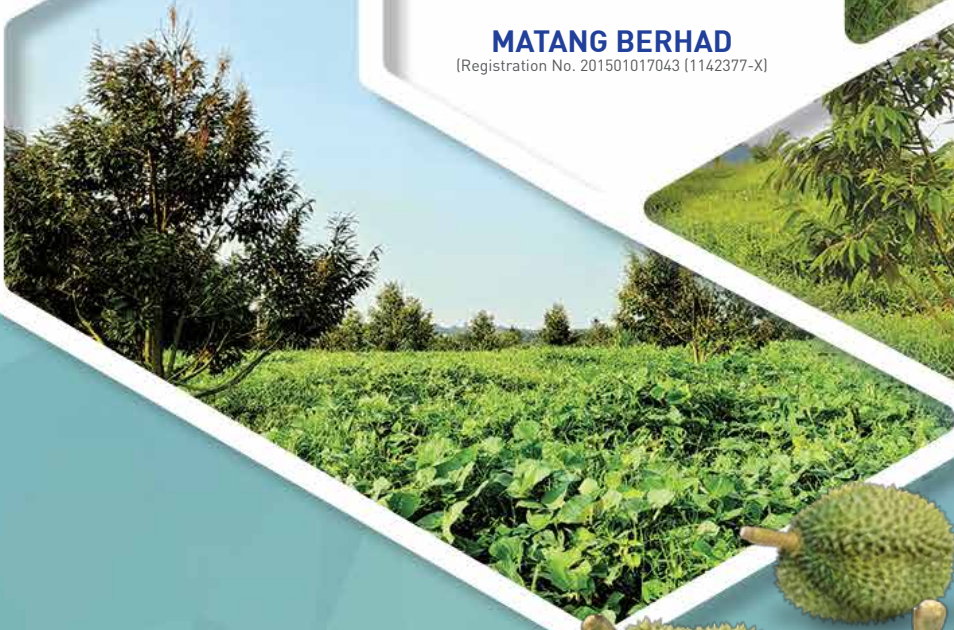


Annual Report **2023**



MATANG BERHAD

(Registration No. 201501017043 (1142377-X))



TOWARDS
EXPANSIONS AND
DIVERSIFICATIONS

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FINANCIAL STATEMENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Foong Chee Meng
Independent Non-Executive Chairman

Datuk Ir. Low Ah Keong
Executive Director

Dato' Ng Keng Heng
Executive Director

Sophia Lim Chia Hui
Independent Non-Executive Director

Datuk Tew Boon Chin
Independent Non-Executive Director

Datuk Teoh Sew Hock
Non-Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Sophia Lim Chia Hui
Chairperson

Dato' Foong Chee Meng
Member

Datuk Teoh Sew Hock
Member

NOMINATION COMMITTEE

Dato' Foong Chee Meng
Chairman

Datuk Tew Boon Chin
Member

Sophia Lim Chia Hui
Member

REMUNERATION COMMITTEE

Dato' Ng Keng Heng
Chairman

Datuk Tew Boon Chin
Member

Sophia Lim Chia Hui
Member

REGISTERED OFFICE

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

HEAD OFFICE

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

EMAIL ADDRESS AND WEBSITE

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

COMPANY SECRETARIES

Lau Yen Hoon
(SSM PC No. 202008002143)
(MAICSA 7061368)

Tan Siew Hong
(SSM PC No. 201908001915)
(MAICSA 7066226)

AUDITORS

BDO PLT (201906000013
(LLP0018825-LCA) & AF 0206)
Chartered Accountants
Level 8, BDO @ Menara CenTARa,
360, Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
Malaysia
Telephone number : 603-2616 2888
Facsimile : 603-2616 3190/
603-2616 3191

STOCK EXCHANGE LISTING

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

SOLICITOR

Wong Beh & Toh
Advocates & Solicitors
Level 19
West Block
Wisma Golden Eagle Realty
(formerly known as Wisma Selangor
Dredging)
No 142-C, Jalan Ampang
50450 Kuala Lumpur, Malaysia
Telephone number : 603-2713 6050
Facsimile : 603-2713 6052

PRINCIPAL BANKERS

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

RHB Bank Berhad
(196501000373 (6171-M))
Level 2, Tower 3,
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur, Malaysia

REGISTRAR

Tricor Investor & Issuing House Services
Sdn Bhd (19710100970 (11324-H))
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Telephone number : 603-2783 9299
Facsimile : 603-2783 9222
Email address : is.enquiry@
my.tricorglobal.com

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

GROUP CORPORATE STRUCTURE



MATANG BERHAD

(Registration No. 201501017043 (1142377-X))

100%

MATANG HOLDINGS BERHAD

(REGISTRATION NO. 197801001551 (38557-X))

100%

MATANG AGRICULTURE AND PLANTATION (YONG PENG) SDN BHD (FORMERLY KNOWN AS GREENCODE FARM SDN BHD)

(REGISTRATION NO. 200701037527 (795556-W))

100%

MATANG AGRICULTURE AND PLANTATION (SEGAMAT) SDN BHD

(REGISTRATION NO. 198201010122 (89846-T))

GROUP FINANCIAL HIGHLIGHTS

	Financial years ended 30 June				
	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000
Fresh fruit bunches ("FFB") production (tonnes)	17,473	14,619	18,814	20,677	24,029
FFB yield per hectare (tonnes/hectare)	17.91	15.40	19.19	20.13	23.39
Average FFB price realised (RM)	820	1,206	728	465	406
Revenue	14,327	17,625	13,695	9,614	9,749
Gross profit	8,242	13,264	11,237	7,443	6,901
Profit before taxation	3,356	8,615	6,261	2,923	3,102
Profit after taxation	2,627	5,689	4,105	1,614	1,832
Profit attributable to owners of the parent	2,627	5,689	4,105	1,614	1,832
Earnings per share attributable to owners of the parent (Sen)	0.11	0.26	0.22	0.09	0.10
Dividend per share (Sen)	0.16 ⁽¹⁾	0.22	0.20	0.15	0.15
Shareholders' equity	246,802	228,339	226,975	185,408	186,583
Cash, bank balance and short term funds	100,411	85,081	83,020	40,806	39,178

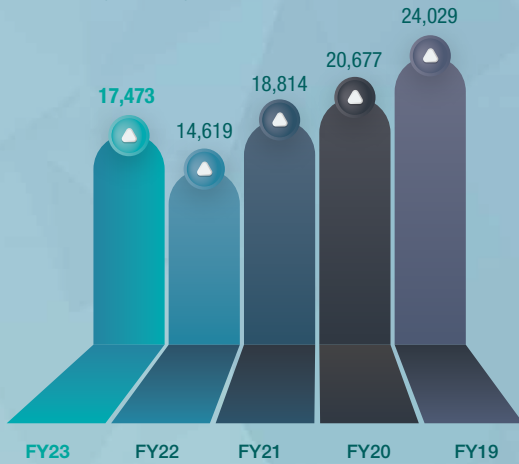
Notes:

⁽¹⁾ First and final dividend of 0.16 sen per ordinary share of Matang Berhad in respect of financial year ended 30 June 2023 is subject to the approval of the shareholders of Matang in the upcoming Annual General Meeting.

GROUP FINANCIAL HIGHLIGHTS

cont'd

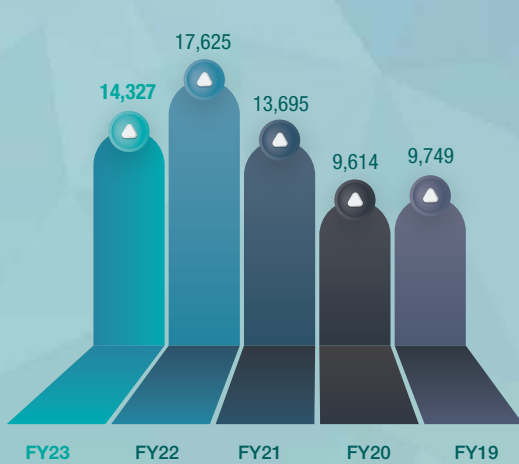
FFB PRODUCTION (tonnes)



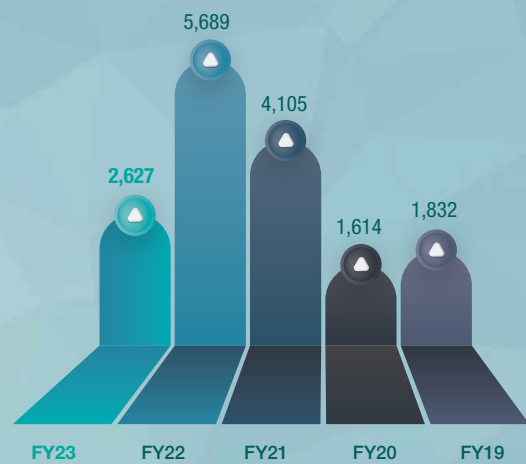
FFB PRICE REALISED (RM)



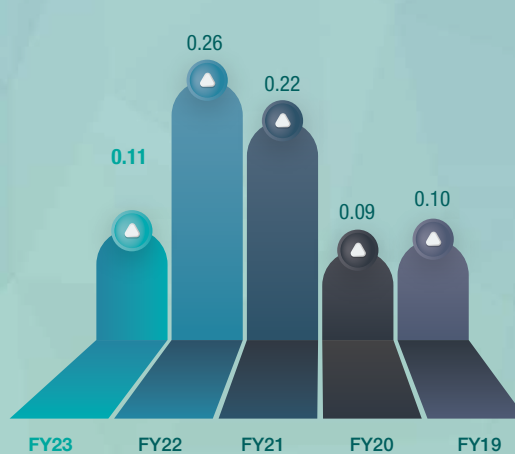
REVENUE (RM'000)



PROFIT AFTER TAXATION (RM'000)



EARNING PER SHARE (sen)



DIRECTOR'S PROFILE

DATO' FOONG CHEE MENG *Independent Non-Executive Chairman*

Dato' Foong Chee Meng ("Dato' Foong"), male, aged 57, a Malaysian, is our Independent Non-Executive Chairman. He was appointed to our Board of Directors ("Board") on 1 September 2015. He is also the Chairman of the Nomination Committee and a member of the Audit and Risk Management Committee of the Company.

Dato' Foong graduated with a Bachelor of Economics, Bachelor of Laws (Hons) and Master of Laws from the University of Sydney in 1987, 1989 and 1993, respectively. In 1989, he was admitted as a solicitor in the Supreme Court of New South Wales and the Federal Court of Australia. In 1989, Dato' Foong joined Messrs Baker & McKenzie in Sydney, Australia as a solicitor. Subsequently in 1993, he joined Messrs Zaid Ibrahim & Co and became a partner at Messrs Zaid Ibrahim & Co in 1996, where he led the Corporate & Commercial and Foreign Investment practice groups in the law firm. In 2003, he set up Messrs Foong & Partners and currently holds the position of the Managing Partner.

Dato' Foong was previously the Independent Non-Executive Director of Bintai Kinden Corporation Berhad (from 2008 to 2010), a company listed on Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). In 2017, Dato' Foong was appointed as the Independent Non-Executive Director of Kumpulan Jetson Berhad and also as Independent Non-Executive Director of RHB Islamic Bank Berhad where he also serves as a member of the Islamic Risk Management Committee. In September 2022, Dato' Foong has been appointed as Director of Pacific & Orient Insurance Co. Berhad.

DATUK IR. LOW AH KEONG *Executive Director*

Datuk Ir. Low Ah Keong ("Datuk Ir. Lawrence Low"), male, aged 51, a Malaysian, was appointed to our Board on 23 May 2019 as a Non-Independent Non-Executive Director and subsequently re-designated as Executive Director on 28 August 2019. Within Matang group of companies ("Matang Group" or "Group"), Datuk Ir. Lawrence Low is also a Director of Matang Holdings Berhad ("MHB") and Matang Agriculture and Plantation (Segamat) Sdn Bhd ("MAP") which is formerly known as Matang Realty Sdn Bhd ("MRSB").

Datuk Ir. Lawrence Low graduated in 1997 with a Bachelor Degree in Civil Engineering (Hons) from the University of Technology Malaysia. In 2000, Datuk Ir. Lawrence Low completed and obtained the Master Degree in Business Administration from Charles Sturt University, Australia. He is a certified Professional Engineer on Board of Engineers Malaysia as well as a Corporate Member of Institution of Engineers, Malaysia.

Datuk Ir. Lawrence Low has more than 26 years of experience with wide range of capacity from Design Engineer to Resident Engineer, Project Manager, Head of Project and Property Division, including for KL Sentral Project, petrochemical plant in Pasir Gudang and also Petronas' oil and gas plant located in Paka, Terengganu. Datuk Ir. Lawrence Low was also the Chairman of Port Klang Free Zone Sdn Bhd ("PKFZ") from 2020 until 2022. Datuk Ir. Lawrence Low was also the recipient of Lifetime Achievement Award for 2020 conferred in conjunction with the World Chinese Economic Summit 2020 for his contributions in strengthening the relationship and rapport with counterparts in China for businesses as well as for his achievements in various leading capacities including but not limited to Chairman of PKFZ and Executive Director of Matang.

DIRECTOR'S PROFILE

cont'd

DATO' NG KENG HENG

Executive Director

Dato' Ng Keng Heng ("Dato' Ng"), male, aged 55, a Malaysian, is our Executive Director. He was appointed to our Board as Non-Independent Non-Executive Director on 1 September 2015 and was subsequently re-designated as Executive Director on 28 August 2019. Dato' Ng was appointed as the Chairman for the Remuneration Committee on 20 May 2020. Dato' Ng is also a Director of MHB and MAP.

He graduated with a Bachelor Degree in Human Resource Management in 2009 from Open University of Malaysia after pursuing study from 2005. Dato' Ng has gathered significant oil palm plantation experiences with the involvement in daily operations of estates since 2019 as well as through various trainings comprising seminars, workshops and conferences for the oil palm sector.

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

SOPHIA LIM CHIA HUI

Independent Non-Executive Director

Ms Sophia Lim Chia Hui ("Ms Sophia Lim"), female, aged 42, a Malaysian, is our Independent Non-Executive Director. She was appointed to our Board on 7 June 2022. Ms Sophia Lim is also the Chairperson of the Audit and Risk Management Committee and a member of the Remuneration Committee of the Company with effect from 7 June 2022. Ms Sophia Lim was appointed as a member of the Nomination Committee on 22 February 2023.

Ms Sophia Lim is a Chartered Accountant with more than 18 years of experiences in Corporate Finance, Financial Reporting and Auditing. She graduated from University Putra Malaysia in year 2005 with Bachelor of Accountancy (Honours) Degree and was admitted as the Chartered Accountant of the Malaysian Institute of Accountants ("MIA") in year 2008. She is also certified as ASEAN Chartered Professional Accountant under ASEAN Chartered Professional Accountants Coordinating Committee ("ACPACC") in year 2019.

Ms Sophia Lim currently holds the position as the Transition Manager since year 2019 in the Finance Shared Services of a multinational corporation ("MNC") incorporated in France and listed on the Paris Stock Exchange. Prior to her current role, she was the Account Manager and Assistant Financial Controller with same company since year 2012.

DIRECTOR'S PROFILE

cont'd

DATUK TEW BOON CHIN *Independent Non-Executive Director*

Datuk Tew Boon Chin ("Datuk Tew"), male, aged 53, a Malaysian, is our Independent Non-Executive Director. He was appointed to our Board on 23 May 2019. He is also a member of the Nomination Committee and the Remuneration Committee of the Company.

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

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

As part of the Anvil Group, Datuk Tew also has experience in oil palm plantation and oil milling businesses where he holds directorship in Lembing Plantation Sdn Bhd and Kilang Sawit Lembing Sdn Bhd in Sungai Lembing, Kuantan besides vast plantation experiences in Johor, Sabah and Sarawak of Malaysia.

DATUK TEOH SEW HOCK *Non-Independent Non-Executive Director*

Datuk Teoh Sew Hock ("Datuk Teoh"), male, aged 54, a Malaysian, is our Non-Independent Non-Executive Director. He was appointed to our Board on 1 September 2015. Datuk Teoh is one of the members of the Company's Audit and Risk Management Committee since 26 November 2019. Datuk Teoh is also the Chairman for the Company's Durian Project Committee.

Datuk Teoh attended Campbell University, United States, where he obtained a Bachelor of Science Degree in 1994. He began his career in 1995 as Managing Director of Local Basic Sdn Bhd ("Local Basic"), a family-owned business which is involved in manufacturing, assembly and sale of bicycle components, electrical appliances and components in Gelang Patah, Johor.

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

In 2004, Datuk Teoh was appointed as a Non-Executive Director of Success Service & Maintenance Sdn Bhd, a company involved in the servicing and maintenance of motor vehicles. In the same year, he was appointed as an Executive Director of Local Casting Sdn Bhd where he is involved in day-to-day operations of the company. In 2006, he established and was appointed as Director for Success Local Development Sdn Bhd, a property development firm, which invested in land development in Kota Iskandar, Nusajaya, Johor.

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

NOTES

- (i) None of Directors has any family relationship with any other director and/or major shareholder of the Company.
- (ii) None of the Directors has any conflict of interest or potential conflict of interest with the Company or its subsidiaries.
- (iii) None of the Directors has been convicted for any offences (other than traffic offences, if any) within the past five (5) years or imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended ("FYE") 30 June 2023.

PROFILE OF KEY SENIOR MANAGEMENT TEAM

DATUK IR LOW AH KEONG *EXECUTIVE DIRECTOR*

Please refer to Page 6 of the Annual Report.

DATO' NG KENG HENG *EXECUTIVE DIRECTOR*

Please refer to Page 7 of the Annual Report.

TAN THENG HWEE *CHIEF FINANCIAL OFFICER CUM CHIEF OPERATING OFFICER*

Ms Tan Theng Hwee ("Ms Tan"), female, aged 51, Malaysian, was appointed to the position of Chief Financial Officer cum Chief Operating Officer of the Company on 3 February 2020.

Ms Tan graduated with a Bachelor of Accounting (Honours) Degree from the Northern University of Malaysia. She is a Chartered Accountant (C.A.(M)) under MIA, ASEAN Chartered Professional Accountant (ASEAN CPA) and member of INSOL International.

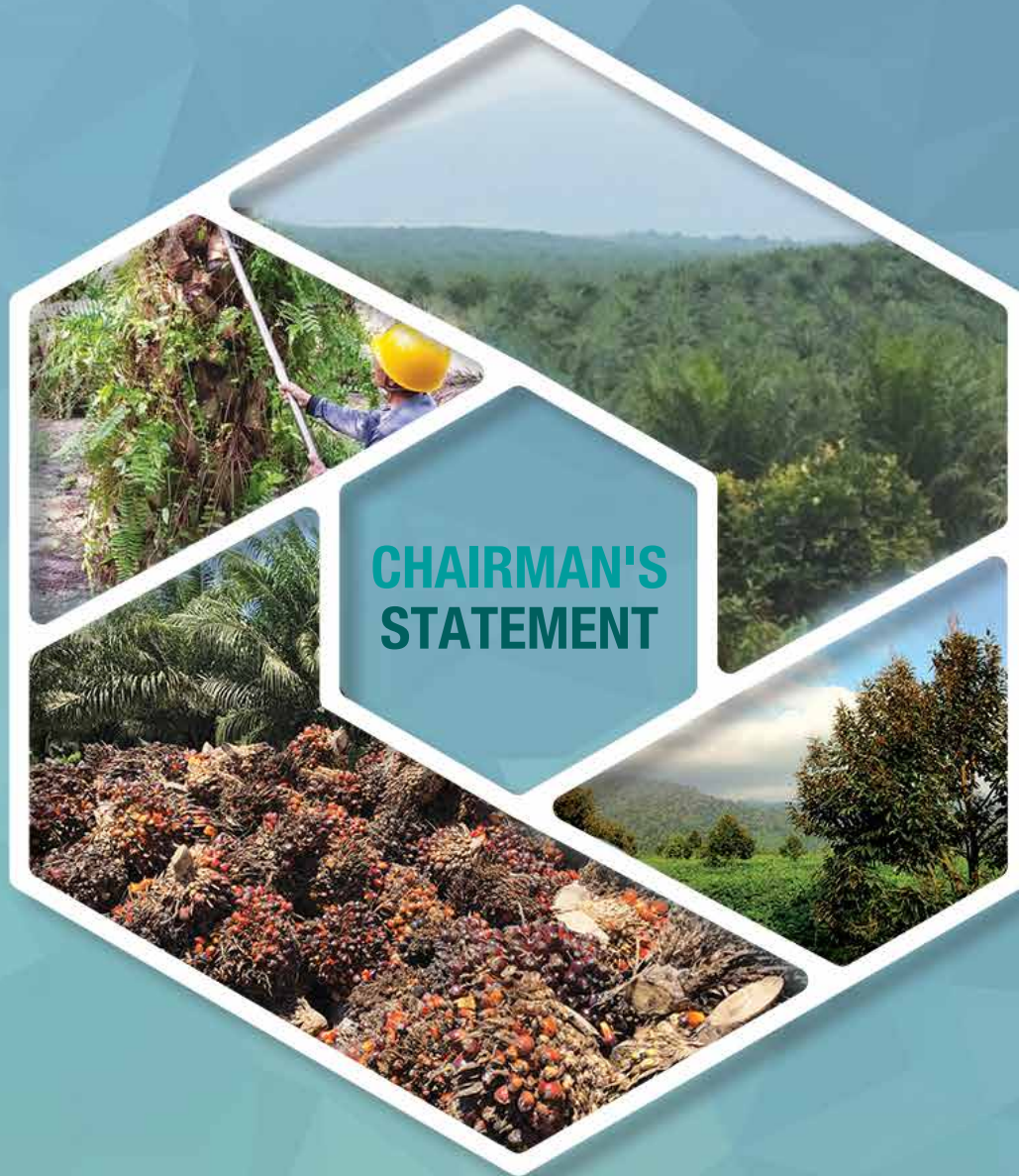
Ms Tan has over 26 years of experiences in auditing, financial management, operational finance, corporate finance, treasury and strategy and business planning. She started her career as an auditor and has subsequently served in a few public listed and private companies prior to joining Matang.

