

9. APPROVALS AND CONDITIONS

9.1 APPROVALS AND CONDITIONS

9.1.1 Bursa Securities Approval

Bursa Securities had, vide its letter dated 30 August 2016, approved our admission to the Official List of the ACE Market and the listing of and quotation for our entire enlarged issued and paid-up share capital on the ACE Market of Bursa Securities. The approval from Bursa Securities is subject to the following conditions:-

No.	Details of conditions imposed	Status of compliance
1.	Any director of the Company that has not attended the Mandatory Accreditation Programme must do so prior to listing of the Company;	Complied
2.	Submit the following information in respect of the moratorium on the shareholdings of Promoters, Directors and key managements, to the Bursa Depository:- (a) Name of shareholders; (b) Number of shares; and (c) Date of expiry of the moratorium for each block of shares;	Complied
3.	Approvals from other relevant authorities have been obtained for implementation of the Listing;	Complied
4.	Make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of Guidance Note 15 of the Listing Requirements;	To be complied
5.	Furnish Bursa Securities with a copy of the schedule of distribution showing compliance with the share spread requirements based on the entire issued and paid-up share capital of Matang on the first day of Listing;	To be complied
6.	In relation to the public offering to be undertaken by Matang, please announce at least two (2) Market Days prior to the Listing date, the result of the offering including the following:- (a) Level of subscription of public balloting and placement; (b) Basis of allotment/allocation; (c) A table showing the distribution for placement tranche, in the format prescribed; and (d) Disclosure of placees who become substantial shareholder of Matang arising from the public offering, if any,	To be complied. There is no placement of securities.

and to ensure that the overall distribution of Matang's securities is properly carried out to provide an orderly trading in the secondary market; and

9. APPROVALS AND CONDITIONS (Cont'd)

No.	Details of conditions imposed	Status of compliance
7.	Matang/M&A Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the admission to the Official List on the ACE Market is completed.	To be complied

9.1.2 SC Approval

Our Listing is an exempt transaction under Section 213 of the CMSA and is therefore not subject to the approval of the SC. The SC had, vide its letter dated 2 September 2016, approved our application in relation to the equity structure of Matang under the equity requirement for public listed companies for our Listing.

The approval from the SC was subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
(i)	Matang is to allocate the difference between the prescribed equity requirement of 12.5% of its issued and paid-up share capital and the actual equity interests of Bumiputera investors (pursuant to the public issue shares via balloting) upon listing, to Bumiputera investors to be approved by the Ministry of International Trade and Industry within one year after achieving the profit track record requirement for companies seeking for listing on the Main Market of Bursa Securities, or five (5) years after being listed on the ACE Market, whichever is the earlier ("Compliance Date");	To be complied
(ii)	Matang to submit to the SC a proposal to comply with the Bumiputera equity condition at least six (6) months prior to the Compliance Date; and	To be complied
(iii)	M&A Securities/Matang to submit to the SC its equity structure upon completion of the Listing	To be complied

9.1.3 Waiver

M&A Securities had on behalf of our Company sought relief from the Bursa Securities' approval to waive the requirements for Matang to comply with the following provisions of the Listing Requirements:

Listing Requirements	Details	Bursa Securities' decision
Paragraph 3.06 "An applicant must have continuity of substantially the same management at the level of executive directors and senior management for 3 full financial years before submitting its listing application to the Exchange or	The approval from Bursa Securities was sought to waive this requirements as only two (2) of the executive director/key management have been appointed for three (3) full financial years.	Approved

9. APPROVALS AND CONDITIONS (Cont'd)

Listing Requirements	Details	Bursa Securities' decision
since its incorporation (if less than 3 full financial years)."		
Paragraph 3.19(1)	The approval from Bursa Securities was sought to waive this requirements as the Promoters, namely Huaren and Rohua's collective shareholdings amount to less than 45% of the nominal issued and paid-up ordinary share capital of Matang.	Approved. Subject to the condition that shareholdings of the Directors and key management of Matang (both direct and indirect) are placed under a moratorium of six (6) months from the date of Listing.
"(1) A moratorium will be imposed on the sale, transfer or assignment of shares held by promoters of an applicant as follows:		
(b) Upon the expiry of the 6-month period stated above, the listed corporation must ensure that the promoters' aggregate shareholdings amounting to at least 45% of the nominal issued and paid-up ordinary share capital of the listed corporation remain under moratorium, for another period of 6 months."	The Promoters, namely Huaren and Rohua have agreed to extend the moratorium on their entire shareholdings in Matang to three (3) full years after the Listing.	

9.2 MORATORIUM ON OUR SHARES**(i) By Promoters**

Our Promoters have provided written undertakings that they shall not sell, transfer or assign their entire shareholding in our Company for a period of three (3) years from the date of our admission to the ACE Market of Bursa Securities.

Details of our Promoters and their Matang Shares which will be subject to the abovesaid moratorium, are set out below:-

Promoters	No. of Matang Shares held upon admission	
	No. of Matang Shares	(1)%
Huaren	183,358,000	10.13
Rohua	19,768,000	1.09
Total	203,126,000	11.22

Note:

- (1) Based on the enlarged issued and paid-up share capital of 1,810,000,256 Shares after our IPO.

