed in February 2021. Currently, the First Durian Plantation has entered the maintenance and management phase while the Group started the development of its Second Durian Plantation measuring 58.0 hectares with the commencement of Earthworks in June 2021. As of the date of this report, the Group has about 105 hectares of durian plantations.

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 2021 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

As with previous FY, the Board recognises the importance of maintaining a sound system of internal control and risk management practices in ensuring good corporate governance. In the current FY under review, the Board continues to play significant emphasis in its role to ensure sound system of internal control and risk management practices are upheld in the Group.

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, where possible, 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

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.

The Group’s systems of internal controls and risk management primarily cover areas of operational efficiency, effectiveness and controls, financial controls and reporting, compliance monitoring, corporate governance and process improvements. There are sets of policies, procedures and operational manuals setting out the approved standard procedures for key operational areas including the Group’s head office (“Head Office”). In addition, Board-approved financial limits and approving authorities were also put in place 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

The Group including the management team comprising the Management Committee (“MC”) made up of two Executive Directors, Chief Financial Officer cum Chief Operating Officer and Head of Corporate Services and Finance makes decisions guided by the policies and procedures as well as the approved financial limits and approving authorities. 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. Where applicable pursuant to the financial limits and approving authorities, approvals are accordingly sought for matters reserved for the Board.

In terms of risk assessment and management, the Group has continued the practice as with previous FY in undertaking the preparation of the annual Group risk management framework and assessment by an independent risk management consultant 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. The annual assessment of risk also looks into identifying any potential new risks arising from any changes in business and operating environments due to both internal or external factors including any diversifications or expansions undertaken by the Group. The same exercise also identified the specific risk owners to facilitate the responsibility for actions for purpose of risk management. The outcome of risk assessment is presented by the independent risk management consultant and reviewed as well as deliberated by the Audit and Risk Management Committee. Risk matrix is generated by the risk management consultant to assist the management and the Board to prioritise their efforts and appropriately manage the different classes of risks.

In respect of risk management, during the FY under review, the Group has undertaken:

- Risk assessment workshop in September 2021 for which the overall 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 the Head Office.

Due to the travel restrictions imposed arising from the Enhanced Movement Control Orders (“EMCO”) that started in early June 2021, the outcome of the risk assessment undertaken in September 2021 including any recommendations, shall be presented to the Audit and Risk Management Committee and accordingly to the Board in meetings scheduled in November 2021 and thereafter updated to the risk register as part of the risk management framework of the Group.

- Internal reporting by the Management to the Audit and Risk Management Committee in February 2021 in respect of the Group’s continuous implementation to comply the adequate procedures required in connection with the Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) (“MACC Act”) (“Adequate Procedures”) that has come into force on 1 June 2020. The said reporting covered the status or progress of the Group in its implementation of Adequate Procedures and compliance to the Anti-Bribery and Anti-Corruption Policy (“ABAC”) Policy and any adverse findings and observations noted.

The internal audit undertaken independently assesses both the compliance of the Group’s business units including Head Office to the approved policies and procedures as well as any improvements required to the internal controls of the Group. The Group continued its practice of annual internal audits by independent Internal Auditors who has in February 2021 reported to the Audit and Risk Management Committee the follow-up review of the findings observed in respect of FY2020. In June and July 2021, the Internal Auditors conducted an internal audit review for FY2021. More details with regards to the internal audit undertaken in FY2021 can be found in the section immediately below.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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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, Tricor Axcelasia Sdn Bhd ("Tricor Axcelasia") 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 February 2021 to review the rectifications and/or improvements pursuant to the findings and observations highlighted in the internal audit previously carried out for FY2020. The report for the said follow-up audit has been presented to the Audit and Risk Management Committee in February 2021.

For internal audit reviews for FY2021 which was conducted in June and July 2021, the Internal Auditors undertook part of the annual audit, i.e., covering the procurement functions/activities of the Group encompassing all business units, i.e., Matang Estate, Larkin Investment Property and the Head Office. For that, the Internal Auditors reviewed the processes and as well as for compliance the entire procurement cycle of the Group from vendors selection and registration, procurement requisition, tendering to approvals for procurement, ordering, goods receiving and eventually payment as well as approvals for payments.

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 compliance to control procedures derived from approved policies, procedures, operational manuals and financial limits and approving authorities as well as 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.

As a result of the travel restrictions imposed due to the EMCO since early June 2021, the Internal Auditors has undertaken the remaining internal audit review in connection with the Matang Estate with regards to the field upkeep and maintenance cycle (other than manuring) in September 2021. The internal audit review for field upkeep and maintenance cycle covered primarily activities that include, pruning, spraying and weeding, of Matang Estate. The internal audit review report for the same shall be tabled to the Audit and Risk Management Committee in November 2021. Deliberation for the same with the Audit and Risk Management Committee will be undertaken in November 2021.

The internal audit fees incurred for FYE 30 June 2021 was RM25,000.

INFORMATION AND COMMUNICATION

While the management has full responsibility in ensuring the effectiveness of internal control which it establishes, the Board has authority to assess the state of internal control as it deems necessary. In doing so, the Board has the right to enquire information and clarification from the management as well as to seek inputs from the Audit and Risk Management Committee, external and internal auditors and other experts at the expense of the Group. The Audit and Risk Management Committee has undertaken independent deliberation of findings and observations with the Internal Auditors and External Auditors.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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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 2021 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 FY 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 24 August 2021.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Audit and Risk Management Committee (as renamed on 27 August 2018) 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, risk management, related party transactions and external and internal audit functions of the Group.

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;
- b. Dato' Foong Chee Meng; and
- c. Datuk Teoh Sew Hock.

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. No Director in 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 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 of the committee may call at any time at his or her discretion. Other directors and employees 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 four (4) Audit and Risk Management Committee meetings held in FY2021 and the details of attendance of the members at the meetings held during FYE 30 June 2021 are as follows:

Name	No. of meetings attended
Yeo Kwee Kwang <i>Independent Non-Executive Director</i>	4 out of 4
Dato' Foong Chee Meng <i>Independent Non-Executive Chairman</i>	4 out of 4
Datuk Teoh Sew Hock <i>Non-Independent Non-Executive Director</i>	4 out of 4

TERMS OF REFERENCE OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

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

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

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SUMMARY OF WORKS OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee met four (4) times in FYE 30 June 2021 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 2021 made by the Company to Bursa Securities and these included the following:

Date of Audit and Risk Management Committee meetings	Review of Financial Results / Annual Financial Statements and Other Financial Related Matters
27 August 2020 (1 st Audit and Risk Management Committee meeting for FYE 30 June 2021)	Unaudited fourth quarter financial results for the period ended 30 June 2020 and draft audited financial statements for the FYE 30 June 2020
23 November 2020 (2 nd Audit and Risk Management Committee meeting for FYE 30 June 2021)	Unaudited first quarter financial results for the period ended 30 September 2020
24 February 2021 (3 rd Audit and Risk Management Committee meeting for FYE 30 June 2021)	Unaudited second quarter financial results for the period ended 31 December 2020
25 May 2021 (4 th Audit and Risk Management Committee meeting for FYE 30 June 2021)	Unaudited third quarter financial results for the period ended 31 March 2021

The Audit and Risk Management Committee was also presented with the salient pages of the draft audited financial statements of the Company for FYE 30 June 2021 on 24 August 2021 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.

Besides, the Audit and Risk Management Committee also reviewed the financial budget presented on 25 May 2021 by the Management for FYE 30 June 2022. In addition, the Audit and Risk Management Committee also assisted in the deliberations in relation to financial-related matters in the special Board meetings held on 23 October 2020 and 5 April 2021. The Board deliberated in its special meeting on 23 October 2020 the appointment of contractor for the remaining development works as well as upkeep, maintenance and management of the First Durian Plantation of the Group. In the special meeting on 5 April 2021, the Board deliberated and approved the proposed Private Placements and other matters in relation thereof.

(b) External Auditors

On 25 May 2021, 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 approach for FYE 30 June 2021 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 2021.

The Audit and Risk Management Committee has on 24 August 2021 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 2021.

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.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

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

(c) Internal Auditors

The Audit and Risk Management Committee oversees the conduct of internal audit to ensure that review of the adequacy of the Group's internal control systems is carried out on a timely manner as well as ensuring operations are conducted in compliance with the established internal controls. Internal audit by an independent party 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 previous FYs, the Company has continued the appointment of an independent professional Internal Audit firm namely Tricor Axcelasia (the succeeding company of NGL Tricor Governance Sdn Bhd) ("Internal Auditors") to undertake the internal audit of the Group for the scope or cycle as set out in the Statement of Risk Management and Internal Control. The Internal Audit of the Group for FY2021 was headed by Mr Chang Ming Chew ("Mr. Chang"), an Executive Director of Tricor Axcelasia. Mr Chang holds the Certified Information Systems Auditor from the ISACA, the Certified Internal Auditor and Certification Risk Management Assurance from the Institute of Internal Auditors. He is also a Professional Member of the Institute of Internal Auditors of Malaysia as well as a member of the Association of Chartered Certified Accountants and Malaysian Institute of Accountants.

Tricor Axcelasia 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 Tricor Axcelasia supervised by Mr Chang carried out internal audits of the Group for FY2021. The conduct of internal audit was guided by, in all material respect, the International Professional Practices Framework by the Institute of Internal Auditors. The Internal Auditors report 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.

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 FY2021 covers the following key activities of Matang Group:

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

For FYE 30 June 2021, the Audit and Risk Management Committee has reviewed the internal audit report of the Group prepared by the Internal Auditors for the procurement cycle of the Group's business units that included Matang Estate, Larkin Investment Property as well as the Head Office. Based on samples selected, the processes and compliance for the procurement cycle of the Group were tested for compliance and reviewed for controls from vendors selection and registration, procurement requisition, tendering to approvals for procurement, ordering, goods receiving and eventually payment as well as approvals for payments.

As for the field upkeep and maintenance cycle of the internal audit, the internal audit review was undertaken in September 2021 due to travel restrictions imposed earlier since June 2021 as a result of the EMCO. The areas covered were field upkeep and maintenance (other than manuring), i.e., mainly pruning, spraying and weeding of the Matang Estate. The internal audit review report for the same shall be tabled to the Audit and Risk Management Committee in November 2021.

In addition, in February 2021, 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., FY2020. The report for the follow-up audit has also been presented to the Audit and Risk Management Committee in February 2021.

