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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 2022 for Matang group of companies (“Matang Group” or “Group”).”

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CHAIRMAN'S STATEMENT

OVERVIEW

The year 2022 thus far has been a volatile year as far as the prices for crude palm oil (“CPO”) are concerned. For our FYE 30 June 2022, first the CPO prices rose from RM4,129 per tonne on average for the month of July 2021 to hit RM6,873 per tonne in May 2022 and dropped to RM6,106 per tonne on average in month of June 2022.

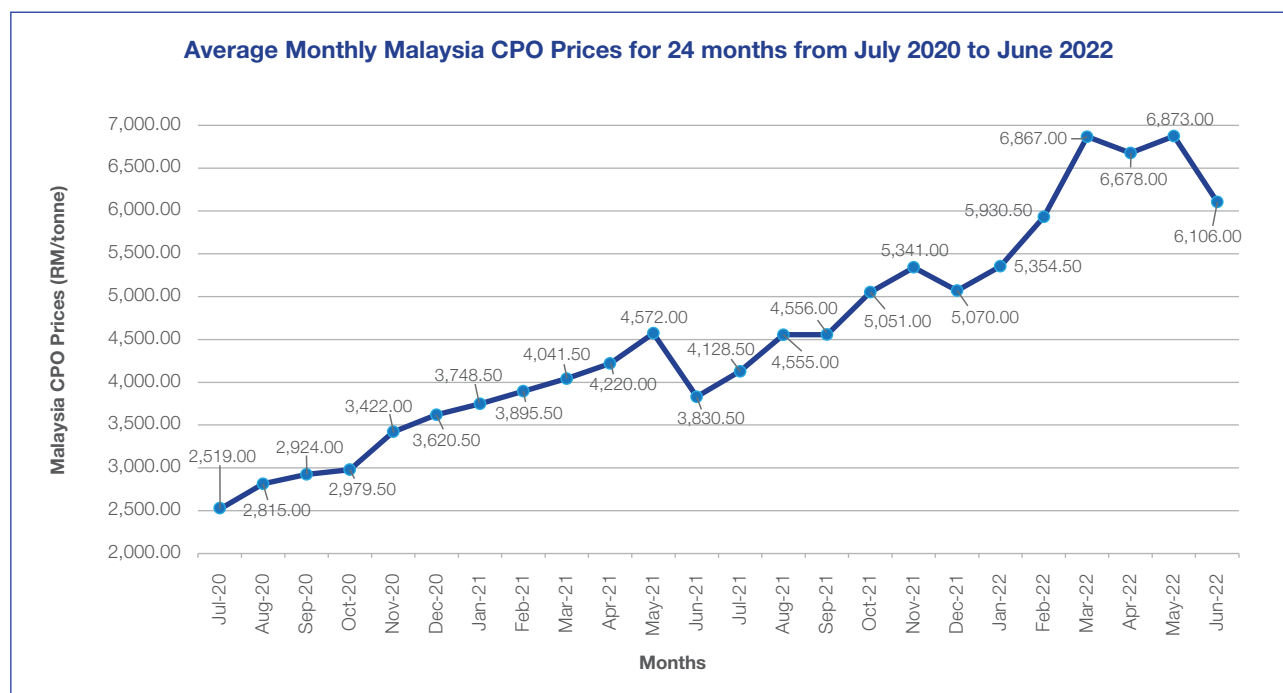
The increase in CPO prices from July 2021 to May 2022 has been contributed by a number of reasons. First, it is believed that the elevated CPO prices have been contributed by the expectation of weak palm oil output and inventory in second half (“2H”) of 2021 due to the acute labour shortage issues for oil palm industry in Malaysia and the increasing prices for other vegetable oil including soybean oil. The prices of soybean oil have evidently increased since early 2021 following supply issues in major producing countries in South America as a result of continuous dry weather induced by La Niña. Further, the Russian-Ukraine War which started in late February 2022 has caused disruptions to production and export of sunflower seed oil of which Ukraine and Russia are major contributors to the global supply. As a result, the prices for soybean oil and sunflower seed oil have remained elevated.

In late April 2022, Indonesia, the world’s largest producer of palm oil announced drastic move to curb rising domestic prices for palm oil by banning exports of the same from 1 May 2022, as a result of which the CPO prices rose to over RM7,000 per tonne in late April 2022 and in May 2022. The Indonesian export ban has eventually been lifted in later part of May 2022 and the CPO prices gradually reduced.

CHAIRMAN'S STATEMENT

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The following diagram shows the 24 months movement in monthly average Malaysia CPO prices from July 2020 to June 2022.



Source: Extracted from Malaysian Palm Oil Board ("MPOB") website as updated on 14 October 2022.

REVIEW OF PERFORMANCE AND RESULTS

For financial year ("FY") 2022 which ended on 30 June 2022, our fresh fruit bunches ("FFB") production from our oil palm estate in the district of Ledang and Segamat, Johor ("Matang Estate" or "Estate") decreased by 22.3% from 18,814 tonnes in the previous FY to 14,619 tonnes in FY2022 primarily due to the reduced mature hectareage for our oil palm plantation in Matang Estate for durian plantations and the effect of labour shortage issues on FFB harvests, the latter of which is also experienced nationwide.

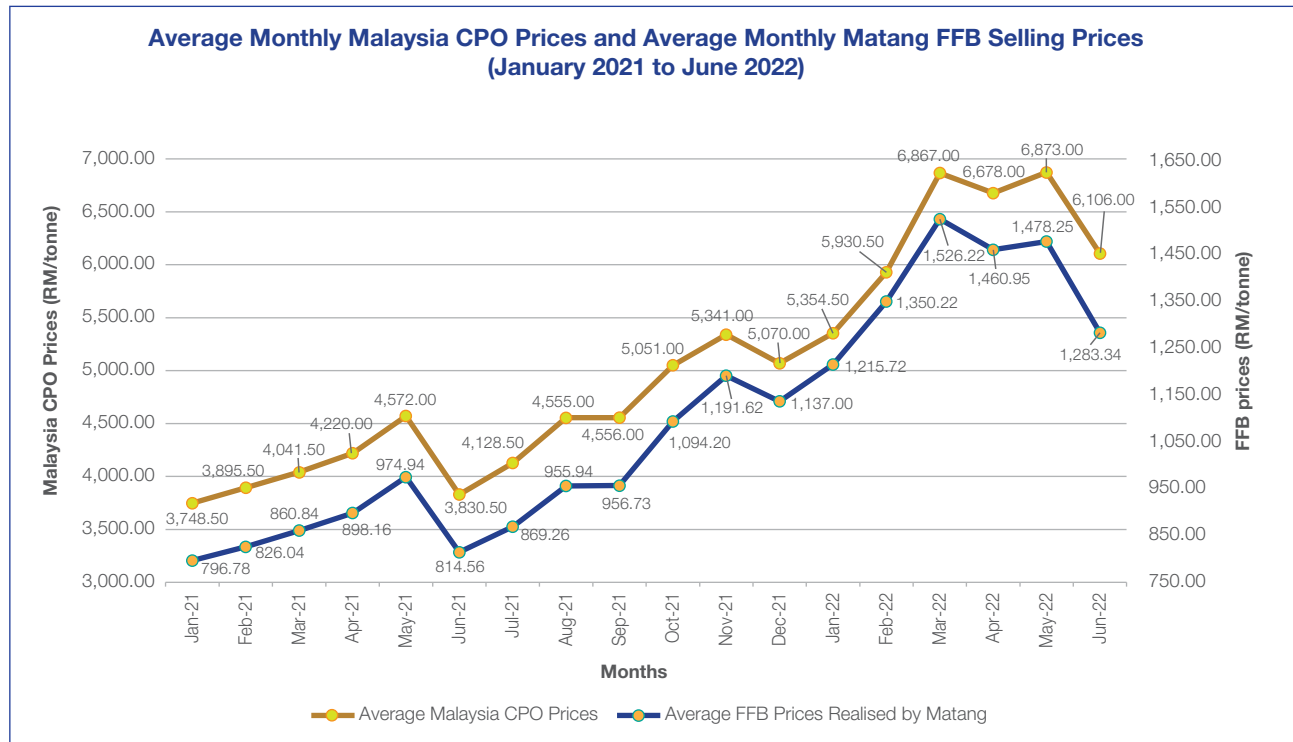
With the diversification into durian plantations approved by our shareholders in 5th Annual General Meeting ("AGM") of the Company in November 2019, the Group has converted part of the oil palm plantation in our Matang Estate due for replanting to durian plantations of about 104.6 hectares ("ha"). As a result of the reduction of mature oil palm hectareage by about 31.6 ha in the FY under review and the issues arising from labour shortage, our FFB production yield for FY2022 has declined to 15.40 tonnes per ha as compared to 19.19 tonnes per ha in the previous FY.

While the FFB production and FFB yield have dropped in FY2022, the elevated CPO prices have kept the average FFB prices realised by the Group high. Our average FFB price for FY2022 has risen by 65.7% as compared to FY2021, i.e., from RM728 per tonne to RM1,206 per tonne. The Group revenue which was primarily from our Matang Estate in FY2022 has increased from RM13.69 million in FY2021 to RM17.63 million in FY2022, registering an increase of 28.7%.

CHAIRMAN'S STATEMENT

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The following diagram shows the levels of monthly average Malaysia CPO prices and the FFB prices of the Group from January 2021 to June 2022.



Source: Extracted from MPOB website for CPO prices as updated on 14 October 2022 and from Matang for FFB prices.

Gross profit ("GP") for the Group for FY2022 was RM13.26 million as compared to RM11.24 million in the previous FY. The GP margin has been weakened slightly from 82.1% in the preceding FY to 75.3% mainly due to increased prices for fertilisers and wages for labour. Other income of the Group increased from RM2.02 million in FY2021 to RM2.87 million in current FY under review mainly due to increased interest income derived from additional cash received from the proceeds of shares issued under the share placement exercises completed in middle of 2021. Administration expenses increased by about 6.7% as compared to previous FY. The Group's profit before taxation ("PBT") increased from RM6.26 million in previous FY to RM8.61 million in current FY under review, i.e., with an increase of about 37.6%, mainly due to the increase in revenue.

The Board is glad to inform that the Group achieved the record profit after taxation since listing in 2017. The PAT achieved for FY2022 was RM5.69 million, i.e., an increase of RM1.58 million from RM4.11 million achieved in FY2021. As a result, the earning per share ("EPS") of the Group increased from 0.22 sen in FY2021 to 0.26 sen in FY2022.

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

CHAIRMAN'S STATEMENT

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CORPORATE DEVELOPMENT

PRIVATE PLACEMENT EXERCISES

The Group's placement of shares with specific shareholders' approval to the major shareholder, i.e., Huaren Holdings Sdn Bhd ("Private Placement I"), has been completed on 8 June 2021 with the issuance of 181,000,000 Placement Shares I for which RM20.05 million has been raised.

For the Group's proposed private placement in 2021 where shareholders' approval has been previously obtained in the Sixth Annual General Meeting ("AGM") of the Company on 25 November 2020 pursuant to Section 75 and 76 of the Companies Act 2016 ("Private Placement II"), a total of 181,000,000 out of 398,200,051 Placement Shares II have been issued to third-party investors in May 2021. Total proceeds of RM20.05 million has been raised under Private Placement II with a balance of 217,200,051 Placement Shares II which have not been issued upon expiry of the extended timeline on 2 May 2022.

In May 2022, the Company has undertaken another private placement of 217,200,025 placement shares ("Placement Shares 2022") pursuant to the general mandate under Section 75 and 76 of the Companies Act 2016 for which approval of shareholders has been obtained in the Seventh AGM of the Company on 24 November 2021. The approval in relation to the Private Placement 2022 from Bursa Securities has been obtained on 23 May 2022 and the Board is glad to inform that 217,200,020 Placement Shares 2022 has been issued and accordingly listed on the ACE Market of Bursa Securities on 6 July 2022. Total proceeds of RM21.09 million has been raised under Private Placement 2022.

OIL PALM BUSINESS

With the shareholders' approval obtained in November 2019 for diversification into durian plantations, the Group has replanted some of its oil palm trees (due for replanting) with durian since February 2021. As a result, the Group's hectareage for oil palm in its Matang Estate has progressively reduced from 1,080.00 ha as at 30 June 2020 to 1,033.40 ha as at 30 June 2021 and further to 948.99 ha as at 30 June 2022.

Nonetheless, the Group has undertaken three share placement exercises since May 2021 which raised a total proceed of RM61.19 million which are intended to fund acquisitions 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 shall be utilised to meet working capital requirements of the plantations and/or land bank acquired.

The Group is constantly on the look-out for viable expansions of its oil palm plantation hectareage on suitable plantation estates or land bank for development into oil palm plantations in Malaysia. To that end, the Group continues to explore proposals for acquisitions of existing oil palm estates or new land bank and in some cases, proposed to land owners for joint ventures in the development and operation of certain oil palm plantations in the country. However, historically record high CPO prices have either given potential vendors or joint venture partners of suitable assets significant bargaining power for high asking prices or substantial holding power for the landowners to continue to operate and manage the plantations on their own.

For the existing oil palm plantation in our Matang Estate, the Group continues its effort to increase its workforce with the recent approval for the quota of additional 120 foreign workers and the Group has managed to gradually secure intake of new foreign workers. The Board envisages that via the successful suitable acquisitions and additional new foreign workers, the Group's FFB production and FFB yield could be enhanced in due course in the future. With regards to any acquisitions, 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.

CHAIRMAN'S STATEMENT

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Matang Estate's Oil Palm Plantation



DURIAN BUSINESS

Since the approval of the shareholders in November 2019 for the diversification into durian business that include ownership, operation and management of durian plantation, processing, production and distribution of durian, and any related downstream business activities ("Durian Business"), the Group has completed the development of its first durian plantation ("First Durian Plantation" or "DP1.0") in February 2021 with the successful planting of 4,092 durian seedlings.

First Durian Plantation

The Group started the maintenance and management phase of DP1.0 since March 2021 and thereafter completed the grafting of the seedlings with about 95% successful grafted durian seedlings as at date of this report. To-date, our First Durian Plantation has 2,455 Musang King durian seedlings and 1,228 Black Thorn durian seedlings with the balance of 409 durian seedlings in combination of D13 and IOI breed durian seedlings. The following are some of the photos taken of our First Durian Plantation.



CHAIRMAN'S STATEMENT

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Second Durian Plantation

With the successful development of DP1.0, the Group commenced the land preparation and earthwork of its second durian plantation, also within Matang Estate, measuring 58.0 hectares ("Second Durian Plantation" or "DP2.0") in June 2021. Development works for DP2.0 started in 3rd quarter of 2021 that included construction of water conservation pond as well as construction of roads and terraces.

To-date, planting of the durian seedlings for DP2.0 is near to full completion with a total of 6,461 durian seedlings expected planted by the end of October 2022 out of which 3,512 are Kampung durian seedlings which will be grafted later, 1,221 are grafted Musang King durian seedlings and 1,197 are grafted Black Thorn durian seedlings. The balance are all IOI grafted durian seedlings.

The following are some of the photos taken of our Second Durian Plantation.



CHAIRMAN'S STATEMENT

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The Group continued its effort in the digitalisation exercise for its durian plantations with Internet of Things ("IOT") Technology. The Group has successfully installed the big data analytic systems for the DP1.0 comprising among others, weather station, soil health monitoring modules, telemetry systems, customised farm/plantation management software platform as well as individual QR codes for selected durian seedlings, all of which play a part in the IOT system for our DP1.0.

With that, 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. The Group expects that better future management, decision making and automations for its durian plantations could be achieved, paving way for more efficient growth monitoring of the durian trees and effective development of other durian estates in future.

By the end of 2022, the Group is expected to have about 104.6 ha of durian plantation planted with all durian seedlings/trees for the Group's Durian Business for which diversification was approved by the shareholders in November 2019. Going forward, the Group intends to continue the evaluation of suitable opportunities and proposals to enhance further the hectareage for durian plantations with a view to accelerate further diversification and growth into the Durian Business of the Group.

PROSPECTS

For 2H 2022, CPO production in the country is expected to increase marginally due to anticipation of an increase in matured planted areas and favourable weather conditions. The palm oil supply may look to improve seasonally for which some downward pressures on CPO prices can be expected but the tight overall edible oils supply internationally may keep the CPO prices buoyant. While, the labour shortage issues in the oil palm plantation sector prevails and the resilient demands for palm oil in post-COVID pandemic era may cause the CPO prices to continue to be elevated albeit not at the record levels registered in early part of 1H 2022. Thus far, for the period after our FYE 30 June 2022, the CPO prices decreased from monthly average of RM4,063 per tonne in July 2022 to RM3,736.50 per tonne in September 2022. In early part of October 2022, the daily prices of CPO have breached below RM3,400 per tonne.

The Group is well aware of other challenges for oil palm plantation sector, such as rising material costs, especially for fertilisers due to the disrupted supply, rising demand as well as increase in logistic cost. In addition, labour shortages in the country which have prevailed for years have either delayed or halted manuring activities for many plantations as a result of which FFB yield of plantations in future may be adversely affected. The mitigation measures for the aforesaid two challenges are explained in more details in the Management Discussion and Analysis in this report.