Ms Tan does not hold any directorship in public companies and listed corporations, has no family relationship with any other director and/or major shareholder of the Company, has no conflict of interest or potential conflict of interest with the Company or its subsidiaries and has not been convicted for any offences (other than traffic offences, if any) within the past five (5) years or imposed with any public sanction or penalty by the relevant regulatory bodies during FYE 30 June 2023.



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 2023 for Matang group of companies (“Matang Group” or “Group”)



OVERVIEW

In 2022, the daily crude palm oil (“CPO”) prices having topped at RM8,077 per tonne in early March 2022 following the onset of the Russia-Ukraine War, had dropped by more than 35% to RM5,065 per tonne by end of June 2022.

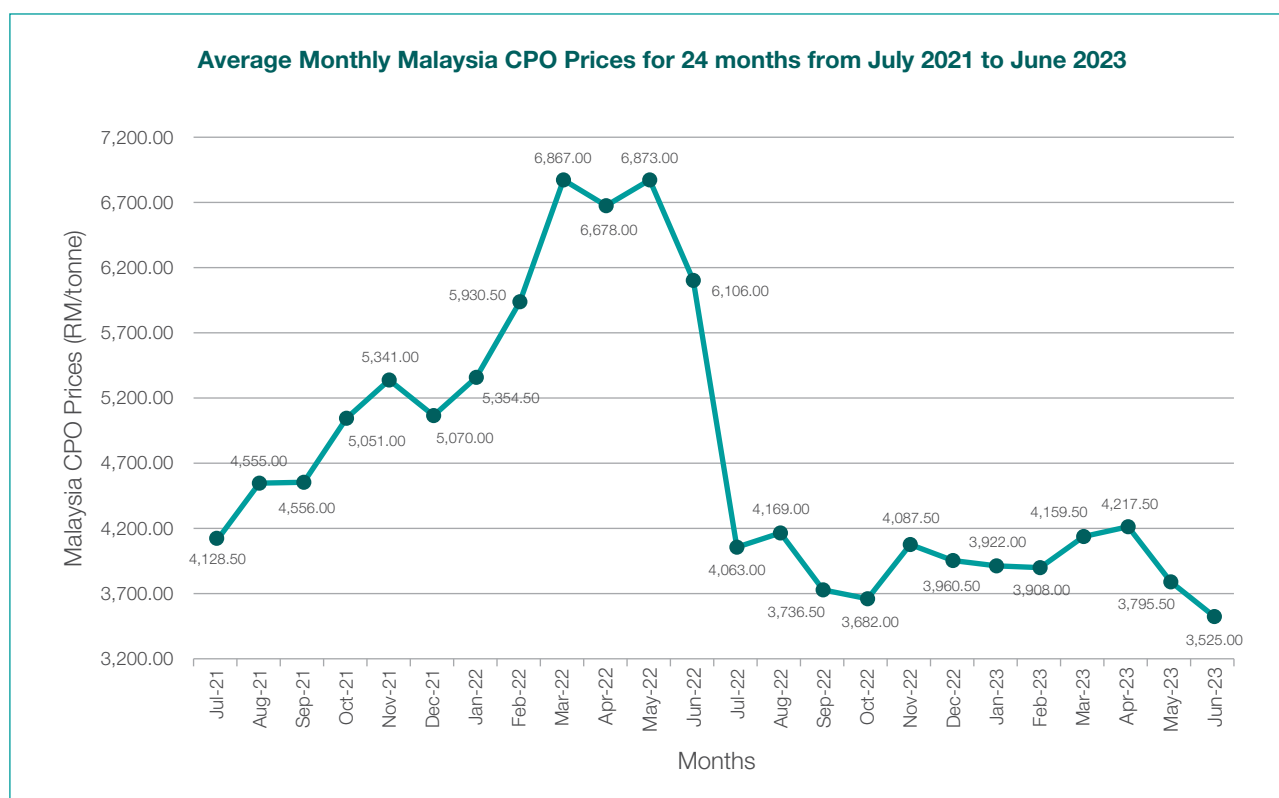
For our financial year (“FY”) 2023 that started on 1 July 2022, the CPO prices continued to slide from the high of RM4,839 per tonne mark in early July 2022 to RM3,275 in last week of September 2022 as a result of the supply surge in palm oil from Indonesia which resulted in high inventories level as well as the decrease in the prices of the substitute oil such as soybean oil. The daily CPO prices rebounded to about RM4,000 per tonne towards end of 2022 largely due to the decision of Indonesia in December 2022 to increase the share of palm oil based fuel in diesel which was also expected to reduce export of CPO by the world largest exporter of palm oil.

Thereafter, for much of the first quarter of 2023 and the whole of April 2023, the daily CPO prices hovered between RM3,691 per tonne and RM4,325 per tonne but prices slid further to as low as RM3,331 per tonne in early June 2023 and ended at RM3,730 per tonne end of June 2023 due to increased supply of CPO as well as the gradual improvement in availability of foreign workers in Malaysia.

CHAIRMAN'S STATEMENT

cont'd

As a whole for FY2023 of Matang from 1 July 2022 to 30 June 2023, the monthly average CPO prices were within the range of RM3,525 per tonne and RM4,218 per tonne based on Malaysian Palm Oil Board ("MPOB") as indicated in the diagram below for 24 months monthly average CPO prices ended in June 2023.



Source: Extracted from MPOB website as updated on 28 September 2023.

REVIEW OF PERFORMANCE AND RESULTS

For FY2023 which ended on 30 June 2023, Matang's fresh fruit bunches ("FFB") production from our oil palm estate in the district of Tangkak and Segamat, Johor ("Matang Estate" or "Estate") increased by 19.5% from 14,619 tonnes in the previous FY to 17,473 tonnes in FY2023 primarily due to the increased mature hectareage for our oil palm plantation in Matang Estate besides improved harvesting round. The FFB production yield of Matang Estate increased from 15.40 tonnes per hectare ("ha") in FY2022 to 17.91 tonnes per ha in FY2023. As at 30 June 2023, the total mature oil palm hectareage of Matang Estate was 975.39 ha and the durian plantation of the Group formed another 100.94 ha. Balance about 17.82 ha are areas of ancillary structure such as estate office, staff and workers' quarters, warehouse and etc.

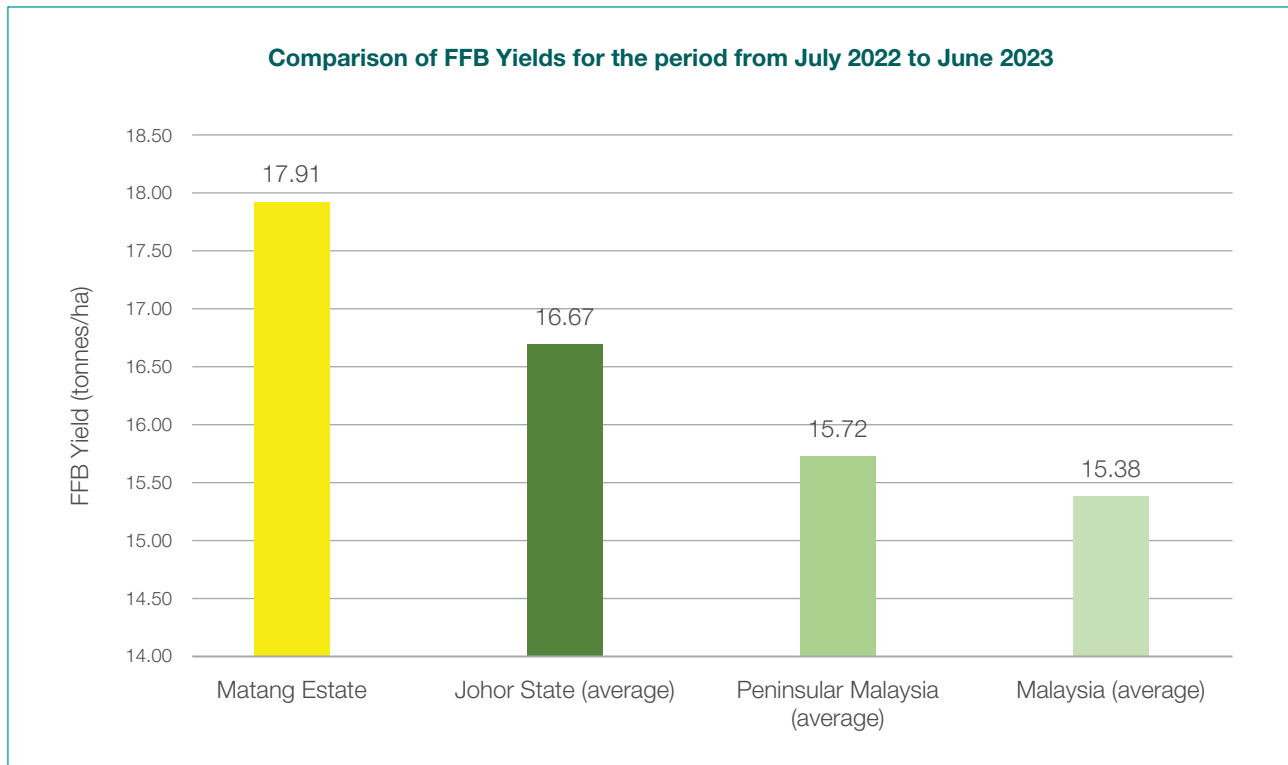
While the FFB production and FFB yield have increased in FY2023, the CPO prices in FY2023 have been lower as compared to FY2022. Monthly average CPO prices have consistently demonstrated an upward trajectory in FY2022 except for June 2022 when it took a sudden plunge of over RM2,000 per tonne from RM6,106 per tonne ended at RM4,063 per tonne on average of June 2022. The drop was likely as a result of high palm oil stockpile as well as the effect of supply competition from Indonesia. For FY2023, the monthly average CPO prices remained in the range of between RM3,525 per tonne for June 2023 and the highest at RM4,218 per tonne for April 2023.

In terms of FFB yield, based on the data and information extracted from the MPOB's website, the average FFB yield for Johor State for the period from July 2022 to June 2023 was 16.67 tonnes per ha while it was an average of 15.72 tonnes per ha for Peninsular Malaysia and 15.38 tonnes per ha for Malaysia as a whole.

CHAIRMAN'S STATEMENT

cont'd

The following diagram illustrates the comparison in terms of FFB yield in tonnes per ha between Matang Estate and average of Johor State, Peninsular Malaysia and Malaysia for the same period from July 2022 to June 2023 (both months inclusive).



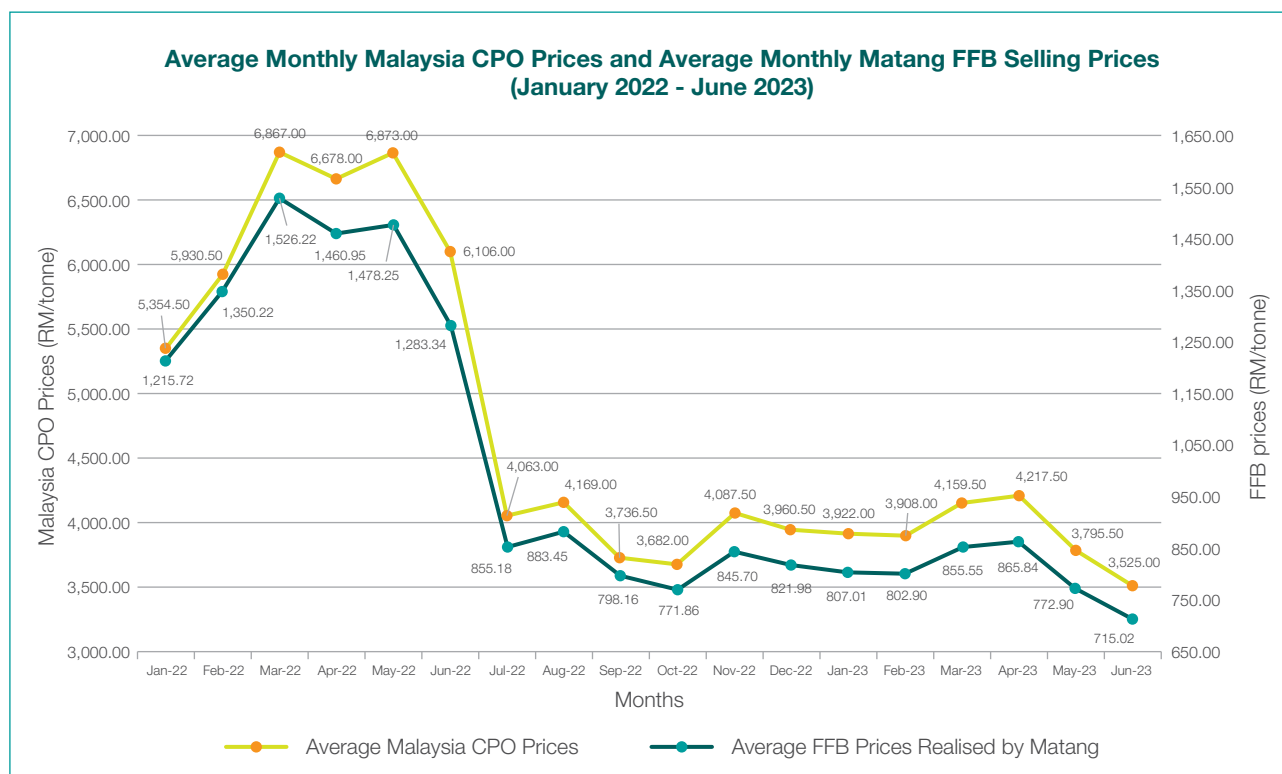
Source: Extracted from MPOB website as updated on 28 September 2023 and based on information of Matang (latter for Matang Estate)

The monthly average FFB prices realised from the sales of our FFB were parallel in pattern with the movement of the monthly CPO prices. For FY2023, the average FFB price realised by Matang Estate was RM820 per tonne as compared to RM1,206 per tonne realised in the previous FY which was a drop of about 32.0% in FY2023. With the FFB production of 17,473 tonnes in FY2023 and the average FFB price realised of RM820 per tonne, the Group's revenue for FY2023 was RM14.33 million as compared to RM17.63 million in FY2022, i.e., with a decrease of about 18.7%.

CHAIRMAN'S STATEMENT

cont'd

The following diagram shows the levels of monthly average Malaysia CPO prices and the FFB prices of the Group from January 2022 to June 2023.



Source: Extracted from MPOB website as updated on 28 September 2023 (for the monthly average CPO prices) and based on information of Matang (for the FFB prices realised by Matang Estate)

Gross profit ("GP") for the Group for FY2023 was lower at RM8.24 million for the FY under review as compared to RM13.26 million in the previous FY due to the decrease in revenue as a result of lower FFB prices realised in current financial year under review as well as increase in cost of sales. The increase in cost of sales was mainly due to increase in overheads associated with labour as well as the harvesting and cultivation expenses (excluding labour). Based on the same reasons as outlined above, the GP margin for the Group dropped from 75.3% in the previous FY to 57.5% in FY2023.

Other income of the Group increased from RM2.87 million in FY2022 to RM4.10 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 2022. Administration expenses increased by about 16.5% as compared to previous FY.

The Group's profit before taxation ("PBT") for current FY was RM3.36 million as compared to RM8.62 million for the previous FY due to the decrease in gross profit of about RM5.02 million or 37.9% and the increase in administration expenses of about 16.5% from RM7.32 million FY2022 to RM8.52 million in current FY.

The increase in administration expenses for FY2023 was mainly because of the fair value adjustment on agriculture produce, increase in employee related expenses as well as the higher diminution in value of Larkin Investment Property. In addition, the other expenses rose by RM0.53 million due to the one-time write-off of corporate exercise expenses incurred for the proposed acquisition of two units of industrial property in Bukit Jelutong, Shah Alam to be developed by SMG Land Sdn Bhd for which the termination of the Sale and Purchase Agreement was announced on 17 July 2023.

The Group's profit after taxation ("PAT") for FY2023 was RM2.63 million, i.e., a drop of about RM3.06 million from RM5.69 million achieved in FY2022. As a result, the earning per share ("EPS") of the Group dropped from 0.26 sen in FY2022 to 0.11 sen in FY2023.

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

cont'd

CORPORATE DEVELOPMENT

PRIVATE PLACEMENT 2022

The Company has undertaken a private placement of 217,200,025 placement shares in mid 2022 ("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 Annual General Meeting of the Company on 24 November 2021 ("Private Placement 2022"). The Private Placement 2022 has been completed on 6 July 2022 with 217,200,020 Placement Shares 2022 listed on ACE Market of Bursa Malaysia Securities Berhad. Total proceeds of RM21.09 million which has been successfully raised under Private Placement 2022 shall be used for purpose of expansion of the Group's plantation business through acquisition 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.

ACQUISITION OF GREENCODE FARM SDN BHD

The Company has also entered into a Share Sale Agreement on 2 May 2023 with ten (10) sellers to acquire a total of 2,500,000 shares in Greencode Farm Sdn Bhd ("GFSB") for a total purchase consideration of RM30.57 million ("SSA").

GFSB is a private limited company with the main asset comprising a parcel of 56.226 ha freehold agricultural land identified as Geran 95001, Lot 7415, Mukim of Tanjung Sembrong, Daerah Batu Pahat, Johor for which approximately 37.64 ha land areas have been planted with oil palm and approximately 17.09 ha of lands was made up by durian plantation with balance being areas of ancillary structures, amenities and internal roads. The majority of the oil palm trees are about 11 years old while most of the durian trees located thereon are about 40 years old.

The acquisition of GFSB has been completed on 25 July 2023 and further to that, the company name of GFSB has been changed to Matang Agriculture and Plantation (Yong Peng) Sdn Bhd ("MAPYP") with effect from 8 September 2023.

PROPOSED ACQUISITION OF TWO UNITS OF INDUSTRIAL PROPERTY TO BE ERECTED ON FREEHOLD LAND

The Company entered into a conditional sale and purchase agreement ("SPA") with Star Media Group Berhad ("Star Media" or "Proprietor") and SMG Land Sdn Bhd ("SMG Land" or the "Vendor"), a wholly-owned subsidiary of Star Media to acquire two (2) units of double storey semi-detached factory and warehouse annexed with a one-and-a-half (1½) storey office building and other ancillary buildings to be erected on part of the land held under Geran 204624, Lot 78658, Mukim Damansara, Daerah Petaling, Negeri Selangor ("Property") for a total purchase consideration of RM33,000,000 to be satisfied via the allotment and issuance of 357,000,000 new ordinary shares in Matang to SMG Production & Distribution Sdn Bhd, a wholly-owned subsidiary of the Vendor at an issue price of RM0.0809 each and cash payment amounting to RM4,118,700 ("Proposed Acquisition of Property").

On 31 May 2023, the Company obtained its shareholders' approvals in an Extraordinary General Meeting ("EGM") for the Proposed Acquisition of Property as well as for the proposed diversification of the existing principal activities of Matang Group to include property investment ("Proposed Diversification"). However, due to non-fulfilment by Star Media of the condition precedent under the SPA to obtain its shareholders approval for the proposed disposal of the Property, the Company had on 17 July 2023 agreed to Star Media on its request to mutually terminate the SPA with effect from 17 July 2023.

Despite the above, the Company has obtained the approval of its shareholders in the EGM on 31 May 2023 for the Proposed Diversification. Moving forward, the Board will consider other methods of growing its property investment business, such as through the acquisition of other potential property assets, where the Board deems appropriate.

OIL PALM BUSINESS

For FY2023, the FFB production yield of Matang Estate of 975.39 ha was 17.91 tonnes per ha which is slightly above the average for Johor State at 16.67 tonnes per ha. With effect from 25 July 2023, with the completion of the acquisition of MAPYP, an additional hectareage of approximately 37.64 ha of mature oil palm plantation at prime age was added to Matang Group.

CHAIRMAN'S STATEMENT

cont'd

Prior to the acquisition of MAPYP by Matang, MAPYP's oil palm plantation produced about 1,177 tonnes of FFB in FY ended 31 December 2022 which translated into FFB yield of 31.26 tonnes per ha. Following the completion of the acquisition of MAPYP by Matang, the total hectareage of planted and plantable oil palm plantation of Matang Group increased from 975.39 ha to 1,013.03 ha.

Thus far, the Group has undertaken three share placement exercises since May 2021 raising a total proceed of RM61.20 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. As at 30 September 2023, the Group has utilised RM30.85 million (inclusive of RM0.18 million corporate exercise expenditure and RM0.09 million for stamp duty) to acquire MAPYP which owns the freehold agricultural land of 56.226 ha in Batu Pahat District with 37.64 ha of planted oil palm estate and approximately 17.09 ha of planted durian plantation with balance areas for ancillary structures, amenities and internal roads.