Premised on the above, 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

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

(d) Risk Management

The Group has undertaken the risk assessment in connection with FY2021 with the assistance of an independent risk management consultant in September 2021 due to the EMCO that started in early June 2021. The outcome of the risk assessment undertaken in September 2021 including any recommendations, shall be presented to the Audit and Risk Management Committee and accordingly to the Board in meetings scheduled in November 2021 and thereafter updated to the risk register as part of the risk management framework of the Group. More information and details in relation to risk management practices in the Group 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 2021 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 50 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.

In August 2020, the Committee also reviewed and deliberated on the establishment of Integrity Committee and its terms of reference to oversee the culture of integrity as well as to monitor the overall compliance of the Group to the ABAC policy and procedures put in place. The establishment of Integrity Committee as part of the Audit and Risk Management Committee and its terms of reference were approved by the Board on 27 August 2020.

In addition, for the FY under review, as part of the implementation of the Adequate Procedures, the Audit and Risk Management Committee also reviewed the progress report tabled and presented by the Management in February 2021 with regards to the implementation of the Adequate Procedures by the Group.

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 and work done by the Internal Auditors have been outlined in above section within the Audit and Risk Management Committee Report and the Statement of Risk Management and Internal Control in this Annual Report.

This Audit and Risk Management Committee Report has been approved by the Board of Matang on 24 August 2021.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board places significant emphasis in ensuring that the practical standards of corporate governance are implemented as adequately as possible throughout the Group as the essential part of discharging its responsibilities to safeguard and enhance shareholders' interests and value as well as for 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.

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 directions and to create value for the shareholders in a sustainable manner.

The Board Charter of the Company has been included on the Company's website, www.matangbhd.com and the Board shall also periodically review its Board Charter and a copy of the revised charter shall be updated onto the Company's website from time to time whenever there are changes. In connection, the Board also has in place the Code of Ethics and Conducts for Directors of the Company and the employees of the Group, the details of which can also be found on the Company's website, www.matangbhd.com.

The Company is guided by the Board's overall strategic aims to grow the Group organically through optimal and yet sustainable increase of FFB production and yield from the Matang Estate. Since early 2020, the Board has started to execute the diversification into Durian Business as approved by the shareholders in late 2019, the diversification of which is to, amongst others, add new source of income in the long term from the highly demand fruit crops, i.e., durians. Diversification strategy aside, the Group continues to look for opportunities to also expand its business through viable acquisitions of suitable land bank and/or plantation estates, for both oil palm and durian. As mentioned in the Chairman Statement and Management Discussion and Analysis of this Annual Report, the Group has in various stages of development for approximately 105 hectares of durian plantations.

The Durian Business together with the continued oversight of the Board in relation to the oil palm business are targeted to enhance value and performance of the Group economically 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 and complete and comprehensive meeting papers are circulated within reasonable time prior to each Board and Board Committees meeting. Minutes of each Board Committee and Board meeting are also circulated prior to subsequent meeting for confirmation by the Board members.

The Board actively evaluates and deliberates all strategic proposals of the Group whether operational or corporate, the proposal of which the management puts forward for approval. Where appropriate, recommendations of the Audit and Risk Management Committee are also sought especially with regards to the financial, strategic and corporate proposals of the Group. As a result, a number of ad-hoc or special Board meetings of the Company have been called in the past 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 an 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

1. BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

Board Responsibilities *cont'd*

The Management Committee meets at least once a month to deliberate all significant matters affecting the Group, be it operationally or strategically. Special sub or project committee such as Durian Project Committee was also established to look into, evaluate and consider strategic and operational matters critical to the implementation of the Durian Business. The formation of the Durian Project Committee by the Board has successfully led to the diversification of the Group into Durian Business. The same committee has been instrumental in making necessary recommendations to the Management Committee and Board for approvals with regards to the development works as well as upkeep and maintenance works for the durian plantations in the Group.

Board Composition

As at the date of this Statement, the Board consist of seven (7) members, i.e., two (2) Executive Directors and five (5) 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 is vastly experienced in corporate and legal matters. 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 and property development industries.

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 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 Officer 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 regard, 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, monitoring of internal controls and anti-bribery and anti-corruption functions to the Audit and Risk Management Committee. Guided by the internal audit of the Group undertaken by independent professionals annually, 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. It also provides necessary views, opinions and recommendations to the Board in respect of any significant financial-related matters or decisions affecting the Group in particular in connection with any strategic and corporate proposals and exercises.

The duties and responsibilities on overseeing the establishing of Board committees, selection, appointment and nomination of Directors, Chief Executive and Chief Financial Officer 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 Officer 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, i.e., for the Directors' fees and meeting allowances. 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 positions. The Remuneration Committee shall recommend the proposed remuneration to the Board for deliberation and approval.

During FY2021, the Nomination Committee conducted meetings to deliberate and recommend to the Board on the revised terms of reference for some of the Group's sub or project committees, in particular, the Durian Project Committee to ensure more effective functioning and clear delineation of duties of the said committee. It also reviews the terms of reference for the Group's Integrity Committee which is established as part of the Adequate Procedures of the Group under its ABAC Policy. Besides, the Nomination Committee also undertook annual evaluation of the Board effectiveness, peer reviews of Directors as well as effectiveness of Board Committees as well as the training requirements for Directors. In addition, the Nomination Committee also look into the necessity for certain new standard operating procedures for the Group.

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 Sixth Annual General Meeting of the Company held on 25 November 2020. In addition, the Remuneration Committee also deliberated on the revision in Directors' fees which were put in place before the listing of the Company on ACE Market of Bursa Securities in January 2017.

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 2021, the Audit and Risk Management Committee had held four (4) meetings. The Nomination Committee and the Remuneration Committee had respectively held three (3) and four (4) meetings respectively 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 previous years' Directors' fees were fixed and put in place before the Company was listed on the ACE Market of Bursa Securities in January 2017. In addition, the new Companies Act 2016 which has also been implemented with effect from 31 January 2017 has placed ever more responsibilities on the Directors of a company. As a result, the Remuneration Committee has considered and recommended to the Board for approval the revised level of Directors' fees in FY2021 that commensurate with the responsibilities of the Directors both in relation to ACE Market Listing Requirements and also the Companies Act 2016.

In addition, due to the increased responsibilities the Board places on its Board Committees besides the detailed manners of the deliberations undertaken by the Board Committees in meetings for its scopes and functions, the Board has decided for the Company to commence paying allowances for the meetings of the Board Committee, i.e., the Nomination Committee, Remuneration Committee and Audit and Risk Management Committee.

The level of 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 before approval of shareholders is sought in the Company's Annual General Meeting. 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, the salary and allowances of 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 FY2021.

By type of remuneration	Group		Company	
	Executive Directors	Non-Executive Directors [®]	Executive Directors	Non-Executive Directors [®]
	RM'000	RM'000	RM'000	RM'000
Directors' fees [#]	50	140	50	140
Salary and other emoluments [^]	304 [~]	58	154 [~]	58
Total	354	198	204	198

Note:

[#] Directors' fees are to be approved by the shareholders in the forth-coming Annual General Meeting of the Company.

[®] Inclusive of remuneration for the former Non-Independent Non-Executive Director, Mr Lau Liang Fook who has retired as Director at the conclusion of Sixth Annual General Meeting on 25 November 2020.

[~] 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.

[^] Other emoluments include the meeting allowances for the Directors' attendance to the Board and Board Committees meetings as well as sub or project committees of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

1. BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

Remuneration for Directors *cont'd*

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

By band of remuneration	Group		Company	
	Executive Directors	Non-Executive Directors [®]	Executive Directors	Non-Executive Directors [®]
Up to RM50,000	0	6	1	6
RM50,001 to RM100,000	0	-	-	-
More than RM100,000	2	-	1	-
Total[^]	2	6	2	6

Note:

[®] Inclusive of a former Director, Mr Lau Liang Fook who have retired as Directors during the FY under review.

[^] Exclusive of one Director, Datuk Kiat Swee Sung who has opted not to receive any remuneration.

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 [#] RM'000	Total RM'000
Dato' Foong Chee Meng	6/6	30	7	-	37
Datuk Ir Low Ah Keong	6/6	25	6	141	172
Dato' Ng Keng Heng	6/6	25	7	150	182
Yeo Kwee Kwang	6/6	25	8	-	33
Tew Boon Chin	6/6	25	7	-	32
Datuk Teoh Sew Hock	6/6	25	7	-	32
Lau Liang Fook [^]	3/3	10	3	-	13
Lim Chin Hock	6/6	25	6	-	31
Total		190	51	291	532

Note:

[®] Datuk Kiat Swee Sung retired as Director of the Company at the conclusion of the Sixth Annual General Meeting held on 25 November 2020. He has not attended any Board meeting in FY2021 and has opted not to receive any remuneration.

[^] Mr Lau Liang Fook retired as Directors of the Company at the conclusion of the Sixth Annual General Meeting held on 25 November 2020.

[#] 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 FY2021. 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

1. BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

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.

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. For FY2021, most of our Directors have participated in a number of training in the form of webinars either in relation to the oil palm industry, regulatory requirements or guidelines and/or financial and taxation matters.

Our Chairman for Audit and Risk Management Committee, Mr Yeo Kwee Kwang ("Mr Yeo") has also attended the tax budget webinar organised by BDO, i.e., the BDO Tax Budget Webinar 2020: Revitalising the Malaysian Economy During Global Pandemic on 18 November 2020.

Datuk Ir. Lawrence Low and Dato' Ng, the Executive Directors of Matang have also attended a seminar in relation to the development and outlook of oil palm industry, i.e., "Palm Oil Economics Review and Outlook (R&O) Virtual Conference 2021" held on 11 January 2021 by MPOB. In addition, Dato' Ng has also attended the summit, Future-Proofed Palm Oil 2020, Overcoming Challenges Capturing Opportunities from 14 to 17 December 2020.

Datuk Teoh Sew Hock, our Non-Independent Non-Executive Director and Dato' Ng as well as Mr Yeo have also attended the webinar MCCG Revision 2021 : Key Impact and How You Can Transform For The Better organised by Tricor Axcelasia Sdn Bhd on 18 May 2021. Besides, the entire Board also attended the briefing by the Internal Auditors held on 25 May 2021 in relation to the recent updates and changes to the MCCG with effect from 28 April 2021.

2. EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit and Risk Management Committee

The Board is committed to furnish the shareholders of the Company timely 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. The profile of the existing Audit and Risk Management Committee members has been included in Audit and Risk Management Committee Report of this Annual Report.

Prior to the start of the annual audit of financial statements of the Group for the financial year under review, the Audit and Risk Management Committee has conducted discussion with the external auditors in May 2021 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 approach 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 2021.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

Audit and Risk Management Committee *cont'd*

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. For FY2021, as with previous FYs, the Audit and Risk Management Committee also assisted the Board in reviewing the budget of the Group presented for financial year ending 30 June 2022.