The situation of the labour issues for oil palm plantation industry may continue but the Group expects its continued efforts of engaging third party contractors and the existing approval obtained for foreign workers would assist to alleviate any decline of FFB production and yield in coming FY. Besides, the Group's Estate continues to undertake optimisation of activities 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.

With the recent approval obtained from the authorities for additional quota of foreign workers, 14 new workers have arrived and commenced works in our Matang Estate. The Group is in the midst of making arrangement for the recruitment of the balance of 106 workers, paving way to solve the worker shortage issues which have also affected many oil palm plantations in the country. Besides, the Group has also registered for the recruitment of 50 workers under the Corporate Smart Internship for Parolee. The Group has commenced the mechanisation by venturing into the use of machineries for its Matang Estate under its flagship application of Deploy Artificial Intelligence equipment, i.e., unmanned ground vehicles or UGV for part of the activities in certain parts of the Estate which if successful, shall be expanded to other parts of Matang Estate and also to cover more field activities.

In relation to Durian Business, the full re-opening since May 2022 after intermittent lockdowns experienced in 2021 has seen more opportunities for retail consumer activities in the country including for sales and consumptions of durians in the country. The domestic durian prices have conventionally trended upward since 2015 with wholesale and retail prices respectively growing at compound annual growth rate in excess of 30% between 2015 and 2019. Besides the strong domestic consumptions, Malaysian durian enjoys the advantages of its close proximity to the significant demands from consumers in Singapore and Indonesia for the fresh whole durian fruits. In addition, increasing demand has been evident from China with the shift of consumers' demand towards durians in Malaysia, specifically for the Musang King variety which is sought after for its sticky, creamy texture and rich bittersweet flavour.

CHAIRMAN'S STATEMENT

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Premised on the above, the Group believes that the Durian Business continues to represent an opportunity for Matang Group to extend its existing business in the plantation sector to include other cash crops or fruits. Durians 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 enhance the Group's profitability and also 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 0.22 sen per ordinary share of Matang in respect of FYE 30 June 2022 which is subject to the approval of shareholders of Matang in the upcoming AGM of the Company.

ACKNOWLEDGEMENTS

The Board would like to convey its 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 Mr Yeo Kwee Kwang ("Mr Yeo"), the former Independent Director and also Chairman of Audit and Risk Management Committee of the Company. Mr Yeo has resigned as Director of the Company on 1 January 2022. The Board wishes Mr Yeo all the best in his future undertaking and endeavour. The Board would also like to express its gratitude to Mr Lim Chin Hock, our Non-Independent Non-Executive Director who has expressed his intention not to seek re-election as Director of the Company in the forth-coming AGM of the Company. Mr Lim shall hold office until the conclusion of the AGM scheduled on 23 November 2022.

The Board welcomes Ms Sophia Lim Chia Hui who had come on board as our new Independent Director as well as the Chairperson of Audit and Risk Management Committee with effect from 7 June 2022. The Board looks forward to working with Ms Sophia Lim to bring Matang to higher level of achievement.

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

Matang, a company incorporated in Malaysia on 28 April 2015, and its subsidiaries (collectively as “Matang Group” or “Group”) are principally involved in the investment holding, management of plantation estate, sale of FFB and property holding.

The plantation estate of Matang of 1,094.15 ha (or 2,703.7 acres) is located in the District of Ledang and District of Segamat in Johor (“Matang Estate” or “Estate”), out of which about 1,080 ha (or 2,688.7 acres) are plantable areas and the balance are made up of areas for estate office, staff and workers’ quarters, warehouse, amongst others.

As at 30 June 2022, a total of 46.6 ha out of the planted areas of 1,080 ha 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. Another 58.0 ha within Matang Estate has been cleared as of 30 June 2022 and progressively planted with durian seedlings under 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 ha (inclusive of 26.4 ha with immature oil palm trees) and the durian plantation is about 104.6 ha.

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 Agriculture and Plantation (Segamat) Sdn Bhd (“MAP”) (formerly known as 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

CPO prices have been significantly volatile in 2H 2021 and 1H 2022. For the period of our FYE 30 June 2022, the CPO prices have risen from RM4,129 per tonne on average for the month of July 2021 to RM6,873 per tonne in May 2022 and dropped to RM6,106 per tonne on average in month of June 2022 to end at about RM4,063 per tonne in July 2022.

The unrelentless increasing in CPO prices from July 2021 to May 2022 was due to a combination of factors. The expectation of weak palm oil output and inventory that stemmed in 2H 2021 due to the acute labour shortage issues for oil palm industry in Malaysia post COVID pandemic and the increasing trend of prices for other vegetable oil including soybean oil have elevated the prices of CPO. The prices of soybean oil have started to trend high since early 2021 due to supply issues in major producing countries, i.e., Argentina, Brazil and Paraguay as a result of continuous dry weather or drought induced by La Nina.

Then, the Russian-Ukraine War which started in late February 2022 has instantly caused disruptions to production and export of sunflower seed oil of which Ukraine and Russia contributes to over 75% of the global supply. As a result, the prices for soybean oil and sunflower seed oil have remained elevated since March 2021. In late April 2022, Indonesia, the world’s largest producer of palm oil announced drastic move to curb rising domestic prices for cooking oil by banning exports of palm oil from 1 May 2022. The move has sparked the jump in CPO prices to over RM7,000 per tonne in late April 2022 and in 1st two week of May 2022. The export ban by the Indonesian Government has eventually been lifted in third week of May 2022 which brought the prices of CPO down slightly.

Beyond June 2022, the CPO prices have trended downward to such extent that the monthly average CPO prices for July 2022 was RM4,063 per month, a drop of about RM2,043 per tonne from the monthly average of June 2022. The lowest level of CPO price in July 2022 was RM3,631.50 per tonne which was also the lowest since 1 July 2021. Beyond July 2022, the monthly average CPO price dropped to RM3,736.50 per tonne in the month of September 2022. In early part of October 2022, the daily prices of CPO have breached below RM3,400 per tonne.

The FFB price movements tracked the pattern of changes in CPO prices and hence the prices realised for Matang’s FFB sold in FY2022 also have increased, i.e., from the low of about RM869 per tonne in July 2021 to the high of RM1,478 per tonne in May 2022. The FFB price dropped to RM1,283 per tonne in June 2022. As a whole for FY2022, the average FFB price realised by Matang was RM1,206 per tonne in FY2022 as compared to RM728 per tonne for FY2021, reflecting an increase of about 65.7%.

MANAGEMENT DISCUSSION AND ANALYSIS

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OPERATIONAL OVERVIEW

OIL PALM BUSINESS

Matang Group is with subsidiary companies involved in the management of plantation estate, sale of FFB and property holding. The primary activities of Matang Estate are in the business of operations and management of plantation estate, including procuring germinated oil palm seeds, planting or replanting (as the case maybe), field upkeeping that include weeding, pruning, manuring and pest control, harvesting and transporting of FFB and the sales of FFB to the oil palm mills.

For the FY under review, Matang Estate harvested and sold 14,619 tonnes of FFB in total to three customers namely Lenga Palmoil Industries Sdn Bhd ("Lenga"), Sri Jelutong Palm Oil Sdn Bhd ("SJPOM") and Jernih Kemboja Sdn Bhd ("Jernih Kemboja") at average FFB price of about RM1,206 per tonne. In comparison, the total FFB harvested and sold for FY2021 was 18,814 tonnes. The FFB production for FY2022 of 14,619 tonnes translated into the yield of 15.40 tonnes per ha based on 948.99 ha mature oil palm hectareage, the yield of which was lower than 19.19 tonnes per ha from total FFB production of 18,814 tonnes achieved in FY2021.




Despite a lower FFB production and yield as compared to previous FY, the revenue of the Group increased from RM13.69 million in FY2021 to RM17.63 million in current FY due to increase in FFB prices realised. The average FFB price realised for the FY under review was about RM1,206 per tonne which was about 65.7% higher than the level realised in the previous FY of RM728 per tonne.

In terms of the age profile of oil palm trees in Matang Estate as at 30 June 2022, out of the total plantable hectareage of 1,080 ha in Matang Estate, 975.4 ha was planted with oil palm, of which 949.0 ha is mature oil palm field and 26.4 ha is immature or four years and below oil palm field. Durian plantations cover about 104.6 ha in Matang Estate. Out of the planted areas for oil palm of 975.4 ha, about 65.6%, i.e., 640.3 ha comprises area 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 2022.

Matang Estate Plantation Age Profile as at 30 June 2022.

	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)	-	26.40	26.40	442.50	171.40	308.69	-	975.39	104.61	1,080.0
% [^]	-	2.44%	2.44%	40.98%	15.87%	28.58%	-	90.31%	9.69%	100.0%

Note:

[^] % out of total plantable areas of 1,080 hectares as at 30 June 2022, i.e., including 104.6 ha of total plantable areas in Matang Estate which have been cleared for durian plantations.

MANAGEMENT DISCUSSION AND ANALYSIS

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Matang Estate also has undergone its third annual surveillance audit in July 2022 for its Malaysian Sustainable Palm Oil ("MSPO") certification after attaining the initial certification on 5 August 2019.



DURIAN BUSINESS

The Group has successfully completed the development of its First Durian Plantation measuring about 46.6 ha in February 2021 with the planting of 4,092 durian tree seedlings. To-date, there are 2,455 Musang King breed seedlings and 1,228 Black Thorn breed seedlings for First Durian Plantation. The Group engaged experienced specialist contractor to undertake upkeep, maintenance and management of the First Durian Plantation since the completion of planting in February 2021.

In July 2021, the Group started its Second Durian Plantation measuring about 58.0 hectares also in Matang Estate and as at the date of this report, the Group has completed land preparation and earthworks and a majority of the planting of durian tree seedlings. The planting of all durian seedlings for DP2.0 is expected by end of October 2022. Similar to First Durian Plantation, upkeep, maintenance and management works of Second Durian Plantation will be undertaken by specialist contractor from completion of planting which is anticipated by end of October 2022. The following are some of the photos of works undertaken for our DP1.0 and DP2.0.



At the same time, the Group has established an internal task force with workers and staff employed within the Group to supervise and undertake any independent oversight of contractors' duty and performances besides acting as intensive care team to attend to immediate remedial actions required for the Group's durian plantations.

MANAGEMENT DISCUSSION AND ANALYSIS

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FINANCIAL OVERVIEW

The Group's sole contributor of operating revenue for FY2022 remained from the sales of FFB from Matang Estate. 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 2022 and FYE 30 June 2021.

Matang Group	FY2022	FY2021
	RM'000	RM'000
Statement of Consolidated Profit or Loss and Other Comprehensive Income		
Revenue	Audited 17,625	Audited 13,695
Gross profit	13,264	11,237
GPM	75.3%	82.1%
Other income	2,871	2,020
Net loss on impairment of financial instruments	(83)	(22)
Administration expenses	(7,316)	(6,859)
Other expenses	(99)	(88)
Finance cost [#]	(22)	(27)
Profit before taxation	8,615	6,261
Profit after taxation	5,689	4,105
Profit attributable to owners of the parent	5,689	4,105
Basic earnings per share attributable to owners of the parent (sen)	0.26	0.22
Statement of Consolidated Financial Position		
Shareholders' equity	228,339	226,975
Net assets per share (RM) [@]	0.11	0.10
Others		
Total FFB production (tonnes)	14,619	18,814
FFB yield per hectare (tonnes/ha)	15.40	19.19

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

[#] Finance cost in respect of the lease interest expense on rented office space of the Group in Menara Multi-Purpose, Kuala Lumpur.

REVENUE

For the FYE 30 June 2022, the Group's revenue from the sales of FFB increased by about 28.7% from RM13.69 million in preceding FY to RM17.63 million for FYE 30 June 2022.

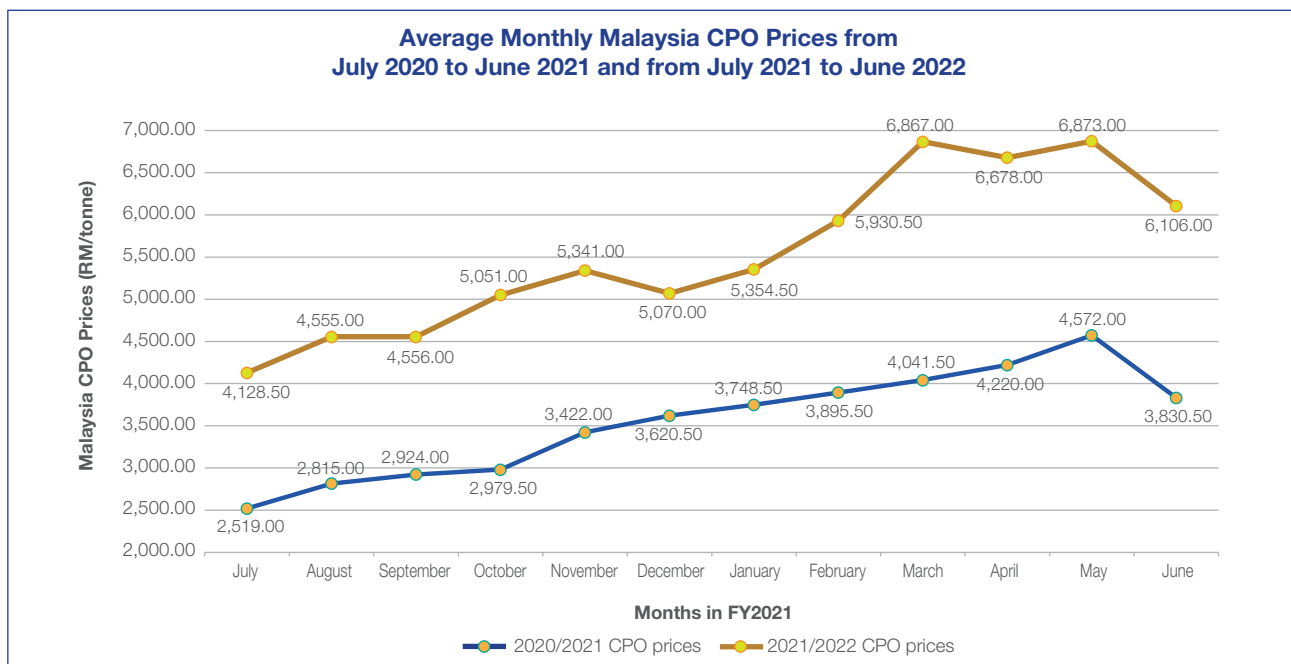
The total FFB sold for FYE 30 June 2022 was 14,619 tonnes as compared to 18,814 tonnes for FYE 30 June 2021, reflecting a decrease of about 22.3% in FFB tonnage sold. During the same period, the Group's Matang Estate have reduced its mature oil palm hectareage from 980.6 ha as at 30 June 2021 to 949.0 ha as at 30 June 2022, i.e., a reduction of 31.6 ha which was part of the move of the Group to convert the oil palm plantation due for replanting into durian plantations under the diversification into Durian Business as approved by the shareholders in November 2019. Besides, the labour shortage issues which has affected the plantation industry in particular oil palm plantations due to the significant reliance on the Indonesian workers have also contributed to the decline in FFB harvests during the FY under review. The FFB yield of Matang for FY2022 was 15.40 tonnes per ha as compared to 19.19 tonnes per hectare for FY2021.

MANAGEMENT DISCUSSION AND ANALYSIS

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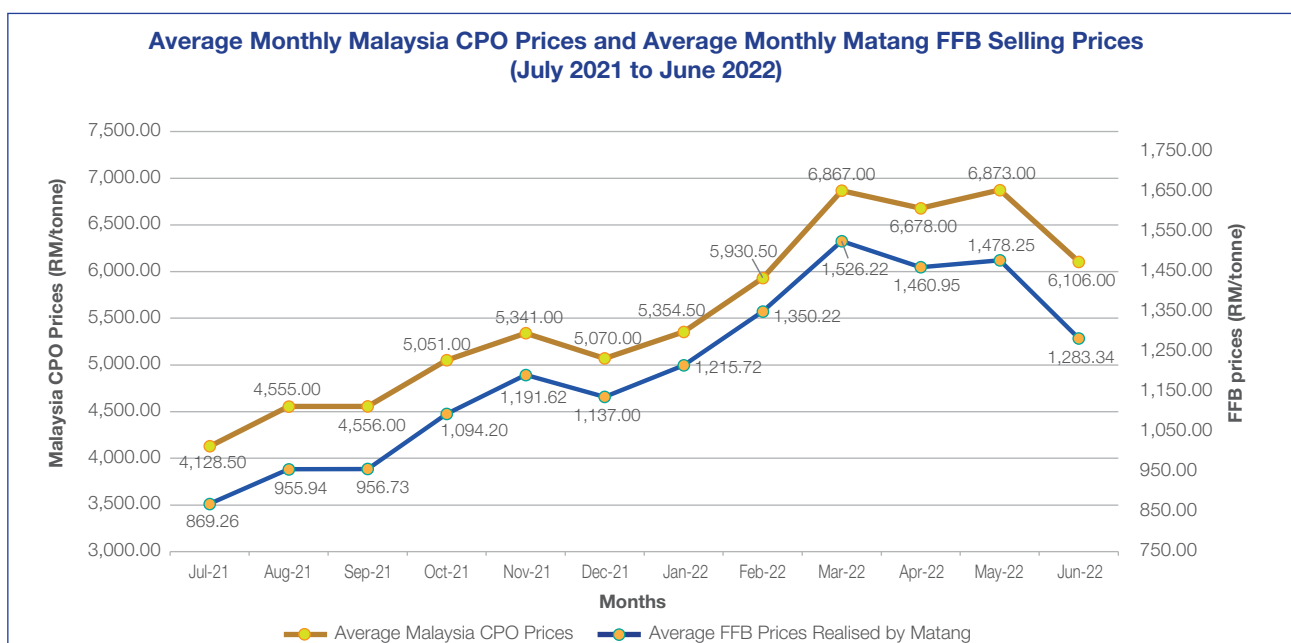
On the other hand, the annual average price of Matang's FFB sold has increased from RM728 per tonne in FYE 30 June 2021 to RM1,206 per tonne for FY2022 i.e., registering an increase of about 65.7% in the current FY under review following the increase in the CPO prices over the same period of time. As a result of the increase in FFB prices, our revenue has increased by about RM3.93 million from RM13.69 million achieved in FY2021 to RM17.63 million in FY2022.