The moratorium have been fully accepted by our Promoters, who have provided written undertakings that they will not sell, transfer or assign their shareholdings under moratorium for a period of three (3) years from the date of our admission to the ACE Market of Bursa Securities.

9. APPROVALS AND CONDITIONS (Cont'd)

The moratorium restrictions are specifically endorsed on the share certificates representing the Matang Shares under moratorium held by Promoters to ensure that our Share Registrar does not register any transfer that contravenes with such restrictions.

MCA, the ultimate shareholder of Huaren and Rohua, has undertaken not to sell, transfer or assign its shareholdings in Huaren and Rohua during the moratorium period.

(ii) Directors and key management

Bursa Securities had vide its approval letter dated 30 August 2016 imposed a moratorium on the shareholdings of our Directors and key management (both direct and indirect) for a period of six (6) months from the date of Listing.

Details of our Directors and key management as well as their Matang Shares subject to the moratorium, are set out below:-

	No. of Matang Shares	⁽¹⁾%
Directors		
Eng Cheng Guan	140,000	0.01
Datuk Tan Teck Poh @ Tan Ah Too	168,000	0.01
Ng Keng Heng	889,000	0.05
Datuk Dr Lee Hong Tee	14,000	-*
Lau Liang Fook	126,000 (direct)	0.01
	20,055,000 (indirect)	1.11
Datuk Teoh Sew Hock	28,000	-*
Key management		
Ganasan A/L Perumal	28,000	-*
Cheong Siew Kin	70,000	-*
Nyam Mei Ting	196,000	0.01
Total	21,714,000	1.20

Notes:

* Negligible.

(1) Based on the enlarged issued and paid-up share capital of 1,810,000,256 Shares after the Public Issue.

The moratorium have been fully accepted by our Directors and key management, who have provided written undertakings that they will not sell, transfer or assign their shareholdings under moratorium for a period of six (6) months from the date of our admission to the ACE Market of Bursa Securities.

The moratorium restrictions are specifically endorsed on the share certificates representing the Matang Shares under moratorium held by our Directors and key management to ensure that our Share Registrar does not register any transfer that contravenes with such restrictions.

10. RELATED PARTY TRANSACTIONS / CONFLICT OF INTERESTS

10.1 RELATED PARTY TRANSACTIONS

There are no transactions, existing and/or potential, entered or to be entered into by our Group which involve the interests, direct or indirect, of our Directors, substantial shareholders, key management personnel and/or persons connected with them which are significant in relation to the business of our Company and our subsidiaries for the past four (4) FYEs 2013 to 2016.

10.1.2 Non-recurrent related party transactions

We have not entered into any non-recurrent related party transactions with our Directors, substantial shareholders, key management personnel and/or persons connected with them for the past four (4) FYEs 2013 to 2016.

10.1.3 Recurrent related party transactions

We have not entered into any recurrent related party transaction of a revenue or trading in nature which are necessary for our day-to-day operations and in our ordinary course of business with certain related parties which involves the interests, direct or indirect, of our Directors, substantial shareholders, key management personnel and/or persons connected with them ("Recurrent Transactions") for the past four (4) FYEs 2013 to 2016.

Should we enter into any Recurrent Transactions in future years, our Board shall seek the approval from our non-interested shareholders for a mandate to enter into such Recurrent Transactions at the general meeting(s) of our Company in order to mitigate any potential conflict of interest arising from such Recurrent Transactions.

In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit Committee will, amongst others, monitor Recurrent Transaction (if any) and the terms thereof and report to our Board for further action. Where necessary, our Board would make appropriate disclosures in our annual report with regard to any Recurrent Transaction entered into by us.

10.2 INTEREST IN SIMILAR BUSINESS AND IN BUSINESSES OF OUR CLIENTS AND OUR SUPPLIERS

As at the LPD, save as disclosed below, none of our Directors or substantial shareholders has any interest, direct or indirect, in other businesses or corporations carrying on a similar or related trade as Matang or are the clients and/or suppliers of Matang:

(i) Dato' Teh Kean Ming

Dato' Teh Kean Ming, our Independent Non-Executive Chairman is also the Managing Director of JKG Land Berhad (formerly known as Keladi Maju Berhad). JKG Land Berhad owns oil palm plantation estates (totalling 409.1 hectares in size) in Kulim, Kedah.

Notwithstanding that JKG Land Berhad is involved in a similar business as our Group, his involvement in JKG Land Berhad does not give rise to any conflict of interest or affect his responsibilities to our Group in view of the following:

- (i) Dato' Teh is the Independent Non-Executive Chairman of Matang and as such, do not contribute to the day-to-day management of our operations. His

10. RELATED PARTY TRANSACTIONS / CONFLICT OF INTERESTS (Cont'd)

involvement in JKG Land Berhad will not affect his responsibilities to our Group; and

- (ii) The plantation estates owned by JKG Land Berhad is located in Kedah while the oil palm plantation of Matang is situated in Johor. In addition, the customers of JKG Land Berhad are different from Matang as the oil mills that they sell to, are located in different states. As such, JKG Land Berhad will not pose any competition to Matang.