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 2021 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.

In addition to the above, the Audit and Risk Management Committee has also assumed the roles and responsibilities of Integrity Committee set up in August 2020 pursuant to the implementation of the ABAC Policy of the Group in May 2020. In February 2021, the management reported to the Audit and Risk Management Committee in relation to the progress and status of implementation of the Adequate Procedures as well as issues in relation to anti-bribery and anti-corruption and the risk of the same of the Group, if any.

During the FY under review, the Audit and Risk Management Committee has exercised its independence to discuss the audit plan, audit approach 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 pages 35 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. Since August 2020, this roles and authorities of the Audit and Risk Management Committee has been extended to cover any integrity issues in relation to bribery and corruption that may have taken place in the Group. 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.

The risk management consultant has undertaken the risk assessment of the Group in September 2021 and the report shall be presented to the Audit and Risk Management Committee in the meeting scheduled in November 2021. With the report, the risk management consultant shall present to the Audit and Risk Management Committee its conclusions with regards to the risk assessment and management profile of the Group as well as and specific areas of concerns in terms of risks which the Group is to focus on.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

3. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Stakeholders

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

Other information provided on the website included the nature and location of the Group's business as well as other corporate information such as the Board Charter, terms of reference of Audit and Risk Management Committee, Nomination Committee and Remuneration Committee in addition to corporate exercises undertaken and the 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 ABAC 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 24 November 2021. 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 2020, the meeting of which was held virtually on 25 November 2020, the Company has:

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

In addition, during FY2021, the Company has conducted an extraordinary general meeting with its shareholders on 28 May 2021 for shareholders to deliberate and approve on the Proposed Private Placement I, the exercise of which has been duly approved by the shareholders after the necessary deliberation in the said EGM and completed.

For the forth-coming Annual General Meeting to be held on 24 November 2021, 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

3. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

cont'd

Conduct of General Meetings *cont'd*

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 24 August 2021.

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 regard, this Sustainability Statement is prepared to provide the shareholders of the Company an overview of the practices in place and undertaken by the Company to mitigate the major risks identified under EES to ensure sustainability is in place.

ECONOMIC

In respect of economic sustainability of the Group’s core activities, i.e., plantation, mitigating major economic risks for the long-term health of the Group has always been the key focus of the Board to ensure sustainable operations in order for assurance and stability in terms of cash flows and value creations for all the stakeholders. In addition, the Group aims at ensuring that the interest and value to the shareholders and the other stakeholders of the Company are safeguarded and where possible enhanced over the long term.

In addition, with the approval of shareholders in November 2019 for the diversification into Durian Business, consideration of the Group’s sustainability to mitigate economic risks shall also involve the new business diversified into. In terms of the sustainability of the Group’s core business in plantation, the Group view economic performance and procurement practices of the Group being two key areas fundamental to the long term economic survival of the Group core business of oil palm plantations.

In achieving the sustainability by mitigating the major economic risks for the core business of the Group, the following are the significant measures and practices undertaken by the Group, the measure of which directly and indirectly affects the economic performances of the Group’s plantation business:

1. Sufficiency of Labour Supplies

The palm oil industry is labour intensive in nature for both the upkeep and maintenance of fields and for harvesting of FFB and the industry in Malaysia has for a long time relied on employing foreign workers, in particular, Indonesian workers, to fill in the shortfall gap left from the recruitment of Malaysian workers.

The supply of Indonesian workers has not been stable of late particularly when the Indonesian workers opted to head home in recent years given the improving oil palm sector in Indonesia, a situation which was made more acute following the decision of the Government to freeze new intake into the country of foreign labour with effect from June 2020 to curb the threat of COVID-19 pandemic.

As a result of the above, sufficiency of labour supply or workforce underlines the capacity of Matang Estate in carrying out its operations in a sustainable manner. Hence to ensure operational sustainability, the Group has undertaken measures to mitigate labour issues including outsourcing labour requirement to be met from third-party contractors as well as optimising deployment of labour at Matang Estate by prioritising activities in accordance with peak or non-peak harvesting seasons. In addition, the Group has also enhanced certain incentive payments to labour at Matang Estate with a view to retain workers as well as encouraging more productive harvests. The Estate is also embarking on mechanisation initiatives by exploring automations tools and mechanisms to further reduce the ratio of worker requirement per hectare and as a result reducing reliance in labour as a long term effort to curb labour shortages in the plantation industry in the country.

2. Replanting

Replanting activities and exercises are critical to oil palm plantation industry in that successful implementation of replanting activities in both development and planting stages can affect the production and yield of FFB in a long term manner.

As reported in the Annual Report of the Company for previous FY, about 30% of Matang Estate or 321 hectares out of the total areas of plantable areas of 1,080 hectares is planted with oil palm trees exceeding 20 years old as at 30 June 2020. For FY2021, the Group has further identified 58.0 hectares of oil palm trees areas planted in 1998, i.e., reaching 23 years in 2021 for replanting planned for in FY2021 given the yield pattern lower than the other areas of the same age. These 58.0 hectares of old oil palm trees areas planted in 1998 were eventually approved by the Board in May 2021 for development into durian plantations under the diversification of the Group into Durian Business.

SUSTAINABILITY STATEMENT

cont'd

ECONOMIC *cont'd*

2. Replanting *cont'd*

As at 30 June 2021, about 34% of Matang Estate or 367 hectares out of the total areas of plantable areas of 1,080 hectares enters the age of 19 years and above. As with previous FYs, the management shall continue its assessment of replanting plans where mature trees approaching 25 years old are monitored closely for their yield performance. The 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.

Where replanting into oil palm trees is considered, the Group shall undertake the replanting exercises with due care, beginning with the proper planning for the time to order required breeds of seedlings, the execution of proper ploughing of the soils of replanting areas, to the shortlisting of suppliers and eventual selection of seedlings to ensure future desired yield is assured. Proper selection and nurturing of seedlings for replanting are mandatory and this gives the chance to the management of Matang Estate to choose the healthy palm seedling which will determine the sustainable production and yield for the Estate in the long term.

In addition, the Estate management is also aware and constantly ensure proper and adequate land preparation and earthworks such as land clearing and road and terrace construction are equally important for future efficiency of harvesting activities that affect FFB yield performance. Mechanisation plan for the Estate has also been considered by the Estate Management and also the Group in the manners of which land preparation and earthworks are to be undertaken.

3. Harvesting Practices and Quality of FFBs Harvested

Proper harvesting practices and emphasis on the management of FFB quality are also important for the long term economics of an oil palm plantation business. In previous FYs, Matang Estate has improvising measures and practices to ensure better and more efficient harvesting approaches are undertaken to achieve better FFB yields and to reduce deductions and returns of FFBs by the palm oil mills.

In respect of harvesting approach to ensure desired FFB yields, harvesters have been divided and grouped into dedicated teams assigned to carry out harvesting of FFB in adjacent fields in the Estate to facilitate supervisory works by mandors and to facilitate the efficient collections of FFBs harvested. Also, requirements have been enforced to prevent missed harvesting ripe FFB bunches. Mandors' checks and supervisions have been intensified to ensure missed ripe bunches are minimised and in the event of missed bunches being noticed, harvesters are sent back to the fields to harvest. In connection Harvesting Supervision Record has been put in place to document harvesting supervision completed.

In the current FY under review, improvement efforts of Matang Estate have been centred on minimising deductions and returns of FFBs from palm oil mill by continuing FFB grading at internal ramp in the Estate as well as setting key performance indicators and benchmark maximum deduction and return rate/percentage not to breach. Additionally, discussions with the palm oil mills have been carried out to understand the criteria and quality thresholds for deductions and returns while the Estate also optimises supplies of FFB where possible to mills which impose lower deductions and returns.

4. Application and Stringent Control of Quality of Fertilisers

Soil nutrient is also an area of emphasis as part of the cultivation activities 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 continues to practise 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.

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.

SUSTAINABILITY STATEMENT

cont'd

ECONOMIC *cont'd*

5. Diversification into Durian Business

As part of the strategies of the Group to ensure sustainable long term cash flows and profitability can be derived from not just one source of business, the Board has proposed and the Company has accordingly obtained the shareholders' approval for diversification into the Durian Business.

The durian plantation business in general have 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. Moreover, the supply of durians which is 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.

Premised on the above, the Group believes that the Durian Business represents an opportunity for Matang to diversify its existing business in plantation sector to include other cash crops or fruits. The diversification into Durian Business may possibly in the long run reduce the Group's significant reliance on its oil palm plantation. In the previous FY, i.e., FY2020, the Group has started the development of the First Durian Plantation and in FY2021, the Group has completed the development works for the First Durian Plantation of 46.6 hectares and also embarked on the development of Second Durian Plantation of 58.0 hectares.

In ensuring the effective execution of the Durian Business, in particular, for the First and Second Durian Plantation, the Group has undertaken stringent selection of contractors for the development works that involve broadly land preparation, earthworks, irrigation systems and planting activities as well as for upkeep, maintenance and management works.

To achieve the above, proposals and quotations of various contractors which were solicited through tender invitations were evaluated by Durian Project Committee ("DPC") of the Group which made recommendations to Management Committee for deliberation. Prior to making recommendations, DPC also undertook interviews of the shortlisted contractors. Board deliberations were also undertaken to seal the final approval for appointment of the contractors after also reviewing the contract/agreements prepared for the appointment.

In addition to the above, the Group is committed to ensure that the interests of all other stakeholders in particular, 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 risks of adverse environmental issues on its long term sustainability in particular for its plantation operations. In that regard, the Group places significant emphasis on its environmental compliance as primary areas of focus as a guide in managing the environmental risks mainly due to the less complex and small size of plantation and operations the Group has.

In this aspect, Group observes and is accordingly guided by the requirements to be met under certification for MSPO as the standards to follow in respect of protecting environment and sustaining the same for future be in it is operations and also proximity areas in which the Group's operations are in.

In that regard, we would like to highlight the sole Estate within the Group, i.e., Matang Estate has been awarded the MSPO certification on 5 August 2019. Besides, the Estate has also completed and passed the first yearly surveillance audit in August 2020 and subsequently the second surveillance audit was also successfully completed in July 2021.

SUSTAINABILITY STATEMENT

cont'd

SOCIAL

In terms of managing the risks to sustainability arising from social aspects, the Group viewed the employment practices, occupational health and safety and non-discriminatory practices being important areas affecting the sustainability of the Group. The specific measures undertaken by the Group in these respects are:

1. Equal Employment Opportunities

Matang Group provides equal employment opportunities to employees of different backgrounds be it with regards to race, genders or age groups. In this respect, Matang Estate Group is made up of employees of three major races in the country as well as both genders. While, most of the female employees undertake office-based works with some in office of Matang Estate located in Ledang and Segamat District, Johor and the others in Head Office located in Kuala Lumpur.