The following chart shows the comparison of monthly average CPO prices in Malaysia between the two FYs, i.e., FY2021 and FY2022.



Source: Extracted from MPOB website as updated on 14 October 2022.

The following chart shows the levels of monthly average CPO prices and monthly average FFB prices realised by Matang in FY2022.



Source: Extracted from MPOB website for CPO prices as updated on 14 October 2022 and from Matang for FFB prices

MANAGEMENT DISCUSSION AND ANALYSIS

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GROSS PROFIT

The Group's gross profit for FY2022 was RM13.26 million as compared to RM11.24 million for FY2021, reflecting an increase of about 18.0%. The Group's gross profit margin ("GPM") (which is solely derived from the production and sales of FFB) for FY2022 was 75.3% as compared to 82.1% in FY2021. The decrease in GPM was mainly due to a 77.4% increase in the cost of sales in the FY under review as compared to the previous FY.

Matang Group	2022	2021	Increase /
	RM'000	RM'000	(decrease)
	Audited	Audited	%
Harvesting cost			
Labour cost	1,138	884	28.7%
Vehicle maintenance	123	140	(12.1%)
	1,261	1,024	23.1%
Cultivation costs			
Labour cost	504	289	74.4%
Fertiliser	1,068	313	241.2%
Weeding, spraying and others	29	16	81.3%
Vehicle maintenance	79	54	46.3%
	1,680	672	150.0%
Transport	194	202	(4.0%)
Windfall tax	1,226	560	118.9%
Total cost of sales	4,361	2,458	77.4%

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 77.4% in FY2022 mainly due to the increase in cultivation costs, in particular fertiliser cost incurred for 12 months period ended June 2022 which has risen from RM0.31 million for FY2021 to RM1.07 million in FY2022.

OTHER INCOME

The other income increased from RM2.02 million in FY2021 to RM2.87 million in current FY under review was mainly due to the increase in interest income received on the proceeds of private placement exercises undertaken in mid of 2021.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses has increased in FY2022 by about 6.7% from RM6.86 million in FY2021 to RM7.32 million in FY2022. The main reasons for the increase were due to higher depreciation of bearer plant, fair value loss of investment properties and higher Directors' fees and allowances provisions. The diminution in value of our Larkin Investment Property has been made at RM0.70 million following an appraisal of value which valued the property at RM11.0 million in current financial year as compared to the fair value of RM11.7 million appraised in FY2021.

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

Other expenses of the Group increased marginally from RM0.09 million in FY2021 to RM0.10 million in current FY under review while the 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, decreased slightly from RM0.03 million in FY2021 to RM0.02 million in FY2022. 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 arising from the impact of COVID-19 pandemic which started in FY2021 with additional provisions of RM0.08 million being made in FY2022, i.e., an addition to the RM0.02 million provision made in FY2021.

MANAGEMENT DISCUSSION AND ANALYSIS

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PROFIT BEFORE TAXATION, PROFIT AFTER TAX AND EARNING PER SHARE

The gross profit of the Group was primarily arising from the operations of Matang Estate and the increase in the Group's gross profit in FY2022 by about RM2.03 million was primarily due to the rise in revenue from RM13.69 million in FY2021 to RM17.63 million in FY2022 at the back of increased prices for FFB sold in FY2022. In arriving at the profit before taxation, the increase in gross profit of about RM2.03 million in FY2022 has been off-set by the increase in administrative expenses of RM0.46 million and aided with the increase in other income of RM0.85 million in FY2022. The reasons for increase in both the other income and the administrative expenses have been explained in the preceding paragraphs.

Based on the reasons as set out above, the Group's profit before taxation for FY2022 was RM8.61 million as compared to RM6.26 million in FY2021, reflecting an increase of about RM2.35 million which was largely due to the increase in revenue in FY2022. The profit after taxation of the Group increased from RM4.11 million in FY2021 to RM5.69 million in FY2022. Consequently, the resultant earnings per share of the Group increased from 0.22 sen in the preceding FY to 0.26 sen in the FY under review.

CASH FLOWS

The Group's net cash generated from operations for FY2022 was RM7.37 million against RM5.46 million for the preceding FY, i.e., showing an increase of about RM1.91 million. The surplus from operating cash flows was mainly arising from increase gross profit of the Group during the financial year under review. During the FY under review, the Company paid final single tier dividend of 0.20 sen per share in respect of FYE 30 June 2021, the total sum of which amounted to RM4.34 million that has been paid on 9 January 2022.

The table below shows the summarised cash flows statement of the Group for FYE 30 June 2022 and FYE 30 June 2021.

Matang Group	2021	2020
	RM'000	RM'000
	Audited	Audited
Net cash from operating activities	7,374	5,464
Net cash from/(used in) investing activities	4,187	(19,267)
Net cash (used in)/from financing activities	(4,480)	37,258
Net increase in cash and cash equivalents	7,081	23,455
Cash and cash equivalent at beginning of the year	55,493	32,038
Cash and cash equivalent at end of the year	62,574	55,493

FINANCIAL POSITIONS

In terms of financial position of the Group, the shareholders' equity of the Group increased from RM226.98 million as at 30 June 2021 to RM228.34 million as at 30 June 2022.

KEY FINANCIAL RATIOS

The key financial ratios of the Group for FYE 30 June 2022 and FYE 30 June 2021 have been tabulated in the table below.

Matang Group	2022	2021
	Audited	Audited
Gross profit margin (%)	75.3%	82.1%
Net profit margin (%)	32.3%	30.0%
Trade receivable turnover (days)	26	24
Trade payable turnover (days)	50	53
Current ratios (times)	31	36

MANAGEMENT DISCUSSION AND ANALYSIS

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KEY RISK FACTORS

1. Dependency on the availability of an adequate labour force

The oil palm industry in Malaysia has for a long time relied on employing foreign workers, in particular, Indonesian workers, to undertake most activities in oil palm estates i.e., harvesting and cultivation including manuring, weeding and pruning. The supply of Indonesian workers has dwindled for a number of years due to improving oil palm sector and higher wages in Indonesia. The supply of labour for the plantation industry in the country has been made more acute during and post COVID-19 pandemic.

As at 30 June 2022, the total employees of Matang Estate were 41 of whom 18 (or 43.9%) are foreign workers. In addition, Matang Estate engaged third-party contractors who collectively supply 17 workers as at 30 June 2022. Having added the employees of the Group in Matang Estate together with workers of the contractors, the total workers in our Matang Estate was 58 as at 30 June 2022.

As part of the efforts to mitigate labour shortage issues, Matang Estate continues to outsource certain plantation activities to third party contractors. The Group has appointed four contractors which supply up to 24 outsourced workers for some part of the FY. In addition, the Estate continues to undertake optimisation of activities within the Estate 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 Group has also successfully obtained approval from the authorities for quota of 120 foreign workers for which the first batch of workers had arrived in our Estate in September 2022. The Group is making arrangement to recruitment additional foreign workers using the approval of new quota secured. The Group has also registered for the recruitment of 50 workers under the Corporate Smart Internship for Parolee as part of the efforts under its corporate social responsibility at the same to enhance work force for Matang Estate.

Besides the above, Matang Estate has ventured into the use of machineries under its flagship application of Deploy Artificial Intelligence equipment, i.e., unmanned ground vehicles or UGV for part of the activities in part of the Estate. If the flagship application proves successful, the Group will expand the application of the same to other parts of Matang Estate and also to cover more activities.

The Group and the Board is cognisant of labour shortage issues and the implications of the same on the activities of the Estate including the impacts on FFB harvests and yield. Hence, the Board has been constantly monitoring the progress of approval for foreign workers quota application as well as the actual intake of additional foreign workers whether from Indonesia or other viable countries.

2. Volatility of CPO prices

FFB prices are correlated to CPO prices which 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 as evident in 2021 and thus far in 2022 caused volatility in FFB prices too and any further significant changes in the future CPO prices will continue to affect the FFB prices too. The impact of volatile CPO prices may be adverse that affect operations and strategic planning of oil palm planters including Matang. For example, decisions in relation to operational costs and capital expenditure as well as replanting and expansionary activities are all hinging on the prospect and outlook of CPO prices as well as potential FFB yield.

The Group views continuous efforts in ensuring optimal productivity and close monitoring and control of its plantation costs as effective strategies to counter any adverse implication from the volatility of CPO prices especially in times when CPO price drops significantly.

The Group is cautious by controlling its costs and expenditures at all times in a number of ways to mitigate risk of significant decline in CPO prices that may render drops in revenue of the Group. Expenditures are incurred on need basis with cost-benefit analyses being undertaken for expenditures. In addition, either comparative quotations or tenders are called and obtained for significant expenditures such as for fertilisers as example. In addition, stringent approving authority limits for expenditures have been established to ensure that both the Management and the Board have substantial purview on spendings in the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

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3. Rising costs of key materials in operations

While the FFB prices have increased in 2021 and 2022 due to the rise in underlying CPO prices, the costs for key materials used in the field cultivation for oil palm plantations have also risen significantly such as for fertilisers due to a number of external reasons. The fertiliser cost has increased due to supply disruption, strong demand and also rising of logistic cost.

To mitigate the adverse risk of rising material prices, the Group constantly works with its plantation advisor to optimise the usage of material, i.e., mainly fertiliser and to ensure no material wastages. The Group also sources for the best price for fertilisers and other key materials by obtaining comparative quotations as well as undertaking tenders periodically to upfront lock in the material price, e.g., quarterly for fertilisers.

4. Dependency on weather conditions

The industry in which the core business of Matang Group operates remains potentially affected by adverse weather conditions. The fruiting and yield of oil palm trees may be adversely affected 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.

5. Expiry of lease for the Larkin Investment Property

Larkin Investment Property, owned by MHB, is a cluster of three industry buildings on a leasehold land measuring approximately 3.2 acres with a 60 years lease term expiring on 24 September 2031, i.e., with remaining lease period for the land of about 9 years. Applications for lease extension have previously been made but were rejected in various occasions. The Group has continued to appeal against rejections and re-submitted applications for lease extension urging authorities in Johor to re-consider the decision it made earlier to gazette a number of areas in Kawasan Perindustrian Larkin for residential purposes. MHB is awaiting further response from the authorities.

As for FYE 30 June 2022, the gross rental income from Larkin Investment Property was RM0.80 million which was about 3.9% of the total revenue and other income of the Group for FYE 30 June 2022. The remaining leasehold land tenure of about 9 years will limit and may possibly reduce the rental income from Larkin Investment Property in the near and long term. If there is no change of decision by the Johor Bahru Land Administrator at the expiry of lease term on 24 September 2031, the land will be surrendered to Johor State Authority and there will be a permanent loss of rental income to the Group.

6. Diversification into Durian Business

Unlike the oil palm plantation which Matang has over 30 years of experience, the Durian Business for which the Group has developed about 104.6 ha is a new venture of Matang Group since early 2020. The venture into Durian Business exposes the Group to new risks which are inherent in the durian industry 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 ("DPC") which meets and deliberates key matters of the Group's Durian Business and accordingly advise the Management and Board on key aspects with regards to the Durian Business. The DPC provides additional oversight for the Group and the Board to the development and operation of durian plantations undertaken by the Management.

In addition, experienced contractors are hired in undertaking development and maintenance works, the appointments of which are based on tender and evaluation of tender submissions made by various contractors. The Group shall continue to conduct periodic reviews of its business and site operations and also adopt prudent financial management and efficient operating procedures to limit the impact of the abovementioned risks.

MANAGEMENT DISCUSSION AND ANALYSIS

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PROSPECTS AND OUTLOOK

CPO prices have been volatile in 2021 and thus far 2H 2022. For 2H 2022, CPO production in the country is expected to be higher than 2021 due to expectation of an increase in matured planted areas and favourable weather conditions. The palm oil supply may look to improve seasonally for which some downward pressures on CPO prices can be expected. However, the tight overall edible oils supply internationally such as for soybean oil and sunflower seed oil may keep the CPO prices buoyant in 2H 2022. The resilient demands for palm oil in post-COVID pandemic era may cause the CPO prices to continue to be elevated albeit not at the record levels registered in early part of 1H 2022. Thus far, for the period after our FYE 30 June 2022, the CPO prices have seen slow and gradual slide from monthly average of RM4,063 per tonne in July 2022 to RM3,736.50 per tonne in September 2022.

As at the date of report, the Group has successfully obtained approval for additional quota for 120 foreign workers where 14 new foreign workers have arrived for work in the Estate while the Company is processing the necessary for recruitment and arrival of the remaining workers to the Estate. Other measures to overcome labour shortage issues that the Group has embarked included the mechanisation of certain part of its plantation activities which if successfully shall be expanded for larger areas within Matang Estate as well as considered for additional activities within the Estate. The Group hopes that the mitigating measures to further counter labour shortage issues shall be effective to allow the Group to strengthen its FFB production and yield in future.

The full re-opening since May 2022 after intermittent lockdowns experienced in 2020 and 2021 has seen more opportunities for retail consumer activities in the country including for the sales and consumptions of durians in the country. Besides, the domestic durian prices have conventionally trended upward since 2015 with wholesale and retail prices respectively growing at compound annual growth rate in excess of 30% between 2015 and 2019 among other, due to the strong domestic consumptions. Besides, Malaysia durian enjoys the advantages of its close proximity to the significant demands from consumers in Singapore and Indonesia for the fresh whole durian fruits. In addition, increasing demand has been evident from China with the shift of consumers' demand towards durians in Malaysia, specifically for the Musang King variety which is sought after for its sticky, creamy texture and rich bittersweet flavour.

Premised on the above, the Group believes that the Durian Business continues to represent an opportunity for Matang Group to extend its existing business in the plantation sector to include other cash crops or fruits. Durians 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 significant or sole revenue generator.

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 2022 pursuant to Rule 15.26 of the ACE Market Listing Requirements of 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 takes cognisance of 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

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 amongst others 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 decision makings 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 *cont'd*

The Group including the management team comprising the Management Committee ("MC") made up of the two Executive Directors, Chief Financial Officer cum Chief Operating Officer and Head of Corporate Services and Finance collectively 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 and new business ventures 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 annually. Risk matrix is generated and updated by the risk management consultant to assist the management and the Board to prioritise their efforts and appropriately manage the different risks.

In respect of risk management, during the FY under review, the Group has undertaken risk assessment in August 2022 and 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. Besides, the changes in terms of impact and likelihood of occurrence were also updated for risk factors which exist from previous FYs. The key risk areas including the new risk for the Group presented by the risk management consultant have been outlined under Key Risk Factors in the Management Discussion and Analysis of this report for reference of our shareholders.

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" or "Internal Auditors") to provide independent assurance to the Board and Audit and Risk Management Committee by providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control and risk management systems.

The internal audit reviews are carried out by the Internal Auditors to identify and address the internal control weaknesses. The internal audit undertaken independently also assesses the compliance of the Group's business units including Head Office to the approved policies and procedures, efficacy of processes for better efficiency and effectiveness of existing controls and where applicable the improvements required to the internal controls of the Group. Significant weaknesses and lapses in controls if any 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.

For FY2022, the Group continued its practice of annual internal audits by independent Internal Auditors who has in February 2022 reported to the Audit and Risk Management Committee the follow-up review of the findings observed in respect of FY2021. Then, in June and July 2022, the Internal Auditors conducted an internal audit review for FY2022. For internal audit reviews for FY2022, the Internal Auditors undertook part of the annual audit, i.e., covering the harvesting activities of the Group in Matang Estate as well as the contractors' performance for certain harvesting activities within Matang Estate.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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INDEPENDENT INTERNAL AUDIT REVIEW *cont'd*

In respect of harvesting activities, the internal audit review assessed the processes and compliance of the Estate to controls in place in particular for harvesting planning, supervisions during harvesting, harvesting and collection of FFB and transportation to oil mills, as well as the execution of planned harvesting activities and the invoicing for FFB delivered and sold. As for review by the Internal Auditors on the contractors' performance, the auditors reviewed the actual performance of works by the contractors against plans, efficiency of the contractors based on output as well the ongoing monitoring by the Estate for progress of works by contractors and reporting of the same. In addition, the internal audit review also attempted to identify root cause to unacceptable performance (if any) of the contractors.