Based on the above, the Board has formed the opinion that Dato' Teh's involvement in JKG Land Berhad does not give rise to any conflict of interest situation.

(ii) Datuk Kiat Swee Sung

Datuk Kiat Swee Sung, our Executive Deputy Chairman is a Director and shareholder of the following companies, which has similar business as Matang:

Company	Principal activities	Involvement	Location	Size of the Plantation
Rising Cosmos Trading Sdn Bhd	Oil palm plantation	Director and shareholder of Rising Cosmos Trading Sdn Bhd	Lahad Datu, Sabah	161.9 hectares
Kiat Swee Sang Property Sdn Bhd	Oil palm plantation	Director and shareholder of Kiat Swee Sang Property Sdn Bhd	Lahad Datu, Sabah	526.1 hectares

Our Board has reviewed his involvement in these companies and has noted the following:

- (i) The oil palm plantations of these companies are situated in Sabah while the oil palm plantation of Matang is situated in Johor. In addition, the customers of Rising Cosmos Trading Sdn Bhd and Kiat Swee Sang Property Sdn Bhd are different from Matang as the oil mills that they sell to, are located in different states. As such, Rising Cosmos Trading Sdn Bhd and Kiat Swee Sang Property Sdn Bhd will not pose any competition to Matang; and
- (ii) Save for his involvement as a Director and shareholder, he is not involved in the day-to-day management and operations of these companies. As such, his involvement will not affect his ability to perform his executive role and responsibilities to Matang.

Based on the above, our Board has formed the opinion that Datuk Kiat's involvement in these companies does not give rise to any conflict of interest situation.

(iii) Eng Cheng Guan

Eng Cheng Guan, our Executive Director, has a family-owned oil palm plantation estate (40.5 hectares in size) in Kluang, Johor.

Our Board has reviewed his involvement in the plantation and has noted the following:

10. RELATED PARTY TRANSACTIONS / CONFLICT OF INTERESTS (Cont'd)

- (i) The plantation is owned by his family and he is currently not involved in the day-to-day management and operations of the plantation. As such, his ability to perform his executive role and responsibilities to Matang is not affected; and
- (ii) While the plantation estate owned by Mr Eng's family is in the state of Johor, the size of the plantation estate is relatively small compared to Matang Estate. Resulting from the small size of the plantation estate, the volume of FFB produced is small compared to Matang and is not expected to give rise to any competition to the Matang Group.

Based on the above, our Board has formed the opinion that Mr Eng's involvement in family-owned plantation does not give rise to any conflict of interest situation.

(iv) Datuk Tan Teck Poh @ Tan Ah Too

Datuk Tan Teck Poh @ Tan Ah Too, our Non-Independent Non-Executive Director, owns oil palm plantation estates (16.2 hectares in size) in Parit Sulong, Johor.

Notwithstanding that Datuk Tan is involved in a similar business as our Group, his involvement in oil palm plantation businesses does not give rise to any conflict of interest or affect his responsibilities to our Group in view of the following:

- (i) Datuk Tan is a Non-Independent Non-Executive Director of Matang and as such, do not contribute to the day-to-day management of our operations; and
- (ii) While the plantation estates owned by Datuk Tan is in the state of Johor, the size of the plantation estate is relatively small compared to Matang Estate. Resulting from the small size of the plantation estate, the volume of FFB produced is small compared to Matang and is not expected to give rise to any competition to the Matang Group.

Based on the above, the Board has formed the opinion that Datuk Tan's involvement in family-owned plantation does not give rise to any conflict of interest situation.

In addition to the above, Datuk Tan is a shareholder and an Executive Director of Ban Dung Palm Oil Industries Sdn Bhd, a palm oil mill located in Batu Pahat, Johor. Nevertheless, Ban Dung Palm Oil Holdings Sdn Bhd is a palm oil mill while Matang is involved in the management of plantation estate and sale of FFB. As such, Datuk Tan's involvement in Ban Dung Palm Oil Holdings Sdn Bhd does not represent a conflict of interest situation as the companies are not in the same business.

10.3 OTHER TRANSACTIONS**10.3.1 Transactions that are unusual in their nature or conditions**

Our Directors have confirmed that there were no transactions that were unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which we or any of subsidiaries were a party in respect of the past four (4) FYEs 2013 to 2016.

10. RELATED PARTY TRANSACTIONS / CONFLICT OF INTERESTS (Cont'd)**10.3.2 Outstanding loans (including guarantees of any kind)**

There were no outstanding loans (including guarantees of any kind) made to/by us to or for the benefit of any related party in respect, for the past four (4) FYEs 2013 to 2016.

10.3.3 Promotions of material assets

None of our Directors or substantial shareholders had any interest, direct or indirect, in the promotion of or in any material assets which had been, within the past four (4) FYEs 2013 to 2016, acquired or proposed to be acquired or disposed of or proposed to be disposed of by or leased or proposed to be leased to us.