For the expansion plan in plantation sector, the Group continues 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. The Group continues to explore proposals for acquisitions of existing oil palm estates or new land bank and in some cases, proposed to landowners for joint ventures in the development and operation of certain oil palm plantations in the country. Until recently, the high CPO prices have afforded potential vendors or joint venture partners of suitable assets, i.e., land and oil palm plantations either 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.

On the measures to overcome the issues of labour shortage in our estate, we are glad that the Group secured approval in July and October 2022 for its quota application for a total of additional 120 new foreign workers which saw the first batch of 14 Nepalese workers being recruited and reported to work in Matang Estate in September 2022. As at 30 June 2023, 20 Bangladeshi workers and 40 Nepalese workers have reported to work in Matang Estate to assist in our estate's operations. In terms of workers-hectareage ratio, our Matang Estate is now adequately staffed for its operations.

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. 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.

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") of 46.60 ha in February 2021 followed with the completion of development of second durian plantation of 54.34 ha in October 2022.

Further, with the completion of acquisition of MAPYP on 25 July 2023, an additional 17.092 ha durian plantation was added to the Group making the Group's total hectareage of durian plantation of 118.03 ha.

First Durian Plantation or DP1.0

Upon completion of development in February 2021, DP1.0 of 46.6 ha entered the maintenance and management phase since March 2021 and thereafter, grafting for all Kampung breed trees were also completed. To-date, our DP1.0 is planted with 2,455 Musang King durian trees and 1,228 Black Thorn durian trees with the balance of 409 in almost equal combination of D13 and IOI breed durian trees.

CHAIRMAN'S STATEMENT

cont'd

The following are some of the photos taken of our First Durian Plantation in the FY under review.



Second Durian Plantation or DP2.0

The Group commenced the development of its second durian plantation which is also within Matang Estate ("Second Durian Plantation" or "DP2.0") in June 2021. Development works for DP2.0 started in 3rd quarter of 2021 and the planting of the durian seedlings for DP2.0 has been completed in October 2022 which marked the completion of development. The maintenance and management of DP2.0 started in September 2022.

To-date, there is a total of 5,081 durian seedlings in DP2.0 out of which 1,601 are of Musang King breed, 2,093 Black Thorn breed and 939 IOI breed. In addition, 448 durian seedlings are of a large variety of durian breeds being planted in our Durian Corridor of 10 acres (within DP2.0) designated for the development of both agri cum edu-tourism purposes. Matang envisages for all different possible breeds of durians available to be planted in the Durian Corridor which can serve as reference for our future generations.

CHAIRMAN'S STATEMENT

cont'd

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



The Group continued its digitalisation drive for its durian plantations with Internet of Things ("IOT") Technology. DP1.0 has been installed the big data analytic systems which comprise among others, weather station, soil health monitoring modules, telemetry system 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.

The big data analytic systems, vital recurring data and statistics such as amongst others, the moisture levels, PH and nutrient contents of soils of DP1.0 can be gathered, organised and stored in databases for ease of future 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.

Durian Plantation Yong Peng of Matang Agriculture and Plantation (Yong Peng) Sdn Bhd (Formerly known as Greencode Farm Sdn Bhd)

The Group completed the acquisition of Greencode Farm Sdn Bhd ("GFSSB") on 25 July 2023 after which the entire 2,500,000 shares in GFSSB was transferred from the previous 10 sellers to Matang, making GFSSB a wholly-owned subsidiary of Matang and further to the completion of acquisition, the name was changed to Matang Agriculture and Plantation (Yong Peng) Sdn Bhd ("MAPYP") on 8 September 2023.

MAPYP owns a freehold agricultural land of 56.226 ha identified as Geran 95001, Lot 7415, Mukim of Tanjung Sembrong, Daerah Batu Pahat, State of Johor Darul Takzim for which 37.64 ha has been planted with oil palm and 17.09 ha was planted with durian trees of about 40 years old. MAPYP's durian plantation (or "DP Yong Peng") is a yielding plantation with mature durian trees of various breeds. Since the completion of the acquisition, there were consistent sales of durian fruits from DP Yong Peng especially over the durian harvest season.

The Board continues 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.

CHAIRMAN'S STATEMENT

cont'd

PROSPECTS

In connection with the Group's Oil Palm Business, the CPO prices increased slightly beyond our FY end on 30 June 2023, in July 2023 and August 2023 with the monthly average prices ended at RM3,897 per tonne and RM3,805 per tonne respectively.

For 2H of 2023, i.e., from July 2023 to December 2023, the CPO prices are likely to be affected by a number of factors both in the West as well as at home in Malaysia and Indonesia, the world largest exporter of palm oil. Indonesia has consistently increased exports of its palm oil since June 2022. Malaysia, on the other hand, shall enter the peak palm fruit yield in September-October 2023. This is supplemented with a more realistic and encouraging market condition for global supply of vegetable oil (particularly the soybean oil and the sunflower oil) based on the expectations of cessation of Russia-Ukraine War. Premised on the various factors as outlined above, the CPO prices for 2H of 2023 are subject to downward pressure.

For a longer period beyond 2023, Malaysia which has for years been severely affected by the labour shortage issues in its plantation sector, has now seen improvements on labour supply. As a result, the improvement in labour supply for plantations in Malaysia is expected to lead to significantly higher palm oil supply in the next year. Indonesia has consistently for years increased the production of biodiesel which uses palm oil as one of the ingredients thereby increasing the demand of oil palm for energy or fuel. In addition to the above, climatic conditions such as the El Niño which could develop from 2H 2023 into early 2024 with improvements in the output of soybean oil may also have some indirect impacts on the CPO prices.

Premised on the above, the average CPO price for 2H 2023 would remain between RM3,700 per tonne and RM4,200 per tonne based on state agency Malaysian Palm Oil Council ("MPOC") on 1 August 2023. Beyond 2023, the agency indicated possibility of prices arising above RM4,300 per tonne due to market uncertainties including the Russia-Ukraine conflict that affects the sunflower oil supply and the production of Malaysian's palm oil that has remained below expectations. Other institutions including research houses indicated forecast CPO prices of RM3,900 for 2024 and RM3,800 for 2025. The Group is aware of challenges for oil palm plantation sector, such as rising material costs, especially for fertilisers, and rising demand for workers in plantation sector.

For the Durian Business, the re-opening after MCO since May 2022 after intermittent lockdowns experienced in 2020 and 2021 has again prompted the sales and consumptions of durian fruits domestically and the durian fruit prices have conventionally trended upward since 2015 with wholesale and retail prices respectively growing at significant rate between 2015 and 2019. Besides the strong domestic consumptions, Malaysian durian continues to enjoy the advantages of its close proximity to the significant demands from consumers in Singapore and Indonesia for the fresh whole durian fruits. Demands from China remain strong with towards durians in Malaysia, specifically for the Musang King variety which is sought after for its sticky, creamy texture and rich bittersweet flavour. In addition, the consumptions of other forms of durian fruits, in particular, the premium durian paste especially the Musang King breeds significantly appeals to the consumer markets locally and abroad. In overall, the prospect of Durian Business is attractive. While the demands for fresh fruits from China and consumers from neighbouring countries remain commendable, other segments of durian consumptions in particular, durians paste and durians in various processed forms are also attractive as a market to be explored and potentially developed.

Premised on the above, the Group believes that the Durian Business continues to represent an opportunity for Matang Group to extend its existing business solely in oil palm plantation.

DIVIDEND

The Board recommends the first and final dividend of 0.16 sen per ordinary share of Matang in respect of FYE 30 June 2023 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 Lim Chin Hock, the former Non-Independent Non-Executive Director of the Company, who had retired after the conclusion of the last AGM of the Company on 23 November 2022, for his past services and contributions to the Company and the Group.

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, property holding, management of plantation estate and sale of FFB.

The plantation estate of Matang Group located in the District of Tangkak and Segamat, Johor covers an area of 1,094.15 ha (or 2,703.70 acres) (“Matang Estate” or “Estate”), out of which about 1,076.33 ha (or 2,659.66 acres) are plantable areas and the balance are made up of areas for estate office, staff and workers’ quarters, warehouse, amongst others. The land and plantation of Matang Estate are held by Matang Agriculture and Plantation (Segamat) Sdn Bhd (“MAPS”), a wholly owned subsidiary of Matang. As at 30 June 2023, a total of 100.94 ha out of the planted areas of 1,076.33 ha in Matang Estate have been planted with durian trees under the Group’s First Durian Plantation and Second Durian Plantation. With the First and Second Durian Plantations in the Estate, the total oil palm plantation in Matang Estate as at 30 June 2023 was about 975.39 ha and the durian plantation is about 100.94 ha.

On 2 May 2023, the Company entered into a conditional share sale agreement (“SSA”) to acquire the entire equity interest in Greencode Farm Sdn Bhd (“GFSB”) for which the SSA was completed on 25 July 2023. GFSB later have had its name changed to Matang Agriculture and Plantation (Yong Peng) Sdn Bhd (“MAPYP”). Held by MAPYP is a piece of freehold agricultural land of 56.226 ha or about 138.94 acres which was planted with oil palm trees of between 11 and 12 years old for about 37.64 ha or about 93.01 acres and durian trees of over 40 years old for about 17.09 ha or about 42.24 acres.

Further to the completion of the SSA on 25 July 2023, the Group’s total titled areas for its estates size is 1,150.38 ha or about 2,842.64 acres out of which 1,013.03 ha or 2,503.25 acres made up the oil plantations and 118.03 ha or 291.66 acres are durian plantations and the balance 19.31 ha or 47.72 acres are for ancillary structure and amenities.

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 3.20 acres leasehold land in Kawasan Perindustrian Larkin, Johor Bahru, Johor (“Larkin Investment Property”). MAPS owns a piece of vacant freehold development land of 5,000 square meter in Tangkak, District of Tangkak, Johor.

OVERVIEW

The daily CPO prices slid from the high of RM4,839 per tonne mark in early July 2022 to RM3,275 per tonne in end September 2022 as a result of the supply surge in palm oil from Indonesia as well as the decrease in the prices of the substitute oil such as soybean oil. The daily CPO prices rebounded to about RM4,000 per tonne end of 2022 following decision of Indonesia to increase the palm oil content in bio-diesel, move expected to reduce the export of CPO. Further, from first quarter of 2023 to whole of April 2023, the daily CPO prices moved between RM3,700 per tonne and RM4,300 per tonne but slid to as low as RM3,331 per tonne in early June 2023 and ended at RM3,730 per tonne end of June 2023 due to increased supply of CPO as well as the gradual improvement in availability of foreign workers in Malaysia.

The FFB price movements reflected the similar pattern of changes in CPO prices with monthly prices realised for Matang’s FFB sold hovered between RM715 per tonne and RM883 per tonne in the FY2023. As a whole for FY2023, the average FFB price realised by Matang was RM820 per tonne in FY2023 as compared to RM1,206 per tonne for FY2022, reflecting a drop in average price of about 32.0%.

OPERATIONAL OVERVIEW

OIL PALM BUSINESS

The subsidiary companies of Matang are involved in the management of plantation estate, sale of FFB and property holding. The primary activities of oil palm plantations of Matang 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.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

For the FY under review, Matang Estate harvested and sold 17,473 tonnes of FFB in total to three customers namely Lenga Palmoil Industries Sdn Bhd ("Lenga"), Sri Jelutong Palm Oil Mill Sdn Bhd ("SJPOM") and PH Palm Express Sdn Bhd ("PH Palm") at average FFB price of about RM820 per tonne. In comparison, the total FFB harvested and sold for FY2022 was 14,619 tonnes which translated into FFB production increase of about 19.52% from FY2022 to RY2023.

In terms of yield, the FFB production for FY2023 of 17,473 tonnes translated into the yield of 17.91 tonnes per ha based on 975.39 ha mature oil palm hectareage, the yield of which was higher than 15.40 tonnes per ha from total FFB production of 14,619 tonnes achieved in FY2022.




Despite higher FFB production and yield as compared to previous FY, the revenue of the Group dropped from RM17.63 million in FY2022 to RM14.33 million in current FY due to the bigger drop of FFB price realised of 32.0%. The average FFB price realised for the FY under review was about RM820 per tonne which was about 32.0% lower than the level realised in the previous FY of RM1,206 per tonne.

In terms of the age profile of oil palm trees in Matang Estate as at 30 June 2023, out of the total plantable hectareage of 1,076.33 ha in Matang Estate, 975.39 ha was planted with oil palm all of which is mature oil palm field. Durian plantations cover about 100.94 ha in Matang Estate.

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 2023.

Matang Estate Plantation Age Profile as at 30 June 2023.

	OIL PALM 						OIL PALM 	DURIAN 	TOTAL PLANTED AREAS	
	Replanting	Immature area (1 - 4 years)	Mature area				Old area (>25 years)	Total areas (Oil Palm)		Total areas (Durian)
			(> 4 - 8 years)	(9 - 14 years)	(15 - 18 years)	(19 - 25 years)				
Plantation / planted area (ha)	-	-	52.80	442.50	171.40	308.69	-	975.39	100.94	1,076.33
% [^]	-	-	4.91%	41.11%	15.92%	28.68%	-	90.62%	9.38%	100.00%

Note:

[^] % out of total plantable areas of 1,076.33 ha as at 30 June 2023, i.e., including 100.94 ha durian plantations.

As for the oil palm plantation of MAPYP in Batu Pahat District, Johor, its oil palm plantation covers an area of 37.64 ha or about 93.01 acres, most of which are of age between 11 and 12 years old.

Matang Estate also has undergone its fourth annual surveillance audit in July 2023 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 durian trees and 1,228 Black Thorn breed durian trees for First Durian Plantation while the remaining 409 durian trees are of IOI and D13 breeds durian trees. Experienced specialist contractor was engaged to undertake upkeep, maintenance and management of the First Durian Plantation since the completion of planting in February 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

Further, the Group also completed the development of Second Durian Plantation in Matang Estate with the planting of 5,081 durian trees seedlings since October 2022, out of which 1,601 are of Musang King breed, 2,093 Black Thorn breed and 939 IOI breed as well as 448 durian seedlings are of various breeds planted in our Durian Corridor of 10 acres (within DP2.0). As with the First Durian Plantation, upkeep, maintenance and management works of Second Durian Plantation has been undertaken by specialist contractor from completion of planting. Durian Corridor is developed with the intention of the Board for the purposes of agri cum edu-tourism where the Company envisages to plant as many possible breeds of durians available and known.

The following are some of the photos of works undertaken for our DP1.0 and DP2.0.



In addition, in last quarter of FY2023, the Company entered into the SSA to acquire the entire equity interest in MAPYP on 2 May 2023. The acquisition was completed on 25 July 2023 for which from thereon, the durian plantation of 17.092 ha or 42.235 acres with various locally grown breeds of durian trees of average above 40 years old were added as part of Matang Group.

The Group has established an internal workforce of workers and staff employed to undertake the activities of field maintenance and cultivation in durian plantations with a view to succeed the role undertaken thus far by the specialist contractor to maintain and manage the durian plantations. The approach reduces reliance on external parties besides building an internal workforce where knowledge and skills transfer from the specialist contractors is essential. In addition, the Company has also formed a unit staffed internally to carry out intensive care and treatment to sick or significantly impacted durian trees requiring attention to ensure containment of significant issues such as pest attacks and diseases.

The Company's Durian Project Committee ("DPC") continues to provide necessary advice and oversight on the Estate management with regards to the development and operation of durian plantations. The verification by DPC together with the Estate management of works done by the specialist contractors in respect of quality and compliance to the requirements also provide additional assurance of oversight to the Board.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

FINANCIAL OVERVIEW

The Group's sole contributor of operating revenue for FY2023 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 2023 and FYE 30 June 2022.

Matang Group	FY2023 RM'000	FY2022 RM'000
Statement of Consolidated Profit or Loss and Other Comprehensive Income	Audited	Audited
Revenue	14,327	17,625
Gross profit	8,242	13,264
GPM	57.5%	75.3%
Other income	4,096	2,871
Net gain on impairment of financial instruments	105	(83)
Administration expenses	(8,520)	(7,316)
Other expenses	(549)	(99)
Finance cost [#]	(18)	(22)
Profit before taxation	3,356	8,615
Profit after taxation	2,627	5,689
Profit attributable to owners of the parent	2,627	5,689
Basic earnings per share attributable to owners of the parent (sen)	0.11	0.26
Statement of Consolidated Financial Position		
Shareholders' equity	246,802	228,339
Net assets per share (RM) [@]	0.10	0.11
Others		
Total FFB production (tonnes)	17,473	14,619
FFB yield per hectare (tonnes/ha)	17.91	15.40

[@] Expressed based on total issued and paid-up share capital of 2,389,200,276 Matang Shares as at 30 June 2023 for FY2023 and 2,172,000,256 as at 30 June 2022 for FY2022.

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

MANAGEMENT DISCUSSION AND ANALYSIS

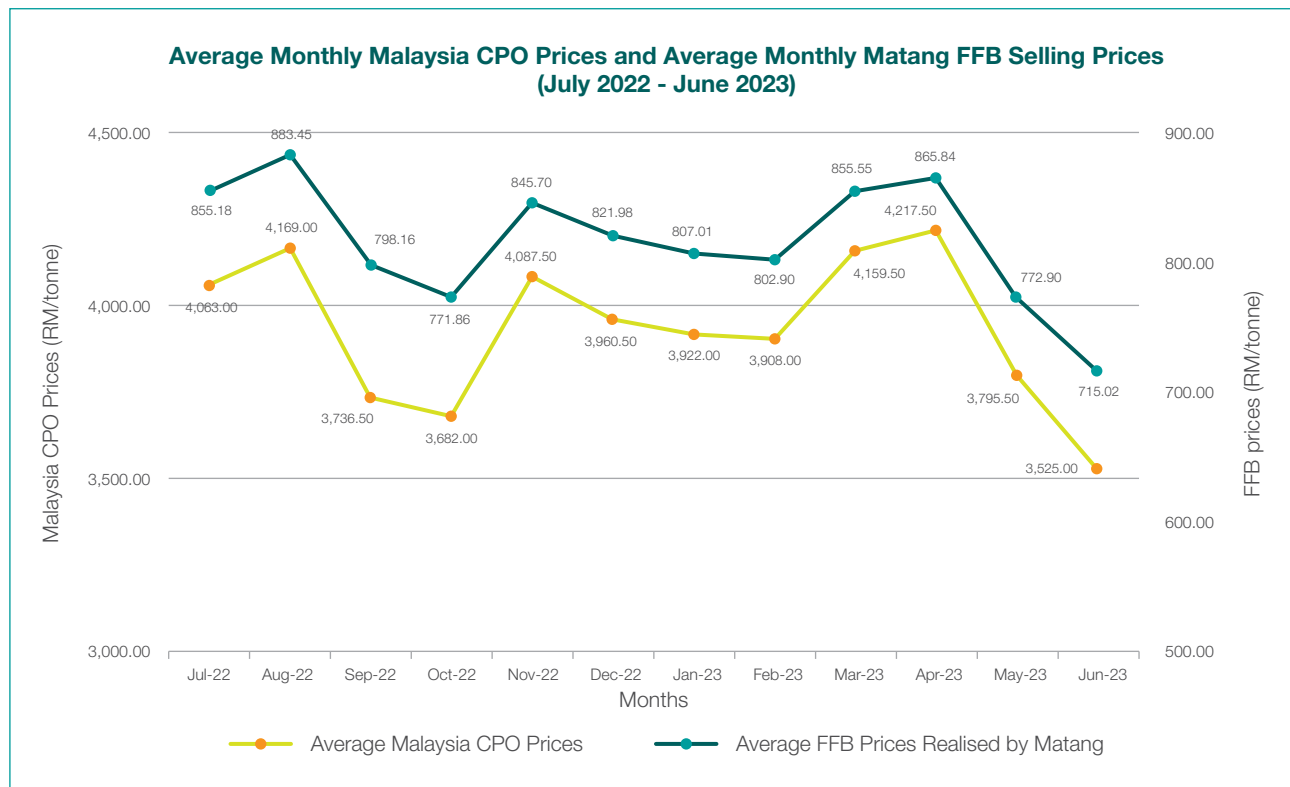
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REVENUE

For the FYE 30 June 2023, the Group's revenue from the sales of FFB dropped by about 18.7% from RM17.63 million in preceding FY to RM14.33 million for FYE 30 June 2023.

The total FFB sold for FYE 30 June 2023 was 17,473 tonnes as compared to 14,619 tonnes for FYE 30 June 2022, reflecting an increase of about 19.5% in FFB tonnage sold. During the same period, the mature oil palm hectareage of Matang Estate have increased from 949.00 ha as at 30 June 2022 to 975.39 ha as at 30 June 2023, i.e., an increase of 26.4 ha being the areas within Matang Estate that has reached maturity during the financial year under review. The decrease in revenue was mainly attributable to the lower FFB price realised during FY2023 of RM820 per tonne against RM1,206 realised in FY2022, i.e., about 32.0% lower in FY2023. On the other hand, the FFB production increased by a lower percentage of 19.5%.

The following chart shows the levels of monthly average CPO prices and monthly average FFB prices realised by Matang in FY2023.