Despite that the field works in plantation estates were usually undertaken by the male workers as the tasks involved typically requires strength and perseverance under hot and tropical humid environments, the Group had recruited few female workers for field works. In addition, the Group has also provided equal employment opportunities and access to income including to ex-convict who had served the required punishments.

2. Enhanced Employment Benefits and Incentives

Over the years, the Group constantly evaluated the suitability of remuneration level for its employees both in Matang Estate and also in Head Office with appropriate increments in line with levels of cost of living and bonuses which commensurate with the level of performance.

For the plantation operations, the Group included as part of the remunerations for its workers a number of monetary allowances and incentives as well as non-monetary benefits. To name a few, the incentives include price bonus payable to all the harvesters based on CPO price levels while allowances include transportation and attendance allowances. In particular, in FY2021, the Group has also increased the piece rate for FFBs harvested from fields of less favorable conditions, e.g., steeper terrain or taller oil palm trees. Non-monetary benefits include subsidy of rice by pre-agreed kg on monthly basis as well as provision of certain furniture and fittings free of charge for the workers quarters such as dining tables with chairs, mattress, ceiling fans, industrial fans and cabinets, etc.

3. No Child and Forced Labour Policy

The Group does not tolerate employment of child labour in its operations. No children have been directly or indirectly deployed in any part of Matang Group's operation. In addition, the issues of forced labour do not exist in the Group given that the Group complies with all requirements of Jabatan Tenaga Kerja for its foreign workers in particular in relation to sensitive areas that include fair remunerations, deductions and welfare, the latter of which include living conditions and basic amenities and facilities, to name a few.

4. COVID-19 Pandemic Assistance and Other Social Efforts

In FY2021, Matang Group has carried out assistance to family of an employee in Matang Estate who have been contracted COVID-19. The assistance provided included the supply of essential provisions such as rice, eggs, cooking oil, milk, flour and other food items. The Group has also made donation to an Indian temple for the purpose of supporting yearly prayer ceremony as well as contributing to UCSI University as part of the educational support for students of the said higher learning institution.

This Sustainability Statement has been approved by the Board of Matang on 24 August 2021.

ADDITIONAL COMPLIANCE INFORMATION

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

Status of Utilisation of Proceeds

(1) Public Issue of 130,000,000 Shares pursuant to Initial Public Offering (“Public Issue”)

Based on the issue price of RM0.13 per share for the Public Issue of the Company on 17 January 2017, the gross proceeds arising from the Public Issue amounting to RM16.90 million has been utilised in the following manner as at 30 June 2021:

Purposes	Approved utilisation RM'000	Actual utilisation RM'000	Deviation: surplus/ (deficit) RM'000	Balance unutilised RM'000	Time frame for utilisation from 17 January 2017
Replanting exercise	250	(250)	-	-	Within 24 months
Capital expenditure	1,786 ⁽¹⁾⁽ⁱ⁾	(1,127)	-	659	Within 60 months ⁽¹⁾⁽ⁱ⁾
General working capital					
(i) Day-to-day operational expense	6,888 ⁽¹⁾⁽ⁱ⁾	(6,888)	-	-	Within 60 months
(ii) Purchase of fertilisers	5,800 ⁽¹⁾⁽ⁱ⁾	(3,787)	-	2,013	Within 60 months
Estimated listing expenses	2,176	(2,176)	-	-	Within 3 months
Total	16,900	(14,228)	-	2,672	

Notes:

⁽¹⁾ 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:

	Initial IPO proceeds utilisation RM'000	Approved utilisation Variations as announced on 26 November 2019 RM'000	After Variations 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.

ADDITIONAL COMPLIANCE INFORMATION

cont'd

(2) Issuance of 362,000,000 Shares pursuant to the Private Placements

Based on the issue price of RM0.1108 per Share for 181,000,000 Placement Shares I and RM0.1108 per Share for 181,000,000 Placement Shares II issued, the total gross proceeds amounting to RM40.11 million has been utilised in the following manner as at 30 June 2021:

Purposes	Approved utilisation	Actual utilisation	Deviation: surplus/ (deficit)	Balance unutilised	Estimated time frame for utilisation ⁽¹⁾
	RM'000	RM'000	RM'000	RM'000	
Future acquisitions	23,635 ⁽²⁾	(-)	-	23,635	Within 18 months
For working capital	16,265 ⁽³⁾	(116)	2 ⁽⁴⁾	16,151	Within 18 months
Estimated expenses	210	(208)	(2) ⁽⁴⁾	-	Immediate
Total	40,110	(324)	0	39,786	

The utilisation of proceeds as disclosed for the Private Placements should be read in conjunction with the Circular dated 12 May 2021. Abbreviation used in the Notes below shall have the same meaning as referred to in the Circular.

Notes:

- (1) From the date of receipt of the funds on 8 June 2021 for RM20.05 million (in respect of Proposed Private Placement I) and on 19 May 2021 for RM20.05 million (in respect of Proposed Private Placement II).
- (2) Out of which RM17.00 million from the Proposed Private Placement I and RM6.64 million from the Proposed Private Placement II have been allocated for potential future acquisitions of oil palm plantation(s), durian plantation(s) and/or additional land bank for the development of new oil palm and/or durian plantation(s) within Malaysia.
- (3) Out of which:
 - RM0.96 million has been earmarked for payment of third-party contractor fees for the upkeep, maintenance and management of First Durian Plantation.
 - RM4.50 million shall be used for the development and operational expenditure (including upkeep and maintenance costs) of new/ additional hectareage of durian plantation within the Matang Estate.
 - RM10.80 million shall be used for development and operational expenditure (including upkeep and maintenance costs) for oil palm and durian plantation(s) acquired and/ or new land bank acquired for such plantation(s).
- (4) RM2,400 balance unutilised for estimated expenses has subsequently been re-allocated for the working capital purposes.

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 2021 was RM97,356 excluding RM38,942 for service charges.

ADDITIONAL COMPLIANCE INFORMATION

cont'd

Audit and Non-Audit Fees

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

	Group		Company	
	FY2021 Payable	FY2020 Paid	FY2021 Payable	FY2020 Paid
	RM'000	RM'000	RM'000	RM'000
Audit fees	62	62	27	27
Non-audit fees				
- Review of the Statement on Risk Management and Internal Control	5	5	5	5
Total	67	67	32	32

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 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 45 to 48 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 2021, 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 24 August 2021.

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 2021.

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	4,105,447	2,155,188
Profit attributable to owners of the parent	4,105,447	2,155,188

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 2020 which was paid on 8 January 2021.
- (b) The Directors proposed a first and final single tier dividend of 0.20 sen per ordinary share, amounting to RM4,344,001 in respect of the financial year ended 30 June 2021. 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

During the financial year, the issued and fully paid-up ordinary shares of the Company was increased from 1,810,000,256 to 2,172,000,256 by way of issuance of 362,000,000 new ordinary shares at RM0.1108 per ordinary share for cash.

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

The Company did not issue any 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

Dato' Foong Chee Meng
 Datuk Ir Low Ah Keong*
 Dato' Ng Keng Heng*
 Yeo Kwee Kwang
 Tew Boon Chin
 Datuk Teoh Sew Hock*
 Lim Chin Hock
 Datuk Kiat Swee Sung (Retired on 25 November 2020)
 Lau Liang Fook (Retired on 25 November 2020)

* *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 2021 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	Number of ordinary shares			Balance as at 30.6.2021
	Balance as at 1.7.2020	Bought	Sold	
Shares in the Company				
<u>Direct interests:</u>				
Datuk Teoh Sew Hock	2,578,000	3,250,000	-	5,828,000
Dato' Ng Keng Heng	9,000	-	-	9,000
Lim Chin Hock	10,000	-	-	10,000

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

DIRECTORS' BENEFITS

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

DIRECTORS' REPORT

cont'd

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

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

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

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there are no known bad debts to be written off and that adequate provision had been made for doubtful debts; 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 render the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors
 - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet its obligations as and when they fall due.

DIRECTORS' REPORT

cont'd

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

(III) AS AT THE DATE OF THIS REPORT

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are 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.

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 2021 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

Kuala Lumpur
22 September 2021

Dato' Ng Keng Heng

Director

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements as set out on pages 62 to 95 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 2021 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

Dato' Ng Keng Heng
Director

Kuala Lumpur
22 September 2021

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 62 to 95 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)
22 September 2021)

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 2021 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 62 to 95.

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 2021, 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 RM11.7 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 sensitive to the key assumptions applied.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF **MATANG BERHAD**
(Incorporated in Malaysia)
cont'd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *cont'd*

Key Audit Matters *cont'd*

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.

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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MATANG BERHAD

(Incorporated in Malaysia)

cont'd

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.
- 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF **MATANG BERHAD**
(Incorporated in Malaysia)
cont'd

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

Kuala Lumpur
22 September 2021

Ho Kok Khiaw

03412/02/2023 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	132,152,999	132,829,950	-	-
Right-of-use asset	5	585,115	302,726	-	-
Investment properties	6	11,700,000	12,200,000	-	-
Other investments	7	154,030	86,510	-	-
Investments in subsidiaries	8	-	-	177,709,441	176,360,006
Inventories	9	1,090,540	1,057,730	-	-
		145,682,684	146,476,916	177,709,441	176,360,006
Current assets					
Inventories	9	98,339	130,016	-	-
Biological assets	10	571,713	394,807	-	-
Trade and other receivables	11	2,034,367	929,397	121,034	126,346
Cash, bank balances and short term funds	12	83,020,479	40,806,458	46,607,165	8,116,688
		85,724,898	42,260,678	46,728,199	8,243,034
TOTAL ASSETS		231,407,582	188,737,594	224,437,640	184,603,040
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	13	223,980,427	183,870,827	223,980,427	183,870,827
Reserves	14	2,994,891	1,536,924	12,407	572,219
TOTAL EQUITY		226,975,318	185,407,751	223,992,834	184,443,046
LIABILITIES					
Non-current liabilities					
Lease liability	5	484,377	235,898	-	-
Deferred tax liabilities	15	1,587,985	1,542,197	-	-
		2,072,362	1,778,095	-	-
Current liabilities					
Trade and other payables	16	1,875,707	1,236,375	435,032	152,244
Lease liability	5	114,349	117,050	-	-
Current tax liabilities		369,846	198,323	9,774	7,750
		2,359,902	1,551,748	444,806	159,994
TOTAL LIABILITIES		4,432,264	3,329,843	444,806	159,994
TOTAL EQUITY AND LIABILITIES		231,407,582	188,737,594	224,437,640	184,603,040