10.3.4 Transactions entered into with M&A Securities

Save as disclosed below, we have not entered into any transactions with M&A Securities who is the Adviser and Underwriter for our Listing:-

- (a) Agreement dated 15 January 2015 between MHB and M&A Securities for the appointment of M&A Securities as Adviser and Sponsor for our Listing; and
- (b) Underwriting Agreement dated 28 November 2016 entered into between our Company and M&A Securities for the underwriting of 130,000,000 Issue Shares.

10.4 DECLARATIONS OF CONFLICT OF INTERESTS BY OUR ADVISERS

- (a) M&A Securities has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Adviser, Sponsor and Underwriter for our Listing;
- (b) Messrs Wong Beh & Toh has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Solicitors for our Listing;
- (c) Messrs BDO has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Auditors and Reporting Accountants for our Listing;
- (d) Protégé Associates has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the IMR for our Listing; and
- (e) KGV International Property Consultants (Johor) Sdn Bhd and PPC International Sdn Bhd have given their written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in their capacities as the Independent Property Valuers for our Listing.

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11. FINANCIAL INFORMATION

11.1 HISTORICAL FINANCIAL INFORMATION

Our Group had previously applied FRS from FYE 2013 to FYE 2015. Our Group has decided to early adopt MFRS and IFRS as it is mandatory for agricultural entities, including our Group to adopt MFRS and IFRS by 1 January 2017. We adopted MFRS and IFRS for FYE 2016 and the financial statements for FYE 2013 to FYE 2015 were restated to comply with the MFRS and IFRS for comparative purpose.

The effects of adoption of MFRS and IFRS include the following:

(i) Bearer plants

Bearer plants include mature and immature plantations that are established or acquired by our Group. Bearer plants are depreciated when the plantation starts to be harvested (during the fifth year of replanting). They are depreciated over their useful life being year five (5) to year 25. No depreciation is provided on the immature bearer plants being year one (1) to year four (4).

The additions on bearer plants represent replanting costs incurred from the commencement of replanting to the date of maturity of the bearer plants. The replanting costs are initially capitalised at cost and subsequently depreciated when the bearer plants are ready to be harvested.

(ii) Agricultural produce

Agriculture produce is the produce growing on the bearer plants that has yet to mature.

The fair value of agriculture produce is determined based on the produce growing on bearer plants net of maintenance up to point of maturity and harvesting costs as at the end of the reporting period. The carrying amount is measured by reference to the quantity of agriculture produce, the market price of matured agriculture produce and the estimated yield of FFB as at the reporting date. The market price of the FFB is largely dependent on the prevailing market prices of CPO and palm kernel. Agriculture produce is classified as current assets. Any resultant gains or losses arising from changes in fair value are recognised in the profit or loss.

(iii) Property, plant and equipment

Under FRS, freehold estate land is stated at valuation. Upon transition to MFRS and IFRS, Matang elected to apply the fair value of the freehold estate land and bearer plants as their deemed costs.

Freehold estate land were valued on 4 March 2016 by the Directors based on a valuation exercise carried out by the independent firm of registered professional valuers using the discounted cash flow method.

(iv) Plantation development expenditure

Under FRS, plantation development expenditure are initially capitalised at cost and subsequently measured at revaluation. Upon transition to MFRS and IFRS, the plantation development expenditure had been reclassified as bearer plants. The previous amortisation charge of plantation development expenditure and its corresponding deferred tax expenses had been reclassified to retained earnings.

11. FINANCIAL INFORMATION (Cont'd)**11.1.1 Combined statements of profit or loss and other comprehensive income**

The combined financial statements of Matang for the FYE 2013 to FYE 2016 were prepared in accordance with MFRSs and IFRSs.

Our combined financial statements audited in accordance with MFRSs and IFRSs were not subject to any qualification.

The following table sets out a summary of our audited combined statements of profit or loss and other comprehensive income for the FYE 2013 to FYE 2016. The following selected historical financial information should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" set out in Section 11.2 of this Prospectus and the Accountants' Report and related notes set out in Section 12 of this Prospectus.

The selected historical financial information included in this Prospectus does not purport to predict our Group's financial position, results and cash flows.

(i) Combined statements of profit or loss and other comprehensive income as per FRS and reflecting the effects on adoption of MFRS and IFRS

	Combined Group			
	Audited	Audited	Audited	Audited
	FYE 2013	FYE 2014	FYE 2015	FYE 2016
	RM'000	RM'000	RM'000	RM'000
Revenue	8,720	9,402	7,411	7,169
Cost of sales	(2,759)	(3,092)	(2,228)	(2,614)
GP	5,961	6,310	5,183	4,555
Other income	2,060	1,731	2,066	2,292
Administration expenses	(3,136)	(3,433)	(2,698)	(2,529)
Depreciation	(441)	(461)	(446)	(190)
Other expenses	(62)	(30)	(39)	(18)
PBT	4,382	4,117	4,066	4,110
Tax expense	(1,140)	(1,145)	(966)	(612)
PAT	3,242	2,972	3,100	3,498
Effect on adoption of MFRS Framework				
Depreciation of bearer plants	(1,426)	(1,286)	(1,852)	(1,875)
Fair value adjustment for agricultural produce	(513)	(122)	(79)	(29)
Reversal of:				
- Amortisation of plantation development expenditure	150	171	203	-
- Corresponding deferred tax expenses	447	309	432	-
Profit for the financial year (after the effect of MFRS framework)	1,900	2,044	1,804	1,594