Source: Extracted from MPOB website as updated on 28 September 2023 (for the monthly average CPO prices) and based on information of Matang (for the FFB prices realised by Matang Estate)

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

GROSS PROFIT

The Group's gross profit for FY2023 was RM8.24 million as compared to RM13.26 million for FY2022, i.e., with a decrease of about 37.9% or about RM5.02 million. The Group's gross profit margin ("GPM") (which is solely derived from the production and sales of FFB) for FY2023 was 57.5% as compared to 75.3% in FY2022. The decrease in GPM was mainly due to a 39.5% increase in the cost of sales and the drop of 32.0% in average FFB price as the FFB production increase was 19.5% in the FY under review as compared to the previous FY.

Matang Group	FY2023	FY2022	Increase /
	RM'000	RM'000	(decrease)
	Audited	Audited	%
Harvesting cost			
Labour cost	1,862	1,025	81.5%
Upkeep and maintenance	236	99	138.4%
	2,098	1,124	86.6%
Cultivation costs			
Labour cost	554	433	27.9%
Fertiliser	1,892	1,068	77.2%
Weeding, spraying and others	160	29	451.7%
Upkeep and maintenance	94	79	19.0%
	2,700	1,609	67.8%
Transport	295	194	52.1%
Windfall tax	493	1,226	(59.8%)
Overheads associated with labour	500	208	140.4%
Total cost of sales	6,086	4,361	39.5%

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 39.5% in FY2023 mainly due to the increase in labour cost of RM1.25 million (out of which the increase in overheads of the same was RM0.29 million) and the increase in material cost of RM0.95 million which were mitigated by the decrease in windfall tax of RM0.73 million.

OTHER INCOME

The other income increased from RM2.87 million in FY2022 to RM4.10 million in current FY under review was mainly due to the increase in interest income received on the proceeds of private placement exercises undertaken thus far in 2021 and 2022.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses has increased in FY2023 by about 16.5% from RM7.32 million in FY2022 to RM8.52 million in FY2023. The main reasons for the increase were due to the fair value adjustment on agriculture produce, increase in employee related expenses as well as the higher diminution in value of Larkin Investment Property. The diminution in value of our Larkin Investment Property in FY2023 was RM0.88 million (including the expenditure for replacement of 2 units of passenger lifts) following an appraisal of value which valued the property at RM10.45 million in current financial year as compared to the fair value of RM11.0 million appraised in FY2022.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

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

Other expenses increased from RM0.01 million in FY2022 to RM0.55 million in current FY under review due to the one-time write-off of corporate exercise expenses incurred for the proposed acquisition of two units of industrial property in Bukit Jelutong, Shah Alam to be developed by SMG Land Sdn Bhd for which the termination of the Sale and Purchase Agreement was announced on 17 July 2023.

The finance costs which were 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 while the Group recorded a net gain on impairment of financial instruments of RM0.11 million as opposed to a net loss of RM0.08 million in FY2022.

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 drop in the Group's gross profit in FY2023 by about RM5.02 million was primarily due to the decline in revenue from RM17.63 million in FY2022 to RM14.33 million in FY2023 arising from the drop in average prices for FFB sold in FY2023. In arriving at the profit before taxation, the decrease in gross profit of about RM5.02 million in FY2023 has been off set by the increase in other income of about RM1.23 million in FY2023 but at the same time administrative expenses increased by RM1.20 million in FY2023. 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 FY2023 was RM3.36 million as compared to RM8.61 million in FY2022, showing a decrease of about RM5.25 million. The profit after taxation of the Group also decreased from RM5.69 million in FY2022 to RM2.63 million in FY2023. Consequently, the resultant earnings per share of the Group decreased from 0.26 sen in the preceding FY to 0.11 sen in the FY under review.

CASH FLOWS

The Group's net cash used in the operations for FY2023 was RM0.19 million against the net cash generated of RM7.37 million for the preceding FY, i.e., showing a drop of about RM7.56 million. The main contributor to the deficit in cash from operations for FY2023 was the drop in gross profit arising from lower revenue while the cost of sales increased for which the reasons have been highlighted in the preceding sections in this Annual Report.

The net cash from investing activities during the FY increased to RM16.46 million from RM4.19 million in the previous FY due to the higher sum withdrawn from deposits of more than three (3) months previously placed with licensed banks, the withdrawals of which have been classified into part of the cash and bank balances as shown in the cash flows statement.

The Company paid final single tier dividend of 0.22 sen per share in respect of FYE 30 June 2022, the total sum of which amounted to RM5.26 million that has been paid on 8 January 2023. The Company also raised RM21.09 million from the private placement exercise of 217,200,020 Placement Shares 2022, the exercise of which was completed on 6 July 2022. The net effect of the aforesaid payment of dividend and the proceed receipt from the private placement exercise was a net cash from financing activities of RM15.70 million for FY2023 as compared to net cash used in the financial activities of RM4.48 million for the preceding FY.

The table below shows the summarised cash flows statement of the Group for FYE 30 June 2023 and FYE 30 Jun 2022.

Matang Group	FY2023	FY2022
	RM'000	RM'000
	Audited	Audited
Net cash (used in)/from operating activities	(193)	7,374
Net cash from investing activities	16,465	4,187
Net cash from/(used in) financing activities	15,698	(4,480)
Net increase in cash and cash equivalents	31,970	7,081
Cash and cash equivalent at beginning of the year	62,574	55,493
Cash and cash equivalent at end of the year	94,543	62,574

MANAGEMENT DISCUSSION AND ANALYSIS

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FINANCIAL POSITIONS

In terms of financial position of the Group, the shareholders' equity of the Group increased from RM228.34 million as at 30 June 2022 to RM246.80 million as at 30 June 2023.

KEY FINANCIAL RATIOS

The key financial ratios of the Group for FYE 30 June 2023 and FYE 30 June 2022 have been tabulated in the table below.

Matang Group	FY2023	FY2022
	Audited	Audited
Gross profit margin (%)	57.5%	75.3%
Net profit margin (%)	18.3%	32.3%
Trade receivable turnover (days)	19	26
Trade payable turnover (days)	38	51
Current ratios (times)	38	31

KEY RISK FACTORS

The following section on key risk factors have been updated from the factors presented in the previous FYs guided also by the observations made by our risk management consultant.

1. Fluctuation 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 in CPO prices in 2021 and 2022 has seen monthly average CPO prices soaring above RM6,870 per tonne with daily CPO prices reaching unprecedented levels in the past ten years, i.e., above RM8,000 per tonne on 2 March 2022 and above RM7,000 per tonne in first two weeks of March 2022, late April 2022 to early May 2022.

However, the upward trajectory of CPO prices in 2022 did not remain for a long time when the prices plunged from above RM7,000 per tonne to less than half at RM3,331 per tonne in as close as early June 2023. For 2023, despite being more stable with a lot smaller differences between the high and low, the daily CPO prices still recorded changes of about 30% between the highest (i.e., at RM4,324.50 per tonne on 3 March 2023 and lowest price level (i.e., at RM3,331.00 per tonne on 1 June 2023).

The reasons for the volatility of the CPO prices are the wide ranging from geopolitical issues and challenges such as the Russia-Ukraine War or conflict, to weather phenomena such as the El Niño and the La Niña weather patterns as well as the policies of palm oil producing countries for example, the Indonesian government's policies for biodiesel and cooking oil supply within the country. In addition, the demand conditions for palm oil itself as well as the demand-supply conditions for substitute vegetable oil, primarily the soybean oil and sunflower seeds oil, also play significant influences on the CPO prices.

The volatility in CPO prices will continue to impact the planters with fluctuation in FFB prices and such impacts may be adverse that affect operations and strategic planning of oil palm planters including Matang such as from replanting decisions and expansionary strategic decisions, to manuring frequency or activities and to employment of workers, to name a few. Hence, the Group views continuous efforts in ensuring optimal productivity and close monitoring and control of its production costs as effective strategies to counter any adverse implication from the volatility of CPO prices especially in times when CPO prices are expected to show downward trend.

The Group is cautious by controlling its costs and expenditures 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 undertaken for significant or repeated 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. The Management is also aware of the requirements to keep abreast of developments in the palm oil industry that will affect the CPO prices.

MANAGEMENT DISCUSSION AND ANALYSIS

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2. Rising production costs

The costs for key materials used in field cultivation for oil palm plantations such as fertilisers have risen significantly in the previous FY due to a number of external reasons that included increased logistic cost following the lockdowns in a number of countries due to COVID-19 pandemic for a prolonged period. The fertiliser cost has also increased due to strong demand and supply disruptions in addition to the rising of logistic cost.

However, particularly for Malaysia, the various phases of Movement Control Order from 2020 to 2021 have also seen the introduction of measures such as freeze of new foreign workers intake to curb the spread of COVID-19. Besides, the restrictive or at times the prohibition to travel due to international border closing has disrupted the supply of foreign workers to the plantation industry in Malaysia during the times when the various phases of MCO were in force.

Inevitably, a significant number of foreign workers in particular, Indonesian workers who are conventionally preferred as harvesters in both large and small scales oil palm estates in the country, had not been able to return to work in the country and the freeze of new foreign workers intake had exacerbated the already crunch in labour force in the plantation industry of the country. The plantation companies in the country resorted to tactics that included paying substantially increased wages to recruit workers to work in their respective oil palm estates when CPO prices were trending up continuously. Then, in May 2022, the country increased the minimum wage from RM1,200 per month to RM1,500.

The effect was an across-the-board rise in labour costs for plantation companies together with the significant increase in fertiliser costs, both of which are some of the categories of huge spendings or expenditures for many plantation companies in the country.

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 to lock in the material price upfront (e.g., quarterly for fertilisers). To mitigate the risk and adverse impact of significant reliance on foreign workers, advanced mechanisation tools such as fertilisers spreader, mist blowers, spraying pumps and etc were used to optimise material usage and to enhance operational efficiency.

To mitigate the increasing labour costs, the Group also started to gradually capitalise on in-house workers for many activities of its oil palm plantation in Tangkak and Segamat District instead on relying on the supply of workers from its contractors to reduce operational expenses related to outsourcing. Besides, for its oil palm plantations, the Group explored strategies to reduce harvesting intervals or increasing harvesting rounds by improving task distribution that effectively reducing costs and also increasing yields.

3. Low FFB yield

FFB productions and yields for the oil palm plantations for any particular year or time depends on a magnitude of factors, some of which are controllable while some are out of the control of the planters. Ineffective replanting schedule such as delay in the actual execution of works at site of the estates and wrong planning in timing the replanting can cause an oil palm estate to suffer overall abrupt drop in yield or lack of sufficient revenue in near future. In addition, labour shortage and ineffective field cultivation (such as manuring) and field maintenance (such as weeding) are amongst the main factors within control of the oil palm planters that can either deter the realisation of full harvests when FFB are ripe or lead to the production of less than optimal weight of each FFB. Moreover, there are factors such as weather conditions and prices of key materials which are out of the control of each planter that have direct and indirect effects on the FFB productions and yields.

To mitigate the risk of low FFB yield, the Group recognises that a number of strategic and tactical actions and plans are to be undertaken in coherent manners to achieve the outcome. Strategically, proper replanting decisions, programmes and schedules have been and will continue to be deliberated and decided by the Board taking into consideration, amongst others, the prospects of various crops within the Estate including durian vis-à-vis oil palm. Tactically, usage of high-quality germinated oil palm seeds for the required or desired breeds are always emphasised alongside with measures that included benchmark and key performance indicator setting for mill returns and enforcing agronomic studies and tests for leaf and soil sampling to ensure appropriate and adequate fertilisers are used.

Operationally, recruitment of experienced workers with harvesting activities is always preferred. In addition, comprehensive trainings are provided for efficient harvesting and cultivation activities as well as ensuring the close monitoring and supervision of crop and harvests are always carried out.

MANAGEMENT DISCUSSION AND ANALYSIS

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4. 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 also been made more acute during and post COVID-19 pandemic. The shortage of workers in the plantation companies had affected a number of activities including the immediate performance of harvesting of FFB as well as the longer term fruit bearing of oil palm trees from the prior manuring activities.

As part of the efforts to mitigate labour shortage issues, Matang Estate had continued to outsource certain plantation activities to third party contractors. Matang Estate had also successfully obtained the approvals from the authorities for quota of 120 foreign workers for which a total new foreign workers of 60 had since arrived and reported in our Estate as at 30 June 2023. With the approvals for the additional quota obtained, reliance on Indonesian workers had been reduced whereby the Group is able to recruit new workers from Bangladesh and Nepal to supplement works in field maintenance and hence freeing up workers of Indonesian nationals for harvesting activities.

As at 30 June 2023, the total employees of Matang Estate were 101 of whom 64 (or 63.4%) are foreign workers. Having added the employees of the Group in Matang Estate together with workers of the contractors, the total staff force in our Matang Estate was 114 as at 30 June 2023.

Besides the above, Matang Estate has ventured into the use of machineries and automation for part of the activities in the Estate. The Group and the Board is cognisant of the impact of labour shortage on the performance of oil palm plantations as well as the implications of the same on the activities of the Estate including the impacts on FFB harvests and yield. Hence, the Board is constantly monitoring the progress of intake of new foreign workers as well as the plans and the actual implementations of mechanisation for performance and sustainability of the business in longer future.

5. Sustainability and climate change

As global concerns over climate change and sustainability intensify, companies within the Group face substantial risks that could impact operations, reputation, financial performance and overall long term viability. The nature of plantation operations including reliance on land, water and climate-sensitive crops as well the involvement in the use of fertilisers and chemicals for weeding and pest and disease controls for the crops, exposes the Group to challenges posed by climate change impacts and the expectations of stakeholders regards to responsible business and operational practices.

A few common root causes that lead to risks under this category are such as the lack of awareness and prioritisation of sustainable practices (in particularly, human rights), limited access to information especially inadequate and unacceptable environmental management practices (such as activities which lead to carbon emission and its impacts on climate change) that will affect FFB yields and long term quality of palm oil produced.

The Management believes that adequate and continuous adherence to the principles and best practices recommended to achieve MSPO certification and also the approvals from the succeeding surveillance audit under the certification is primary assurance and minimum requirements for sustainable oil palm plantations. Compliance to other legal requirements is crucial for sustainability such as related to environmental preservation as required under Environmental Quality Act 1974 or related to human rights under requirements of Jabatan Tenaga Kerja. Other measures undertaken included setting up and strict adherence to Zero Open Burning Policy and No Child and Forced Labour Policy in the Group. The Estate Management also ensures relevant training are held and awareness are created in relation to environmental matters, issues and requirements for the workers in the Estate.

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 100.94 ha of durian plantations and additionally acquired of another 17.09 ha mature yielding durian plantation, is a new venture of Matang Group. The venture into Durian Business exposes the Group to new risks which are inherent in the durian industry 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. While the prospect of Durian Business is good, in all, the three key challenges for durian plantations are the uncertainty of weather conditions, the risks of pest and diseases, and the availability or the shortage of skilled human capital particularly suited and experienced in the durian plantations and industry.

MANAGEMENT DISCUSSION AND ANALYSIS

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Matang seeks to overcome any potential adversities with, first, the formation of 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. Chaired by a Non-Executive Director, Datuk Teoh Sew Hock, the DPC provides additional oversight for the Group and the Board on the development and operation of durian plantations undertaken by the Management.

In addition, experienced contractors are hired in undertaking development and maintenance works for both durian plantations, e.g., the DP1.0 and DP2.0, the appointments of which are based on tender and evaluation of tender submissions made by various contractors which were subsequently deliberated by the Board of the Company and accordingly approved. Besides, for additional assurance, various consultants have been engaged to either independently verified the status and quality or performance of both the development works and the maintenance works of the contractors engaged as well as supervisory roles of the Management. For FYE 30 June 2023, the internal audit review was conducted on the development aspects of the durian plantations, i.e., covering the areas of contractors' performance for the durian plantations, payment to the contractors and the functions of the DPC.

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 any risks associated with the development of the Durian Business.

7. 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.

As for FYE 30 June 2023, the gross rental income from Larkin Investment Property was RM0.74 million which was about 5.2% of the total revenue and other income of the Group for FYE 30 June 2023. The remaining leasehold land tenure of about 8 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.

PROSPECTS AND OUTLOOK

For 2H of 2023, i.e., from July 2023 to December 2023, the CPO prices are likely to be affected by a number of factors including supply of palm oil from Indonesia which has consistently increased export of its palm oil as well as Malaysia which is entering peak production season of FFB. In addition, the supply condition of other vegetable oil (particularly the soybean oil and the sunflower oil) may be normalised in the event of the cessation of Russia-Ukraine War. The expectations for the above-mentioned factors may have a downward pressure on the CPO prices. For a longer period beyond 2023, the improvements in labour supply for plantations in Malaysia is expected to lead to higher palm oil supply in the next year. Indonesia has increased the production of biodiesel thereby increasing the demand of oil palm for energy or fuel. Climatic conditions of the El Niño may bring about improvements in the output of soybean oil and have some indirect impacts on the CPO prices. Based on the above, the average CPO price for 2H 2023 would remain between RM3,700 per tonne and RM4,200 per tonne based on state agency MPOC on 1 August 2023.

For the Durian Business, the period after MCO since May 2022 has prompted the sales and consumptions of durian fruits domestically. The prices for durian fruit 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. Strong domestic consumptions together with the significant demands from consumers in Singapore and Indonesia for the fresh whole durian fruits have given premium breeds of durians such as Musang King and Black Thorn the edge of commanding higher prices. In addition, demands from China tend to skew towards the Musang King variety due to its sticky, creamy texture and rich bittersweet flavour. Besides, the consumptions of other forms of durian fruits, in particular, the premium durian pastes especially the Musang King breeds significantly appeals to the consumer markets locally and abroad. Premised on the above, the Group believes that the Durian Business continues to represent an opportunity for Matang Group to extend its existing business solely in oil palm plantation.

The Group believes that the Durian Business continues to represent an opportunity for Matang Group to extend its existing business in the plantation sector. 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 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.

Additionally, the Malaysian Code on Corporate Governance (“the Code”) also requires listed companies to maintain a sound system of risk management and internal control to safeguard shareholders’ investments and the Group’s assets.

This Statement on Risk Management and Internal Control by the Board is made in respect of FYE 30 June 2023 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

The Board recognises the importance of maintaining a sound system of internal control and risk management practices in ensuring good corporate governance. The Board is responsible for establishing an effective risk management framework and a sound system of internal control operating throughout the Group and for reviewing its effectiveness, adequacy and integrity, including financial and operational controls, compliance with relevant laws and regulations and risk management in order to safeguard shareholders’ investment and the Group’s assets.

In addition, the Board takes cognisance of practising good standards of corporate governance by observing best practices to improve on current practices but ensuring internal controls are in place and adhered to 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 manuals setting out amongst others the approved standard procedures for key operational areas and activities including those for 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 as well as acquisitions 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. For matters of urgency, informal virtual discussions were held amongst the members and Chairman of MC for which decisions made were always followed-up with ratifications in scheduled subsequent MC meetings for which proceedings were recorded in minutes for the meetings. 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 continues to look 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, often in August of each year. 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 2023 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. For the FY under review, the external risk management consultant introduced a new risk area for focus of the Group, i.e., the risk in connection with sustainability and climate change and at the same time increasing the risk rating for high production cost of the Group, the latter of which has seen increase in likelihood of occurrence. However, two areas have seen reduction in risk rating due to lower likelihood of occurrence and these are the risk arising from shortage of labour and the risk from low FFB yield. 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 audits carried out by the Internal Auditors identifies and addresses 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. Any weaknesses and lapses in controls 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 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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INDEPENDENT INTERNAL AUDIT REVIEW *cont'd*

For FY2023, the Group continued its practice of annual internal audits by independent Internal Auditors who has in February 2023 reported to the Audit and Risk Management Committee the follow-up review of the findings observed in respect of FY2022. Then, in June 2023 to August 2023, the Internal Auditors conducted an internal audit review for FY2023. For internal audit reviews for FY2023, the Internal Auditors undertook part of the annual audit on the newly established Durian Business which as at 30 June 2023, included only two durian plantations of a total size of approximately 100.94 ha., i.e., covering the areas of contractor management and payment to contractor for the Group's Durian Business as well as the functions of the Group's Durian Project Committee ("DPC").

In respect of contractor management by the Group for its durian plantations, the internal audit review looked into various areas that included manpower planning and attendance performance of the contractors as well as availability of machinery, tools and materials in carrying out their tasks. The Internal Auditor also reviewed the gap between planned job/tasks against actual execution as well as reviewing the key performance indicators. Review of on-going jobs of the contractors were also performed and compared the same with the status of reporting by the contractors vis-à-vis the actual status of the jobs. As for the review by the Internal Auditor on the payments to contractors of our durian plantations, the verification and review process for contractors' claims as well as the retention manner and payment reductions for unsatisfactory performance of contractors were, amongst others, aspects looked into by the Internal Auditors. Payment and approval process of the Group were also assessed in respect of the payments made to the contractors.

In terms of the functions of the DPC of the Company, the internal audit review covered two key aspects i.e., the review on the adequacy of roles and responsibility of DPC to meet the requirements under the Terms of Reference of DPC as well as reviewing the functions and performance of the DPC as transpired in the minutes of meetings of DPC and Board meetings of the Company.