The Internal Auditors report was 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.

The internal audit fees incurred for FYE 30 June 2022 was RM26,000.

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.

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 2022 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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REVIEW BY THE BOARD

The Board considered the key findings and observations of internal audit as well as the adequacy and effectiveness of the risk management and internal control process in the 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 25 August 2022.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Audit and Risk Management Committee of the Company was established by the Board of Matang on 9 September 2015 with the primary objective of assisting the Board in discharging its duties and responsibilities and fulfilling its corporate governance responsibilities in relation to financial reporting, annual reporting, internal control, 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 (“Mr Yeo”), the former Chairman who had resigned on 1 January 2022;
- b. Ms Sophia Lim Chia Hui who succeeded as Chairperson with effect from 7 June 2022;
- c. Dato’ Foong Chee Meng as member; and
- d. Datuk Teoh Sew Hock as member

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 as at 28 September 2022 is presented in the Analysis of Shareholdings in this Annual Report.

Based on the terms of reference (“TOR”), the Audit and Risk Management Committee shall meet at least four (4) times annually and to hold such additional meetings as the Chairman may call at any time at the Chairman’s discretion. Other directors and employees 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.

Due to the absence of quorum following the resignation of Mr Yeo on 1 January 2022, there were two (2) Audit and Risk Management Committee meetings held in FY2022 and the details of attendance of the members at the meetings held during FYE 30 June 2022 are as follows:

Name	No. of meetings attended [^]
Yeo Kwee Kwang[^] <i>Independent Non-Executive Director</i>	2 out of 2
Sophia Lim Chia Hui[^] <i>Independent Non-Executive Director</i>	-
Dato’ Foong Chee Meng <i>Independent Non-Executive Chairman</i>	2 out of 2
Datuk Teoh Sew Hock <i>Non-Independent Non-Executive Director</i>	2 out of 2

Note:

[^] Mr Yeo Kwee Kwang resigned as Director on 1 January 2022, to that date of which only two Audit and Risk Management Committee were held, i.e., on 24 August 2021 and 23 November 2021. Ms Sophia Lim Chia Hui was appointed as Director on 7 June 2022. There was no Audit and Risk Management Committee held on or after 7 June 2022 prior to the financial year ended on 30 June 2022.

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

Due to the absence of quorum following the resignation of Mr Yeo as Director on 1 January 2022, the Audit and Risk Management Committee met two (2) times in FYE 30 June 2022, i.e., on 24 August 2021 and 23 November 2021. In the absence of Audit and Risk Management Committee meetings, the deliberations for relevant matters in connection with the Audit and Risk Management Committee were brought to the Board on 17 February 2022 and 31 May 2022 for deliberations and accordingly for approval. The new Chairperson for the committee, i.e., Ms Sophia Lim Chia Hui was appointed as Director of the Company on 7 June 2022.

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 shall meet on a quarterly basis to deliberate the announcements of quarterly financial results. For FYE 30 June 2022, the announcements for the Company's quarterly financial results and the Audit and Risk Management Committee meetings are set out below:

Date of Audit and Risk Management Committee meetings	Review of Financial Results / Annual Financial Statements and Other Financial Related Matters
24 August 2021 (1 st Audit and Risk Management Committee meeting)	Unaudited fourth quarter financial results for the period ended 30 June 2021 and draft audited financial statements for the FYE 30 June 2021
23 November 2021 (2 nd Audit and Risk Management Committee meeting)	Unaudited first quarter financial results for the period ended 30 September 2021
17 February 2022 (The matters for Audit and Risk Management Committee were discussed and deliberated in the Board meeting of even date [^])	Unaudited second quarter financial results for the period ended 31 December 2021
31 May 2022 (The matters for Audit and Risk Management Committee were discussed and deliberated in the Board meeting of even date [^])	Unaudited third quarter financial results for the period ended 31 March 2022

Note:

[^] Due to the lack of quorum for the Audit and Risk Management meetings following the resignation of Mr Yeo Kwee Kwang as the Director and the Chairman of Audit and Risk Management Committee on 1 January 2022.

As set out in the table above, the Audit and Risk Management Committee met on 24 August 2021 and 23 November 2021 to deliberate on the Group's quarterly financial results ended on 30 June 2021 and 30 September 2021 respectively. Due to the absence of quorum following the resignation of Mr Yeo on 1 January 2022, the deliberations on the financial results for the quarters ended 31 December 2021 and 31 March 2022 were undertaken only in Board meetings.

The Audit and Risk Management Committee was also presented with the draft audited financial statements of the Company for FYE 30 June 2022 on 25 August 2022 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.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

cont'd

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

(a) Financial Reporting and Other Financial Related Matters *cont'd*

Besides the above, the Audit and Risk Management Committee also assisted in the deliberations in relation to financial-related matters in the special Board meetings held on 22 September 2021, 5 April 2022 and 24 June 2022. The Board deliberated in its special meeting on 22 September 2021 the internal restructuring of the Group and the evaluation of the Management of two potential acquisitions and a joint venture proposal for oil palm plantations. While, on 5 April 2022, the Board deliberated on the private placement to third party investors pursuant to the Section 75 and 76 of Companies Act 2016 for which shareholders' approval has been obtained on 24 November 2021 ("Private Placement 2022"). On 24 June 2022, the Board deliberated on the price-fixing for the Private Placement 2022 as well as the list of placees for the same.

(b) External Auditors

On 31 May 2022, the Board in its meeting in which the members of the Audit and Risk Management Committee were present 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 2022 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 as well as confirming to the Board their independence in undertaking the audit of the Group and the Company for FYE 30 June 2022.

Following the appointment of Ms Sophia Lim Chia Hui on 7 June 2022, the Audit and Risk Management Committee has on 25 August 2022 held a discussion with the external auditors in relation to the conclusion of their 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 2022.

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

(c) Internal Auditors

The Audit and Risk Management Committee oversees the conduct of internal audit to ensure that review of the adequacy of the Group's internal control systems is carried out on a timely manner as well as ensuring operations are conducted in compliance with the established internal controls. Internal audit 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 Sdn Bhd ("Tricor Axcelasia" or "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 FY2022 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 staff of Tricor Axcelasia supervised by Mr Chang carried out internal audits of the Group for FY2022. 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.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

cont'd

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

(c) Internal Auditors *cont'd*

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 ("SOP");
- (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 FY2022 covers the following key activities of Matang Group:

- (i) Harvesting activities; and
- (ii) Contractors' performance.

For FYE 30 June 2022, the Audit and Risk Management Committee has reviewed the internal audit report of the Group prepared by the Internal Auditors for the above on 25 August 2022. Notably, based on samples selected, the Internal Auditors reviewed tasks undertaken by Matang Estate in relation to harvesting activities based on harvesting planning, supervisions in Estate during harvesting, harvesting and collection of FFB and transportation of the same to oil mills, as well as the execution of planned harvesting activities and the invoicing for FFB delivered and sold. For contractors' performance, the Internal Auditors reviewed the actual performance of works by the contractors against plans, efficiency of the contractors based on output as well the ongoing monitoring by the Estate for progress of works by contractors and reporting of the same. In addition, the internal audit review also attempted to identify root cause to unacceptable performance (if any) of the contractors.

In addition, in February 2022, 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., FY2021, the report of which has been presented to the Board in meeting held on 17 February 2022.

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.

(d) Risk Management

The Group has undertaken the risk assessment in connection with FY2022 with the assistance of an independent risk management consultant who has presented their findings and observations with regards to the risk profile of Group in August 2022. 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 2022 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 based terms and conditions on arms' length basis as supported by an independent valuation undertaken by the Company. The aforesaid tenancy arrangement is not regarded as related party transaction pursuant to Rule 10.08(11)(h) of the ACE Market Listing Requirements of Bursa Securities. The additional information in relation to the said tenancy arrangement has been included under Additional Compliance Information in Page 52 of this Annual Report.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

cont'd

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

(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/Chairperson 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.

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 25 August 2022.

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, 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 through both organic growth by way of optimal and yet sustainable increase of FFB production and yield from the Matang Estate as well as inorganic development by way of acquisition, joint venture or expansion of viable assets both for oil palm plantations and Durian Business.

Since early 2020 following the shareholders' approval for diversification into Durian Business, 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 still continues to look for opportunities to expand its plantation business through viable acquisitions of suitable land bank and/or plantation estates, for both oil palm and durian.

The development of 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, corporate and fundraising, the proposals 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. When necessary, advisers' views, advice and opinions were sought by the Board in Board meeting with regards to corporate and fundraising proposals.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

1. BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

Board Responsibilities *cont'd*

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.

The Management Committee meets at least once a month to deliberate all significant matters affecting the Group, be it operationally and 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 also led to the diversification of the Group into the Durian Business. The same committee has been instrumental in making necessary recommendations and providing advice to the Management Committee and Board for approvals and implementation 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 more than 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 experienced in corporate and legal matters. The executive roles and responsibilities in the Group are undertaken by the 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 plantations, qualified professionals 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 comprises solely non-executive Directors and 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. 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

1. BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

Board Composition *cont'd*

In that connection, the Company has in FY under review appointed a female Director, i.e., Ms Sophia Lim Chia Hui who succeeded Mr Yeo Kwee Kwang as the Independent Director of the Company as well as the Chairperson of the Audit and Risk Management Committee of the Company. 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.

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. In addition, 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.

In that regard, the Audit and Risk Management Committee has undertaken discussion with the external auditors on 25 August 2022 in relation to the statutory audits of the financial statements of the Group for financial year ended 30 June 2022. On the even date, the Audit and Risk Management Committee has also been presented with the internal audit report by the Internal Auditors which essentially focused on the harvesting activities and the contractors' performance for Matang Estate. In addition, the independent risk management consultant has presented their findings and observations with regards to the risk profile of Group on 25 August 2022 to the Audit and Risk Management Committee.

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 Nomination Committee has also looked into the Directors' Fit and Proper Policy of the Company and make the recommendation to the Board for the adoption of the same. On 24 June 2022, the Board has adopted the said policy which forms the basis and yardstick for the Nomination Committee and the Board in the fit and proper assessment prior to the appointment of any candidate as a Director, or making recommendation for the re-election of an existing Director. Besides, the evaluation of Directors by peers as well as the assessment of Board and Board Committees' functioning remain as part of annual assessment.

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 by the Board 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

1. BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

Board Committees *cont'd*

During FY2022, the Nomination Committee conducted meetings to deliberate and recommend to the Board on the training needs and matrix of the Company's Directors. In addition, the Nomination Committee also evaluated and deliberated on the candidates and selections of new Independent Directors for appointment to fill the vacancy left by the resignation of Mr Yeo Kwee Kwang. In connection, the Nomination Committee also deliberated on the appointment of the new Independent Director to various positions in the Board Committees before making the appropriate recommendations to the Board. In the financial year under review, the Nomination Committee evaluated the draft Fit and Proper Policy proposed by the Management and made the necessary recommendation to the Board for adoption on 24 June 2022.

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 for financial year ended 30 June 2021 and Directors benefits for the period from 1 January 2022 to 31 December 2022 prior to the Company seeking applicable shareholders' approval in the Seventh Annual General Meeting of the Company held on 24 November 2021. In addition, the Remuneration Committee also evaluated and deliberated on the proposed bonus payment and increment for the Executive Directors and the Chief Financial Officer cum Chief Operating Officer of the Company prior to making recommendation of the same to the Board for approval.

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 2022, the Audit and Risk Management Committee had held two (2) meetings. The Nomination Committee and the Remuneration Committee had held three (3) meetings and one (1) meeting respectively during the FY under review.

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 allowances, the latter of which are payable based on the number of attendances of the Directors to the Board Committees and Board meetings.

The current level of Director's fees and Director's meeting allowances have been most recently revised in FY2021 and for the current financial year under review, there is no revision to the same. In any case of revisions, the level of annual Director's fees and meeting allowance shall be first deliberated by the Remuneration Committee, the outcome of which shall be recommended to the Board for approval and the payment of the same shall be subject to the approval of the shareholders in the Company's Annual General Meeting. The 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 also deliberated by the Remuneration Committee and the outcome are then recommended to the Board for approval.

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 Executive Directors and Non-Executive Directors by type of remuneration for FY2022.

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	119	50	119
Salary and other emoluments [^]	329 [~]	66	163 [~]	66
Total	379	185	213	185

Notes:

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 Independent Non-Executive Director, Mr Yeo Kwee Kwang who has resigned as Director during the FY under review.

~ 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.

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	-	6	1
RM50,001 to RM100,000	-	-	-	-
More than RM100,000	2	-	1	-
Total	2	6	2	6

Note:

@ Inclusive of a former Director, Mr Yeo Kwee Kwang have resigned as Directors on 1 January 2022 and Ms Sophia Lim Chia Hui who was appointed as Director on 7 June 2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

1. BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

Remuneration for Directors *cont'd*

The following table shows the summary of the remuneration at Group level for each of the Directors of the Company together with the information on the number of Board meetings attended by the Directors.

By Directors	Number of Board meetings attended	Director Fees RM'000	Meeting Allowances RM'000	Salaries & other emoluments [#] RM'000	Total RM'000
Dato' Foong Chee Meng	7/7	30	15	-	45
Datuk Ir Low Ah Keong	7/7	25	13	134	172
Dato' Ng Keng Heng	7/7	25	15	166	206
Yeo Kwee Kwang [^]	3/3	13	6	-	19
Sophia Lim Chia Hui [@]	1/1	1	3	-	4
Datuk Tew Boon Chin	7/7	25	14	-	39
Datuk Teoh Sew Hock	7/7	25	16	-	41
Lim Chin Hock	7/7	25	13	-	38
Total		169	95	300	564

Notes:

[^] Mr Yeo Kwee Kwang resigned as Director on 1 January 2022 prior to which he attended all Board meetings held in the FY.

[@] Ms Sophia Lim Chia Hui was appointed as Director on 7 June 2022 and she attended the only one Board meeting held prior to the end of FY on 30 June 2022.

[#] 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 FY2022. The Board including any of the Directors of the Company has direct access to the advice and services of the company secretaries who are responsible for ensuring the Board meeting's procedures are adhered to and applicable rules and regulations are complied with. The company secretaries have also regularly updated and advised the Board and the management of the Company on any new statutory and regulatory requirements amongst others, in connection with discharging the duties and responsibilities of the Directors and the management.

Conduct of Board Meetings

The deliberation of matters by the Board in every meeting held have been carried out with agendas or meeting notices being circulated at least seven (7) days before scheduled dates of meeting and relevant meeting materials are circulated to the Board and Board committees within reasonable time prior to the meetings save, in accordance with provisions under the Constitution of the Company, for circumstances where special board meetings that have been called for on short notices.

Minutes of all Board and Board committee meetings have been duly circulated to all members of the Board and Board committee as the case maybe for review prior to the succeeding meeting and all members of the Board have direct access to the company secretaries for any queries and doubts raised with regards to the records of the proceedings of all Board and Board committee meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

1. BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

Directors' Trainings

The Company acknowledges the importance of continuous education, training and professional development for all Directors and as such the Directors are encouraged to attend suitable seminars, conferences, workshops organised by relevant regulatory authorities and professional bodies to keep abreast with the latest developments in the industry, market place and/or new statutory and regulatory requirements. Guided by the training needs and requirement matrix as deliberated by the Nomination Committee in November 2021, for FY2022, most of our Directors have participated in some trainings in relation to the oil palm industry, regulatory requirements or guidelines and/or financial and taxation matters.

Our Chairman, Dato Foong Chee Meng has attended the Palm Oil Economics Review and Outlook (R&O) Conference 2022 held on 13 January 2022 by MPOB. In addition, Dato' Ng has also attended the same conference. Other Directors, such as Datuk Ir. Lawrence Low and Mr Yeo Kwee Kwang attended the 2022 Budget Seminar organised by MIA on 17 December 2021 while Datuk Jason Teoh attended the same seminar on 14 December 2021. Ms Sophia Lim Chia Hui has also attended the Bursa Malaysia Mandatory Accreditation Programme from 12 July 2022 to 14 July 2022.

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 shall sit quarterly to review the interim and annual financial reports of the Group.

As at the date of this Statement, 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 Ms Sophia Lim Chia Hui, 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 the Directors' Profile in this Annual Report.

Prior to the start of the annual audit of financial statements of the Group for the financial year under review, the Board has conducted discussion with the external auditors in May 2022 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 2022.