11. FINANCIAL INFORMATION (Cont'd)

	Combined Group			
	Audited	Audited	Audited	Audited
	FYE 2013	FYE 2014	FYE 2015	FYE 2016
	RM'000	RM'000	RM'000	RM'000
Items that may be reclassified subsequently to profit or loss				
- Gain on fair value changes of available-for-sale financial assets	-	-	16	-
Total comprehensive income	1,900	2,044	1,820	1,594

(ii) Combined statements of profit or loss and other comprehensive income as per MFRS and IFRS

	Combined Group			
	Audited	Audited	Audited	Audited
	FYE 2013	FYE 2014	FYE 2015	FYE 2016
	RM'000	RM'000	RM'000	RM'000
	(Restated)	(Restated)	(Restated)	
Revenue	8,720	9,402	7,411	7,169
Cost of sales	(2,759)	(3,092)	(2,228)	(2,614)
GP	5,961	6,310	5,183	4,555
Other income	2,060	1,731	2,066	2,292
Administration expenses	(3,136)	(3,433)	(2,698)	(2,529)
Depreciation	(1,718)	(1,576)	(2,095)	(2,064)
Other expenses	(574)	(152)	(118)	(48)
PBT	2,593	2,880	2,338	2,206
Tax expense	(693)	(836)	(534)	(612)
PAT	1,900	2,044	1,804	1,594
Items that may be reclassified subsequently to profit or loss				
- Gain on fair value changes of available-for-sale financial assets	-	-	16	-
Total comprehensive income	1,900	2,044	1,820	1,594
EBIT	2,593	2,880	2,338	2,206
EBITDA	4,311	4,456	4,433	4,270
GP margin (%)	68.36	67.11	69.94	63.54
PBT margin (%)	29.74	30.63	31.54	30.77
PAT margin (%)	21.79	21.74	24.34	22.24
Effective tax rate (%)	26.74	29.02	22.83	27.74

11. FINANCIAL INFORMATION (Cont'd)

	Combined Group			
	Audited	Audited	Audited	Audited
	FYE 2013	FYE 2014	FYE 2015	FYE 2016
	RM'000	RM'000	RM'000	RM'000
Gross EPS (sen) ⁽¹⁾	0.15	0.17	0.14	0.13
Net EPS (sen) ⁽¹⁾	0.11	0.12	0.11	0.10
Diluted net EPS (sen) ⁽²⁾	0.11	0.11	0.10	0.09

Notes:

- (1) Calculated based on our issued and paid-up share capital of 1,680,000,256 Shares but before our IPO.
- (2) Calculated based on our enlarged issued and paid-up share capital of 1,810,000,256 Shares after our IPO.

Notes to the combined statements of profit or loss and other comprehensive income

- (a) EBITDA is the total net profit for the financial year before interest expense, tax, depreciation and amortisation for the respective financial years.
- (b) Number of ordinary shares is the number of shares in issue and is derived after the increase in paid-up share capital and acquisition of MHB.
- (c) Gross EPS is computed by dividing PBT for the respective financial years over the number of ordinary shares in issue after the Exchange of Shares.
- (d) Net EPS is computed by dividing PAT for the respective financial years over the number of ordinary shares in issue after the Exchange of Shares.
- (e) PBT margin is computed by dividing the PBT over revenue earned in the respective financial years.
- (f) PAT margin is computed by dividing the PAT over revenue earned in the respective financial years.
- (g) EBITDA margin is computed by dividing EBITDA over revenue earned in the respective financial years.
- (h) Effective tax rate is computed by dividing tax expense over PBT in the respective financial years.
- (i) All significant inter-company transactions, if any, are eliminated on consolidation and the consolidated results reflect external transactions only.
- (j) The diluted EPS is computed by dividing PAT for the respective financial years over Matang Shares in issue upon the completion of the IPO.
- (k) There was no non-controlling interest throughout the financial years under review.
- (l) There was no share of profits of joint ventures or associates throughout the financial years under review.
- (m) There were no exceptional or extraordinary items throughout the financial years under review except for the adoption of MFRS framework.

11. FINANCIAL INFORMATION (Cont'd)**11.1.2 Pro Forma Consolidated Statements of Financial Position**

The following table sets out a summary of the pro forma consolidated statements of financial position of our Group based on our audited combined financial statements as at 30 June 2016 to show the effects of the Exchange of Shares and Public Issue.

The pro forma consolidated statements of financial position is presented for illustrative purposes only and should be read in conjunction with the Reporting Accountants' letter together with the notes and assumptions accompanying the pro forma consolidated statements of financial position as set out in Section 13 of this Prospectus.