The Internal Auditors report for the above review was provided directly to the Audit and Risk Management Committee and therein the report 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 2023 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 2023 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 in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3 ("AAPG 3") Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report 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 being responsible for the development and maintenance of the risk management and internal control framework or for ensuring the implementation and conduct of adequate risk management and internal control systems within the Group.
- (b) The conduct or performance of the independent internal audit function for which an internal audit report, including for any follow-up audit report, were first reviewed by the Audit and Risk Management Committee which discussed critical issues and findings with the Internal Auditors. The Audit and Risk Management Committee also met with the Internal Auditors who presented their findings and deliberate on the same in meetings held with Audit and Risk Management Committee.
- (c) The periodic feedback of the management with regards to the adequacy of the operations and functioning of the Group's risk management and internal control systems.
- (d) The quarterly review of the Group's financial results and associated discussions with the Audit and Risk Management Committee in connection with financial conditions and performance of the Group.

The Board has also received assurance from the Management Committee that the risk management and internal control systems of the Group are operating adequately and effectively in all material aspects based on the risk management and internal control systems of the Group.

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

This Statement on Risk Management and Internal Control has been approved by the Board of Matang on 12 October 2023.

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. Ms Sophia Lim Chia Hui as Chairperson;
- b. Dato' Foong Chee Meng as member; and
- c. Datuk Teoh Sew Hock as member

The Audit and Risk Management Committee is made up solely of Non-Executive Directors of the Company, majority of whom are Independent Directors. 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 3 October 2023 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 Chairperson may call at any time at his or her discretion. Other directors and employees within the Group and representatives of the external auditors and Internal Auditors may attend any particular or any part of the meeting at the invitation of the Audit and Risk Management Committee.

The details of attendance of the members at the meetings held during FYE 30 June 2023 are as follows:

Name	No. of meetings attended
Sophia Lim Chia Hui <i>Independent Non-Executive Director</i>	5 out of 5
Dato' Foong Chee Meng <i>Independent Non-Executive Chairman</i>	5 out of 5
Datuk Teoh Sew Hock <i>Non-Independent Non-Executive Director</i>	5 out of 5

TERMS OF REFERENCE OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

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

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

cont'd

SUMMARY OF WORKS OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

This section sets 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 2023, the dates of 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
25 August 2022 (1 st Audit and Risk Management Committee meeting)	Unaudited fourth quarter financial results for the period ended 30 June 2022 and draft audited financial statements for the FYE 30 June 2022
22 November 2022 (2 nd Audit and Risk Management Committee meeting)	Unaudited first quarter FY2023 financial results for the period ended 30 September 2022
9 February 2023 (Special Audit and Risk Management Committee meeting)	Review and deliberation on the Proposed Acquisition of Property including the draft conditional SPA and the draft announcement for the same
22 February 2023 (3 rd Audit and Risk Management Committee meeting)	Unaudited second quarter FY2023 financial results for the period ended 31 December 2022
30 May 2023 (4 th Audit and Risk Management Committee meeting)	Unaudited third quarter FY2023 financial results for the period ended 31 March 2023

As set out in the table above, the Audit and Risk Management Committee met on 25 August 2022, 22 November 2022, 22 February 2023 and 30 May 2023 to deliberate on the Group's quarterly financial results. The Audit and Risk Management Committee was also presented with the draft audited financial statements of the Company for FYE 30 June 2023 on 29 August 2023 for its review. The Audit and Risk Management Committee ensures that the financial results and statements as the case maybe are prepared in a timely and accurate manners complying with applicable accounting, regulatory requirements and financial reporting standards.

Besides the above, the Audit and Risk Management Committee also held a Special Meeting on 9 February 2023 to deliberate on the Proposed Acquisition of Property, i.e., two (2) units of double storey semi-detached factory and warehouse annexed with a one-and-a-half (1½) storey office building and other ancillary buildings to be erected on part of the land held under Geran 204624, Lot 78658, Mukim Damansara, Daerah Petaling, Negeri Selangor ("Property") from SMG Land and Star Media for total purchase consideration of RM33.00 million to be satisfied via the allotment and issuance of 357 million new ordinary shares in Matang to SMG Production & Distribution Sdn Bhd, a wholly-owned subsidiary of the Vendor at an issue price of RM0.0809 each and cash payment amounting to about RM4.12 million. The Proposed Acquisition of Property is a related party transaction involving the interests of the Company's major shareholders.

Prior to the Special Audit and Risk Management Committee meeting on 9 February 2023, the Board inclusive of Chairman and Members of Audit and Risk Management Committee had in the Board meetings held on 19 January 2023 deliberated amongst others, the draft term sheet for the Proposed Acquisition of the Property as well as the draft Sale and Purchase Agreement ("SPA") for the same. In addition, the draft opinion of the valuation of the Property and Independent Adviser were also deliberated in the same Board meeting. On even date, the proposed acquisition of the entire share capital in GFSB by Matang was first deliberated by the Board in the meeting for which post-acquisition financial projections were considered.

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*

In addition, the Audit and Risk Management Committee also assisted the Board in its deliberation on 27 April 2023 with regards to the proposed acquisition of the entire shares in GFSB for the purpose of signing of the conditional Shares Sale Agreement ("SSA"). The SSA was signed on 2 May 2023 further to the comments and supplementary information requested by the Board for purpose of clarity and decision-making. In connection therewith, on 26 June 2023, the Audit and Risk Management Committee also assisted the Board in assessing and deliberating on the findings of the due diligence exercise on GFSB.

(b) External Audit

On 30 May 2023, the Board in its meetings in which the members of the Audit and Risk Management Committee had in its meeting 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 2023 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 their independence in undertaking the audit of the Group and the Company for FYE 30 June 2023. The Audit and Risk Management Committee had also noted the annual Transparency Report 2022 of the external auditors prepared pursuant to the requirement of the Audit Oversight Board.

The Audit and Risk Management Committee has on 29 August 2023 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 2023.

The external auditors highlighted the valuation of Larkin Investment Property as the key audit matters and areas of significant auditors' attention as the area is material and the valuation process involved judgement in determining the appropriate valuation methodologies to be used and the underlying assumptions to be applied. To address the potential risk of such key audit matter, the external auditors satisfied themselves by considering the qualifications and competence of the valuer as well as assessing the scope of work of the valuation to determine whether the valuation is appropriate to be applied for financial reporting purposes. Besides, the external auditors also read the valuation report and assessed the valuation methodology adopted by the valuer for similar types of properties. The external auditors also evaluated the key assumptions used in the valuation by comparing against the available industry data taking into consideration comparability and market factors.

The external auditors also provided the confirmation that they have not any significant misstatements which was above the threshold of RM10,000 in the course of their audit. In addition, the external auditors pointed that there is no significant deficiency in internal control noted during the course of the audit although there is a minor management letter point for improvement with management responses, if any, would be forwarded to the Board in due course on finalisation.

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 Audit

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 FY2023 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.

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*

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 FY2023. The conduct of internal audit was guided by, in all material respect, the International Professional Practices Framework by the Institute of Internal Auditors. The Internal Auditors report directly to the Audit and Risk Management Committee based on the approved internal audit plan which was designed to cover the key activities of the Group's operations.

During the FY under review, the scope of works of the Internal Auditors are primarily to independently review whether the procedures, systems and controls put in place by the Board and the management are present and functioning to ensure that the organisation meets its objectives of:

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

The Audit and Risk Management Committee had reviewed and accepted the audit plan for FYE 30 June 2023 for the Company presented by the Internal Auditors in 30 May 2023, the internal audit review of which will be carried out between June and August 2023. The scope of the review of internal control system undertaken by the Internal Auditors for FY2023 covers the following key activities in the Durian Business of Matang Group:

- (i) Contractors management;
- (ii) Payment to contractors; and
- (iii) Functions of DPC.

For FYE 30 June 2023, the Audit and Risk Management Committee has reviewed the internal audit report of the Group prepared by the Internal Auditors for the above on 29 August 2023.

Notably, based on samples selected, the Internal Auditors reviewed the performance of the contractors engaged by the Group for its durian plantations in Matang Estate, namely DP1.0 and DP2.0 as well as the manners of which the Group monitored the contractors' performance. Several aspects of contractors were assessed or looked into by the Internal Auditors to draw the necessary conclusions for the Group's effectiveness in the management of contractors, e.g., the manpower planning of the contractors and the attendance of manpower as well as supervisors deployed by the contractors. Also, contractors' availability of machinery, tools and material in undertaking the tasks documented as scope of works or obligations in the engagement documents. In addition, the Internal Auditors also reviewed actual performances of tasks and or targets vis-à-vis planned jobs or desired scheduling.

The second scope of Internal Auditors for FYE 30 June 2023 was also related to the Durian Business of the Group, i.e., in relation to payments made by the Group to contractors for durian plantations. In that respect, the Internal Auditors looked in the verification and review process for payment of contractors' claims and the compliance to process and procedures established for retention sum and reduction of unsatisfactory performance of the contractors. Besides, the process for variation order requests and approvals are also assessed by the Internal Auditors.

In terms of the review of the functions of DPC, the Internal Auditors' methodologies included the review documentations and documentary evidence for adequacy of roles and responsibilities of DPC to meet the requirements of the TOR of DPC. Functions and performance of the DPC were also reviewed through internal records of meeting such as DPC and Board meeting minutes.

Based on the above, the Internal Auditors have on 29 August 2023 presented its findings to the Audit and Risk Management Committee and the said committee highlighted to the Board the key matters.

Premised on the above and the findings presented by the Internal Auditors, the Audit and Risk Management Committee and the Board are of the opinion that the internal audit review has been carried out in accordance with the internal audit plan and the coverage is adequate.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

cont'd

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

(d) Risk Management

The Group has undertaken the risk assessment in connection with FY2023 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 2023. In a nutshell, the consultant maintained the set of key risks as presented in previous FYs. One finding of risk which are becoming more prominent this and last year and hence have moved up along the likelihood of occasion. Besides, the risk of fluctuation in CPO which is a lot tough to mitigate, remain as key risk factors.

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) (e) Related Party Transaction(s)/Recurrent Related Party Transaction(s) and Conflict of Interest

The Audit and Risk Management Committee has been satisfied that there was no related party transaction or recurrent related party transaction or conflict of interest situation that have taken place during FYE 30 June 2023 other than the following

- (i) Renewal of 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 which was signed for three (3) years from 1 May 2023 and have expired on 30 April 2023,

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 55 of this Annual Report.

(f) Corporate Governance & Others

The Audit and Risk Management Committee also reviewed and made recommendations to the Board for the Annual Report for the FY under review pertaining to the Audit and Risk Management Committee Report and the Statement on Risk Management and Internal Controls of the Group.

In addition, the Chairman/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 reviews undertaken based on the internal audit plan. 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 12 October 2023.

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. The Board also has in place the Code of Ethics and Conducts for Directors and Employees 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 its estates or plantations as well as inorganic development by way of acquisition, joint venture or expansion of viable assets both for oil palm plantations and the Durian Business.

The development of Durian Business together with the continuous oversight of the Board in relation to the oil palm business besides undertaking expansions through various modes such as acquisitions 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 whether strategically or otherwise as well as to review the financial performance of the Company, amongst others. 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 and Board Committees' members.

The Board actively evaluates and deliberates all strategic proposals of the Group whether operational or strategically, for corporate matters and fundraising prospects, 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 well as in event of involvement of related parties in the transaction. 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.

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 Board directions of the Group and the implementation of the same. The Management Committee is chaired by one of the Executive Directors, Datuk Ir. Lawrence Low and consist of members made up of an Executive Director, i.e., Dato' Ng, the Chief Financial Officer cum Chief Operating Officer and the Head of Corporate Services and Finance of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

1. BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

Board Responsibilities *cont'd*

The Management Committee meets at least once a month to deliberate all significant matters affecting the Group, be it operationally and strategically. Special sub or project committee such as Durian Project Committee were also established to look into, evaluate and consider strategic and operational matters critical to the implementation of the Durian Business and to provide necessary oversight onto the roles and performances of the management on the same. 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 in relation to the Durian Business 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 six (6) members, i.e., two (2) Executive Directors and four (4) 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(s) 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 Independent 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 Datuk Tew Boon Chin and Ms Sophia Lim Chia Hui ("Ms Sophia Lim").

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 the financial year under review, the Board has appointed a female Director, i.e., Ms Sophia Lim. Ms Sophia Lim is also appointed as the Chairperson of the Audit and Risk Management Committee of the Company as well as a member of both the Nomination Committee and Remuneration Committee. The Board also 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 with the youngest member being at age of 42 years old and the oldest is 57 years old.

The Board also undertook the assessment of the performance and contribution of the Board members and the effectiveness of Board and Board Committees' 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 29 August 2023 in relation to the statutory audits of the financial statements of the Group for financial year ended 30 June 2023. 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 contractors' performance, payment of the Group to the contractors for durian plantations in Matang Estate as well as the function of the DPC. In addition, the independent risk management consultant has presented their findings and observations with regards to the risk profile of Matang Group on 29 August 2023 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 as well as Directors' training needs have been delegated to the Nomination Committee. The evaluation of Directors by peers as well as the assessment of Board and Board Committees' functioning remain as part of annual assessment and Nomination Committee has been entrusted by the Board to assess the overall annual evaluation participated by the Board members.

During the FY under review, the Nomination Committee had deliberated and recommended the re-election of Directors who are due for retirement at the Annual General Meeting, taking into consideration the annual assessment outcome and the Directors' fulfilment of criteria under Directors' Fit and Proper Policy. The annual assessment evaluated the Directors based on a number of criterions and the key factors amongst others, include the contributions and performance of individual Directors where, each Director is evaluated by all his/her peers in the Board on amongst others, the ability and efforts in analysing and probing into the proposals and decisions of the Management as well as the contributions with ideas, opinions and advice to the Management, the Board and the Company. In addition, another criteria includes the preparations of the Director for Board meetings, his or her ability to work constructively with other Board members as well as the integrity of the said Director. As for the evaluation of Directors on the Board, the Directors look into the mix and composition of the Board in terms of knowledge and experiences, the ability of the Board in bringing value to the Management's decisions and proposals, to name a few. Besides, other criterions include quality of information made available to the Board and for decision-making, the Board room activities and the Board's relationship with the Management.

Apart from the annual evaluation of the Board, the Board Committees and individual Directors by peer Directors for which the outcome was deliberated by the Nomination Committee in its meeting on 22 November 2022, the Nomination Committee had also undertaken the assessment and deliberation in August 2022 in respect of extension of service for two Executive Directors for another term of three years and the Nomination Committee accordingly made its recommendation to Board. The Nomination Committee also assessed and deliberated on the appointment of Ms Sophia Lim as one of the members of the Nomination Committee and has recommended the same to the Board for its approval.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

1. BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

Board Committees *cont'd*

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 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.

During the FY under review, the Remuneration Committee deliberated and thereafter recommended to the Board on the Directors' remuneration including Director's fees for financial year ended 30 June 2022 and Directors benefits for the period from 1 January 2023 to 31 December 2023 prior to the Company seeking applicable shareholders' approval in the Eighth Annual General Meeting of the Company held on 23 November 2023. 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 2023, the Audit and Risk Management Committee had held five (5) meetings. The Nomination Committee and the Remuneration Committee had respectively 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 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 before approval of shareholders is sought 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.

The 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, the Board had approved to adopt the recommendations of the Remuneration Committee to adjust the Director's fees with effect from FY 2023 by considering the higher level of effort undertaken and responsibility borne by the Chairman in leading the Board, preparing for as well as conducting the Board meetings in particular deliberating on management proposals for strategic matters at the same of which inviting, evaluating and moderating views, opinions and ideas of other Board members.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

1. BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

Remuneration for Directors *cont'd*

In addition, most strategic proposals such as acquisition and fund-raising (e.g., private placements) involved technicality, legal terms and conditions and experiences which the contribution of the Chairman has been advantageous in both structuring viable transactions as well as formulating strategies for negotiating with counterparties. The fees for the Directors were also marginally adjusted for increase in prices and costs generally.

The following section shows the summary of total remuneration for the Executive Directors and Non-Executive Directors by type of remuneration for FY2023.

By type of remuneration	Group		Company	
	Executive Directors RM'000	Non-Executive Directors [@] RM'000	Executive Directors RM'000	Non-Executive Directors [@] RM'000
Directors' fees [#]	55.0	138.5	55.0	138.5
Salary and other emoluments [^]	528.1 [~]	116.0	266.8 [~]	116.0
Total	583.1	254.5	321.8	254.5

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 Non-Independent Non-Executive Director, Mr Lim Chin Hock who has retired as Director at the conclusion of last AGM on 23 November 2022.

~ 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	-	2	1	2
RM50,001 to RM100,000	-	3	-	3
More than RM100,000	2	-	1	-
Total[^]	2	5	2	5

Note:

@ Inclusive of a former Director, Mr Lim Chin Hock who has retired as Directors on 23 November 2022 at the conclusion of the last AGM on 23 November 2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

1. BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

Remuneration for Directors *cont'd*

The Board has held nine (9) Board meetings in total in FYE 30 June 2023. 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	9/9	45.0	29.0	-	74.0
Datuk Ir Low Ah Keong	9/9	27.5	22.5	218.0	268.0
Dato' Ng Keng Heng	9/9	27.5	26.3	261.3	315.1
Sophia Lim Chia Hui	9/9	27.5	30.7	-	58.2
Datuk Tew Boon Chin	8/9	27.5	22.0	-	49.5
Datuk Teoh Sew Hock	8/9	27.5	28.3	-	55.8
Lim Chin Hock [^]	2/3	11.0	6.0	-	17.0
Total		193.5	164.8	479.3	837.6

Notes:

[^] Mr Lim Chin Hock retired as Director on 23 November 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 FY2023. 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.

Subsequent to the FY end, a new company secretary Ms Tan Siew Hong has been appointed on 29 August 2023 as one of the joint company secretaries of the Company while Ms Lim Hooi Moi resigned on even date as one of joint company secretaries.

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 for the Directors, 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, Executive Director, Datuk Ir Lawrence Low and Independent Director, Ms Sophia Lim have attended the Tax Webinar on Budget 2023 on 15 March 2023 organised by BDO Tax Services Sdn Bhd. In addition, both Executive Directors, Datuk Ir Lawrence Low and Dato' Ng have also attended the 10th International Planters Conference: Ensuring the Resilience of the Palm Oil Industry in the 21st Century from 12 to 14 June 2023 organised by the Incorporated Society of Planters in Royale Chulan Hotel, Kuala Lumpur. The remaining Directors have not been able to attend any training in the financial year under review due to busy work schedule with one of the Directors resorted to cancelling attendance last minute due to unexpected turn out of work/business events.

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 Section Audit and Risk Management Committee Report of this Annual Report.

Prior to the start of the annual audit of financial statements of the Group for the financial year under review, the Board has conducted discussion with the external auditors in May 2023 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 2023.

During the FY under review, the Audit and Risk Management Committee has undertaken the review of the quarterly financial results including notes to the financial results of the Group and addressed their queries, if any, to the management during the meetings of Audit and Risk Management Committee. The Management were present in the Board meetings to clarify all queries of the Board in respect of the 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 2023 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 38 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 external risk management consultant engaged by the Company 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 2023. 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. For the financial under review, a summary on the scope of internal audit review undertaken by the Internal Auditors and the conclusions of the risk management consultant have been included in the Audit and Risk Management Committee Report and the Statement of Internal Control and Risk Management respectively.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

3. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

cont'd

Communication with Stakeholders cont'd

Other information provided on the website included the nature and location of the Group's business as well as other corporate information such as the Board Charter, terms of reference of Audit and Risk Management Committee, Nomination Committee and Remuneration Committee in addition to corporate exercises undertaken and the status or progress update. All aforesaid terms of reference for Board Committees and also the code of conduct and ethics for Directors and employees will be posted timely if there is/are any amendments and/or modification once the same is approved by the Board. In addition, 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.

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 22 November 2023. 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 2022, the meeting of which was held virtually on 23 November 2022, the Company has:

- made a presentation of the Group's business and financial performance for the financial year ended 30 June 2022 to its shareholders;
- presented a video on the Group's durian plantations, i.e., DP1.0 and DP2.0 as well as other key works done in connection with the same;
- 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 22 November 2023, 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. In addition, as with the few General Meeting of the shareholders in the past years, the Company found meetings conducted on virtual basis attract sizable number of attendees possibly due to the elimination of logistic challenges for some shareholders to attend. Besides, with the virtual manner of posing questions with questions being typed allow questions to be raised at any point in time during the proceeding of the General Meetings thus giving more chances to shareholders to ask questions without having to wait for previous questions to be completely answered or addressed.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

3. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

cont'd

Conduct of General Meetings *cont'd*

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

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

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

This Corporate Governance Overview Statement has been approved by the Board of Matang on 12 October 2023.

SUSTAINABILITY STATEMENT

The Group conducts its business and operations guided by the sustainable understandings and practices and takes into consideration the factors of environmental, social and governance risks and opportunities.

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 implementation in the Group's strategic decisions and operations with regards economic, environmental and social ("EES") factors.

While the core plantation estate of the Group, i.e., Matang Estate is MSPO certified or compliant since 2019 upto and including based on the latest surveillance audit performed in July this year, 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 and the implementation of the same.