During the FY under review, the Audit and Risk Management Committee has undertaken the review of two out of four 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. In the absence of quorum for two of the Audit and Risk Management Committee meetings, two quarterly financial results i.e., the financial results for 2nd quarter ended 31 December 2021 and 3rd quarter ended 31 March 2022, were tabled directly in the Board meetings in February 2022 and May 2022 respectively for deliberation. The Management were present in both Board meetings to clarify all queries of the Board in respect of the said quarterly financial results. The Audit and Risk Management Committee with satisfactory responses from the management, has reported their view and advice in relation to the quarterly financial result and any relevant matters to the Board before the Board deliberates and approves the results for announcement to Bursa Securities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

Audit and Risk Management Committee *cont'd*

The Audit and Risk Management Committee also exercises its responsibilities by reviewing both the Internal Audit Report and Audited Financial Statements of the Group and held discussions with the respective auditors in August 2022 for any questions and comments the Audit and Risk Management Committee may have. Guided by the discussions with the auditors and necessary responses and clarifications from the management, the Audit and Risk Management Committee then reports to the Board any matters of material concerns, if any, in particular in connection with the financial reporting and performances of the Group, risk management measures and the implementation of internal control systems of the Group and the effectiveness of the same.

During the FY under review, the Audit and Risk Management Committee has exercised its independence to discuss the audit plan, audit 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 page 36 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 and the report was presented to the Audit and Risk Management Committee in the meeting in August 2022. 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.

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, the Company has also previously uploaded the amended Whistle Blowing policy and the Anti-Bribery and Anti-Corruption policy in 2021 as well as the Directors' Fit and Proper Policy of the Company in June 2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

3. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

cont'd

Communication with Stakeholders cont'd

In accordance with the ACE Market Listing Requirements, when necessary, the Company either make necessary announcements or if approvals of shareholders are required, 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 businesses will also be furnished to ensure availability of adequate information to the shareholders before voting in annual general meetings. 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 announced to Bursa Securities and published in at least one (1) nationally circulated daily newspapers.

Conduct of General Meetings

The forth-coming annual general meeting of the Company is scheduled to be held on 23 November 2022. 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 2021, the meeting of which was held virtually on 24 November 2021, the Company has:

- made a presentation of the Group's business and financial performance for the financial year ended 30 June 2021 to its shareholders;
- taken and addressed all questions raised by the shareholders in the said annual general meeting;
- conducted electronic poll voting for all resolutions for which approvals of the shareholders were sought.

For the forth-coming Annual General Meeting to be held on 23 November 2022, 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 or virtual participants attending the annual general meetings shall provide chances to the shareholders to have their questions addressed by the Board.

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

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

The Board of Matang recognises the importance of good corporate governance towards safeguarding and enhancing the shareholders' interest and value, financial performance of the Group as well as the long-term sustainability of the Group. Except for certain areas as highlighted in the Corporate Governance Report of the Company (the report of which is submitted to Bursa Securities at the time of issuance of this Annual Report), the Board places significant priorities to ensure that principles and recommendations under the Code are adopted by the Group where applicable and practical.

This Corporate Governance Overview Statement has been approved by the Board of Matang on 25 August 2022.

SUSTAINABILITY STATEMENT

The Group conducts its business and operations based on sustainable practices and takes into consideration the factors of environmental, social and governance (“ESG”) risks and opportunities. The Company is in the midst of putting in place a framework and implementation for its ESG measures, execution, monitoring and reporting in such manners as recommended under the Code.

At this juncture, this Sustainability Statement has been prepared to provide the shareholders of the Company an overview of the practices in place and undertaken by the Company for ensuring sustainability of the Group in its strategic decisions and operations with regards to economic, environmental and social (“EES”) factors. The Company envisages a complete ESG implementation shall be in place for reporting for financial year ending 30 June 2023. The Group continues to undertake various measures under the broad sense of EES yardsticks to ensure sustainability considerations are always factored into in the Group’s strategies, plans and operations.

In that connection, the Group is embarking on steps to set up the appropriate framework for governance soon to be followed by the assessment of the Group of materiality matters and performance standards or tracking measures and then reporting, all of which the Group envisages shall be in place by 30 June 2023.

ECONOMIC

Mitigating major economic risks to ensure the long-term health of the Group continues to be the key focus of the Board for sustainable operations in order for assurance and stability in terms of cash flows and value creations to all the stakeholders. The Group and the Board plan, strategise and operate not only on short term profitability purposes but with significant emphasis on long term sustainability for its plantation activities, both for oil palm which has been the core crop for over 30 years and for the durian plantations which the Group started to venture into since early 2020.

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

1. Adequacy and Sustainability of Labour Supplies

The palm oil industry is labour intensive in nature primarily for the harvesting activities and also the activities of upkeep and maintenance of fields and the plantation sector in Malaysia has for a long time relied on employing foreign workers, in particular, Indonesian workers, for the significant part of the plantation works. It is a known industry issue that the supply of Indonesian workers has not been stable particularly when oil palm sector in Indonesia has improved alongside with the better remuneration at home for the Indonesian workers, the result of which was the shortage of workers for plantation sector in Malaysia for years.

Sufficiency of labour supply or workforce underlines the ability of the Group to carry out its Estate operations in a sustainable manner. Hence to ensure operational sustainability, the Group has undertaken a number of measures to mitigate labour issues including:

- During the freeze of intake of new foreign workers by the Malaysian Government at time of COVID-19 pandemic and the succeeding periods, the Group has successfully outsourced its labour requirement to be met by a few third-party contractors which collectively brought in not less 20 workers to mend the fields of our Estate as well as to harvest some of our FFB.
- At the same time, the Estate Management optimised deployment of labour at Matang Estate by prioritising activities in accordance with peak or non-peak harvesting seasons.
- The Group has also enhanced certain incentive payments to its labour at Matang Estate with a view to retain workers as well as encouraging more productive harvest of FFB.
- The Estate has also started its mechanisation initiatives by commencing the use of automated tools and mechanisms including oil palm motorised cutter (Cantas) for harvesting of FFB as well as the engagement of contractor to provide the services of unmanned ground vehicles (“UGV”) for certain field upkeep and maintenance activities such as spraying amongst others. It is expected that the deployment of UGV can effectively reduce the reliance on human manpower at the initial stage by approximately 5% while the use of cantas reduces reliance on harvesters by approximately 10%.
- Matang Estate has also obtained the approval from the authorities for additional quota of 120 new foreign workers in October 2022 out of which 14 new workers have since reported to work in September 2022 and the balance shall be progressively recruited swiftly.

SUSTAINABILITY STATEMENT

cont'd

ECONOMIC *cont'd*

1. Adequacy and Sustainability of Labour Supplies *cont'd*

Ensuring sufficient labour supplies for estate operations is critical for both short term sustainability of FFB harvest and productions as well as the cultivation activities such as adequacy of manuring so that FFB yield and productions in future can be safeguarded.

Besides, to ensure sustainability of labour force within the Group for Matang Estate, the Management has practised significant emphasis looking into the welfare of its workers and implementing measures to adequately improve the welfare of its workers. Some of the measures undertaken in the past included:

- Upgrade and refurbishment of staff and workers quarters including the 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.
- Provision of non-monetary benefits include subsidy of rice by pre-agreed kg on monthly basis.

2. Stringent Control of Quality and Cost of Fertilisers

The Group continuously practises focus on its manuring activities and the effectiveness of the same to ensure right approaches and quantum of manuring are undertaken so that the medium to long term FFB yields are safeguarded.

- Soil nutrient is 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.
- Consultations with the agronomist before determining annual fertilisers program are standard practices crucial in ensuring the right fertilisers in terms of the type and specifications of nutrients required and the frequency and volume of fertilisers 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 as well as to mitigate the use of wrong fertilisers and reducing the wastage of fertilisers.
- Besides determining and ensuring the right types and appropriate volume of fertilisers are applied by programming the same on annual basis, the Estate practises stringent checks on the quality in particular the specifications of the fertilisers delivered against what is/are ordered. Fertilisers received from suppliers are strictly checked for the nutrient contents based on orders specifications especially ensuring matching or no deficiencies in nutrient contents required. Lab tests based on samples selected from each batch of orders are done and any deficiencies in nutrient contents have to be made good by the suppliers, otherwise deductions on payments are strictly enforced.
- Cost controls for fertiliser applications are also monitored where the Estate constantly liaised with the suppliers to monitor any potential increase in fertiliser costs. To reduce the risk of material cost increases as much as possible, the Group keeps track with suppliers on fertiliser costs and where possible, lock in the prices by ordering fertilisers for delivery in batches on quarter basis. Besides, fertilisers purchases are always undertaken with strict adherence to SOP of the Group which requires tenders to be undertaken for each order.

SUSTAINABILITY STATEMENT

cont'd

ECONOMIC *cont'd*

3. Sustainable Harvesting Practices and Quality of FFBs

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. Previously, Matang Estate has improvised 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 are 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.
 - Harvesters are required to ensure missed harvesting ripe FFB bunches are kept to minimal. In that connections, 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. Harvesting Supervision Record has been put in place to document harvesting supervision completed, an approach of control by the Estate Manager that supervisions by mandors are undertaken.
 - Loose FFB or usually called loose fruits are also being picked to minimise wastage or unaccounted FFB harvests.
- In terms of mill rejects returns and weight variances, the Group has managed to keep FFB returns and rejects by palm oil mills as well as weight variances with the mills constantly lower than previous FYs for the FY under review.

To achieve that, the Estate undertakes 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. The Estate Management is required to investigate reasons including discussing with palm oil mills to find out reasons and causes if in any month the threshold levels as mentioned are breached.

4. Diversification into Durian Business

The Company has obtained the shareholders' approval for diversification into the Durian Business in its AGM in November 2019 and the Group started the development of its DP1.0 in early 2020.

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.

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.

The Management Committee executes the implementation of the Durian Business which at this stage included the development, maintenance and management of two durian plantations within Matang Estate, i.e., DP1.0 and DP2.0 while the DPC provides oversight on the Management in respect of the development and operations of the durian plantations.

For sustainable development of the Durian Business, for the First and Second Durian Plantation, the Group has undertaken stringent selection of contractors for the development works that involve land preparation, earthworks, irrigation systems and planting activities as well as maintenance works which include upkeep and management of the durian plantations.

To achieve above, proposals and quotations of various contractors which were solicited through tender invitations were evaluated by DPC which made recommendations to Management Committee for deliberation followed by Board approval. The DPC Chairman together with the Management Committee presented and answered to the Board in all aspect of proposals and progress of development of the durian plantations, i.e., DP1.0 and DP2.0 as well as the maintenance and management of the same.

SUSTAINABILITY STATEMENT

cont'd

ECONOMIC *cont'd*

4. Diversification into Durian Business *cont'd*

Scrutiny of the Management and the DPC on the development and maintenance of the DP1.0 and DP2.0 by the contractors are stringent typically involving periodic site verifications by DPC together with the Management for progress, performance and quality of developments and works and prior to each payment being made. Contractors are regularly called to meetings of the DPC to report and resolve issues identified. Monthly reports of progress, performance and works done are also presented by the Estate Management to both DPC and Management Committee.

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 and public at large. 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, the Group observes and is accordingly guided by the environmental requirements for certification under MSPO as the standards to follow in respect of protecting environment including necessary proximity areas and sustaining the same for future. Specifically, the Group has undertaken the following steps to mitigate environmental issues and accordingly to sustain the environmental areas relevant to the Estate:

- Undertakes relevant training and awareness in relation to environmental matters, issues and requirements for its employees in the Estate.
- Ensures, on best endeavour basis, that its key stakeholders are aware and committed to the environmental protection measures of the Estate.
- Reduces to the extent possible the adverse environmental impact from all activities in the Estate, including the strict enforcement of zero open burning policy.
- Complies with all legal requirements related to environmental preservation as required under Environmental Quality Act 1974.
- Attempts to continuously improve the quality of operations towards sustainable development in respect of environment.

The Group sole oil palm plantation, i.e., Matang Estate has undergone its third annual surveillance audit in July 2022 for its MSPO certification after attaining the initial certification on 5 August 2019.

SOCIAL

In terms of managing the risks to sustainability arising from social aspects, the Group viewed human rights, occupational health and safety and community relations being important areas affecting the sustainability of the Group. The specific measures undertaken by the Group in these respects are:

Human Rights

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.

In addition, at the Board level of the Company, the Group has appointed female director for Matang Berhad who is also the Chairperson for the Company's Audit and Risk Management Committee on 7 June 2022.

SUSTAINABILITY STATEMENT

cont'd

SOCIAL *cont'd*

Human Rights *cont'd*

1. Equal Employment Opportunities *cont'd*

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 some 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. 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 and welfare, the latter of which include living conditions and basic amenities and facilities, to name a few.

Occupational Health and Safety

3. Workforce Safety

The Group has established guidelines and SOP pertaining to occupational health and safety ("OSH") as the safety and health of our Matang Estate employees who are exposed to sector related risks such as sharp tools, hazardous chemicals, heavy machineries and commuting hazards is important to our sustainability purpose.

The policy safeguards our employees through the prevention of work-related illnesses as well as workplace accidents. At the same time, the aim is to establish conducive, safe and healthy workplace environment that will boost productivity. We also encourage our employees to lead a healthy lifestyle by participating in outdoor activities and sports. In addition, it is important that our employees comply with higher standards of OSH guidelines.

The Group consistently performs reviews and assessments on incident trends and safety standards to reduce the risk of injury on a regular basis and to ensure we keep abreast with industry best practices.

4. Well-Being of Employees and Community At Large

The Group also provided free COVID-19 test kits to its employees who are encourage and able to undertake self-tests in event of suspected infection. In addition, the Estate continues to provide rice incentives to its workers both local and foreign who works in the Estate.

The Group has also made donation of RM50,000 to UTAR Education Foundation in the financial year under review for the development of Universiti Tunku Abdul Rahman Hospital in Kampar, Perak which will provide medical facilities and services as well as providing clinical training for students in medicine, health science, traditional medicine and related disciplines.

Community Relations

The Group is committed to resolving conflicts and/or dispute over land areas through engagement of relevant professional services with the affected communities and other relevant parties. As a responsible plantation company, we recognise the important of establishing a healthy affiliation in the vicinity of our operations.

This Sustainability Statement has been approved by the Board of Matang on 25 August 2022.

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 17 January 2022, being the last date of the utilisation of the proceeds from the Public Issue further to the extension of timeframe pursuant to announcement of the Company on 26 November 2019:

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⁾	(1,620)	-	166	Within 60 months ⁽¹⁾
General working capital					
(i) Day-to-day operational expense	6,888 ⁽¹⁾	(6,888)	-	-	Within 60 months
(ii) Purchase of fertilisers	5,800 ⁽¹⁾	(4,395)	-	1,405	Within 60 months
Estimated listing expenses	2,176	(2,176)	-	-	Within 3 months
Total	16,900	(15,329)	-	1,571	

Note:

(1) Kindly refer to the announcement made by the Company on 26 November 2019 for further details of the Variations (as defined therein the announcement) made.

As at the date of the Company's announcement for financial results for 3rd quarter ended 31 March 2022, the Company has re-allocated the nett balance of proceeds from the Public Issue for capital expenditure of RM127,024 for purpose of general working capital usage of Matang Estate, i.e., for the purchase of fertilisers. Hence, going forward, the Company shall utilise all the balance from the proceeds from the Public Issue, i.e., RM1,158,516 for the purchase of fertilisers for Matang Estate.

ADDITIONAL COMPLIANCE INFORMATION

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(2) Issuance of 362,000,000 Shares pursuant to the Private Placements in 2021 ("PP 2021")

Based on the issue price of RM0.1108 per Share for a total of 362,000,000 placement shares issued and listed pursuant to PP 2021, the total gross proceeds amounting to RM40.11 million has been utilised in the following manner as at 30 June 2022:

Purposes	Approved utilisation RM'000	Actual utilisation RM'000	Deviation: surplus/ (deficit) RM'000	Balance unutilised RM'000	Estimated time frame for utilisation ⁽¹⁾
Future acquisitions	23,635 ⁽²⁾	(-)	-	23,635	Within 18 months
For working capital	16,265 ⁽³⁾	(1,468)	2 ⁽⁴⁾	14,799	Within 18 months
Estimated expenses	210	(208)	(2) ⁽⁴⁾	-	Immediate
Total	40,110	(1,676)	-	38,434	

The utilisation of proceeds as disclosed for the PP 2021 should be read in conjunction with the Circular to the Shareholders of the Company dated 12 May 2021 ("Circular"). 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.
- (5) As set out in the Circular, the proceeds earmarked for working capital maybe partly reallocated towards the amount earmarked for potential acquisitions and vice versa, depending on the Group's operational requirements at the time of utilisation, which can only be determined at a later stage and the terms and conditions of potential acquisitions, which have yet to be determined or finalised.

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 2022 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	
	FY2022 Payable RM'000	FY2021 Paid RM'000	FY2022 Payable RM'000	FY2021 Paid RM'000
Audit fees	63.5	62.0	27.0	27.0
Non-statutory audit fees				
- Review of the Statement on Risk Management and Internal Control	5.0	5.0	5.0	5.0
Total	68.5	67.0	32.0	32.0
Non-audit fees				
- Tax return preparation	17.0	13.3	4.0	3.0

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 46 to 50 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 2022, 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 25 August 2022.