	Matang	Pro forma Group		
		I	II	III
		After Exchange of Shares	After I and Public Issue	After II and utilisation of IPO proceeds
	As at 30 June 2016			
	RM'000	RM'000	RM'000	RM'000
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	-	140,307	140,307	143,107
Investment properties	-	11,650	11,650	11,650
Other investments	-	162	162	162
Land held for property development	-	1,058	1,058	1,058
	-	153,177	153,177	155,977
CURRENT ASSETS				
Inventories	-	122	122	122
Agricultural produce	-	603	603	603
Trade and other receivables	-	1,345	1,345	651
Cash and bank balances	*	14,357	31,257	27,177
	*	16,427	33,327	28,553
TOTAL ASSETS	*	169,604	186,504	184,530
EQUITY AND LIABILITIES				
EQUITY				
Share capital	*	168,000	181,000	181,000
Share premium	-	-	3,900	3,224
Available-for-sale reserve	-	38	38	38
Merger reserve	-	(108,000)	(108,000)	(108,000)
(Accumulated losses)/ Retained earnings	(23)	107,170	107,170	105,872
TOTAL EQUITY	(23)	167,208	184,108	182,134
LIABILITIES				
NON-CURRENT LIABILITIES				
Deferred tax liabilities	-	1,443	1,443	1,443

11. FINANCIAL INFORMATION (Cont'd)

	Matang	Pro forma Group		
		I	II	III
		After Exchange of Shares	After I and Public Issue	After II and utilisation of IPO proceeds
	As at 30 June 2016			
	RM'000	RM'000	RM'000	RM'000
CURRENT LIABILITIES				
Trade and other payables	23	490	490	490
Current tax liabilities	-	463	463	463
	23	953	953	953
TOTAL LIABILITIES	23	2,396	2,396	2,396
TOTAL EQUITY AND LIABILITIES	*	169,604	186,504	184,530
Number of Shares in issue ('000)	^	1,680,000	1,810,000	1,810,000
NA (RM'000)	(23)	167,208	184,108	182,134
NA per Share (RM)	(115.31)	0.10	0.10	0.10
Borrowings (All interest bearing debts)	-	-	-	-
Gearing (times)	-	-	-	-
Current ratio (times)	-#	17.24	34.97	29.96

Notes:

* Representing RM20 only.

^ Representing 200 Shares only.

Less than 0.01 times.

11.1.3 Combined Statements of Financial Position

The following table sets out our combined statements of financial position of our Group for the FYE 2013 to FYE 2016:

	Combined Group			
	Audited	Audited	Audited	Audited
	FYE 2013	FYE 2014	FYE 2015	FYE 2016
	RM'000	RM'000	RM'000	RM'000
	(Restated)	(Restated)	(Restated)	
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	144,234	143,676	142,038	140,307
Investment properties	11,410	11,410	11,650	11,650
Other investments	147	147	162	162
Land held for property development	844	860	1,042	1,058
	156,635	156,093	154,892	153,177

11. FINANCIAL INFORMATION (Cont'd)

	Combined Group			
	Audited	Audited	Audited	Audited
	FYE 2013	FYE 2014	FYE 2015	FYE 2016
	RM'000	RM'000	RM'000	RM'000
CURRENT ASSETS				
Inventories	185	70	43	122
Agricultural produce	833	711	632	603
Trade and other receivables	770	718	653	1,345
Current tax assets	196	30	-	-
Cash and bank balances	24,788	14,549	14,433	14,357
	26,772	16,078	15,761	16,427
TOTAL ASSETS	183,407	172,171	170,653	169,604
EQUITY AND LIABILITIES				
EQUITY				
Invested equity	60,000	60,000	60,000	60,000
Reserves	22	22	38	38
Retained earnings	119,128	109,172	107,976	107,170
TOTAL EQUITY	179,150	169,194	168,014	167,208
LIABILITIES				
NON-CURRENT LIABILITIES				
Deferred tax liabilities	2,353	2,116	1,729	1,443
CURRENT LIABILITIES				
Trade and other payables	1,904	861	805	490
Current tax liabilities	-	-	105	463
	1,904	861	910	953
TOTAL LIABILITIES	4,257	2,977	2,639	2,396
TOTAL EQUITY AND LIABILITIES	183,407	172,171	170,653	169,604

11.1.4 Combined Statements of Cash Flows

The following table sets out our audited combined statements of cash flows of our Group for the FYE 2013 to FYE 2016:

	Combined Group			
	Audited	Audited	Audited	Audited
	FYE 2013	FYE 2014	FYE 2015	FYE 2016
	RM'000	RM'000	RM'000	RM'000
	(Restated)	(Restated)	(Restated)	
Cash flows from operating activities				
PBT (prior to effect of MFRS Framework)	4,382	4,117	4,066	4,110