Premised on the announcement made by Bursa Securities in September 2022, the Company is aware of the enhanced sustainability reporting requirements under the Listing Requirements which shall require listed issuers in ACE Market to adopt enhanced sustainability disclosures on staggered basis with disclosures of prescribed sustainability information (i.e., sustainability governance, scope of sustainability statement, materiality assessment and management of materiality matters) taking effect for financial year after 31 December 2024 which will be 30 June 2025 for Matang. Towards the ends, the Company has started the planning to ensure compliance with the aforesaid requirements.

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 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. 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. The shortage of Indonesian workers for the plantation industry was even more acute during the period of implementation of MCO for which intake freeze of new foreign workers was enforced.

Sufficiency of labour supply or workforce underlines the ability of the Group to carry out its Estate operations in a sustainable manner economically. Towards that end, the Board is glad to inform the shareholders that the Group obtained the approval for the additional quota of 120. This has allowed the Group to recruit a total new foreign workers of 60 who had since arrived and reported in our Estate as at 30 June 2023. With the approvals for the additional quota obtained, reliance on Indonesian workers had been reduced whereby the Group is able to recruit new workers from Bangladesh and Nepal to supplement works in field maintenance and hence freeing up workers of Indonesian nationals for harvesting activities. As a result, our Matang Estate is now adequately staffed for its operations in terms of workers-hectare ratio.

SUSTAINABILITY STATEMENT

cont'd

ECONOMIC *cont'd*

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

Employing foreign labour aside, to have additional and or alternative assurance for sustainable operations, the Group has also undertaken a number of measures including:

- outsourcing its labour requirement to be met by a few third-party contractors.
- optimising deployment of labour at Matang Estate by prioritising activities in accordance with peak or non-peak harvesting seasons.
- retaining workers by enhancing certain incentive payments to the workers at Matang Estate.
- commencing mechanisation initiatives by first using the automated tools and semi-mechanisms

Besides, to retain workers so as to have a stable labour force within the Group for Matang Estate, the Management has placed significant emphasis looking into the welfare of its workers and has implemented 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 significant 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 economically as well as avoiding the excessive use of chemical fertilisers that may affect the soil PH and nutrient balance in the long run. To achieve that, the Group undertakes the following measures:

- 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.
- Stringent checks on the quality in particular the specifications of the fertilisers delivered against what is/ are ordered. Fertilisers received from suppliers are strictly checks for the nutrient contents based on orders specifications especially ensuring matching or no deficiencies to the nutrient contents required. Lab tests based on samples selected from each batch of orders are done and any deficiencies in nutrient contents shall be rectified 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:
 - o Harvesters are divided and grouped into dedicated teams assigned to carry out harvesting of FFB in adjacent fields to facilitate the efficient collections of FFBs harvested as well as supervisions. Loose FFB or usually called loose fruits are also being picked to minimise wastage or unaccounted FFB harvests.
 - o Harvesters are required to ensure missed harvesting ripe FFB bunches are kept to minimal. 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.
- In terms of mill rejects returns and weight variances, to keep FFB returns and rejects by palm oil mills as well as weight variances within reasonable limit, 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 Management and Estate Management execute the implementation of the Durian Business including the 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 plantations, for the First and Second Durian Plantation, the Group has undertaken stringent selection of contractors via tenders 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.

The DPC sits regularly to look into matters of its oversight on the development of both DP1.0 and DP2.0 including but not limited to verification and checks on quality of contractors' works and also enquiring the Management on any particular operational issues encountered for DP1.0 and DP2.0. Both 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 as well as the maintenance and management of the same.

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.

SUSTAINABILITY STATEMENT

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ENVIRONMENTAL

The Group recognises the importance of risks of adverse environmental issues on its long term sustainability in particular for its plantation operations. In that regard, the Group places significant emphasis on its environmental compliance as primary areas of focus as a guide in managing the environmental risks mainly due to the less complex and small size of plantation and operations the Group has.

In this aspect, 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 be in it is operations. 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 fourth annual surveillance audit in July 2023 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 Tangkak and Segamat District, Johor and the others in Head Office located in Kuala Lumpur.

The Board had since mid June 2022 appointed the first female Director who is both qualified and having the calibre with academic background and experiences in accounting and finance.

In addition, the Group has also provided equal employment opportunities and access to income including to ex-convict who had served the required punishments. To-date, since the start of the participation in the Programme Parole and Community Services until the date of this Statement, the Group has accepted 12 ex-convict who were granted parole to work in our Matang Estate. Some of whom, are continue working under Matang even after their full serving of punishment.

SUSTAINABILITY STATEMENT

cont'd

SOCIAL *cont'd*

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, deductions 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.

This Sustainability Statement has been approved by the Board of Matang on 12 October 2023.

ADDITIONAL COMPLIANCE INFORMATION

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

Status of Utilisation of Proceeds

(1) Issuance of 362,000,000 Shares pursuant to the Private Placements in 2021 (“PP 2021”)

Based on the issue price of RM0.1108 per Matang share for 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:

Purposes	Approved utilisation	Actual utilisation	Deviation: surplus/ (deficit)	Balance unutilised	Revised expected time frame for utilisation
	RM'000	RM'000	RM'000	RM'000	
Future acquisitions	23,635 ⁽²⁾	(3,171)	-	20,464	Within 30 months ⁽¹⁾
For working capital	16,265 ⁽³⁾	(2,938)	2 ⁽⁴⁾	13,329	Within 30 months ⁽¹⁾
Estimated expenses	210	(208)	(2) ⁽⁴⁾	-	Immediate
Total	40,110	(6,317)	0	33,793	

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”). Where applicable, abbreviations used in the Notes below shall have the same meaning as referred to in the Circular.

Notes:

(1) The initial time frame for utilisation of the proceeds were as follows:

- (a) 18 months from the date of receipt of the funds on 8 June 2021 for RM20.05 million in respect of Proposed Private Placement I; and
- (b) 18 months from the date of receipt of funds on 19 May 2021 for RM20.05 million in respect of Proposed Private Placement II.

The Board had on 22 November 2022 resolved that:

- (a) the period of utilisation of proceeds from PP 2021 for the future acquisitions to be extended within 30 months from the date of receipt of the funds; and
- (b) the period of utilisation of proceeds from PP 2021 for working capital purposes of the new oil palm plantations, durian plantations and/or new land bank for the same shall accordingly be extended within 30 months from the date of receipt of funds.

Kindly also refer to the quarterly financial result announced by the Company on 22 November 2022 for more details in connection with above.

(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 hectare 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 re-allocated 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 acquisition, which have yet to be determined or finalised.

ADDITIONAL COMPLIANCE INFORMATION

cont'd

(2) Issuance of 217,200,020 Matang shares pursuant to the private placement exercise undertaken in 2022 ("PP 2022")

Based on the issue price of RM0.0971 per Matang share for 217,200,020 placement shares issued and listed pursuant to PP 2022, the total gross proceeds amounting to RM21.09 million has been utilised in the following manner:

Purposes	Approved utilisation RM'000	Actual utilisation RM'000	Deviation: surplus/ (deficit) RM'000	Balance unutilised RM'000	Estimated time frame for utilisation
Future acquisitions	21,010	(-)	31 ⁽²⁾	21,041	Within 18 months ⁽¹⁾
Estimated expenses	80	(49)	(31) ⁽²⁾	-	Immediate
Total	21,090	(49)	0	21,041	

The utilisation of proceeds as disclosed for the PP 2022 should be read in conjunction with the announcement made by the Company dated 6 May 2022 ("Announcement").

Notes:

(1) From the date of receipt of the funds on 6 July 2022.

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

Material Contracts

There were no material contracts or contracts 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 3 April 2023 ("Tenancy Agreement") entered into between Matang Berhad 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 2023.

The sum of rental paid to the Landlord for the aforesaid office space for FYE 30 June 2023 was RM97,356 excluding RM38,942 for service charges.

- (b) The conditional SPA entered into for the Proposed Acquisition of Property with Star Media and SMG Land, a wholly-owned subsidiary of Star Media to acquire the Property for a total purchase consideration of RM33 million, the relevant further details of which were disclosed under Chairman Statement in this Annual Report. However, on 31 May 2023, due to non-fulfilment by Star Media of the condition precedent under the SPA to obtain its shareholders approval, the Company had on 17 July 2023 agreed to Star Media on its request to mutually terminate the SPA with effect from 17 July 2023.

None of the contracts between the Company and persons in which the major shareholder has interest in is relating to any loan of the Company and its subsidiaries.

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	
	FY2023 Payable RM'000	FY2022 Paid RM'000	FY2023 Payable RM'000	FY2022 Paid RM'000
Audit fees	66.7	63.5	28.9	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	71.7	68.5	33.9	32.0
Non-audit fees				
- Tax return preparation	18.0	17.0	4.0	4.0

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 49 to 53 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 2023, the Board has:

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

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

This statement has been approved by the Board of Matang on 12 October 2023.

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 2023.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities.

The principal activities of the subsidiaries are primarily involved in investment holding, property investment holding, management of plantation estate and sales of fresh fruit bunch as disclosed in Note 8 to the financial statements.

There have been no significant changes in the nature of the activities of the Group and Company during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	2,626,846	7,590,569
Profit attributable to owners of the parent	2,626,846	7,590,569

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 2022:	
Final and single tier dividend of 0.22 sen per share, paid on 9 January 2023	5,256,240

At the forthcoming Annual General Meeting, a first and final single tier dividend of 0.16 sen per ordinary share in respect of the current financial year will be proposed for shareholders' approval.

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 2024.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from 2,172,000,256 to 2,389,200,276 by way of issuance of 217,200,020 new ordinary shares of RM0.0971 each for cash.

The newly issued shares rank pari passu in all respects with the existing shares of the Company.

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

DIRECTORS' REPORT

cont'd

DIRECTORS

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

Matang Berhad

Dato' Foong Chee Meng
 Datuk Ir Low Ah Keong*
 Dato' Ng Keng Heng*
 Datuk Tew Boon Chin
 Datuk Teoh Sew Hock
 Sophia Lim Chia Hui
 Lim Chin Hock (Retired on 23 November 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 2023 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

 Number of ordinary shares			
	Balance as at 1.7.2022	Bought	Sold	Balance as at 30.6.2023
Shares in the Company				
<u>Direct interests:</u>				
Datuk Teoh Sew Hock	10,028,000	-	-	10,028,000
Dato' Ng Keng Heng	9,000	-	-	9,000

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 2023 were as follows:

	Group 2023 RM	Company 2023 RM
Fees	180,000	180,000
Other emoluments	624,459	363,209
	804,459	543,209

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 RM14,089.

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 provision need not be 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 the making of provision for doubtful debts in the financial statements of the Group and of the Company;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

DIRECTORS' REPORT

cont'd

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

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

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

(III) AS AT THE DATE OF THIS REPORT

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD

- (a) On 10 February 2023, the Company announced that it entered into a conditional sales and purchase agreement ("SPA") with Star Media Group Berhad ("Star Media") and SMG Land Sdn. Bhd. ("SMG Land") for the Proposed Acquisition of Property, i.e., two (2) units of double-storey semi-detached factory and warehouse annexed with a one-and-a-half (1½) storey office building and other ancillary buildings to be erected upon part of the land held under Geran 204624, Lot 78658, Mukim Damansara, Daerah Petaling, Negeri Selangor ("Property") for a total purchase consideration of RM33,000,000.00 to be satisfied via the allotment and issuance of 357,000,000 new ordinary shares in the Company to SMG Production & Distribution Sdn. Bhd., a wholly-owned subsidiary of the SMG Land at an issue price of RM0.0809 each and cash payment amounting to approximately RM4,118,700.00. On even date, the Company also announced the proposed diversification of the existing principal activities of the Group to include property investment ("Proposed Diversification"). The Proposed Acquisition of Property and the Proposed Diversification shall be herein referred to as "Proposal".

On 31 May 2023, the Company announced that it has secured the approvals of its shareholders for the Proposal. However, the Company received a request from Star Media on 14 July 2023 to mutually terminate the SPA as Star Media was not able to secure its shareholders' approval at its Extraordinary General Meeting on 31 May 2023 for the proposed disposal of the Property to the Company and they do not foresee their ability to have the same resolution passed. On 17 July 2023, the Company had written to Star Media to state its agreement to mutually terminate the SPA with effect from 17 July 2023, the announcement of which has been made on even date.

- (b) On 2 May 2023, the Company announced that it had on 2 May 2023 entered into a conditional share sales agreement ("SSA") with Tan Chor Wee, Teyu Soo Moi, Lim Pon Chuan, Bu Yau Hoi, Tan Yu Kung, Tan Yue Teck, Tan Yew Hock, Tan Yu Chuan, Tew Han Kiong and Ngah Seng Moe (collectively referred to as the "Sellers") for the proposed acquisition of 2,500,000 Greencode Farm Sdn. Bhd. ("GFSB") Shares, representing 100% equity interest in GFSB for a purchase consideration of RM30,566,196.61 ("Purchase Consideration") to be satisfied entirely via cash ("Purchase Acquisition of GFSB").

On 25 July 2023, the Company announced that all the conditions precedent under the SSA have been fulfilled, and with the full settlement of the Purchase Consideration in accordance with the terms of the SSA, the completion of the Proposed Acquisition of GFSB has taken place on 25 July 2023.

DIRECTORS' REPORT

cont'd

AUDITORS

The auditors, BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206), have expressed their willingness to continue in office.

AUDITORS' REMUNERATION

Auditors' remuneration of the Group and the Company for the financial year ended 30 June 2023 were as follows:

	Group RM	Company RM
Statutory audit	66,700	28,900
Other services	5,000	5,000
	71,700	33,900

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

Datuk Ir Low Ah Keong
Director

Kuala Lumpur
12 October 2023

Dato' Ng Keng Heng
Director

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements as set out on pages 67 to 104 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 2023 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 2023

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 67 to 104 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 2023)

Tan Theng Hwee

Before me:
MARDHIYYAH ABDUL WAHAD (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 2023 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 67 to 104.

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 2023, 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 financial 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 RM10.45 million as at the end of the 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.

INDEPEDENT 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.

INDEPEDENT 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 2023

Ho Kok Khiaw

03412/02/2025 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	133,184,033	132,196,017	334,551	124,377
Right-of-use asset	5	735,960	464,057	735,960	464,057
Investment properties	6	10,450,000	11,000,000	-	-
Other investments	7	175,130	171,965	-	-
Investments in subsidiaries	8	-	-	177,549,635	177,549,635
Inventories	9	1,099,868	1,090,540	-	-
Deferred tax assets	15	151,003	-	151,003	-
		145,795,994	144,922,579	178,771,149	178,138,069
Current assets					
Inventories	9	134,628	230,597	-	-
Biological assets	10	462,368	943,486	-	-
Trade and other receivables	11	4,118,861	2,122,332	3,598,188	187,251
Current tax assets		935,920	291,210	-	-
Cash, bank balances and short term funds	12	100,411,387	85,080,970	67,783,646	47,996,921
		106,063,164	88,668,595	71,381,834	48,184,172
TOTAL ASSETS		251,859,158	233,591,174	250,152,983	226,322,241
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	13	245,070,549	223,980,427	245,070,549	223,980,427
Reserves	14	1,731,918	4,358,147	3,399,797	1,065,468
TOTAL EQUITY		246,802,467	228,338,574	248,470,346	225,045,895
LIABILITIES					
Non-current liabilities					
Lease liability	5	619,056	365,250	619,056	365,250
Deferred tax liabilities	15	1,680,780	2,027,697	-	3,108
		2,299,836	2,392,947	619,056	368,358
Current liabilities					
Trade and other payables	16	2,599,213	2,199,255	905,939	712,140
Lease liability	5	118,487	119,126	118,487	119,126
Current tax liabilities		39,155	541,272	39,155	76,722
		2,756,855	2,859,653	1,063,581	907,988
TOTAL LIABILITIES		5,056,691	5,252,600	1,682,637	1,276,346
TOTAL EQUITY AND LIABILITIES		251,859,158	233,591,174	250,152,983	226,322,241

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 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Revenue	17	14,327,110	17,625,245	9,094,802	6,638,425
Cost of sales		(6,085,501)	(4,361,041)	-	-
Gross profit		8,241,609	13,264,204	9,094,802	6,638,425
Other income		4,095,743	2,870,844	2,206,232	962,158
Net gain/(loss) on impairment of financial instruments	11(h)	105,095	(83,367)	-	-
Administration expenses		(8,519,637)	(7,315,971)	(2,865,909)	(1,965,195)
Other expenses		(548,813)	(98,853)	(541,797)	(17,414)
Finance cost		(17,922)	(21,949)	(17,922)	(14,114)
Profit before tax	18	3,356,075	8,614,908	7,875,406	5,603,860
Tax expense	19	(729,229)	(2,925,587)	(284,837)	(206,799)
Profit for the financial year		2,626,846	5,689,321	7,590,569	5,397,061
Other comprehensive income, net of tax					
Item that will not be reclassified subsequently to profit or loss					
Fair value gain on equity investments at fair value through other comprehensive income	7	3,165	17,935	-	-
Total other comprehensive income, net of tax		3,165	17,935	-	-
Total comprehensive income		2,630,011	5,707,256	7,590,569	5,397,061
Profit attributable to owners of the parent		2,626,846	5,689,321	7,590,569	5,397,061
Total comprehensive income attributable to owners of the parent		2,630,011	5,707,256	7,590,569	5,397,061
Earnings per share attributable to ordinary equity holders of the Company (sen):					
- Basic	22	0.11	0.26		
- Diluted	22	0.11	0.26		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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 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
Balance as at 1 July 2022		223,980,427	47,390	(108,000,004)	112,310,761	228,338,574
Profit for the financial year		-	-	-	2,626,846	2,626,846
Other comprehensive income, net of tax		-	3,165	-	-	3,165
Total comprehensive income		-	3,165	-	2,626,846	2,630,011
Transactions with owners						
Issuance of ordinary shares	13	21,090,122	-	-	-	21,090,122
Dividend paid	23	-	-	-	(5,256,240)	(5,256,240)
Total transactions with owners		21,090,122	-	-	(5,256,240)	15,833,882
Balance as at 30 June 2023		245,070,549	50,555	(108,000,004)	109,681,367	246,802,467

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

cont'd

	Note	Non- distributable Share capital RM	Retained earnings RM	Total equity RM
Company				
Balance as at 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 2022/1 July 2022		223,980,427	1,065,468	225,045,895
Profit for the financial year		-	7,590,569	7,590,569
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	7,590,569	7,590,569
Transactions with owners				
Issuance of ordinary shares	13	21,090,122	-	21,090,122
Dividend paid	23	-	(5,256,240)	(5,256,240)
Total transactions with owners		21,090,122	(5,256,240)	15,833,882
Balance as at 30 June 2023		245,070,549	3,399,797	248,470,346

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		3,356,075	8,614,908	7,875,406	5,603,860
Adjustments for:					
Depreciation of property, plant and equipment	4	1,990,696	2,363,719	37,926	13,855
Depreciation of right-of-use asset	5	121,909	121,058	121,909	80,706
Fair value adjustments of:					
- investment properties	6	877,600	700,000	-	-
- biological assets	10	481,118	(371,773)	-	-
Gain on:					
- disposal of property, plant and equipment	18	(36,377)	-	(36,289)	-
- lease modification	5(c)	(22,269)	-	(22,269)	-
(Reversal of impairment loss) /Impairment loss on other receivables	11(h)	(105,095)	83,367	-	-
Interest expense	5(c)	17,922	21,949	17,922	14,114
Interest income	18	(2,795,062)	(1,570,173)	(1,950,451)	(961,758)
Dividend income from a subsidiary		-	-	(7,772,978)	(6,000,000)
Operating profit/(loss) before working capital changes		3,886,517	9,963,055	(1,728,824)	(1,249,223)
Changes in working capital:					
Inventories		86,641	(132,258)	-	-
Trade and other receivables		(2,191,792)	(174,708)	(3,401,608)	(2,401)
Trade and other payables		399,958	323,548	196,776	272,108
Cash generated from/(used in) operations		2,181,324	9,979,637	(4,933,656)	(979,516)
Tax paid		(2,373,976)	(2,698,301)	(476,515)	(136,743)
Tax refunded		-	92,642	-	-
Net cash (used in)/from operating activities		(192,652)	7,373,978	(5,410,171)	(1,116,259)

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

cont'd

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Advances to a subsidiary		-	-	(31,264)	(6,907)
Withdrawal of deposits pledged with a licensed bank		-	35,633	-	-
Withdrawals of deposits with licensed banks more than three (3) months		16,639,154	4,984,768	15,045,987	4,748,388
Interest received		2,809,820	1,573,549	1,969,409	968,318
Dividend received from a subsidiary		-	-	7,772,978	6,000,000
Additions to investment properties	6(c)	(42,000)	-	-	-
Purchase of property, plant and equipment	4	(3,003,005)	(2,406,737)	(271,611)	(20,530)
Proceeds from disposal of property, plant and equipment		60,670	-	59,800	-
Net cash from investing activities		16,464,639	4,187,213	24,545,299	11,689,269
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid	23	(5,256,240)	(4,344,000)	(5,256,240)	(4,344,000)
Payments of lease liability		(136,298)	(136,299)	(136,298)	(90,866)
Proceeds from issuance of ordinary shares	13	21,090,122	-	21,090,122	-
Net cash from/(used in) financing activities		15,697,584	(4,480,299)	15,697,584	(4,434,866)
Net increase in cash and cash equivalents		31,969,571	7,080,892	34,832,712	6,138,144
Cash and cash equivalents at beginning of financial year		62,573,738	55,492,846	32,695,309	26,557,165
Cash and cash equivalents at end of financial year	12(f)	94,543,309	62,573,738	67,528,021	32,695,309

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023
cont'd

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Lease liability (Note 5)	Group RM	Company RM
At 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 2022/1 July 2022	484,376	484,376
Cash flows	(136,298)	(136,298)
Non-cash flows		
- Unwinding of interest	17,922	17,922
- Lease reassessment and modification	371,543	371,543
At 30 June 2023	737,543	737,543

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

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 2023.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities.