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 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Revenue	17	13,694,735	9,614,257	3,000,000	3,000,000
Cost of sales		(2,457,627)	(2,171,707)	-	-
Gross profit		11,237,108	7,442,550	3,000,000	3,000,000
Other income		2,019,951	2,155,190	232,565	398,807
Net loss on impairment of financial instruments		(21,728)	-	-	-
Administration expenses		(6,859,771)	(6,622,458)	(1,008,795)	(694,452)
Other expenses		(88,372)	(25,533)	(34,338)	(4,579)
Finance cost		(26,535)	(26,781)	-	-
Profit before tax	18	6,260,653	2,922,968	2,189,432	2,699,776
Tax expense	19	(2,155,206)	(1,309,441)	(34,244)	(102,244)
Profit for the financial year		4,105,447	1,613,527	2,155,188	2,597,532
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Fair value gain/(loss) on equity investments at fair value through other comprehensive income	7	67,520	(21,100)	-	-
Total other comprehensive income/(loss), net of tax		67,520	(21,100)	-	-
Total comprehensive income		4,172,967	1,592,427	2,155,188	2,597,532
Profit attributable to owners of the parent		4,105,447	1,613,527	2,155,188	2,597,532
Total comprehensive income attributable to owners of the parent		4,172,967	1,592,427	2,155,188	2,597,532
Earnings per share attributable to ordinary equity holders of the Company (sen):					
- Basic	22	0.22	0.09		
- Diluted	22	0.22	0.09		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Group	Note	Non-distributable			Distributable	Total equity RM
		Share capital RM	Fair value reserve RM	Merger reserve RM	Retained earnings RM	
Balance as at 1 July 2019		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)/income		-	(21,100)	-	1,613,527	1,592,427
Transaction with owners						
Dividend paid	23	-	-	-	(2,715,000)	(2,715,000)
Total transaction with owners		-	-	-	(2,715,000)	(2,715,000)
Balance as at 30 June 2020		183,870,827	(38,065)	(108,000,004)	109,574,993	185,407,751
Balance as at 1 July 2020		183,870,827	(38,065)	(108,000,004)	109,574,993	185,407,751
Profit for the financial year		-	-	-	4,105,447	4,105,447
Other comprehensive income, net of tax		-	67,520	-	-	67,520
Total comprehensive income		-	67,520	-	4,105,447	4,172,967
Transactions with owners						
Issuance of ordinary shares	13	40,109,600	-	-	-	40,109,600
Dividend paid	23	-	-	-	(2,715,000)	(2,715,000)
Total transaction with owners		40,109,600	-	-	(2,715,000)	37,394,600
Balance as at 30 June 2021		223,980,427	29,455	(108,000,004)	110,965,440	226,975,318

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021
cont'd

Company	Note	Non- distributable Share capital RM	Retained earnings RM	Total equity RM
Balance as at 1 July 2019		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
Transaction with owners				
Dividend paid	23	-	(2,715,000)	(2,715,000)
Total transaction with owners		-	(2,715,000)	(2,715,000)
Balance as at 30 June 2020/1 July 2020		183,870,827	572,219	184,443,046
Profit for the financial year		-	2,155,188	2,155,188
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	2,155,188	2,155,188
Transactions with owners				
Issuance of ordinary shares	13	40,109,600	-	40,109,600
Dividend paid	23	-	(2,715,000)	(2,715,000)
Total transactions with owners		40,109,600	(2,715,000)	37,394,600
Balance as at 30 June 2021		223,980,427	12,407	223,992,834

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		6,260,653	2,922,968	2,189,432	2,699,776
Adjustments for:					
Depreciation of property, plant and equipment	4	2,135,852	2,656,936	-	-
Depreciation of right-of-use asset	5	121,059	106,844	-	-
Fair value adjustment of:					
- investment properties	6	500,000	-	-	-
- biological assets	10	(176,906)	(30,147)	-	-
Gain on:					
- disposal of property, plant and equipment	18	(34,648)	(21,099)	-	-
- lease modification	5(c)	(47,907)	-	-	-
Impairment loss on other receivables	11(h)	21,728	-	-	-
Interest expense		26,535	26,781	-	-
Interest income	18	(915,167)	(1,294,937)	(229,345)	(398,807)
Dividend income from a subsidiary		-	-	(3,000,000)	(3,000,000)
Operating profit/(loss) before working capital changes		7,891,199	4,367,346	(1,039,913)	(699,031)
Changes in working capital:					
Inventories		(1,133)	(29,394)	-	-
Trade and other receivables		(1,127,440)	(135,494)	410	17,467
Trade and other payables		639,332	60,273	282,788	(18,895)
Cash generated from/(used in) operations		7,401,958	4,262,731	(756,715)	(700,459)
Tax paid		(1,937,895)	(1,081,886)	(32,220)	(104,136)
Net cash from/(used in) operating activities		5,464,063	3,180,845	(788,935)	(804,595)

STATEMENTS OF CASH FLOWSFOR THE FINANCIAL YEAR ENDED 30 JUNE 2021
cont'd

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Advances to a subsidiary		-	-	(1,339,675)	(3,583,870)
Placements of deposits pledged with a licensed bank		(190)	(312)	-	-
(Placements)/Withdrawals of deposits with licensed banks more than three (3) months		(18,758,898)	(2,092,102)	(18,850,000)	3,841,000
Interest received		915,909	1,346,794	224,487	489,818
Dividend received from a subsidiary		-	-	3,000,000	3,000,000
Purchase of property, plant and equipment	4	(1,499,371)	(79,319)	-	-
Proceeds from disposal of property, plant and equipment		75,118	21,100	-	-
Net cash (used in)/from investing activities		(19,267,432)	(803,839)	(16,965,188)	3,746,948
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid	23	(2,715,000)	(2,715,000)	(2,715,000)	(2,715,000)
Payments of lease liability		(136,298)	(126,076)	-	-
Proceeds from issuance of ordinary shares	13	40,109,600	-	40,109,600	-
Net cash from/(used in) financing activities		37,258,302	(2,841,076)	37,394,600	(2,715,000)
Net increase/(decrease) in cash and cash equivalents		23,454,933	(464,070)	19,640,477	227,353
Cash and cash equivalents at beginning of financial year		32,037,913	32,501,983	6,916,688	6,689,335
Cash and cash equivalents at end of financial year	12(f)	55,492,846	32,037,913	26,557,165	6,916,688

STATEMENTS OF CASH FLOWSFOR THE FINANCIAL YEAR ENDED 30 JUNE 2021
cont'd**RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

	Lease liability (Note 5) Group RM
At 1 July 2019	462,465
Cash flows	(126,076)
Non-cash flows	
- Unwinding of interest	26,781
- Lease concessions	(10,222)
At 30 June 2020/1 July 2020	352,948
Cash flows	(136,298)
Non-cash flows	
- Unwinding of interest	26,535
- Lease modification	355,541
At 30 June 2021	598,726

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

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 22 September 2021.

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 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 2021

cont'd

4. PROPERTY, PLANT AND EQUIPMENT

Group 2021	Balance as at 1.7.2020 RM	Additions RM	Disposal RM	Balance as at 30.6.2021 RM
Cost				
Freehold estate land	107,787,217	-	-	107,787,217
Bearer plants	40,378,677	1,423,273	-	41,801,950
Plant and equipment	2,318,329	76,098	-	2,394,427
Motor vehicles	1,946,756	-	(115,629)	1,831,127
	152,430,979	1,499,371	(115,629)	153,814,721
	Balance as at 1.7.2020 RM	Depreciation charges for the financial year RM	Disposal RM	Balance as at 30.6.2021 RM
Accumulated depreciation				
Bearer plants	16,262,628	1,842,913	-	18,105,541
Plant and equipment	1,871,636	73,748	-	1,945,384
Motor vehicles	1,466,765	219,191	(75,159)	1,610,797
	19,601,029	2,135,852	(75,159)	21,661,722
Group 2020	Balance as at 1.7.2019 RM	Additions RM	Disposal RM	Balance as at 30.6.2020 RM
Cost				
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
Accumulated depreciation				
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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021
cont'd

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

	Group	
	2021	2020
	RM	RM
Carrying amount		
Freehold estate land	107,787,217	107,787,217
Bearer plants	23,696,409	24,116,049
Plant and equipment	449,043	446,693
Motor vehicles	220,330	479,991
	132,152,999	132,829,950

- (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

2021	Balance as at 1.7.2020 RM	Lease modification RM	Depreciation RM	Balance as at 30.6.2021 RM
Carrying amount				
Premises	302,726	403,448	(121,059)	585,115
<hr/>				
2020	Balance as at 1.7.2019 RM	Lease modification RM	Depreciation RM	Balance as at 30.6.2020 RM
Carrying amount				
Premises	409,570	-	(106,844)	302,726

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

cont'd

5. LEASES *cont'd*

The Group as lessee *cont'd*

Lease liability

2021	Balance as at 1.7.2020 RM	Lease modification RM	Lease payments RM	Lease concessions RM	Interest expense RM	Balance as at 30.6.2021 RM
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Carrying amount

Premises	352,948	355,541	(136,298)	-	26,535	598,726
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2020	Balance as at 1.7.2019 RM	Lease modification RM	Lease payments RM	Lease concessions RM	Interest expense RM	Balance as at 30.6.2020 RM
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Carrying amount

Premises	462,465	-	(126,076)	(10,222)	26,781	352,948
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Represented by:

	2021 RM	2020 RM
Current liability	114,349	117,050
Non-current liability	484,377	235,898
	598,726	352,948
Lease liability owing to non-financial institutions	598,726	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:

	Group	
	2021 RM	2020 RM
Depreciation charge of right-of-use asset	121,059	106,844
Interest expense on lease liability (included in finance costs)	26,535	26,781
Expense relating to leases of low-value assets (included in administration expenses)	5,268	5,268
Gain on lease modification	(47,907)	-
Variable lease payments:		
- arising from COVID-19 related rent concessions	-	(10,222)
	104,955	128,671

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021
cont'd

5. LEASES *cont'd*

The Group as lessee *cont'd*

Lease liability *cont'd*

- (d) 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.
- (e) 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:

	Weighted average incremental borrowing rate %	Total RM	Within 1 year RM	Within 1-3 years RM	Within 3-5 years RM	Over 5 years RM
2021						
Lease liability						
Fixed rate	4.10	598,726	114,349	243,230	241,147	-
2020						
Lease liability						
Fixed rate	6.67	352,948	117,050	235,898	-	-