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 2022.

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 except for those disclosed in Note 8 to the financial statements.

RESULTS

	Group RM	Company RM
Profit for the financial year	5,689,321	5,397,061
Profit attributable to owners of the parent	5,689,321	5,397,061

DIVIDENDS

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

	RM
In respect of the financial year ended 30 June 2021:	
Final and single tier dividend of 0.20 sen per share, paid on 7 January 2022	4,344,000

At the forthcoming Annual General Meeting, a first and final single tier dividend of 0.22 sen per ordinary share amounting to RM4,778,401 in respect of the current financial year will be proposed for shareholders' approval based on the number of outstanding ordinary shares in issue as at 30 June 2022.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 30 June 2023.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

DIRECTORS' REPORT

cont'd

DIRECTORS

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

Matang Berhad

Dato' Foong Chee Meng
 Datuk Ir Low Ah Keong*
 Dato' Ng Keng Heng*
 Datuk Tew Boon Chin
 Datuk Teoh Sew Hock
 Lim Chin Hock
 Sophia Lim Chia Hui (Appointed on 7 June 2022)
 Yeo Kwee Kwang (Resigned on 1 January 2022)

* 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 2022 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 30.6.2022
	Balance as at 1.7.2021	Bought	Sold	
Shares in the Company				
<i>Direct interests:</i>				
Datuk Teoh Sew Hock	5,828,000	4,200,000	-	10,028,000
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' REPORT

cont'd

DIRECTORS' REMUNERATION

Directors' remuneration of the Group and the Company for the financial year ended 30 June 2022 were as follows:

	Group 2022 RM	Company 2022 RM
Fees	230,000	230,000
Other emoluments	561,941	363,678
	791,941	593,678

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.

DIRECTORS' REPORT

cont'd

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

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

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

(III) AS AT THE DATE OF THIS REPORT

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

SIGNIFICANT 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 (201906000013 (LLP0018825-LCA) & AF 0206), have expressed their willingness to continue in office.

DIRECTORS' REPORT

cont'd

AUDITORS' REMUNERATION

Auditors' remuneration of the Group and the Company for the financial year ended 30 June 2022 were as follows:

	Group RM	Company RM
Statutory audit	63,500	27,000
Other services	5,000	5,000
	68,500	32,000

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

Datuk Ir Low Ah Keong
Director

Kuala Lumpur
12 October 2022

Dato' Ng Keng Heng
Director

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements as set out on pages 64 to 99 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 2022 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
12 October 2022

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 64 to 99 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly)
declared by the abovenamed at)
Kuala Lumpur this)
12 October 2022)

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 2022 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 64 to 99.

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 2022, 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 RM11.0 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.

Audit response

Our audit procedures included the following:

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF **MATANG BERHAD**

(Incorporated in Malaysia)

cont'd

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

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

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Group and of the Company.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF **MATANG BERHAD**

(Incorporated in Malaysia)

cont'd

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS *cont'd*

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

- d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

OTHER MATTERS

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

BDO PLT

201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

Kuala Lumpur
12 October 2022

Ho Kok Khiaw

03412/02/2023 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	132,196,017	132,152,999	124,377	-
Right-of-use asset	5	464,057	585,115	464,057	-
Investment properties	6	11,000,000	11,700,000	-	-
Other investments	7	171,965	154,030	-	-
Investments in subsidiaries	8	-	-	177,549,636	177,709,441
Inventories	9	1,090,540	1,090,540	-	-
		144,922,579	145,682,684	178,138,070	177,709,441
Current assets					
Inventories	9	230,597	98,339	-	-
Biological assets	10	943,486	571,713	-	-
Trade and other receivables	11	2,122,332	2,034,367	187,250	121,034
Current tax assets		291,210	-	-	-
Cash, bank balances and short term funds	12	85,080,970	83,020,479	47,996,921	46,607,165
		88,668,595	85,724,898	48,184,171	46,728,199
TOTAL ASSETS		233,591,174	231,407,582	226,322,241	224,437,640
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	13	223,980,427	223,980,427	223,980,427	223,980,427
Reserves	14	4,358,147	2,994,891	1,065,468	12,407
TOTAL EQUITY		228,338,574	226,975,318	225,045,895	223,992,834
LIABILITIES					
Non-current liabilities					
Lease liability	5	365,250	484,377	365,250	-
Deferred tax liabilities	15	2,027,697	1,587,985	3,108	-
		2,392,947	2,072,362	368,358	-
Current liabilities					
Trade and other payables	16	2,199,255	1,875,707	712,140	435,032
Lease liability	5	119,126	114,349	119,126	-
Current tax liabilities		541,272	369,846	76,722	9,774
		2,859,653	2,359,902	907,988	444,806
TOTAL LIABILITIES		5,252,600	4,432,264	1,276,346	444,806
TOTAL EQUITY AND LIABILITIES		233,591,174	231,407,582	226,322,241	224,437,640

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 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Revenue	17	17,625,245	13,694,735	6,638,425	3,000,000
Cost of sales		(4,361,041)	(2,457,627)	-	-
Gross profit		13,264,204	11,237,108	6,638,425	3,000,000
Other income		2,870,844	2,019,951	962,158	232,565
Net loss on impairment of financial instruments		(83,367)	(21,728)	-	-
Administration expenses		(7,315,971)	(6,859,771)	(1,965,195)	(1,008,795)
Other expenses		(98,853)	(88,372)	(17,414)	(34,338)
Finance cost		(21,949)	(26,535)	(14,114)	-
Profit before tax	18	8,614,908	6,260,653	5,603,860	2,189,432
Tax expense	19	(2,925,587)	(2,155,206)	(206,799)	(34,244)
Profit for the financial year		5,689,321	4,105,447	5,397,061	2,155,188
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Fair value gain on equity investments at fair value through other comprehensive income	7	17,935	67,520	-	-
Total other comprehensive income, net of tax		17,935	67,520	-	-
Total comprehensive income		5,707,256	4,172,967	5,397,061	2,155,188
Profit attributable to owners of the parent		5,689,321	4,105,447	5,397,061	2,155,188
Total comprehensive income attributable to owners of the parent		5,707,256	4,172,967	5,397,061	2,155,188
Earnings per share attributable to ordinary equity holders of the Company (sen):					
Basic	22	0.26	0.22		
Diluted	22	0.26	0.22		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

Group	Note	Non-distributable		Merger reserve	Distributable	Total equity
		Share capital	Fair value reserve		Retained earnings	
		RM	RM	RM	RM	RM
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 transactions 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
Balance as at 1 July 2021		223,980,427	29,455	(108,000,004)	110,965,440	226,975,318
Profit for the financial year		-	-	-	5,689,321	5,689,321
Other comprehensive income, net of tax		-	17,935	-	-	17,935
Total comprehensive income		-	17,935	-	5,689,321	5,707,256
Transaction with owners						
Dividend paid	23	-	-	-	(4,344,000)	(4,344,000)
Total transaction with owners		-	-	-	(4,344,000)	(4,344,000)
Balance as at 30 June 2022		223,980,427	47,390	(108,000,004)	112,310,761	228,338,574

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

cont'd

Company	Note	Non-distributable	Retained	Total
		Share capital	earnings	equity
		RM	RM	RM
Balance as at 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 2021/1 July 2021		223,980,427	12,407	223,992,834
Profit for the financial year		-	5,397,061	5,397,061
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	5,397,061	5,397,061
Transaction with owners				
Dividend paid	23	-	(4,344,000)	(4,344,000)
Total transaction with owners		-	(4,344,000)	(4,344,000)
Balance as at 30 June 2022		223,980,427	1,065,468	225,045,895

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		8,614,908	6,260,653	5,603,860	2,189,432
Adjustments for:					
Depreciation of property, plant and equipment	4	2,363,719	2,135,852	13,855	-
Depreciation of right-of-use asset	5	121,058	121,059	80,706	-
Fair value adjustment of:					
- investment properties	6	700,000	500,000	-	-
- biological assets	10	(371,773)	(176,906)	-	-
Gain on:					
- disposal of property, plant and equipment	18	-	(34,648)	-	-
- lease modification	5(c)	-	(47,907)	-	-
Impairment loss on other receivables	11(h)	83,367	21,728	-	-
Interest expense	5(e)	21,949	26,535	14,114	-
Interest income	18	(1,570,173)	(915,167)	(961,758)	(229,345)
Dividend income from a subsidiary		-	-	(6,000,000)	(3,000,000)
Operating profit/(loss) before working capital changes		9,963,055	7,891,199	(1,249,223)	(1,039,913)
Changes in working capital:					
Inventories		(132,258)	(1,133)	-	-
Trade and other receivables		(174,708)	(1,127,440)	(2,401)	410
Trade and other payables		323,548	639,332	272,108	282,788
Cash generated from/(used in) operations		9,979,637	7,401,958	(979,516)	(756,715)
Tax paid		(2,698,301)	(1,937,895)	(136,743)	(32,220)
Tax refunded		92,642	-	-	-
Net cash from/(used in) operating activities		7,373,978	5,464,063	(1,116,259)	(788,935)

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

cont'd

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Advances to a subsidiary		-	-	(6,907)	(1,339,675)
Withdrawal/(Placements) of deposits pledged with a licensed bank		35,633	(190)	-	-
Withdrawals/(Placements) of deposits with licensed banks more than three (3) months		4,984,768	(18,758,898)	4,748,388	(18,850,000)
Interest received		1,573,549	915,909	968,318	224,487
Dividend received from a subsidiary		-	-	6,000,000	3,000,000
Purchase of property, plant and equipment	4	(2,406,737)	(1,499,371)	(20,530)	-
Proceeds from disposal of property, plant and equipment		-	75,118	-	-
Net cash from/(used in) investing activities		4,187,213	(19,267,432)	11,689,269	(16,965,188)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid	23	(4,344,000)	(2,715,000)	(4,344,000)	(2,715,000)
Payments of lease liability	5(e)	(136,299)	(136,298)	(90,866)	-
Proceeds from issuance of ordinary shares	13	-	40,109,600	-	40,109,600
Net cash (used in)/from financing activities		(4,480,299)	37,258,302	(4,434,866)	37,394,600
Net increase in cash and cash equivalents		7,080,892	23,454,933	6,138,144	19,640,477
Cash and cash equivalents at beginning of financial year		55,492,846	32,037,913	26,557,165	6,916,688
Cash and cash equivalents at end of financial year	12(f)	62,573,738	55,492,846	32,695,309	26,557,165

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

cont'd

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Group RM	Company RM
Lease liability (Note 5)		
At 1 July 2020	352,948	-
Cash flows	(136,298)	-
Non-cash flows		
- Unwinding of interest	26,535	-
- Lease modification	355,541	-
At 30 June 2021/1 July 2021	598,726	-
Cash flows	(136,299)	(90,866)
Non-cash flows		
- Unwinding of interest	21,949	14,114
- Additions	-	561,128
At 30 June 2022	484,376	484,376

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

1. CORPORATE INFORMATION

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

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

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

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

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 12 October 2022.

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 2022

cont'd

4. PROPERTY, PLANT AND EQUIPMENT

Group 2022	Balance as at 1.7.2021 RM	Additions RM	Balance as at 30.6.2022 RM
Cost			
Freehold estate land	107,787,217	-	107,787,217
Bearer plants	41,801,950	1,623,537	43,425,487
Plant and equipment	2,394,427	290,680	2,685,107
Motor vehicles	1,831,127	492,520	2,323,647
	153,814,721	2,406,737	156,221,458

	Balance as at 1.7.2021 RM	Depreciation charges for the financial year RM	Balance as at 30.6.2022 RM
Accumulated depreciation			
Bearer plants	18,105,541	2,138,187	20,243,728
Plant and equipment	1,945,384	67,165	2,012,549
Motor vehicles	1,610,797	158,367	1,769,164
	21,661,722	2,363,719	24,025,441

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

cont'd

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

Company 2022	Balance as at 1.7.2021 RM	Additions RM	Control transferred in* RM	Balance as at 30.6.2022 RM
Cost				
Plant and equipment	-	20,530	337,919	358,449
Motor vehicles	-	-	137,402	137,402
	-	20,530	475,321	495,851
	Balance as at 1.7.2021 RM	Depreciation charges for the financial year RM	Control transferred in* RM	Balance as at 30.6.2022 RM
Accumulated depreciation				
Plant and equipment	-	9,580	252,278	261,858
Motor vehicles	-	4,275	105,341	109,616
	-	13,855	357,619	371,474

* *Property, plant and equipment transferred in from a subsidiary.*

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Carrying amount				
Freehold estate land	107,787,217	107,787,217	-	-
Bearer plants	23,181,759	23,696,409	-	-
Plant and equipment	672,558	449,043	96,591	-
Motor vehicles	554,483	220,330	27,786	-
	132,196,017	132,152,999	124,377	-

- (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. Oil palm bearer plants are depreciated over their useful life from year five (5) to year twenty five (25) while durian bearer plants are depreciated over their useful life from year six (6) to year fifty (50). No depreciation is provided on the immature oil palm bearer plants from year one (1) to year four (4) and immature durian bearer plants from year one (1) to year five (5).

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

cont'd

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

- (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%

- (e) Analysis of bearer plants:

Bearer plants comprise of:

- i) Oil palm plantation; and
- ii) Durian plantation.

At the end of the financial year, the Group's total planted and related value of mature and immature plantations are as follows:

Carrying amount	Group	
	2022 RM	2021 RM
Oil palm plantation:		
-Mature	18,726,379	20,864,566
-Immature	1,425,105	1,417,529
	20,151,484	22,282,095
Durian:		
-Immature	3,030,275	1,414,314
	23,181,759	23,696,409

5. LEASES

The Group and the Company as lessee

Right-of-use asset

2022 Group	Balance as at 1.7.2021 RM	Lease modification RM	Depreciation RM	Balance as at 30.6.2022 RM
Carrying amount				
Premises	585,115	-	(121,058)	464,057
2021 Group	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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

cont'd

5. LEASES *cont'd*

The Group and the Company as lessee *cont'd*

Lease liability

2022 Group	Balance as at 1.7.2021 RM	Lease modification RM	Lease payments RM	Interest expense RM	Balance as at 30.6.2022 RM
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Carrying amount

Premises	598,726	-	(136,299)	21,949	484,376
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2021 Group	Balance as at 1.7.2020 RM	Lease modification RM	Lease payments 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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Right-of-use asset

2022 Company	Balance as at 1.7.2021 RM	Additions RM	Depreciation RM	Balance as at 30.6.2022 RM
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Carrying amount

Premises	-	544,763	(80,706)	464,057
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Lease liability

2022 Company	Balance as at 1.7.2021 RM	Additions RM	Lease payments RM	Interest expense RM	Balance as at 30.6.2022 RM
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Carrying amount

Premises	-	561,128	(90,866)	14,114	484,376
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Represented by:	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Current liability	119,126	114,349	119,126	-
Non-current liability	365,250	484,377	365,250	-
	484,376	598,726	484,376	-
Lease liability owing to non-financial institutions	484,376	598,726	484,376	-

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

cont'd

5. LEASES *cont'd*

The Group and the Company as lessee *cont'd*

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

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Depreciation charge of right-of-use asset	121,058	121,059	80,706	-
Interest expense on lease liability (included in finance costs)	21,949	26,535	14,114	-
Expense relating to leases of low-value assets (included in administration expenses)	5,039	5,268	1,603	-
Gain on lease modification	-	(47,907)	-	-
	148,046	104,955	96,423	-

- (d) The Group and the Company 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 are total cash outflows for leases as a lessee:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Included in net cash from/(used in) operating activities:				
Payment relating to short term leases and low value assets	5,039	5,268	1,603	-
Interest paid in relation to lease liabilities	21,949	26,535	14,114	-
Included in net cash (used in)/from financing activities:				
Payment of lease liabilities	136,299	136,298	90,866	-
	163,287	168,101	106,583	-

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

cont'd

5. LEASES *cont'd*

The Group and the Company as lessee *cont'd*

- (f) The following table sets out the carrying amounts, the weighted average incremental borrowing rates and the remaining maturities of the lease liability of the Group and of the Company 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
Group and Company						
2022						
Lease liability						
Fixed rate	4.10	484,376	119,126	253,393	111,857	-
Group						
2021						
Lease liability						
Fixed rate	4.10	598,726	114,349	243,230	241,147	-

- (g) Sensitivity analysis for lease liability as at the end of the reporting period is not presented as fixed rate instruments are not affected by change in interest rates.