11. FINANCIAL INFORMATION (Cont'd)

	Combined Group			
	Audited	Audited	Audited	Audited
	FYE 2013	FYE 2014	FYE 2015	FYE 2016
	RM'000	RM'000	RM'000	RM'000
	(Restated)	(Restated)	(Restated)	
Effect on adoption of MFRS Framework				
Depreciation of bearer plants	(1,426)	(1,286)	(1,852)	(1,875)
Fair value adjustment for agriculture produce	(513)	(122)	(79)	(29)
Reversal of amortisation of plantation development expenditure	150	171	203	-
PBT (after effect of MFRS Framework)	2,593	2,880	2,338	2,206
Adjustments for:				
Depreciation of:				
- Bearer plants	1,426	1,287	1,853	1,875
- Property, plant and equipment	292	290	243	190
Fair value adjustment of:				
- Agricultural produce	513	122	79	29
- Investment properties	-	-	(240)	-
Gain on disposal of property, plant and equipment	(45)	-	(49)	-
Gross dividend from securities quoted in Malaysia	(11)	-	(11)	(11)
Impairment losses on quoted investments	24	-	-	-
Interest income	(900)	(582)	(492)	(494)
Operating profit before working capital changes	3,892	3,997	3,721	3,795
Changes in working capital:				
(Increase)/decrease in inventories	(89)	115	26	(78)
(Increase)/decrease in trade and other receivables	(33)	52	64	(692)
(Decrease)/increase in trade and other payables	(206)	(1,044)	(55)	(315)
Cash generated from operations	3,564	3,120	3,756	2,710
Taxation paid	(833)	(906)	(785)	(540)
Net cash generated from operating activities	2,731	2,214	2,971	2,170

11. FINANCIAL INFORMATION (Cont'd)

	Combined Group			
	Audited	Audited	Audited	Audited
	FYE 2013	FYE 2014	FYE 2015	FYE 2016
	RM'000	RM'000	RM'000	RM'000
	(Restated)	(Restated)	(Restated)	
Cash flows from/(used in) investing activities				
Deposits placed with licenced banks with original maturity of more than three (3) months	(3,285)	11,306	194	12,828
Gross dividend from securities quoted in Malaysia	11	-	11	11
Interest received	900	582	492	494
Land held for property development	(2)	(17)	(182)	(16)
Purchase of:				
- Bearer plants	(1,493)	(952)	(497)	(325)
- Property, plant and equipment	(136)	(66)	(10)	(9)
Proceeds from disposal of property, plant and equipment	45	-	99	-
Net cash from/(used in) investing activities	(3,960)	10,853	107	12,983
Cash flows from financing activities				
Dividend paid	-	(12,000)	(3,000)	(2,400)
Net cash used in financing activities	-	(12,000)	(3,000)	(2,400)
Net (decrease)/increase in cash and cash equivalents during the year	(1,229)	1,067	78	12,753
Cash and cash equivalents at beginning of year	1,659	430	1,497	1,575
Cash and cash equivalents at end of year	430	1,497	1,575	14,328

Components of cash and cash equivalents as at 30 June 2013 and 30 June 2014, 30 June 2015 and 30 June 2016 respectively:

	Combined Group			
	Audited	Audited	Audited	Audited
	FYE 2013	FYE 2014	FYE 2015	FYE 2016
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	430	1,497	1,575	1,627
Deposits with licenced banks	24,358	13,051	12,858	12,730
	24,788	14,548	14,433	14,357
Less: Deposits placed with licenced banks (more than three (3) months)	(24,358)	(13,051)	(12,858)	(29)
Cash and cash equivalents at end of year	430	1,497	1,575	14,328

11. FINANCIAL INFORMATION (Cont'd)

11.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and segmental analysis of our audited results for the FYE 2013 to FYE 2016 should be read in conjunction with the combined financial statements and the notes thereon as set out in the Accountants' Report included in Section 12 of this Prospectus.

Our combined financial statements have been prepared in accordance with MFRSs for the FYE 2013 to FYE 2016. Our Group is regarded as a continuing entity resulting from the reorganisation exercise since the management of all the entities which took part in the reorganisation exercise were controlled by the common shareholder before and immediately after the reorganisation exercise. Consequently, immediately after the reorganisation exercise, there was a continuation of the control over the entities' financial and operating policy decision as well as risks and benefits to the ultimate shareholder that existed prior to the reorganisation exercise.

The discussion and analysis contains data derived from our audited results as well as forward-looking statements that involve risks and uncertainties. The actual results may differ significantly from those projected in the forward looking statements. Factors that may cause future results to differ significantly from those included in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this prospectus, particularly the risk factors that may have a significant impact on our future performances as set in Section 4 of this Prospectus.

11.2.1 Overview of our operations

(a) Principal activities

Our Group is primarily involved in cultivation of oil palm and sale of FFB. Our Group currently operates an oil palm plantation estate in Johor, Malaysia.

Kindly refer to Section 6 of this Prospectus for our Group's detailed business overview.

A summary of our future plans as set out in Section 6.3 of this Prospectus is as follows:

- (i) Continue with our replanting exercise in order to help to improve the age profile of our oil palm estate and increase our FFB yield in the long term;
- (ii) Increase our FFB yield through greater usage of fertilisers;
- (iii) Improve our facilities as well as the infrastructure located in our plantation estate in order to increase the efficiency of our operations; and
- (iv) Purchase new equipment to improve operation efficiency on our plantation estate as well as to avoid high future maintenance costs.