- (f) 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.
- (g) 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	On demand or within one year RM	Within one to five years RM	Over five years RM	Total RM
30 June 2021				
Lease liability	136,298	522,477	-	658,775
30 June 2020				
Lease liability	136,298	249,880	-	386,178

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

cont'd

5. LEASES *cont'd*

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	
	2021 RM	2020 RM
Less than one (1) year	408,581	529,544
Within one (1) to two (2) years	49,620	10,665
Within two (2) to three (3) years	17,100	4,620
	475,301	544,829

6. INVESTMENT PROPERTIES

Group	Balance as at 1.7.2020 RM	Fair value adjustment RM	Balance as at 30.6.2021 RM
2021			
Leasehold land and buildings	12,200,000	(500,000)	11,700,000
	Balance as at 1.7.2019 RM	Fair value adjustment RM	Balance as at 30.6.2020 RM
2020			
Leasehold land and buildings	12,200,000	-	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.
- (c) Direct operating expenses (including repairs and maintenance) arising from investment properties generating rental income during the financial year are as follows:

	Group	
	2021 RM	2020 RM
Direct operating expenses	436,624	604,118

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021
cont'd

6. INVESTMENT PROPERTIES *cont'd*

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2021				
Leasehold land and buildings	-	-	11,700,000	11,700,000
2020				
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 2021 and 30 June 2020.
- (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>Under cost method, the land and the building of a property are valued separately.</p> <p>The value of the land is derived based on comparison method where it analyses recent transactions and asking price of similar properties based on location, plot size, accessibility and other relevant factors.</p> <p>The value of the buildings are derived based on the summation of the replacement costs of the buildings. The replacement costs of buildings are determined based on current estimates of reconstruction cost less depreciation or replacement cost less depreciation, obsolescence and existing physical condition of the buildings.</p>	<ul style="list-style-type: none"> • Land value at RM26 per sq. ft. (2020: RM30 per sq. ft.). • Site improvement at RM1.50 per sq. ft. (2020: RM1.50 per sq. ft.). • Main floor area cost ranging from RM60 per sq. ft. to RM150 per sq. ft. (2020: RM80 per sq. ft. to RM145 per sq. ft.). • Depreciation rates ranging from 38% to 75% (2020: 32% to 72%). 	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> • Land value per square foot was higher/(lower). • Site improvement per ft run was higher/(lower). • Main floor area cost were higher/(lower). • Depreciation rates were lower/(higher).

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7. OTHER INVESTMENTS

	Group	
	2021	2020
	RM	RM
Fair value through other comprehensive income		
Quoted shares in Malaysia		
At beginning of financial year	86,510	107,610
Fair value change	67,520	(21,100)
At end of financial year	154,030	86,510

- (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	
	2021	2020
	RM	RM
Fair value reserve		
- increase by 5% (2020: 5%)	7,702	4,326
- decrease by 5% (2020: 5%)	(7,702)	(4,326)

- (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	
	2021	2020
	RM	RM
At cost		
Unquoted shares- at cost	168,000,006	168,000,006
Equity loans	9,709,435	8,360,000
	177,709,441	176,360,006

The Directors of the Company have reassessed the nature of the amounts owing by subsidiaries and determined that the outstanding balance amounting to RM9,709,435 (2020: RM8,360,000) 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.

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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/ Principal place of business	Interest in equity held by				Principal activities
		Company		Subsidiary		
		2021	2020	2021	2020	
		%	%	%	%	
* Matang Holdings Berhad ("MHB")	Malaysia	100	100	-	-	Engaged in investment holding, management of plantation estate and sales of fresh fruit bunch.
Subsidiary of Matang Holdings Berhad						
* Matang Realty Sdn Bhd	Malaysia	-	-	100	100	Engaged in property investment holding.

* Both audited by BDO PLT, Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

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9. INVENTORIES

	Note	Group	
		2021 RM	2020 RM
Non-current			
Land held for property development	(a)	1,057,730	1,057,730
Addition		32,810	-
		1,090,540	1,057,730
Current			
At cost			
Estate consumables		55,741	97,453
Nursery		42,598	32,563
		98,339	130,016

- (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 RM406,553 (2020: RM722,319).

10. BIOLOGICAL ASSETS

	Group	
	2021 RM	2020 RM
At fair value		
Balance as at 1 July 2020/2019	394,807	364,660
Fair value gain	176,906	30,147
Balance as at 30 June 2021/2020	571,713	394,807

- (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

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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
2021				
Biological assets	-	-	571,713	571,713
2020				
Biological assets	-	-	394,807	394,807

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 30 June 2021 and 30 June 2020.

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Trade receivables				
Third parties	1,291,375	500,571	-	-
Other receivables and deposits				
Other receivables	396,901	267,763	92,576	87,718
Less: Impairment losses	(21,728)	-	-	-
	375,173	267,763	92,576	87,718
Amount owing by a subsidiary	-	-	-	9,760
Deposits	138,850	114,190	8,000	8,000
	514,023	381,953	100,576	105,478
Total receivables, net of prepayments	1,805,398	882,524	100,576	105,478
Prepayments	228,969	46,873	20,458	20,868
	2,034,367	929,397	121,034	126,346

- (a) Total receivables (excluding prepayments) 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 (2020: 14 to 30 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (c) In the previous financial year, amount owing by a subsidiary was unsecured, interest free and repayable in cash and cash equivalents within next twelve (12) months.

NOTES TO THE FINANCIAL STATEMENTS

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11. TRADE AND OTHER RECEIVABLES *cont'd*

- (d) All trade and other receivables are denominated in Ringgit Malaysia ('RM').
- (e) Impairment for trade receivables are recognised based on the simplified approach within MFRS 9 using forward looking expected credit loss model. During the process, the probability of non-payment by the trade receivables is adjusted by forward looking information (gross domestic product (GDP) and inflation rate) and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables.

It requires management to exercise judgement in determining the probability of default by trade receivables and appropriate forward-looking information, including the effects of COVID-19 pandemic, if any. 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.

The Group defined significant increase in credit risk based on changes to contractual terms, payment delays and past due information.

It requires management to exercise its judgement in determining the probabilities of default by other receivables, appropriate forward-looking information (gross domestic product (GDP) and inflation rate) and significant increase in credit risk, including the effects of COVID-19 pandemic, if any.

- (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
2021			
Current	893,430	-	893,430
More than 30 days past due	397,945	-	397,945
	1,291,375	-	1,291,375
2020			
Current	500,571	-	500,571

NOTES TO THE FINANCIAL STATEMENTS

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11. TRADE AND OTHER RECEIVABLES *cont'd*

- (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. *cont'd*

As at the end of each reporting period, the credit risks exposures and concentration relating to trade receivables of the Group are summarised in the table below:

	Group	
	2021 RM	2020 RM
Maximum exposure	1,291,375	500,571
Collateral obtained	(200,000)	-
Net exposure to credit risk	1,091,375	500,571

The above collateral is bank guarantees obtained by entity incorporated in Malaysia.

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

- (h) Movements in the impairment allowance for other receivables are as follows:

	12-month ECL RM	Lifetime ECL - not credit impaired RM	Lifetime ECL - credit impaired RM	Total RM
2021				
Group				
At 1 July	-	-	-	-
Charge for the financial year	17,373	-	4,355	21,728
At 30 June	17,373	-	4,355	21,728

12. CASH, BANK BALANCES AND SHORT TERM FUNDS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash and bank balances	1,247,965	1,315,019	200,393	125,206
Deposits with licensed banks	58,820,242	22,514,685	41,950,039	4,839,629
Short term funds	22,952,272	16,976,754	4,456,733	3,151,853
	83,020,479	40,806,458	46,607,165	8,116,688

NOTES TO THE FINANCIAL STATEMENTS

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

- (a) Deposits with licensed banks of the Group and the Company have a range of maturity period of 1 month to 1 year (2020: 1 month to 1 year); with weighted average effective interest rate of 2.14% (2020: 2.82%) and 2.14% (2020: 3.32%) per annum respectively.
- (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	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit after tax				
- if interest rate increases by 1% (2020: 1%)	676,557	340,879	363,388	68,300
- if interest rate decreases by 1% (2020: 1%)	(676,557)	(340,879)	(363,388)	(68,300)

- (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	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash, bank balances and short term funds	83,020,479	40,806,458	46,607,165	8,116,688
Less:				
Deposits placed with licensed banks more than three (3) months	(27,492,000)	(8,733,102)	(20,050,000)	(1,200,000)
Deposits pledged with a licensed bank	(35,633)	(35,443)	-	-
	55,492,846	32,037,913	26,557,165	6,916,688

NOTES TO THE FINANCIAL STATEMENTS

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13. SHARE CAPITAL

	Group and Company			
	2021		2020	
	Number of shares	RM	Number of shares	RM
Issued and fully paid:				
At beginning of financial year	1,810,000,256	183,870,827	1,810,000,256	183,870,827
Issuance of ordinary shares	362,000,000	40,109,600	-	-
At end of financial year	2,172,000,256	223,980,427	1,810,000,256	183,870,827

During the financial year, the issued and fully paid-up ordinary shares of the Company was increased from 1,810,000,256 to 2,172,000,256 by way of issuance of 362,000,000 new ordinary shares at RM0.1108 per ordinary share for cash. The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

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.

14. RESERVES

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Non-distributable:				
Fair value reserve	29,455	(38,065)	-	-
Merger reserve	(108,000,004)	(108,000,004)	-	-
	(107,970,549)	(108,038,069)	-	-
Distributable:				
Retained earnings	110,965,440	109,574,993	12,407	572,219
	2,994,891	1,536,924	12,407	572,219

(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.

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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	
	2021	2020
	RM	RM
Balance as at 1 July	1,542,197	1,532,323
Recognised in profit or loss (Note 19)		
- current year	111,374	28,697
- prior years	(65,586)	(18,823)
	45,788	9,874
Balance as at 30 June	1,587,985	1,542,197

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

	Property, plant and equipment	Group Other temporary differences	Total
	RM	RM	RM
Deferred tax liabilities			
At 1 July 2019	1,532,323	-	1,532,323
Recognised in profit or loss	9,874	-	9,874
At 30 June 2020/ 1 July 2020	1,542,197	-	1,542,197
Recognised in profit or loss	9,223	36,565	45,788
At 30 June 2021	1,551,420	36,565	1,587,985

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16. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Trade payables				
Third parties	462,854	254,136	-	-
Other payables				
Other payables and accruals	1,211,016	706,202	435,032	152,244
Deposits received	201,837	276,037	-	-
	1,412,853	982,239	435,032	152,244
	1,875,707	1,236,375	435,032	152,244

- (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 (2020: 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	
	2021 RM	2020 RM	2021 RM	2020 RM
Revenue from contracts with customers				
Sale of palm products	13,694,735	9,614,257	-	-
Other revenue:				
Dividend income	-	-	3,000,000	3,000,000
	13,694,735	9,614,257	3,000,000	3,000,000

- (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.