- (h) The table below summarises the maturity profile of the lease liability of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

	On demand or within one year RM	Within one to five years RM	Over five years RM	Total RM
Group and Company				
30 June 2022				
Lease liability	136,298	386,179	-	522,477
Group				
30 June 2021				
Lease liability	136,298	522,477	-	658,775

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

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	
	2022	2021
	RM	RM
Less than one (1) year	527,222	408,581
Within one (1) to two (2) years	300,396	49,620
Within two (2) to three (3) years	17,850	17,100
	845,468	475,301

6. INVESTMENT PROPERTIES

Group	Balance as at 1.7.2021	Fair value adjustment	Balance as at 30.6.2022
	RM	RM	RM
2022			
Leasehold land and buildings	11,700,000	(700,000)	11,000,000
	Balance as at 1.7.2020	Fair value adjustment	Balance as at 30.6.2021
	RM	RM	RM
2021			
Leasehold land and buildings	12,200,000	(500,000)	11,700,000

- (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	
	2022	2021
	RM	RM
Direct operating expenses	506,271	436,624

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

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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
2022				
Leasehold land and buildings	-	-	11,000,000	11,000,000
2021				
Leasehold land and buildings	-	-	11,700,000	11,700,000

- (i) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 30 June 2022 and 30 June 2021.
- (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
In arriving at the fair value, the land and the building of a property are valued separately.	<ul style="list-style-type: none"> • Land value at RM24 per sq. ft. (2021: RM26 per sq. ft.). • Site improvement at RM1.50 per sq. ft. (2021: RM1.50 per sq. ft.). • Main floor area cost ranging from RM60 per sq. ft. to RM150 per sq. ft. (2021: RM60 per sq. ft. to RM150 per sq. ft.). • Depreciation rates ranging from 39% to 77% (2021: 38% to 75%). 	<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).
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.		
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.		

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

cont'd

7. OTHER INVESTMENTS

	Group	
	2022	2021
	RM	RM
Fair value through other comprehensive income		
Quoted shares in Malaysia		
At beginning of financial year	154,030	86,510
Fair value change	17,935	67,520
At end of financial year	171,965	154,030

- (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	
	2022	2021
	RM	RM
Fair value reserve		
- increase by 5% (2021: 5%)	8,598	7,702
- decrease by 5% (2021: 5%)	(8,598)	(7,702)

- (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	
	2022	2021
	RM	RM
At cost		
Unquoted shares - at cost	177,549,636	168,000,006
Equity loans	-	9,709,435
	177,549,636	177,709,441

In the previous financial year, 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 shall constitute equity loans to the subsidiaries, which were unsecured, interest free and settlement was neither planned nor likely to occur in the foreseeable future, and were considered to be part of the investments of the Company in providing the subsidiaries with a long term source of additional capital. During the financial year, the Company reclassified the equity loans to the subsidiary as unquoted shares.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

cont'd

8. INVESTMENTS IN SUBSIDIARIES *cont'd*

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

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

- (b) Equity loan

Equity loan represents non-trade loan granted by the Company to subsidiaries for which settlement was neither planned nor likely to occur in the foreseeable future and was intended to provide the subsidiaries with a long-term source of additional capital.

Impairment for equity loans to subsidiaries were 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 was recognised arising from equity loans to subsidiaries of the Company as it was 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		
		2022	2021	2022	2021	
		%	%	%	%	
*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 Agriculture and Plantation (Segamat) Sdn Bhd ("MAPSB") (formerly known as Matang Realty Sdn Bhd)	Malaysia	-	-	100	100	During the financial year, the principal activities was changed from property investment holding to property investment holding, management of plantation estate and sales of fresh fruit bunch.

* Both audited by BDO PLT, Malaysia.

- (d) MHB had via an ordinary resolution passed on 31 October 2021 to cease its existing business (i.e. management of plantation estate and sales of fresh fruit bunches) on the oil palm plantation estate of 1,094.15 hectares in Johor ("Matang Estate Business") with effect from 31 October 2021 and transferred the entire Matang Estate Business and undertaking to MAPSB, the wholly-owned direct subsidiary of MHB, as a going concern with effect from 1 November 2021. The internal restructuring did not have any impact to the Group.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

cont'd

9. INVENTORIES

	Note	Group	
		2022 RM	2021 RM
Non-current			
Land held for property development	(a)	1,090,540	1,057,730
Addition		-	32,810
		1,090,540	1,090,540
Current			
At cost			
Estate consumables		182,530	55,741
Nursery		48,067	42,598
		230,597	98,339

- (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 RM1,164,565 (2021: RM406,553).

10. BIOLOGICAL ASSETS

	Group	
	2022 RM	2021 RM
At fair value		
Balance as at 1 July 2021/2020	571,713	394,807
Fair value gain	371,773	176,906
Balance as at 30 June 2022/2021	943,486	571,713

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

cont'd

10. BIOLOGICAL ASSETS *cont'd*

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2022				
Biological assets	-	-	943,486	943,486
2021				
Biological assets	-	-	571,713	571,713

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 30 June 2022 and 30 June 2021.

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Trade receivables				
Third parties	1,190,663	1,291,375	-	-
Other receivables and deposits				
Other receivables	546,495	396,901	88,130	92,576
Less: Impairment losses	(105,095)	(21,728)	-	-
	441,400	375,173	88,130	92,576
Amount owing by a subsidiary	-	-	11,907	-
Deposits	150,579	138,850	49,566	8,000
	591,979	514,023	149,603	100,576
Total receivables, net of prepayments	1,782,642	1,805,398	149,603	100,576
Prepayments	339,690	228,969	37,647	20,458
	2,122,332	2,034,367	187,250	121,034

- (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 (2021: 14 to 30 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (c) Amount owing by a subsidiary is unsecured, interest free and repayable in cash and cash equivalents within next twelve (12) months.
- (d) All trade and other receivables are denominated in Ringgit Malaysia ('RM').

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

cont'd

11. TRADE AND OTHER RECEIVABLES *cont'd*

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

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

A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:

- (i) Significant financial difficulties of the debtor;
- (ii) A breach of contract such as a default or being more than 90 days past due; or
- (iii) It is probable that the debtor will enter bankruptcy or other financial reorganisation.

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 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
2022			
Current	900,711	-	900,711
More than 30 days past due	289,952	-	289,952
	1,190,663	-	1,190,663
2021			
Current	893,430	-	893,430
More than 30 days past due	397,945	-	397,945
	1,291,375	-	1,291,375

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

cont'd

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	
	2022 RM	2021 RM
Maximum exposure	1,190,663	1,291,375
Collateral obtained	-	(200,000)
Net exposure to credit risk	1,190,663	1,091,375

In the previous financial year, the collateral was 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:

Group	12-month ECL RM	Lifetime ECL - not credit impaired RM	Lifetime ECL - credit impaired RM	Total RM
2022				
At 1 July	17,373	-	4,355	21,728
Charge for the financial year	-	-	83,367	83,367
Transfer	(17,373)	-	17,373	-
At 30 June	-	-	105,095	105,095
2021				
At 1 July	-	-	-	-
Charge for the financial year	17,373	-	4,355	21,728
At 30 June	17,373	-	4,355	21,728

NOTES TO THE FINANCIAL STATEMENTS

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12. CASH, BANK BALANCES AND SHORT TERM FUNDS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash and bank balances	1,858,896	1,247,965	191,283	200,393
Deposits with licensed banks	60,479,490	58,820,242	43,318,709	41,950,039
Short term funds	22,742,584	22,952,272	4,486,929	4,456,733
	85,080,970	83,020,479	47,996,921	46,607,165

- (a) Deposits with licensed banks of the Group and the Company have a range of maturity period of 1 month to 1 year (2021: 1 month to 1 year); with weighted average effective interest rate of 2.16% (2021: 2.14%) and 2.14% (2021: 2.14%) 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	
	2022 RM	2021 RM	2022 RM	2021 RM
Profit after tax				
- if interest rate increases by 1% (2021: 1%)	687,070	676,557	374,091	363,388
- if interest rate decreases by 1% (2021: 1%)	(687,070)	(676,557)	(374,091)	(363,388)

- (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 partially 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	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash, bank balances and short term funds	85,080,970	83,020,479	47,996,921	46,607,165
Less:				
Deposits placed with licensed banks more than three (3) months	(22,507,232)	(27,492,000)	(15,301,612)	(20,050,000)
Deposits pledged with a licensed bank	-	(35,633)	-	-
	62,573,738	55,492,846	32,695,309	26,557,165

NOTES TO THE FINANCIAL STATEMENTS

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13. SHARE CAPITAL

	Group and Company			
	2022		2021	
	Number of shares	RM	Number of shares	RM
Issued and fully paid:				
At beginning of financial year	2,172,000,256	223,980,427	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	2,172,000,256	223,980,427

In the previous 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	
	2022	2021	2022	2021
	RM	RM	RM	RM
Non-distributable:				
Fair value reserve	47,390	29,455	-	-
Merger reserve	(108,000,004)	(108,000,004)	-	-
	(107,952,614)	(107,970,549)	-	-
Distributable:				
Retained earnings	112,310,761	110,965,440	1,065,468	12,407
	4,358,147	2,994,891	1,065,468	12,407

(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.

(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

NOTES TO THE FINANCIAL STATEMENTS

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15. DEFERRED TAX LIABILITIES

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Balance as at 1 July	1,587,985	1,542,197	-	-
Recognised in profit or loss (Note 19)				
- current year	419,593	111,374	3,108	-
- prior years	20,119	(65,586)	-	-
	439,712	45,788	3,108	-
Balance as at 30 June	2,027,697	1,587,985	3,108	-

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

Deferred tax liabilities of the Group

	Property, plant and equipment RM	Other temporary differences RM	Total RM
Deferred tax liabilities			
At 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 July 2021	1,551,420	36,565	1,587,985
Recognised in profit or loss	396,494	43,218	439,712
At 30 June 2022	1,947,914	79,783	2,027,697

Deferred tax liabilities of the Company

	Property, plant and equipment RM	Other temporary differences RM	Total RM
Deferred tax liabilities			
At 1 July 2020	-	-	-
Recognised in profit or loss	-	-	-
At 30 June 2021/1 July 2021	-	-	-
Recognised in profit or loss	7,985	(4,877)	3,108
At 30 June 2022	7,985	(4,877)	3,108

NOTES TO THE FINANCIAL STATEMENTS

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16. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Trade payables				
Third parties	760,567	462,854	-	-
Other payables				
Other payables and accruals	1,229,978	1,211,016	707,140	435,032
Amount owing to subsidiary	-	-	5,000	-
Deposits received	208,710	201,837	-	-
	1,438,688	1,412,853	712,140	435,032
	2,199,255	1,875,707	712,140	435,032

- (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 (2021: 30 to 90 days).
- (b) All trade and other payables are denominated in Ringgit Malaysia ('RM').
- (c) Amount owing to subsidiary represents advances and payments made on behalf, which are unsecured, interest free and repayable within the next twelve months.
- (d) 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	
	2022 RM	2021 RM	2022 RM	2021 RM
Revenue from contracts with customers				
Sale of palm products	17,625,245	13,694,735	-	-
Other revenue:				
- Dividend income	-	-	6,000,000	3,000,000
- Management service and support charges	-	-	638,425	-
	17,625,245	13,694,735	6,638,425	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.
- (c) Management service and support charges
- Management service and support charges are recognised when the right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

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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	
		2022 RM	2021 RM	2022 RM	2021 RM
After charging:					
Auditors' remuneration		63,500	62,000	27,000	27,000
Rental of photocopiers		5,039	5,268	1,603	-
And crediting:					
Gain on disposal of property, plant and equipment		-	34,648	-	-
Interest income	(a)	1,570,173	915,167	961,758	229,345
Rental income	(b)	802,249	792,713	-	-

(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	
	2022 RM	2021 RM	2022 RM	2021 RM
Fees	230,000	190,137	230,000	190,137
Other emoluments	561,941	372,926	363,678	214,339
	791,941	563,063	593,678	404,476

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

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19. TAX EXPENSE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Income tax				
- current year	2,541,087	2,084,773	203,097	34,389
- (over)/under provision in prior years	(55,212)	24,645	594	(145)
	2,485,875	2,109,418	203,691	34,244
Deferred tax (Note 15)				
- current year	419,593	111,374	3,108	-
- under/(over) provision in prior years	20,119	(65,586)	-	-
	439,712	45,788	3,108	-
	2,925,587	2,155,206	206,799	34,244

- (a) The Malaysian income tax is calculated at the statutory tax rate of twenty-four percent (24%) (2021: 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	
	2022 RM	2021 RM	2022 RM	2021 RM
Profit before tax	8,614,908	6,260,653	5,603,860	2,189,432
Tax expense at applicable tax of 24% (2021: 24%)	2,067,578	1,502,557	1,344,926	525,464
Non-allowable expenses	1,061,579	836,013	307,992	243,200
Allowable expenses capitalised in bearer plants	(1,819)	(31,696)	-	-
Non-taxable income	(166,658)	(110,727)	(1,446,713)	(734,275)
	2,960,680	2,196,147	206,205	34,389
(Over)/Under provision in prior years				
- income tax	(55,212)	24,645	594	(145)
- deferred tax	20,119	(65,586)	-	-
	2,925,587	2,155,206	206,799	34,244

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

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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
2022			
Item that will not be reclassified subsequently to profit or loss			
Fair value gain on equity investments at fair value through other comprehensive income	17,935	-	17,935
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

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	
	2022 RM	2021 RM
Not later than one (1) year	2,520	4,581
Later than one (1) year and not later than five (5) years	1,050	3,570
	3,570	8,151

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

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20. COMMITMENTS *cont'd*

(b) Capital commitments

	Group	
	2022	2021
	RM	RM
Authorised capital expenditure not provided for in the financial statements		
- contracted	3,433,576	1,584,026
Analysed as follows:		
- Property, plant and equipment	3,433,576	1,584,026

21. EMPLOYEE BENEFITS

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

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Salaries, allowances and overtime	1,690,797	1,695,074	741,455	122,000
Contributions to defined contribution plan	287,001	261,162	110,934	18,300
Other employee benefits	255,592	167,652	22,196	2,739
	2,233,390	2,123,888	874,585	143,039

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	
	2022	2021
Profit attributable to owners of the parent (RM)	5,689,321	4,105,447
Weighted average number of ordinary shares in issue (unit)	2,172,000,256	1,844,712,585
Basic EPS (sen)	0.26	0.22

(b) Diluted EPS of the Group for the financial years ended 30 June 2022 and 30 June 2021 is equivalent to the basic EPS as there are no potential ordinary shares outstanding as at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS

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23. DIVIDENDS

	Group and Company			
	2022		2021	
	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 2020				
- Final cash dividend	-	-	0.15	2,715,000
In respect of financial year ended 30 June 2021				
- Final cash dividend	0.20	4,344,000	-	-
	0.20	4,344,000	0.15	2,715,000

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.

As approved by shareholders at an Annual General Meeting held on 24 November 2021, a first and final single tier dividend of 0.20 sen per share, amounting to RM4,344,000 in respect of financial year ended 30 June 2021 was paid on 7 January 2022.

24. CONTINGENT LIABILITIES

	Group	
	2022 RM	2021 RM
Bankers' guarantees in favour of third party	-	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 were of the view that the chances of the third party to call upon the banker's guarantees were remote. Accordingly, the fair values of the above banker's guarantees given to the third parties were 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 segments do not meet the quantitative threshold for reporting segments in 2022 and 2021. 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.

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26. RELATED PARTY DISCLOSURES

(a) Identities of related parties

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

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

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

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

(b) Significant related party transactions and balances

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Related party:				
Rental of office charged by Huaren	136,299	136,298	90,866	-

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	
	2022 RM	2021 RM	2022 RM	2021 RM
Fees	230,000	190,137	230,000	190,137
Other emoluments	561,941	372,926	363,678	214,339
Total key management compensation	791,941	563,063	593,678	404,476

NOTES TO THE FINANCIAL STATEMENTS

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27. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The primary objective of the Group's capital management is to ensure that entities of the Group would be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group remains unchanged from financial year ended 30 June 2021.

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 2022 and 30 June 2021.

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	
	2022 RM	2021 RM	2022 RM	2021 RM
Lease liabilities	484,376	598,726	484,376	-
Trade and other payables	2,199,255	1,875,707	712,140	435,032
Total liabilities	2,683,631	2,474,433	1,196,516	435,032
Less: Cash and bank balances and short term funds (Note 12)	(85,080,970)	(83,020,479)	(47,996,921)	(46,607,165)
Net cash	(82,397,339)	(80,546,046)	(46,800,405)	(46,172,133)
Total capital	228,338,574	226,975,318	225,045,895	223,992,834
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 2022.

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.

NOTES TO THE FINANCIAL STATEMENTS

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

(b) Financial risk management *cont'd*

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

(i) Credit risk

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

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

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

(ii) Liquidity and cash flow risk

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

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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

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

(b) Financial risk management *cont'd*

(iv) Market risk *cont'd*

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 RM1,411,224 (2021: RM1,084,250).

28. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) The Company announced on 6 May 2022 that it proposes to undertake a private placement of up to 10% of the total number of issued shares of Matang to third party investor(s) to be identified later at an issue price to be determined later, pursuant to Sections 75 and 76 of the Companies Act 2016 ("Proposed Private Placement").
- (b) The Company announced on 9 May 2022 that the listing application in relation to the Proposed Private Placement has been submitted to Bursa Securities on even date.
- (c) The Company announced on 23 May 2022 that Bursa Securities has resolved to approve the listing and quotation of 217,200,025 placement shares to be issued pursuant to the Proposed Private Placement ("Placement Shares") subject to the conditions as set out therein the approval letter from Bursa Securities.