The principal activities of the subsidiaries are primarily involved in investment holding, property investment holding, management of plantation estate and sales of fresh fruit bunch as disclosed in Note 8 to the financial statements.

There have been no significant changes in the nature of the activities of the Group and Company 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 28.1 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 2023

cont'd

4. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.7.2022	Additions	Disposals	Balance as at 30.6.2023
2023	RM	RM	RM	RM
Cost				
Freehold estate land	107,787,217	-	-	107,787,217
Bearer plants	43,425,487	2,322,667	-	45,748,154
Plant and equipment	2,685,107	365,382	(795)	3,049,694
Motor vehicles	2,323,647	314,956	(137,402)	2,501,201
	156,221,458	3,003,005	(138,197)	159,086,266

Group	Balance as at 1.7.2022	Depreciation charges for the financial year	Disposals	Balance as at 30.6.2023
2023	RM	RM	RM	RM
Accumulated depreciation				
Bearer plants	20,243,728	1,750,005	-	21,993,733
Plant and equipment	2,012,549	88,388	(13)	2,100,924
Motor vehicles	1,769,164	152,303	(113,891)	1,807,576
	24,025,441	1,990,696	(113,904)	25,902,233

Group	Balance as at 1.7.2021	Additions	Balance as at 30.6.2022
2022	RM	RM	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

Group	Balance as at 1.7.2021	Depreciation charges for the financial year	Balance as at 30.6.2022
2022	RM	RM	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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

cont'd

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

Company	Balance as at 1.7.2022 RM	Additions RM	Disposal RM	Balance as at 30.6.2023 RM
2023				
Cost				
Plant and equipment	358,449	89,709	-	448,158
Motor vehicles	137,402	181,902	(137,402)	181,902
	495,851	271,611	(137,402)	630,060
	Balance as at 1.7.2022 RM	Depreciation charges for the financial year RM	Disposal RM	Balance as at 30.6.2023 RM
Accumulated depreciation				
Plant and equipment	261,858	21,524	-	283,382
Motor vehicles	109,616	16,402	(113,891)	12,127
	371,474	37,926	(113,891)	295,509
Company	Balance as at 1.7.2021 RM	Additions RM	Control transferred in* RM	Balance as at 30.6.2022 RM
2022				
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.*

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

cont'd

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Carrying amount				
Freehold estate land	107,787,217	107,787,217	-	-
Bearer plants	23,754,421	23,181,759	-	-
Plant and equipment	948,770	672,558	164,776	96,591
Motor vehicles	693,625	554,483	169,775	27,786
	133,184,033	132,196,017	334,551	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).

(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 mature and immature plantations are as follows:

	Group	
	2023 RM	2022 RM
Carrying amount		
Oil palm plantation:		
- Mature	18,401,482	18,726,379
- Immature	-	1,425,105
	18,401,482	20,151,484
Durian:		
- Immature	5,352,939	3,030,275
	23,754,421	23,181,759

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

cont'd

5. LEASES

The Group and the Company as lessee

Right-of-use asset

2023	Balance as at 1.7.2022	Reassessment and modification	Depreciation	Balance as at 30.6.2023
Group	RM	RM	RM	RM

Carrying amount

Premise	464,057	393,812	(121,909)	735,960
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2022	Balance as at 1.7.2021	Depreciation	Balance as at 30.6.2022
Group	RM	RM	RM

Carrying amount

Premise	585,115	(121,058)	464,057
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Lease liability

2023	Balance as at 1.7.2022	Reassessment and modification	Lease payments	Interest expense	Balance as at 30.6.2023
Group	RM	RM	RM	RM	RM

Carrying amount

Premise	484,376	371,543	(136,298)	17,922	737,543
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2022	Balance as at 1.7.2021	Lease payments	Interest expense	Balance as at 30.6.2022
Group	RM	RM	RM	RM

Carrying amount

Premise	598,726	(136,299)	21,949	484,376
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Right-of-use asset

2023	Balance as at 1.7.2022	Reassessment and modification	Depreciation	Balance as at 30.6.2023
Company	RM	RM	RM	RM

Carrying amount

Premise	464,057	393,812	(121,909)	735,960
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NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

cont'd

5. LEASES *cont'd*

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

Right-of-use asset *cont'd*

2022 Company	Balance as at 1.7.2021 RM	Additions RM	Depreciation RM	Balance as at 30.6.2022 RM
Carrying amount				
Premise	-	544,763	(80,706)	464,057

Lease liability

2023 Company	Balance as at 1.7.2022 RM	Reassessment and modification RM	Lease payments RM	Interest expense RM	Balance as at 30.6.2023 RM
Carrying amount					
Premise	484,376	371,543	(136,298)	17,922	737,543

2022 Company	Balance as at 1.7.2021 RM	Additions RM	Lease payments RM	Interest expense RM	Balance as at 30.6.2022 RM
Carrying amount					
Premise	-	561,128	(90,866)	14,114	484,376

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM

Represented by:

Current liability	118,487	119,126	118,487	119,126
Non-current liability	619,056	365,250	619,056	365,250
	737,543	484,376	737,543	484,376
Lease liability owing to a non-financial institution	737,543	484,376	737,543	484,376

(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:

Premise 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 apply the "lease of low-value asset" exemptions for this lease.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

cont'd

5. LEASES *cont'd*

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

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Depreciation charge of right-of-use asset (included in administration expenses)	121,909	121,058	121,909	80,706
Interest expense on lease liability (included in finance costs)	17,922	21,949	17,922	14,114
Expense relating to leases of low-value assets (included in administration expenses)	7,268	5,039	4,748	1,603
Gain on lease modification (included in other income)	(22,269)	-	(22,269)	-
	124,830	148,046	122,310	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	
	2023 RM	2022 RM	2023 RM	2022 RM
Included in net cash from/(used in) operating activities:				
Payment relating to low-value assets	7,268	5,039	4,748	1,603
Included in net cash from/(used in) financing activities:				
Payment of lease liabilities	136,298	136,299	136,298	90,866
	143,566	141,338	141,046	92,469

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

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:

Group and Company	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
2023						
Lease liability						
Fixed rate	2.65	737,543	118,487	246,594	260,000	112,462
2022						
Lease liability						
Fixed rate	4.10	484,376	119,126	253,393	111,857	-

- (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:

Group and Company	On demand or within 1 year RM	Within 1 to 5 years RM	Over 5 years RM	Total RM
30 June 2023				
Lease liability	136,298	545,194	113,582	795,074
30 June 2022				
Lease liability	136,298	386,179	-	522,477

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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

cont'd

5. LEASES *cont'd*

The Group as lessor *cont'd*

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

	Group	
	2023 RM	2022 RM
Less than one (1) year	662,135	527,222
Within one (1) to two (2) years	271,226	300,396
Within two (2) to three (3) years	158,169	17,850
	1,091,530	845,468

6. INVESTMENT PROPERTIES

Group	Balance as at 1.7.2022 RM	Additions RM	Fair value adjustment RM	Balance as at 30.6.2023 RM
2023				
Leasehold land and buildings	11,000,000	327,600	(877,600)	10,450,000
2022				
	Balance as at 1.7.2021 RM	Additions RM	Fair value adjustment RM	Balance as at 30.6.2022 RM
Leasehold land and buildings	11,700,000	-	(700,000)	11,000,000

- (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) During the financial year, the Group made the following cash payments for additions to investment properties.

	Group 2023 RM
Additions to investment properties	327,600
Included in prepayments for additions to investment properties in financial year 2022	(285,600)
Cash payments on additions to investment properties	42,000

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

cont'd

6. INVESTMENT PROPERTIES *cont'd*

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

	Group	
	2023	2022
	RM	RM
Direct operating expenses	762,579	506,271

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

	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
2023				
Leasehold land and buildings	-	-	10,450,000	10,450,000
2022				
Leasehold land and buildings	-	-	11,000,000	11,000,000

- (i) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 30 June 2023 and 30 June 2022.
- (ii) Leasehold land and buildings at Level 3 fair value measurements are based primarily on valuation reports by professional valuers. In relying on the valuation reports, the Directors have exercised its judgement and is satisfied that the valuation methods and estimates reflect the current market conditions.

Fair value information

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

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
<p>In arriving at the fair value, the land and the building of a property are valued separately.</p> <p>The value of the land is derived based on comparison method where it analyses recent transactions and asking price of similar properties based on location, plot size, accessibility and other relevant factors.</p> <p>The value of the buildings are derived based on the summation of the replacement costs of the buildings. The replacement costs of buildings are determined based on current estimates of reconstruction cost less depreciation or replacement cost less depreciation, obsolescence and existing physical condition of the buildings.</p>	<ul style="list-style-type: none"> • Land value at RM25 per sq. ft. (2022: RM24 per sq. ft.). • Site improvement at RM1.50 per sq. ft. (2022: RM1.50 per sq. ft.). • Main floor area cost ranging from RM60 per sq. ft. to RM150 per sq. ft. (2022: RM60 per sq. ft. to RM150 per sq. ft.). • Depreciation rates ranging from 42% to 78% (2022: 39% to 77%). 	<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).

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

cont'd

7. OTHER INVESTMENTS

	Group	
	2023	2022
	RM	RM
Fair value through other comprehensive income		
Quoted shares in Malaysia		
At beginning of financial year	171,965	154,030
Fair value change	3,165	17,935
At end of financial year	175,130	171,965

- (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	
	2023	2022
	RM	RM
Fair value reserve		
- increase by 5% (2022: 5%)	8,757	8,598
- decrease by 5% (2022: 5%)	(8,757)	(8,598)

- (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	
	2023	2022
	RM	RM
At cost		
Unquoted shares - at cost	177,549,635	177,549,635

- (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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

cont'd

8. INVESTMENTS IN SUBSIDIARIES *cont'd*

(b) 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		
		2023	2022	2023	2022	
		%	%	%	%	
*Matang Holdings Berhad ("MHB")	Malaysia	100	100	-	-	Engaged in investment holding
Subsidiary of Matang Holdings Berhad						
*Matang Agriculture and Plantation (Segamat) Sdn. Bhd. ("MAPSB")	Malaysia	-	-	100	100	Engaged in property investment holding, management of plantation estate and sales of fresh fruit bunch.

* Both audited by BDO PLT, Malaysia.

(c) 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.

9. INVENTORIES

	Note	Group	
		2023	2022
		RM	RM
Non-current			
Land held for property development	(a)	1,090,540	1,090,540
Additions		9,328	-
		1,099,868	1,090,540
Current			
At cost			
Estate consumables		105,415	182,530
Nursery		29,213	48,067
		134,628	230,597

(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.

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9. INVENTORIES *cont'd*

- (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 nursery 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 RM2,131,649 (2022: RM1,164,565).

10. BIOLOGICAL ASSETS

	Group	
	2023 RM	2022 RM
At fair value		
Balance as at 1 July 2022/2021	943,486	571,713
Fair value (loss)/gain	(481,118)	371,773
Balance as at 30 June 2023/2022	462,368	943,486

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2023				
Biological assets	-	-	462,368	462,368
2022				
Biological assets	-	-	943,486	943,486

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 30 June 2023 and 30 June 2022.

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11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade receivables				
Third parties	348,512	1,190,663	-	-
Other receivables and deposits				
Other receivables	389,073	546,495	281,485	88,130
Less: Impairment losses	-	(105,095)	-	-
	389,073	441,400	281,485	88,130
Amount owing by a subsidiary	-	-	40,194	11,907
Deposits	3,201,399	150,579	3,105,186	49,566
	3,590,472	591,979	3,426,865	149,603
Total receivables, net of prepayments	3,938,984	1,782,642	3,426,865	149,603
Prepayments	179,877	339,690	171,323	37,648
	4,118,861	2,122,332	3,598,188	187,251

- (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 (2022: 14 to 30 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (c) Amount owing by a subsidiary is unsecured, interest free and repayable in cash and cash equivalents within next twelve (12) months.
- (d) All trade and other receivables are denominated in Ringgit Malaysia ('RM').
- (e) Impairment for trade receivables are recognised based on the simplified approach using the lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk. Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach within MFRS 9 using the lifetime expected credit losses. The Group considers credit loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

It requires management to exercise judgement in determining the probability of default by trade receivables and appropriate forward-looking information. No expected credit loss is recognised from trade receivables as it is negligible.

NOTES TO THE FINANCIAL STATEMENTS

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11. TRADE AND OTHER RECEIVABLES *cont'd*

- (f) Impairment for other receivables and amount owing by a subsidiary are recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. At the end of the reporting period, the Group assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk for default occurring over the expected life with the risk of default since initial recognition. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the end of the reporting period. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

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.

- (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
2023			
Current	348,512	-	348,512
More than 30 days past due	-	-	-
	348,512	-	348,512
2022			
Current	900,711	-	900,711
More than 30 days past due	289,952	-	289,952
	1,190,663	-	1,190,663

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11. TRADE AND OTHER RECEIVABLES *cont'd*

(g) *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	
	2023 RM	2022 RM
Maximum exposure	348,512	1,190,663
Collateral obtained	-	-
	348,512	1,190,663

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 - credit impaired RM	Total RM
2023			
At 1 July	-	105,095	105,095
Reversal for the financial year	-	(105,095)	(105,095)
At 30 June	-	-	-
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

(i) Included in deposits is an amount of RM3,056,620 (2022: Nil) representing deposit paid in relation to the acquisition of Greencode Farm Sdn. Bhd. as disclosed in Note 27(b) to the financial statements.

12. CASH, BANK BALANCES AND SHORT TERM FUNDS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances	29,222,001	1,858,896	28,437,137	191,283
Deposits with licensed banks	47,560,480	60,479,490	34,682,918	43,318,709
Short term funds	23,628,906	22,742,584	4,663,591	4,486,929
	100,411,387	85,080,970	67,783,646	47,996,921

NOTES TO THE FINANCIAL STATEMENTS

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

- (a) Deposits with licensed banks of the Group and the Company have a range of maturity period of 1 month to 1 year (2022: 1 month to 1 year); with weighted average effective interest rate of 3.57% (2022: 2.16%) and 3.62% (2022: 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	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit after tax				
- if interest rate increases by 1% (2022: 1%)	597,749	687,070	310,226	374,091
- if interest rate decreases by 1% (2022: 1%)	(597,749)	(687,070)	(310,226)	(374,091)

- (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 quarter.
- (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	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash, bank balances and short term funds	100,411,387	85,080,970	67,783,646	47,996,921
Less:				
Deposits placed with licensed banks more than three (3) months	(5,868,078)	(22,507,232)	(255,625)	(15,301,612)
	94,543,309	62,573,738	67,528,021	32,695,309

NOTES TO THE FINANCIAL STATEMENTS

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13. SHARE CAPITAL

	Group and Company			
	2023		2022	
	Number of shares	RM	Number of shares	RM
Issued and fully paid:				
At beginning of financial year	2,172,000,256	223,980,427	2,172,000,256	223,980,427
Issuance of ordinary shares	217,200,020	21,090,122	-	-
At end of financial year	2,389,200,276	245,070,549	2,172,000,256	223,980,427

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from 2,172,000,256 to 2,389,200,276 by way of issuance of 217,200,020 new ordinary shares of RM0.0971 each 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	
	2023	2022	2023	2022
	RM	RM	RM	RM
Non-distributable:				
Fair value reserve	50,555	47,390	-	-
Merger reserve	(108,000,004)	(108,000,004)	-	-
	(107,949,449)	(107,952,614)	-	-
Distributable:				
Retained earnings	109,681,367	112,310,761	3,399,797	1,065,468
	1,731,918	4,358,147	3,399,797	1,065,468

(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 ASSETS/(LIABILITIES)

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Balance as at 1 July	(2,027,697)	(1,587,985)	(3,108)	-
Recognised in profit or loss (Note 19)				
- current year	(178,094)	(419,593)	32,473	(3,108)
- prior years	676,014	(20,119)	121,638	-
	497,920	(439,712)	154,111	(3,108)
Balance as at 30 June	(1,529,777)	(2,027,697)	151,003	(3,108)
Presented after appropriate offsetting:				
Deferred tax assets, net*	151,003	-	151,003	-
Deferred tax liabilities, net*	(1,680,780)	(2,027,697)	-	(3,108)
	(1,529,777)	(2,027,697)	151,003	(3,108)

The amounts of set-off between deferred tax assets and deferred tax liabilities of the Group and of the Company were RM44,470 (2022: Nil) and RM16,556 (2022: RM4,877) respectively.

- (b) The components and movements of deferred tax assets and 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 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 July 2022	(1,947,914)	(79,783)	(2,027,697)
Recognised in profit or loss	206,108	140,809	346,917
At 30 June 2023	(1,741,806)	61,026	(1,680,780)

NOTES TO THE FINANCIAL STATEMENTS

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15. DEFERRED TAX ASSETS/(LIABILITIES) *cont'd*

- (b) The components and movements of deferred tax assets and liabilities during the financial year are as follows: *cont'd*

Deferred tax assets of the Group

	Property, plant and equipment RM	Other temporary differences RM	Total RM
At 30 June 2022/ 1 July 2022	-	-	-
Recognised in profit or loss	(16,556)	167,559	151,003
At 30 June 2023	(16,556)	167,559	151,003

Deferred tax assets/(liabilities) of the Company

	Property, plant and equipment RM	Other temporary differences RM	Total RM
At 1 July 2021	-	-	-
Recognised in profit or loss	(7,985)	4,877	(3,108)
At 30 June 2022/ 1 July 2022	(7,985)	4,877	(3,108)
Recognised in profit or loss	(8,571)	162,682	154,111
At 30 June 2023	(16,556)	167,559	151,003

16. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade payables				
Third parties	521,357	760,567	-	-
Other payables				
Other payables and accruals	1,850,764	1,229,978	903,916	707,140
Amount owing to a subsidiary	-	-	2,023	5,000
Deposits received	227,092	208,710	-	-
	2,077,856	1,438,688	905,939	712,140
	2,599,213	2,199,255	905,939	712,140

- (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 (2022: 30 to 90 days).

- (b) All trade and other payables are denominated in Ringgit Malaysia ('RM').

NOTES TO THE FINANCIAL STATEMENTS

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16. TRADE AND OTHER PAYABLES *cont'd*

- (c) Amount owing to a 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	
	2023	2022	2023	2022
	RM	RM	RM	RM
Revenue from contracts with customers				
Sale of palm products	14,327,110	17,625,245	-	-
Other revenue:				
- Dividend income	-	-	7,772,978	6,000,000
- Management service and support charges	-	-	1,321,824	638,425
	14,327,110	17,625,245	9,094,802	6,638,425

- (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

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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	
		2023 RM	2022 RM	2023 RM	2022 RM
After charging:					
Auditors' remuneration					
- statutory audit		66,700	63,500	28,900	27,000
- other audit related services		5,000	5,000	5,000	5,000
Rental of photocopiers		7,268	5,039	4,748	1,603
And crediting:					
Gain on disposal of property, plant and equipment		36,377	-	36,289	-
Interest income	(a)	2,795,062	1,570,173	1,950,451	961,758
Rental income	(b)	741,408	802,249	-	-

(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	
	2023 RM	2022 RM	2023 RM	2022 RM
Fees	180,000	230,000	180,000	230,000
Other emoluments	624,459	547,087	363,209	348,842
	804,459	777,087	543,209	578,824

NOTES TO THE FINANCIAL STATEMENTS

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19. TAX EXPENSE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Income tax				
- current year	1,265,757	2,541,087	440,800	203,097
- (over)/under provision in prior years	(38,608)	(55,212)	(1,852)	594
	1,227,149	2,485,875	438,948	203,691
Deferred tax (Note 15)				
- relating to origination and reversal of temporary differences	178,094	419,593	(32,473)	3,108
- (over)/under provision in prior years	(676,014)	20,119	(121,638)	-
	(497,920)	439,712	(154,111)	3,108
	729,229	2,925,587	284,837	206,799

- (a) The Malaysian income tax is calculated at the statutory tax rate of twenty-four percent (24%) (2022: 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	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit before tax	3,356,075	8,614,908	7,875,406	5,603,860
Tax expense at applicable tax of 24% (2022: 24%)	805,458	2,067,578	1,890,097	1,344,926
Non-allowable expenses	1,241,219	1,061,579	425,175	307,992
Allowable expenses capitalised in bearer plants	(367,726)	(1,819)	-	-
Non-taxable income	(235,100)	(166,658)	(1,906,945)	(1,446,713)
	1,443,851	2,960,680	408,327	206,205
(Over)/Under provision in prior years				
- income tax	(38,608)	(55,212)	(1,852)	594
- deferred tax	(676,014)	20,119	(121,638)	-
	729,229	2,925,587	284,837	206,799

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

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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
2023			
Item that will not be reclassified subsequently to profit or loss			
Fair value gain on equity investments at fair value through other comprehensive income	3,165	-	3,165
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

20. COMMITMENTS

(a) Operating lease commitments

The Group and the Company as lessee

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Not later than one (1) year	5,730	2,520	4,680	-
Later than one (1) year and not later than five (5) years	14,430	1,050	14,430	-
	20,160	3,570	19,110	-

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20. COMMITMENTS *cont'd*

(b) Capital commitments

	Group	
	2023	2022
	RM	RM
Authorised capital expenditure not provided for in the financial statements		
- contracted	1,946,300	3,433,576
Analysed as follows:		
- Property, plant and equipment	1,946,300	3,433,576

21. EMPLOYEE BENEFITS

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

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Salaries, allowances and overtime	2,397,622	1,690,797	1,452,678	741,455
Contributions to defined contribution plan	403,699	287,001	216,886	110,934
Other employee benefits	449,909	255,592	42,784	22,196
	3,251,230	2,233,390	1,712,348	874,585

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	
	2023	2022
Profit attributable to owners of the parent (RM)	2,626,846	5,689,321
Weighted average number of ordinary shares in issue (unit)	2,385,629,865	2,172,000,256
Basic EPS (sen)	0.11	0.26

(b) Diluted EPS of the Group for the financial years ended 30 June 2023 and 30 June 2022 is equivalent to the basic EPS as there are no potential ordinary shares outstanding as at the end of each reporting period.