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18. PROFIT BEFORE TAX

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

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
After charging:					
Auditors' remuneration		62,000	62,000	27,000	27,000
Rental of photocopiers		5,268	5,268	-	-
And crediting:					
Gain on disposal of property, plant and equipment		34,648	21,099	-	-
Interest income	(a)	915,167	1,294,937	229,345	398,807
Rental income	(b)	792,713	765,584	-	-

(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	
	2021 RM	2020 RM	2021 RM	2020 RM
Fees	190,137	92,808	190,137	92,808
Other emoluments	362,487	216,777	212,524	111,788
	552,624	309,585	402,661	204,596

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19. TAX EXPENSE

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Income tax				
- current year	2,084,773	1,264,765	34,389	66,800
- under provision in prior years	24,645	34,802	(145)	35,444
	2,109,418	1,299,567	34,244	102,244
Deferred tax (Note 15)				
- current year	111,374	28,697	-	-
- over provision in prior years	(65,586)	(18,823)	-	-
	45,788	9,874	-	-
	2,155,206	1,309,441	34,244	102,244

- (a) The Malaysian income tax is calculated at the statutory tax rate of twenty-four percent (24%) (2020: 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	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit before tax	6,260,653	2,922,968	2,189,432	2,699,776
Tax expense at applicable tax of 24% (2020: 24%)	1,502,557	701,513	525,464	647,946
Non-allowable expenses	836,013	751,837	243,200	161,698
Allowable expenses capitalised in bearer plants	(31,696)	(13,265)	-	-
Non-taxable income	(110,727)	(146,623)	(734,275)	(742,844)
	2,196,147	1,293,462	34,389	66,800
Under/(Over) provision in prior years				
- income tax	24,645	34,802	(145)	35,444
- deferred tax	(65,586)	(18,823)	-	-
	2,155,206	1,309,441	34,244	102,244

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19. TAX EXPENSE *cont'd*

(c) Tax on each component of other comprehensive income is as follows:

	Before tax RM	Group Tax effect RM	After tax RM
2021			
Item that will not be reclassified subsequently to profit or loss			
Fair value gain on equity investments at fair value through other comprehensive income	67,520	-	67,520
2020			
Item that will not be reclassified subsequently to profit or loss			
Fair value loss on equity investments at fair value through other comprehensive income	(21,100)	-	(21,100)

20. COMMITMENTS

(a) Operating lease 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	
	2021 RM	2020 RM
Not later than one (1) year	4,581	5,268
Later than one (1) year and not later than five (5) years	3,570	8,151
	8,151	13,419

(b) Capital commitments

	Group	
	2021 RM	2020 RM
Authorised capital expenditure not provided for in the financial statements		
- contracted	1,584,026	363,327
Analysed as follows:		
- Property, plant and equipment	1,584,026	363,327

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21. EMPLOYEE BENEFITS

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Salaries, allowances and overtime	1,695,074	1,509,753	122,000	50,000
Contributions to defined contribution plan	261,162	179,677	18,300	5,250
Other employee benefits	157,213	127,630	924	538
	2,113,449	1,817,060	141,224	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	
	2021	2020
Profit attributable to owners of the parent (RM)	4,105,447	1,613,527
Weighted average number of ordinary shares in issue (unit)	1,844,712,585	1,810,000,256
Basic EPS (sen)	0.22	0.09

- (b) Diluted EPS of the Group for the financial years ended 30 June 2021 and 30 June 2020 is equivalent to the basic EPS as there are no potential ordinary shares outstanding as at the end of each reporting period.

23. DIVIDENDS

	Group and Company			
	2021		2020	
	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 2019				
- Final cash dividend	-	-	0.15	2,715,000
In respect of financial year ended 30 June 2020				
- Final cash dividend	0.15	2,715,000	-	-
	0.15	2,715,000	0.15	2,715,000

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.

As approved by shareholders at an Annual General Meeting held on 25 November 2020, 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 2020 was paid on 8 January 2021.

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24. CONTINGENT LIABILITIES

	Group	
	2021 RM	2020 RM
Bankers' guarantees in favour of third party	33,000	33,000

The Group designates bankers' guarantees given to third party as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The Directors are of the view that the chances of the third party to call upon the banker's guarantees are remote. Accordingly, the fair values of the above banker's guarantees given to the third parties are negligible.

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 2021 and 2020. All the Group's operations are carried out in Malaysia.

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

26. RELATED PARTY DISCLOSURES

(a) Identities of related parties

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

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

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

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

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26. RELATED PARTY DISCLOSURES *cont'd*

(b) Significant related party transactions and balances

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

	Group	
	2021	2020
	RM	RM
Related party:		
Rental of office charged by Huaren	136,298	126,076

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	
	2021	2020	2021	2020
	RM	RM	RM	RM
Fees	190,137	92,808	190,137	92,808
Other emoluments	362,487	216,777	212,524	111,788
Total key management compensation	552,624	309,585	402,661	204,596

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 2020.

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 2021 and 30 June 2020.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

cont'd

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

(a) Capital management *cont'd*

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. Net debt represents lease liabilities, trade and other payables, less cash and bank balances and short-term funds. Total capital represents equity attributable to the owners of the parent.

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Lease liabilities	598,726	352,948	-	-
Trade and other payables	1,875,707	1,236,375	435,032	152,244
Total liabilities	2,474,433	1,589,323	435,032	152,244
Less: Cash and bank balances and short term funds (Note 12)	(83,020,479)	(40,806,458)	(46,607,165)	(8,116,688)
Net cash	(80,546,046)	(39,217,135)	(46,172,133)	(7,964,644)
Total capital	226,975,318	185,407,751	223,992,834	184,443,046
Gearing ratio	-*	-*	-*	-*

* *The gearing ratios for the Group and for the Company are not presented as the Group and the Company are in net cash position.*

Pursuant to the requirements of Guidance Note No. 3/2006 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity of more than twenty-five percent (25%) of the issued and paid-up capital. The Group has complied with this requirement for the financial year ended 30 June 2021.

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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021
cont'd

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

(b) Financial risk management *cont'd*

(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.

(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 RM1,084,250 (2020: RM760,690).

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

cont'd

28. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) The Company announced on 6 April 2021 that it proposes to undertake the following proposals:
- (i) a private placement of 181,000,000 new ordinary shares in Matang (“Matang Share(s)” or “Share(s)”) (“Placement Share(s) I”), representing approximately 10% of the total issued shares of Matang, to Huaren Holdings Sdn Bhd (“Huaren” or the “Investor”), a major shareholder of the Company, at an issue price of RM0.1108 per Placement Share I (“Proposed Private Placement I”).
 - (ii) a private placement of up to 20% of the total issued shares of Matang (excluding treasury shares, if any) (“Placement Shares II”) to third-party investor(s) to be identified later at an issue price to be determined later in accordance with the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 (“Act”) (“Proposed Private Placement II”).

Collectively, the Proposed Private Placement I and Proposed Private Placement II shall be herein referred to as “Private Placements”.

Bursa Securities had, vide its letter on 3 May 2021, approved the listing and quotation of 181,000,000 Placement Shares I and up to 398,200,051 Placement Shares II respectively to be issued pursuant to the Proposed Private Placement I and Proposed Private Placement II subject to the conditions as therein set out in the aforesaid announcement.

The Proposed Private Placement I has been approved by the shareholders in an Extraordinary General Meeting on 28 May 2021. Accordingly, 181,000,000 Placement Shares I have been issued on 3 June 2021 at issue price of RM0.1108 per Share and listed on ACE Market of Bursa Securities on 8 June 2021. A sum of RM20.05 million has been raised from the issuance of Placement Shares I. The Proposed Private Placement I has been completed.

As for Proposed Private Placement II, a total of 181,000,000 out of 398,200,051 Placement Shares II have been issued on 18 May 2021 at issue price of RM0.1108 per Share to certain third-party investors for which a total sum of RM20.05 million has been raised. The issued Placement Shares II have been listed on the ACE Market of Bursa Securities on 20 May 2021. The balance 217,200,051 Placement Shares II shall be issued subject to, amongst others, the successful procurement of third-party investor(s) and the funding requirements of the Group.

Save and except for Proposed Private Placement II as set out above, there was no corporate proposal announced but not completed as at the date of this report.

- (b) The Coronavirus (“COVID-19”) was declared as a pandemic by the World Health Organisation on 11 March 2020 and a Movement Control Order (“MCO”) was imposed by the Government of Malaysia on 18 March 2020, which has subsequently entered into various phases of MCO to contain the spread of COVID-19.

The Directors have assessed the overall impact of this situation toward the Group’s operations, financial performance and cash flows and concluded that there is no material effect on the Group’s financial statements, including the judgements and assumptions used in the preparation of the financial statements, for the financial year ended 30 June 2021, since the palm oil industry is considered as essential services. The Directors will continuously monitor the development of COVID-19 and react actively to minimise the impact of the outbreak on the Group’s operation.

29. SUBSEQUENT EVENT AFTER THE END OF THE REPORTING PERIOD

On 24 August 2021, Matang Holdings Berhad, a wholly owned subsidiary of the Company declared an interim single tier dividend of 5 sen per ordinary share, amounting to RM6,000,000 in respect of financial year ended 30 June 2021.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021
cont'd

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
<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 (effective immediately)

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company.

30.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2021

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>Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)</i>	1 January 2021
<i>Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to MFRS 16 Leases)</i>	1 April 2021
<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>Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)</i>	1 January 2023
<i>Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)</i>	1 January 2023
<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 Income Taxes)</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.