29. SUBSEQUENT EVENT AFTER THE END OF THE REPORTING PERIOD

On 6 July 2022, the Company announced that 217,200,020 Placement Shares were listed and quoted on the ACE Market of Bursa Securities on even date, which marks the completion of the Proposed Private Placement.

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
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 - <i>Interest Rate Benchmark Reform - Phase 2</i>	1 January 2021
Amendments to MFRS 16 <i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>	1 April 2021

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

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

30.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2022

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
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Initial Application of MFRS 17 and MFRS 9 - <i>Comparative Information (Amendment to MFRS 17 Insurance Contract)</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
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards. The Group and the Company do not expect the adoption of the above Standards to have a significant impact on the financial statements.

ANALYSIS OF SHAREHOLDINGS

AS AT 28 SEPTEMBER 2022

SHARE CAPITAL

Total Number of Issued Shares	:	2,389,200,276
Total Issued Share Capital	:	RM245,070,549
Class of shares	:	Ordinary shares
Voting rights	:	1 vote for each ordinary share held on a poll
Number of shareholders	:	12,897

DISTRIBUTION OF SHAREHOLDINGS AT 28 SEPTEMBER 2022

(as per the Record of Depositors)

Size of holdings	No. of holders	% of holders	No. of shares held	% of issued shares
Less than 100	21	0.16	566	*
100 to 1,000	196	1.52	102,963	*
1,001 to 10,000	734	5.69	5,418,578	0.23
10,001 to 100,000	8,953	69.42	376,719,604	15.77
100,001 to less than 5% of issued shares	2,990	23.19	1,251,114,137	52.36
5% and above of issued shares	3	0.02	755,844,428	31.64
Total	12,897	100.00	2,389,200,276	100.00

Note:

* Less than 0.01%

SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS AS AT 28 SEPTEMBER 2022

(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	16.28	-	-
Ang Kian You	192,580,000	8.06	-	-
Malaysian Chinese Association	-	-	409,676,000 [^]	17.15 [^]

Note:

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

ANALYSIS OF SHAREHOLDINGS

AS AT 28 SEPTEMBER 2022

cont'd

SHAREHOLDINGS OF DIRECTORS AS AT 28 SEPTEMBER 2022

(as per the Register of Directors' Shareholdings)

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	*	-	-
Sophia Lim Chia Hui	-	-	-	-
Datuk Tew Boon Chin	-	-	-	-
Datuk Teoh Sew Hock	10,028,000	0.42	-	-
Lim Chin Hock	10,000	*	-	-

Note:

* Less than 0.01%

LIST OF TOP 30 LARGEST SECURITIES ACCOUNT HOLDERS

(as per the Record of Depositors as at 28 September 2022)

Name	No. of shares	% of Shares
1 Huaren Holdings Sdn Bhd	388,858,000	16.28
2 Ang Kian You	192,580,000	8.06
3 Malaysian Trustees Berhad <i>Matang Berhad</i>	174,406,428	7.30
4 Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Kuan Peng Ching @ Kuan Peng Soon (7000855)</i>	87,023,300	3.64
5 Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lim Han Weng</i>	70,000,000	2.93
6 CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB For Ong Yoong Nyock (PB)</i>	65,940,005	2.76
7 Kong Tiam Ming	47,270,003	1.98
8 Able Perfect Sdn Bhd	21,720,003	0.91
9 Perumal A/L Manimaran	20,800,000	0.87
10 Rohua Sdn Bhd	19,768,000	0.83
11 Koon Poh Tat	18,100,000	0.76
12 Loke Soon Fei	18,100,000	0.76
13 RHB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Wong Sak Kuan</i>	17,889,000	0.75
14 Lim Han Weng	15,940,005	0.67
15 Ng Kang Wee	14,480,002	0.60
16 Ho Koon Loong	14,480,001	0.60
17 Toh Kie Ho	14,480,001	0.60

ANALYSIS OF SHAREHOLDINGS

AS AT 28 SEPTEMBER 2022

cont'd

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

(as per the Record of Depositors as at 28 September 2022)

	Name	No. of shares	% of Shares
18	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB For Unique Bay Sdn Bhd (PB)</i>	10,900,000	0.45
19	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Lim Sing Hua</i>	10,000,000	0.42
20	Teoh Sew Hock	10,000,000	0.42
21	HLIB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Yap Qwee Beng</i>	9,000,000	0.38
22	Mercsec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Siow Wong Yen @ Siow Kwang Hwa</i>	7,175,400	0.30
23	Yong Chai Ing	6,932,400	0.29
24	Hon Yong Lian	6,190,000	0.26
25	Kwang Yeow Heng Realty Development (Malaysia) Sdn Bhd	6,006,000	0.25
26	Lau Chek Min Sdn Bhd	5,801,800	0.24
27	Chua Chin Hwee	5,364,100	0.22
28	Tey Chern Chern	5,164,100	0.22
29	Maybank Nominees (Asing) Sdn Bhd <i>Nomura Singapore Limited For Improve Performance Investments Limited (418541)</i>	5,138,400	0.22
30	Lim Kew Lin Realty Sdn Bhd	5,040,000	0.21
	Total	1,294,546,948	54.18

PROPERTIES HELD BY THE GROUP

AS AT 30 JUNE 2022

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> Lot 984, Geran 2752 Lot 1543, Geran 215103 Lot 4073, Geran 215598 Lot 672, Geran 214838 Lot 4615, Geran 215709 Lot 6711, Geran 218156	Matang Agriculture and Plantation (Segamat) Sdn Bhd (formerly known as Matang Realty Sdn Bhd)	Oil palm plantation	Freehold	Total: 1,094.15 hectares	Acquired: 1983/ Revalued: 2016	RM130,968,976 (out of which RM23,181,759 is net book value for bearer plants)
<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 2022

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 Agriculture and Plantation (Segamat) Sdn Bhd (formerly known as Matang Realty Sdn Bhd)	Vacant land	Freehold	0.50 hectares	Acquired: 2001	1,090,540
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: 2022	11,000,000

NOTICE OF 8th ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eighth Annual General Meeting (“AGM”) of the Company will be conducted as a fully virtual meeting using the online meeting platform via <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC: DIA282781) provided by Tricor Investor & Issuing House Services Sdn Bhd (“Tricor” or “TIIH”) in Malaysia on **Wednesday, 23 November 2022** 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 2022 and the Reports of the Directors and the Auditors thereon.
2. To approve the payment of Directors’ Fees of RM169,315.00 in respect of the financial year ended 30 June 2022. **Resolution 1**
3. To approve the payment of Directors’ benefits (excluding Directors’ fees) of up to RM202,000.00 for the financial period from 1 January 2023 to 31 December 2023. **Resolution 2**
4. To re-elect the following Directors retiring in accordance with Clause 125 of the Constitution of the Company:-
 - 4.1 Datuk Tew Boon Chin **Resolution 3**
 - 4.2 Datuk Ir Low Ah Keong **Resolution 4**
5. To re-elect Ms Sophia Lim Chia Hui retiring in accordance with Clause 130 of the Constitution of the Company. **Resolution 5**
6. To re-appoint BDO PLT as the Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**

As Special Business

7. To approve the payment of the first and final single-tier dividend of 0.22 sen per ordinary share for the financial year ended 30 June 2022. **Resolution 7**
8. To consider and if thought fit, to pass the following as Ordinary Resolution:

Authority to Allot and Issue Shares Pursuant to Section 75 and 76 of the Companies Act 2016

“THAT pursuant to 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 10% of the total number of issued shares (excluding any treasury shares) of the Company for the time being (“Proposed General Mandate”). **Resolution 8**

THAT the existing shareholders of the Company do hereby waive their pre-emptive rights pursuant to Section 85(1) of the Companies Act 2016 read together with Rule 7.08 of the Listing Requirements and Clause 15 of the Constitution of the Company to be offered the New Shares to be allotted and issued under the Proposed General Mandate, which rank equally with the existing issued shares in the Company.

NOTICE OF 8th ANNUAL GENERAL MEETING

cont'd

THAT such approval on the Proposed 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.

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 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."

9. 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 Eighth Annual General Meeting of the Company, the first and final single-tier dividend of 0.22 sen per ordinary share in respect of the financial year ended 30 June 2022 will be paid to shareholders on 9 January 2023. The entitlement date for the said dividend shall be on 19 December 2022.

A depositor shall qualify for entitlement to the dividend only in respect of:

- a. Shares transferred to the depositor's securities account before 4.30 p.m. on 19 December 2022 in respect of transfers.
- b. Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

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

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

Joint Company Secretaries

Kuala Lumpur

Dated: 25 October 2022

NOTICE OF 8th ANNUAL GENERAL MEETING

cont'd

NOTES:

1. The Eighth AGM of the Company will be conducted on a fully virtual basis through live streaming with online remote voting via the Remote Participation and Voting ("RPV") facilities provided by TIIH. Section 327(2) of the Companies Act 2016 provides that the main venue of a company's General Meeting shall be in Malaysia and the Chairperson shall be present at the main venue of the meeting. The chairperson is deemed to be present at the main venue of the meeting by his presence if the URL of the online meeting platform is in Malaysia or the physical address of the Registrant is in Malaysia. Members are to attend, participate (including posing questions via real time submission of typed texts) and vote remotely at the AGM via the RPV provided by Tricor. A member who has appointed a proxy or attorney or authorised representative to participate in this AGM via the RPV must request his/ her proxy or attorney or authorised representative to register himself/herself for RPV via Tricor's TIIH Online website at <https://tiih.online>.

Please refer to the procedures set out in the Administrative Guide for the AGM to register, participate and vote remotely via the RPV.

2. Appointment of Proxy

- For the purpose of determining a member who shall be entitled to attend and vote at the meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company a Record of Depositors as at **16 November 2022** and only a depositor whose name appears on the Record of Depositors shall be entitled to attend the meeting or appoint proxy(ies) to attend and vote on his/her behalf.
- A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf.
- Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
- Where a member, an authorised nominee or an exempt authorized nominee appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, otherwise the appointment shall not be valid.
- A proxy may but need not be a member of the Company. A proxy appointed to attend and vote shall have the same rights as the member to move any resolution or amendment thereto and to speak at the meeting.
- The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company at least forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof:

In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited at the Share Registrar's office at Tricor Investor & Issuing House Services Sdn Bhd at Unit 32- 01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

By electronic means

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

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

NOTICE OF 8th ANNUAL GENERAL MEETING

cont'd

Explanatory Notes on Ordinary Businesses

1. 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 AGM. As such this Agenda item is not a business which requires a resolution to be put to vote by shareholders.

2. Agenda Item No. 2 & No. 3

Resolution No. 1 & No. 2 – Approval of Directors' Fees and Benefits

The approval for the proposed Resolution No. 1 and No. 2 in relation to the payment of Directors' fees and benefits are sought pursuant to Section 230(1) of the Companies Act 2016. The proposed Resolutions are to facilitate payment of Directors' fees for the financial year ended 30 June 2022 and Directors' benefits on current financial year basis until the conclusion of the Company's next AGM in 2023.

Directors' benefits include allowances and other emoluments payable to Directors and in determining the estimated total the Board had considered various factors including the number of scheduled meetings for the Board, Board Committees, Board meetings of subsidiaries and covers the period from 1 January 2023 to 31 December 2023 (the due date for which the next AGM should be held). 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 AGM for the additional amount to meet the shortfall.

3. Agenda Item No. 4 & No. 5

Resolution No. 3 to No. 5 – Re-election of Directors

Datuk Tew Boon Chin, Datuk Ir Low Ah Keong and Ms Sophia Lim Chia Hui are standing for re-election as Directors of the Company in accordance with the Constitution of the Company and being eligible, have offered themselves for re-election at the Eighth AGM. The details of the retiring Directors are set out under their respective profiles on pages 6 to 7 of the Annual Report 2022.

The Board had, through the Nomination Committee ("NC"), assessed the performance and contribution of the retiring Directors through the annual Board and Directors' assessment for 2022 and taken into consideration the fit and proper criteria under the Directors' Fit and Proper Policy of the Company.

Based on the outcome of the above assessment, the NC and the Board were satisfied that the retiring Directors met the criteria as prescribed under Rule 2.20A of the Listing Requirements of Bursa Securities on character, experience, integrity, competence and time commitment to effectively discharge their roles as Directors. Accordingly, the Board (save for the retiring Directors who had abstained from deliberations on their own re-election) is supportive of the re-election of the retiring Directors.

Retirement of Director

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

4. Agenda Item No. 6

Resolution No. 6 – Re-appointment of External Auditors

The Board had, through the Audit and Risk Management Committee ("ARMC"), assessed the suitability, objectivity and independence of the External Auditors, BDO PLT. The ARMC and the Board were satisfied that BDO PLT met the relevant criteria prescribed under Rule 15.21 of the Listing Requirements of Bursa Securities. The Board approved the ARMC's recommendation to seek shareholders' approval for the re-appointment of BDO PLT as the External Auditors of the Company.

Explanatory Notes on Special Businesses

5. Agenda Item No. 7

Resolution No. 7 - First and Final Single-Tier Dividend for the Financial Year Ended 30 June 2022

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 0.22 sen per ordinary share for the financial year ended 30 June 2022 for shareholders' approval.

NOTICE OF 8th ANNUAL GENERAL MEETING

cont'd

6. Agenda Item No. 8

Resolution No. 8 - 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.

However, please note that Section 85(1) of the Companies Act 2016 provides that "Subject to the constitution, where a company issues shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders" while Clause 15 of the Constitution and Rule 7.08 of the Listing Requirements provides that "Subject to any direction to the contrary that may be given by the company in general meeting, all new shares or other convertible securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the directors may dispose of those shares or securities in such manner as they think most beneficial to the company. The directors may likewise also dispose of any new share or security which (by reason of the ratio which the new shares or securities bear to the shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the directors, be conveniently offered under this constitution."

This would essentially mean that the New Shares will have to be offered to the existing shareholders of the Company unless there is a direction to the contrary given in the general meeting of the Company. However, should the existing shareholders of the Company approve the Resolution No. 8, they are waiving their pre-emptive rights pursuant to Section 85(1) of the Companies Act 2016, which then would allow the Directors to issue new shares of the Company to any person without having to offer the said New Shares equally to all existing shareholders of the Company prior to issuance. This will result in a dilution to the shareholding percentage of the existing shareholders in the Company.

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 No. 8 is a renewal of the previous year's mandate. As at the date of this notice, the Company had issued and allotted 217,200,020 ordinary shares under the general mandate which was approved by the shareholders at the last AGM held on 24 November 2021. The proceeds raised from the previous general mandate was RM21,090,121.94 and the details and status of the utilisation of proceeds are as follows:

Purposes	Approved Utilisation (RM'000)	Actual Utilisation (RM'000)	Deviation: surplus/ (deficit) (RM'000)	Balance unutilised (RM'000)
Future acquisitions	21,010	-	31 ⁽¹⁾	21,041
Estimated expenses	80	(49)	(31) ⁽¹⁾	-
Total	21,090	(49)	-	21,041

Note:

(1) RM31,061 balance unutilised for estimated expenses has subsequently been re-allocated for future acquisition purposes.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. There is no person seeking election as Director of Matang Berhad at this Annual General Meeting.
2. **General mandate for issuance of securities**

Kindly refer to Note 6 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 Eighth Annual General Meeting for details of this proposed resolution.



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

PROXY FORM

CDS Account No. (for Nominees Account only)	
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 Eighth Annual General Meeting of the Company to be held fully virtual meeting using the online meeting platform via <https://tjih.online> or <https://tjih.com.my> (Domain registration number with MYNIC: DIA282781) provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor" or "TIIH") in Malaysia on Wednesday, 23 November 2022 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 RM169,315.00 in respect of the financial year ended 30 June 2022		
No. 2	Approval of Directors' benefits (excluding Directors' fees) of up to RM202,000.00 for the financial period from 1 January 2023 to 31 December 2023		
No. 3	Re-election of Datuk Tew Boon Chin as Director		
No. 4	Re-election of Datuk Ir Low Ah Keong as Director		
No. 5	Re-election of Ms Sophia Lim Chia Hui as Director		
No. 6	Re-appointment of BDO PLT as Auditors and authorisation for Directors to fix their remuneration		
	Special Business		
No. 7	Approval of first and final single-tier dividend of 0.22 sen per ordinary share for the financial year ended 30 June 2022		
No. 8	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 2022

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. 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 2022** and only a depositor whose name appears on the Record of Depositors shall be entitled to attend the meeting or appoint proxy(ies) to attend and vote on his/her behalf.
2. 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.
3. 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.
4. 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.
5. 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.
6. 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
Malaysia

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7. 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://tiah.online>. Please refer to the Administrative Guide for the AGM on the procedures for electronic lodgement of Proxy Form via TIH Online.

8. 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.
9. For a corporate member who has appointed an authorised representative, please deposit the ORIGINAL/DULY CERTIFIED certificate of appointment of authorised representative with the Share Registrar of the Company at the above address. The certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member. If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by at least two (2) authorised officers, of whom one shall be a director; or any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

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