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23. DIVIDENDS

	Group and Company			
	2023		2022	
	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 2022				
- Final cash dividend	0.22	5,256,240	-	-
In respect of financial year ended 30 June 2021				
- Final cash dividend	-	-	0.20	4,344,000
	0.22	5,256,240	0.20	4,344,000

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.

As approved by shareholders at an Annual General Meeting held on 23 November 2022, a first and final single tier dividend of 0.22 sen per share, amounting to RM5,256,240 in respect of financial year ended 30 June 2022 was paid on 9 January 2023.

24. 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 2023 and 2022. 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.

25. 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 relationship with the following parties:

Related parties	Relationship
Huaren Resources Sdn. Bhd. ("Huaren")	Related party
Hua Kee Local Food Sdn. Bhd. ("Hua Kee")	Related party

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25. RELATED PARTY DISCLOSURES *cont'd*

(b) Significant related party transactions and balances

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Related parties:				
Rental of office charged by Huaren	136,298	136,299	136,298	90,866
Maintenance fees charged by Hua Kee	25,636	-	25,636	-
Subsidiaries:				
Dividend income	-	-	(7,772,978)	(6,000,000)
Management services and support income	-	-	(1,321,824)	(638,425)

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	
	2023 RM	2022 RM	2023 RM	2022 RM
Fees	180,000	230,000	180,000	230,000
Other emoluments	624,459	547,087	363,209	348,824
Total key management compensation	804,459	777,087	543,209	578,824

26. 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 2022.

The Group manages its capital structure and make 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 2023 and 30 June 2022.

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cont'd

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

(a) Capital management *cont'd*

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Lease liabilities	737,543	484,376	737,543	484,376
Trade and other payables	2,599,213	2,199,255	905,939	712,140
Total liabilities	3,336,756	2,683,631	1,643,482	1,196,516
Less: Cash and bank balances and short term funds (Note 12)	(100,411,387)	(85,080,970)	(67,783,646)	(47,996,921)
Net cash	(97,074,631)	(82,397,339)	(66,140,164)	(46,800,405)
Total capital	246,802,467	228,338,574	248,470,346	225,045,895
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 2023.

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

(b) Financial risk management

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

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

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

(i) Credit risk

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

cont'd

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

(b) Financial risk management *cont'd*

Information on the management of the related exposures is detailed below: *cont'd*

(ii) Liquidity and cash flow risk

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

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

(iii) Interest rate risk

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

The interest rate profile and sensitivity analysis for interest rate risk have been disclosed in Notes 5 and 12 to the financial statements.

(iv) Market risk

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

The Group is exposed to equity price risks arising from quoted investments held by the Group. Quoted equity instruments in Malaysia are listed on the Bursa Malaysia Securities Berhad and are held for strategic rather than trading purposes. These instruments are classified as financial assets designated at fair value through other comprehensive income.

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

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

The sensitivity analysis of market rate risk has been disclosed in Note 7 to the financial statements.

(v) Price fluctuation risk

Sensitivity analysis for price fluctuation risk

The Group's exposure to price volatility was mainly derived from palm products. If the price of palm products change by 10%, profit for the Group would have equally increased or decreased by approximately RM1,124,000 (2022: RM1,411,224).

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

cont'd

27. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD

- (a) On 10 February 2023, the Company announced that it entered into a conditional sales and purchase agreement ("SPA") with Star Media Group Berhad ("Star Media") and SMG Land Sdn. Bhd. ("SMG Land") for the Proposed Acquisition of Property, i.e., two (2) units of double-storey semi-detached factory and warehouse annexed with a one-and-a-half (1½) storey office building and other ancillary buildings to be erected upon part of the land held under Geran 204624, Lot 78658, Mukim Damansara, Daerah Petaling, Negeri Selangor ("Property") for a total purchase consideration of RM33,000,000.00 to be satisfied via the allotment and issuance of 357,000,000 new ordinary shares in the Company to SMG Production & Distribution Sdn. Bhd., a wholly-owned subsidiary of the SMG Land at an issue price of RM0.0809 each and cash payment amounting to approximately RM4,118,700.00. On even date, the Company also announced the proposed diversification of the existing principal activities of the Group to include property investment ("Proposed Diversification"). The Proposed Acquisition of Property and the Proposed Diversification shall be herein referred to as "Proposal".

On 31 May 2023, the Company announced that it has secured the approvals of its shareholders for the Proposal. However, the Company received a request from Star Media on 14 July 2023 to mutually terminate the SPA as Star Media was not able to secure its shareholders' approval at its Extraordinary General Meeting on 31 May 2023 for the proposed disposal of the Property to the Company and they do not foresee their ability to have the same resolution passed. On 17 July 2023, the Company had written to Star Media to state its agreement to mutually terminate the SPA with effect from 17 July 2023, the announcement of which has been made on even date.

- (b) On 2 May 2023, the Company announced that it had on 2 May 2023 entered into a conditional share sales agreement ("SSA") with Tan Chor Wee, Teyu Soo Moi, Lim Pon Chuan, Bu Yau Hoi, Tan Yu Kung, Tan Yue Teck, Tan Yew Hock, Tan Yu Chuan, Tew Han Kiong and Ngah Seng Moe (collectively referred to as the "Sellers") for the proposed acquisition of 2,500,000 Greencode Farm Sdn. Bhd. ("GFSB") Shares, representing 100% equity interest in GFSB for a purchase consideration of RM30,566,196.61 ("Purchase Consideration") to be satisfied entirely via cash ("Purchase Acquisition of GFSB").

On 25 July 2023, the Company announced that all the conditions precedent under the SSA have been fulfilled, and with the full settlement of the Purchase Consideration in accordance with the terms of the SSA, the completion of the Proposed Acquisition of GFSB has taken place on 25 July 2023.

28. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

28.1 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
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

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

cont'd

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

28.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2023

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

Title	Effective Date
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendment to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 112 <i>International Tax Reform - Pillar Two Model Rules</i>	See MFRS 112 paragraph 98M (early adopted)
Amendments to MFRS 16 <i>Lease liability in a sale and leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
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, since the effects would only be observable in the future financial years.

ANALYSIS OF SHAREHOLDINGS

AS AT 3 OCTOBER 2023

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	:	12,599

DISTRIBUTION OF SHAREHOLDINGS AT 3 OCTOBER 2023

(as per the Record of Depositors)

Size of holdings	No. of holders	% of holders	No. of shares held	% of issued shares
Less than 100	34	0.27	1,098	*
100 to 1,000	219	1.74	105,931	*
1,001 to 10,000	719	5.71	5,329,778	0.22
10,001 to 100,000	8,699	69.04	366,445,404	15.34
100,001 to less than 5% of issued shares	2,925	23.22	1,237,615,737	51.80
5% and above of issued shares	3	0.02	779,702,328	32.63
Total	12,599	100.00	2,389,200,276	100.00

Notes:

* Less than 0.01%

SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS AS AT 3 OCTOBER 2023

(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	400,852,100	16.78	-	-
Ang Kian You	206,235,800	8.63	-	-
Malaysian Chinese Association	-	-	422,670,200 [^]	17.69 [^]

Notes:

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

ANALYSIS OF SHAREHOLDINGS

AS AT 3 OCTOBER 2023

cont'd

SHAREHOLDINGS OF DIRECTORS AS AT 3 OCTOBER 2023

(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	-	-

Notes:

* Less than 0.01%

LIST OF TOP 30 LARGEST SECURITIES ACCOUNT HOLDERS

(as per the Record of Depositors as at 3 October 2023)

No.	Name	No. of shares	% of shares
1	Huaren Holdings Sdn Bhd	400,852,100	16.78
2	Ang Kian You	206,235,800	8.63
3	Malaysian Trustees Berhad <i>Matang Berhad</i>	172,614,428	7.22
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>	55,940,005	2.34
7	Kong Tiam Ming	34,270,003	1.43
8	Koperasi Jayadiri Malaysia Berhad	23,892,000	1.00
9	Able Perfect Sdn Bhd	20,994,903	0.88
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	0.61
16	Ho Koon Loong	14,480,001	0.61
17	Toh Kie Ho	14,480,001	0.61
18	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB For Unique Bay Sdn Bhd (PB)</i>	10,900,000	0.46

ANALYSIS OF SHAREHOLDINGS

AS AT 3 OCTOBER 2023

cont'd

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

(as per the Record of Depositors as at 3 October 2023)

No.	Name	No. of shares	% of shares
19	CGS-CIMB Nominees (Asing) Sdn Bhd <i>Exempt An For CGS-CIMB Securities (Singapore) Pte. Ltd. (Retail Clients)</i>	10,028,400	0.42
20	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lim Sing Hua</i>	10,000,000	0.42
21	Teoh Sew Hock	10,000,000	0.42
22	RHB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Perumal A/L Manimaran</i>	9,000,000	0.38
23	Yong Chai Ing	8,501,400	0.35
24	Mercsec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Siow Wong Yen @ Siow Kwang Hwa</i>	8,000,000	0.33
25	Hon Yong Lian	6,300,000	0.26
26	Kwang Yeow Heng Realty Development (Malaysia) Sdn Bhd	6,006,000	0.25
27	Er Soon Puay	6,003,600	0.25
28	Chua Chin Hwee	5,364,100	0.22
29	Lim Kew Lin Realty Sdn Bhd	5,040,000	0.21
30	AMSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for TTT Realty Sdn Bhd</i>	5,000,000	0.21
Total		1,305,203,048	54.63

PROPERTIES HELD BY THE GROUP

AS AT 30 JUNE 2023

Properties/location	Registered Proprietor	Description/ Existing Use	Tenure	Land Area	Year of Acquisition/ (Revaluation)	Net Book Value
<u>Mukim Tangkak, Daerah Tangkak, 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	Oil palm plantation	Freehold	Total: 1,094.15 hectares	Acquired: 1983/ Revalued: 2016	RM131,541,638 (out of which RM23,754,421 is net book value for bearer plants)
<u>Mukim Bukit Serampang, Daerah Tangkak, 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 2023
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 Tangkak, State of Johor	Matang Agriculture and Plantation (Segamat) Sdn Bhd	Vacant land	Freehold	0.50 hectares	Acquired: 2001	RM1,099,868
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: 2023	RM10,450,000

NOTICE OF 9TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting ("9th AGM" or "AGM") of the Company will be conducted virtually through live streaming from the broadcast venue at Tricor Business Centre, Manuka 2&3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia ("Broadcast Venue") using the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn Bhd ("TIIH") via TIIH Online website at <https://tiih.online> on **Wednesday, 22 November 2023 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 2023 and the Reports of the Directors and the Auditors thereon.
2. To approve the payment of Directors' Fees of RM193,500.00 in respect of the financial year ended 30 June 2023. **Resolution 1**
3. To approve the payment of Directors' benefits (excluding Directors' Fees) of up to RM239,600.00 for the financial period from 1 January 2024 to 31 December 2024. **Resolution 2**
4. To re-elect the following Directors retiring in accordance with Clause 125 of the Constitution of the Company:-
 - 4.1 Dato' Foong Chee Meng **Resolution 3**
 - 4.2 Dato' Ng Keng Heng **Resolution 4**
5. To re-appoint BDO PLT as the Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

As Special Business

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

6. To approve the payment of the first and final single-tier dividend of 0.16 sen per ordinary share for the financial year ended 30 June 2023. **Resolution 6**
7. **Authority to Allot and Issue Shares Pursuant to Section 75 and 76 of the Companies Act 2016** **Resolution 7**

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016 ("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")."

NOTICE OF 9TH ANNUAL GENERAL MEETING

cont'd

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.

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."

8. **Proposed Authority for Share Buy-Back**

"THAT subject always to the Act, the Constitution of the Company, the Listing Requirements of Bursa Securities and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities pursuant to the Listing Requirements upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

- a. the aggregate number of issued shares in the Company ("Shares") purchased ("Purchased Shares") and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase; and
- b. the maximum fund to be utilised by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase,

("Proposed Share Buy-Back").

Resolution 8

NOTICE OF 9TH ANNUAL GENERAL MEETING

cont'd

AND THAT the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:

- a. the conclusion of the next Annual General Meeting of the Company following at which time the authority shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
- b. the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held; or
- c. revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own Shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

AND THAT the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares until all the Purchased Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force:

- i. To cancel all or part of the Purchased Shares;
- ii. To retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;
- iii. To distribute all or part of the treasury shares as dividends to the shareholders of the Company;
- iv. To resell all or part of the treasury shares;
- v. To transfer all or part of the treasury shares for the purposes of or under the employees' share scheme established by the Company and/or its subsidiaries;
- vi. To transfer all or part of the treasury shares as purchase consideration;
- vii. To sell, transfer or otherwise use the shares for such other purposes as the Minister may by order prescribe; and/or
- viii. To deal with the treasury shares in any other manners as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are authorised to take all such steps as are necessary or expedient, including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties, to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities."

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

NOTICE OF 9TH ANNUAL GENERAL MEETING

cont'd

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT subject to the approval of shareholders at the Ninth Annual General Meeting of the Company, the first and final single-tier dividend of 0.16 sen per ordinary share in respect of the financial year ended 30 June 2023 will be paid to shareholders on 8 January 2024. The entitlement date for the said dividend shall be on 18 December 2023.

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 18 December 2023 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

LAU YEN HOON (SSM PC No. 202008002143) (MAICSA 7061368)
TAN SIEW HONG (SSM PC No. 201908001915) (MAICSA 7066226)
Joint Company Secretaries

Kuala Lumpur
Dated: 24 October 2023

NOTES:

1. *The AGM of the Company will be conducted virtually through live streaming with online remote voting via the RPV facilities provided by TIIH. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Member(s), proxy(ies), attorney(s) or authorised representative(s) **WILL NOT BE ALLOWED** to attend the AGM in person at the Broadcast Venue on the day of the meeting. Members are to attend, speak (including posing questions via real time submission of typed texts) and vote (collectively "participate") remotely at the AGM via the RPV facilities provided by TIIH. A member who has appointed a proxy or attorney or authorised representative to participate in this AGM via the RPV facilities 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.

*For the purpose of determining a member who shall be entitled to attend and vote at the AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company a Record of Depositors as at **15 November 2023** and only a depositor whose name appears in the Record of Depositors shall be entitled to participate at AGM or to appoint proxy(ies) to participate on his/her behalf.*

2. Appointment of Proxy

- *A member of the Company who is entitled to attend and vote at this meeting shall be entitled to appoint not more than 2 proxies to exercise all or any of his/her rights to participate in his/her stead pursuant to Section 334 of the Companies Act 2016. There shall be no restriction as to the qualification of the proxy.*
- *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 of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one 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.*

NOTICE OF 9TH ANNUAL GENERAL MEETING

cont'd

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

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.

- Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the 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.

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 Directors' 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 2023 and Directors' benefits on current financial year basis until the conclusion of the Company's next AGM in 2024.

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 2024 to 31 December 2024 (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

Resolution No. 3 & No. 4 – Re-election of Directors

Dato' Foong Chee Meng and Dato' Ng Keng Heng 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 Ninth AGM. The details of the retiring Directors are set out under their respective profiles in the Annual Report 2023.

The Board had, through the Nomination Committee ("NC"), assessed the performance and contribution of the retiring Directors based on the annual Board and Directors' assessment for 2023 and taken into consideration the fit and proper criteria under the Directors' Fit and Proper Policy of the Company.

NOTICE OF 9TH ANNUAL GENERAL MEETING

cont'd

Based on the outcome of the above assessments, 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.

4. Agenda Item No. 5

Resolution No. 5 – 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. 6

Resolution No. 6 - First and Final Single-Tier Dividend for the Financial Year Ended 30 June 2023

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 0.16 sen per ordinary share for the financial year ended 30 June 2023 for shareholders’ approval.

6. Agenda Item No. 7

Resolution No. 7 - Authority to Allot and Issue Shares Pursuant to Section 75 and 76 of the Companies Act 2016

The proposed Ordinary Resolution, if passed, will empower the Directors of the Company to issue and allot ordinary shares of the Company from time to time and to grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer, provided that the aggregate number of shares allotted pursuant to this resolution does not exceed the prescribed limit under the Listing Requirements of Bursa Securities.

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. Hence, should the existing shareholders of the Company approve the Resolution No. 7, 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. 7 is a renewal of the previous year’s mandate. As at the date of this Notice, the Company has not issued any new shares under the general mandate granted at the previous Annual General Meeting of the Company.

7. Agenda Item No. 8

Resolution No. 8 - Proposed Authority for Share Buy-Back

The proposed Resolution No. 8, if passed, will empower the Directors of the Company to purchase up to 10% of the total number of issued shares of the Company by utilising the funds available which shall not exceed the retained profits of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

For further information, please refer to the Share Buy-Back Statement dated 24 October 2023 accompanying the Company’s Annual Report for the financial year ended 30 June 2023.

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 Ninth 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 No.
(FULL NAME IN BLOCK LETTERS)of
.....
(FULL ADDRESS)

contact no. email address being a member/members of **Matang Berhad** ("**Company**") hereby appoint the person(s) below as my/our proxy(ies) to vote for me/us and on my/our behalf at the Ninth Annual General Meeting ("**AGM**") of the Company which will be conducted virtually through live streaming from the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia ("**Broadcast Venue**") using the Remote Participation and Voting ("**RPV**") facilities provided by Tricor Investor & Issuing House Services Sdn Bhd ("**TIIH**") via TIIH Online website at <https://tjih.online> on **Wednesday, 22 November 2023 at 10.00 a.m.**, or at any adjournment thereof:

PROXY 1	
Full Name (in capital letters):	NRIC/Passport No.:
Full Address:	Contact No.: Email Address:

*and/or

PROXY 2	
Full Name (in capital letters):	NRIC/Passport No.:
Full Address:	Contact No.: Email Address:

or failing him/her, the *CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us and on my/our behalf at the Ninth AGM of the Company.

* Strike out whichever is not applicable

My/Our proxy is to vote as indicated below:

Resolutions	Descriptions	FOR	AGAINST
	Ordinary Business		
No. 1	Approval of Directors' Fees of RM193,500.00 in respect of the financial year ended 30 June 2023		
No. 2	Approval of Directors' benefits (excluding Directors' fees) of up to RM239,600.00 for the financial period from 1 January 2024 to 31 December 2024		
No. 3	Re-election of Dato' Foong Chee Meng as Director		
No. 4	Re-election of Dato' Ng Keng Heng as Director		
No. 5	Re-appointment of BDO PLT as Auditors and authorisation for Directors to fix their remuneration		
	Special Business		
No. 6	Approval of first and final single-tier dividend of 0.16 sen per ordinary share for the financial year ended 30 June 2023		
No. 7	Authority to allot and issue shares pursuant to Section 75 and 76 of the Companies Act 2016		
No. 8	Proposed Authority for Share Buy-Back		

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 2023

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

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

Signature/Common Seal of Member(s)

Notes:

1. The AGM of the Company will be conducted virtually through live streaming with online remote voting via the RPV facilities provided by TIIH. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Member(s), proxy(ies), attorney(s) or authorised representative(s) **WILL NOT BE ALLOWED** to attend the AGM in person at the Broadcast Venue on the day of the meeting. Members are to attend, speak (including posing questions via real time submission of typed texts) and vote (collectively "participate") remotely at the AGM via the RPV facilities provided by TIIH. A member who has appointed a proxy or attorney or authorised representative to participate in this AGM via the RPV facilities 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.

For the purpose of determining a member who shall be entitled to attend and vote at the AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company a Record of Depositors as at **15 November 2023** and only a depositor whose name appears in the Record of Depositors shall be entitled to participate at AGM or to appoint proxy(ies) to participate on his/her behalf.

2. **Appointment of Proxy**

- A member of the Company who is entitled to attend and vote at this meeting shall be entitled to appoint not more than 2 proxies to exercise all or any of his/her rights to participate in his/her stead pursuant to Section 334 of the Companies Act 2016. There shall be no restriction as to the qualification of the proxy.
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AFFIX
STAMP

The Registrar

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

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

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