ANALYSIS OF SHAREHOLDINGS

AS AT 23 SEPTEMBER 2021

SHARE CAPITAL

Total Number of Issued Shares	:	2,172,000,256
Issue Share Capital	:	RM223,980,427
Class of shares	:	Ordinary shares
Voting rights	:	1 vote for each ordinary share held on a poll
Number of shareholders	:	13,594

DISTRIBUTION OF SHAREHOLDINGS AT 23 SEPTEMBER 2021

(as per the Record of Depositors)

Size of holdings	No. of holders	% of holders	No. of shares held	% of issued shares
Less than 100	11	0.08	470	*
100 to 1,000	177	1.30	99,373	*
1,001 to 10,000	739	5.44	5,576,467	0.26
10,001 to 100,000	9,452	69.53	401,045,504	18.46
100,001 to less than 5% of issued shares	3,213	23.64	1,199,214,014	55.21
5% and above of issued shares	2	0.01	566,064,428	26.06
Total	13,594	100.00	2,172,000,256	100.00

Notes:

* Less than 0.01%

SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS AS AT 23 SEPTEMBER 2021

(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	388,858,000	17.90	-	-
Malaysian Chinese Association	-	-	408,626,000 [^]	18.81

Notes:

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

ANALYSIS OF SHAREHOLDINGS

AS AT 23 SEPTEMBER 2021
cont'd

SHAREHOLDINGS OF DIRECTORS AS AT 23 SEPTEMBER 2021

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 Teoh Sew Hock	5,828,000	0.27	-	-
Lim Chin Hock	10,000	*	-	-

Notes:

* Less than 0.01%

LIST OF TOP 30 LARGEST SECURITIES ACCOUNT HOLDERS

(as per the Record of Depositors as at 23 September 2021)

	Name	No. of shares	% of Shares
1	Huaren Holdings Sdn Bhd	388,858,000	17.90
2	Malaysian Trustees Berhad <i>Matang Berhad</i>	177,206,428	8.16
3	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Kuan Peng Ching @ Kuan Peng Soon (7000855)</i>	58,525,400	2.69
4	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB For Ong Yoong Nyock (PB)</i>	36,200,000	1.67
5	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lim Han Weng</i>	36,200,000	1.67
6	Kong Tiam Ming	25,550,000	1.18
7	RHB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Wong Sak Kuan</i>	25,389,189	1.17
8	Maybank Nominees (Asing) Sdn Bhd <i>Nomura Singapore Limited For Improve Performance Investments Limited (418541)</i>	25,000,000	1.15
9	Perumal A/L Manimaran	20,800,000	0.96
10	Lau Chek Min Sdn Bhd	19,985,000	0.92
11	Rohua Sdn Bhd	19,768,000	0.91
12	JF Apex Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Seik Yee Kok</i>	19,549,700	0.90
13	Koon Poh Tat	18,100,000	0.83
14	Loke Soon Fei	18,100,000	0.83
15	Loo Sok Ching	18,100,000	0.83
16	HLIB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Yap Qwee Beng</i>	10,180,000	0.47

ANALYSIS OF SHAREHOLDINGS

AS AT 23 SEPTEMBER 2021

cont'd

LIST OF TOP 30 LARGEST SECURITIES ACCOUNT HOLDERS *cont'd*

(as per the Record of Depositors as at 23 September 2021)

	Name	No. of shares	% of Shares
17	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Lim Sing Hua</i>	10,000,000	0.46
18	Citigroup Nominees (Asing) Sdn Bhd <i>UBS AG</i>	9,110,700	0.42
19	Lim Jyh Torng	7,100,000	0.33
20	Lim Han Weng	7,000,000	0.32
21	Yeo Ann Seck	7,000,000	0.32
22	Mercsec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Siow Wong Yen @ Siow Kwang Hwa</i>	6,260,800	0.29
23	Kwang Yeow Heng Realty Development (Malaysia) Sdn Bhd	6,006,000	0.28
24	Teoh Sew Hock	5,800,000	0.27
25	Wong Huey Ping	5,405,405	0.25
26	Chua Chin Hwee	5,364,100	0.25
27	Lim Kew Lin Realty Sdn Bhd	5,040,000	0.23
28	Kong Tiam Ming	5,000,000	0.23
29	CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Liaw Hen Kyun @ Alex Liaw (MY3796)</i>	4,000,000	0.18
30	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Lim Han Sheng</i>	4,000,000	0.18
	Total	1,004,598,722	46.25

PROPERTIES HELD BY THE GROUP

AS AT 30 JUNE 2021

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:	Acquired:	RM131,483,626
Lot 984, Geran 2752				1,094.15	1983/	(out of which
Lot 1543, Geran 215103				hectares	Revalued:	RM23,696,409 is
Lot 4073, Geran 215598					2016	net book value for
Lot 672, Geran 214838						bearer plants)
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 2021

cont'd

Properties/location	Registered Proprietor	Description/ Existing Use	Tenure	Land Area	Year of Acquisition/ (Revaluation)	Net Book Value
Lot PTD 10109 H.S.(D) 4636 Mukim Tangkak Daerah Ledang, State of Johor	Matang Realty Sdn Bhd	Vacant land	Freehold	0.50 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: 2021	RM11,700,000

NOTICE OF 7TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventh 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”) via TIIH Online website at <https://tiih.online> on Wednesday, 24 November 2021 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 2021 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 RM190,137.00 in respect of the financial year ended 30 June 2021. **Resolution 1**
3. To approve the payment of Directors’ benefits (excluding Directors’ fees) of up to RM162,000.00 for the financial period from 1 January 2022 to 31 December 2022.
(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 Dato’ Ng Keng Heng **Resolution 3**
 - 4.2 Datuk Teoh Sew Hock **Resolution 4**
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 0.20 sen per ordinary share for the financial year ended 30 June 2021.
(Please refer to Note No. 5(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 Sections 75 and 76 of the Act, ACE Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approval of the relevant regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer (“New Shares”) from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 20% of the total number of issued shares (excluding any treasury shares) of the Company for the time being (“Proposed 20% General Mandate”). **Resolution 7**

NOTICE OF 7TH ANNUAL GENERAL MEETING

cont'd

THAT such approval on the Proposed 20% General Mandate shall continue to be in force until 31 December 2021.

THAT with effect from 1 January 2022, the general mandate shall be reinstated from a 20% limit to a 10% limit pursuant to Rule 6.03 of the Listing Requirements provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer by the Company from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding any treasury shares) of the Company for the time being ("Proposed 10% General Mandate").

THAT such approval on the Proposed 10% General Mandate shall continue to be in force until:

- a. the conclusion of the next Annual General Meeting of the Company held after the approval was given;
- b. the expiration of the period within which the next Annual General Meeting of the Company is required to be held after the approval was given; or
- c. revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

(The Proposed 20% General Mandate and Proposed 10% General Mandate shall hereinafter refer to as "Proposed General Mandate".)

THAT the Directors of the Company be and are hereby also empowered to obtain the approval from Bursa Securities for the listing of and quotation for such New Shares on the ACE Market of Bursa Securities.

THAT authority be and is hereby given to the Directors of the Company, to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

AND FURTHER THAT the Directors of the Company, be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed General Mandate."

(Please refer to Note No. 5(ii))

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

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT subject to the approval of shareholders at the Seventh Annual General Meeting of the Company, the first and final single-tier dividend of 0.20 sen per ordinary share in respect of the financial year ended 30 June 2021 will be paid to shareholders on 7 January 2022. The entitlement date for the said dividend shall be on 17 December 2021.

- a. Shares transferred to the depositor's securities account before 4.30 p.m. on 17 December 2021 in respect of transfers.
- b. Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

NOTICE OF 7TH ANNUAL GENERAL MEETING

cont'd

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: 26 October 2021

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 Seventh 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 TIH 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 **16 November 2021** 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 TIH Online at <https://tiih.online>. Please refer to the Administrative Guide for the AGM on the procedures for electronic lodgement of Proxy Form via TIH Online.

- *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/CERTIFIED TRUE 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.*

NOTICE OF 7TH ANNUAL GENERAL MEETING

cont'd

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 2022. 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 but excluding Directors' fees 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 2022 to 31 December 2022 (the due date for which the next Annual General Meeting should be held).

5. Explanatory Notes on Special Businesses

(i) Resolution No. 6 - First and Final Single-Tier Dividend in respect of the Financial Year Ended 30 June 2021

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 0.20 sen per ordinary share for the financial year ended 30 June 2021 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, if passed, will empower the Directors of the Company to issue and allot ordinary shares of the Company from time to time and to grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer, provided that the aggregate number of shares allotted pursuant to this resolution does not exceed the prescribed limit under the Listing Requirements of Bursa Securities.

The Board of Directors of the Company is of the view that the Proposed General Mandate is in the best interest of the Company and its shareholders as it will provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional costs and time. It will enable the Directors to take swift action in case of a need to issue and allot new shares in the Company for fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, acquisitions and/or for issuance of shares as settlement of purchase consideration, or other circumstances arise which involve grant of rights to subscribe for shares, conversion of any securities into shares, or allotment of shares under an agreement or option or offer, or such other application as the Directors may deem fit in the best interest of the Company.

The proposed Resolution 7 is a renewal of the previous year's mandate. As at the date of this notice, the Company had issued and allotted 181,000,000 ordinary shares under the general mandate which was approved by the shareholders at the last AGM held on 25 November 2020. The proceeds raised from the previous general mandate was RM20,054,800.00 and the summary of the details and status of the utilisation of proceeds are as follows:

Purposes	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance unutilised (RM'000)
Future acquisitions	6,635	-	6,635
For working capital	13,315	-	13,315
Estimated expenses	105	105	-
Total	20,055	105	19,950

Note: Further details of the utilisation of proceeds can also be found under Additional Compliance Information in the Annual Report of the Company for financial year ended 30 June 2021.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Election as Directors

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

2. General mandate for issuance of securities

Kindly refer to Note 5 (ii) of the Explanatory Notes on Special Businesses - Authority to Allot and Issue Shares Pursuant to Section 75 and 76 of the Companies Act 2016 under the Notes to the Notice of the Seventh Annual General Meeting for details of this proposed resolution.

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MATANG BERHAD
201501017043 (1142377-X)
(Incorporated in Malaysia)

PROXY FORM

CDS Account No.	
No. of shares held	

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

of
(ADDRESS OF 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 Seventh Annual General Meeting of the Company to be held 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") via TIIH Online website at <https://tiih.online> on Wednesday, 24 November 2021 at 10.00 a.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below:

Resolutions	Descriptions	FOR	AGAINST
	Ordinary Business		
No. 1	Approval of Directors' Fees of RM190,137.00 in respect of the financial year ended 30 June 2021		
No. 2	Approval of Directors' benefits (excluding Directors' fees) of up to RM162,000.00 for the financial period from 1 January 2022 to 31 December 2022		
No. 3	Re-election of Dato' Ng Keng Heng as Director		
No. 4	Re-election of Datuk Teoh Sew Hock as Director		
No. 5	Re-appointment of BDO PLT as Auditors and authorisation for Directors to fix their remuneration		
	Special Business		
No. 6	Approval of first and final single-tier dividend of 0.20 sen per ordinary share for the financial year ended 30 June 2021		
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 2021

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)

Fold This Flap For Sealing

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 Seventh 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 TIH Online website at <https://tiah.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 **16 November 2021** 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 authorised 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.

Then Fold Here

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

1st Fold Here

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:

In hard copy form

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