Please refer to Section 11.2.1(b) of this Prospectus for significant factors affecting our business.

(b) Significant factors affecting our revenue

Our Group's revenue for the financial years under review was solely derived from the sales of FFB.

11. FINANCIAL INFORMATION (Cont'd)

Section 4 of this Prospectus details a number of risk factors relating to our business and the industry in which we operate in. Some of these risk factors have an impact on our Group's revenue and financial performance. The main factors which affect revenues and profits include but are not limited to the following:

(i) FFB yield

FFB yield is the measurement for Metric Tonnes (Mt) of FFB produced per hectare. Maximisation of FFB yields can be achieved through effective management of the plantations. The efficiency in FFB yield is related to the following:

(a) Management of the plantation

The cultivation of oil palm tree depends on the management process of the plantation estate, which includes the selection of seeds, the nursery of seeds, fertilising process and labour and management planning. The use of better-quality seeds helps to improve FFB yields, as such, the selection and research of seedlings depend on the expertise of the management. The nursery of seeds requires continuous supply of clean water and topsoil to support optimal seedling growth. Fertilisers are used to aid the spouting process of the oil palm tree flowers, which is harvested as the FFB. The end process of the management of plantation depends on the efficiency of labour and management planning to ensure that the FFBs are harvested and delivered to the oil palm mills promptly.

(b) Weather condition

The climatic condition is a critical factor in oil palm cultivation that would impact the FFB yield, which in turn have a significant influence over the pricing trend of FFB and CPO. Production can be adversely affected if rainfall does not meet the water demand for the growth of oil palm trees, for example during El Nino-induced drought where dry conditions last from 8 to 16 weeks. Depending on the level of severity, prolonged dry conditions may cut the production of FFB.

Conversely, excessive rainfall conditions such as the monsoons, or the La Nina rains that follow after drier weather brought by El Nino, may also disrupt the harvesting and logistics within the plantations segment. Prolonged exposure to excessive water levels may result in moisture stress in oil palms; affecting the grading of palm oil and eventually forcing the FFB producer to sell the FFB at discount.

(c) Pests and crop diseases

Pests and crop diseases impact the amount of harvestable FFB to a significant extent. Common pests that infest oil palm plantations include rats, bagworms, nettle caterpillars, rhinoceros beetles, bunch moths and termites. In addition, oil palm crops are also affected by common soil borne fungus, such as the Ganoderma, one of the more prominent diseases affecting oil palm trees. The Ganoderma is a genus of wood-decaying fungi that affect all types of woody trees, including oil palm trees. The Ganoderma infections result in a disease called basal stem rot that is lethal, with the fungus gradually overwhelming the lower trunk of the oil palm tree, rotting it from the inside. Infected oil palm trees often exhibit wilting or desiccated leaves and eventually these trees experience a severe decline in the production of FFB.

11. FINANCIAL INFORMATION (Cont'd)**(ii) FFB prices**

Generally FFB selling prices closely track CPO market prices and thus any fluctuations in CPO market prices would have an impact on the FFB yield. Prices of CPO are heavily influenced by prices of crude petroleum oil and substitute vegetable oils, such as soybean, canola and sunflower oils. Prices of CPO are also generally affected by amongst others supply and demand conditions, weather conditions, government trade policies as well as availability and price of substitute commodities.

Moving forward, the palm oil industry focusing on the plantation segment is projected to undergo cyclical movements in relation to the demand for FFB and its prices in relation to CPO. Kindly refer to Section 4.6 of the Executive Summary of the IMR Report for more details of the pricing trend of the CPO prices.

(c) Direct cost structure

Efficient cost management is essential in improving the productivity in the oil palm industry. Our direct costs comprise the following key elements:

(i) Harvesting costs

The cost components for harvesting cost are the labour cost from harvesting and internal transportation upkeep and maintenance.

(ii) Cultivation costs

The cultivation cost consists of cost of fertilisers, weeding, spraying and others and labour cost for pruning. Prices of fertilisers may be volatile as they are determined based on local and international market prices.

(iii) Transportation costs

Transportation cost consists of transportation of FFB to the oil millers, transportation of the fertilisers and weed killers etc.

(iv) Windfall tax

We are subject to a windfall tax imposed by the Malaysia Government pursuant to the Windfall Profit Levy (Oil Palm Fruit) Order 2008. The windfall tax imposed is calculated as follows:

$$\text{Windfall tax} = (\text{Monthly average national price of CPO}) - \text{RM2,500} \times 0.03 \times \text{monthly total production of FFB in Mt}$$

(d) Recent developments

There were no significant events subsequent to our Group's audited combined financial statements for FYE 2016.

(e) Exceptional and extraordinary items and audit qualifications

There were no exceptional or extraordinary items during the four (4) financial years from FYE 2013 to FYE 2016 under review. In addition, our audited combined financial statements for the four (4) financial years from FYE 2013 to FYE 2016 under review were not subject to any audit qualifications.

11. FINANCIAL INFORMATION (Cont'd)**11.2.2 Review of operations****(a) Revenue**

All of the revenue of our Group for the four (4) financial years from FYE 2013 to FYE 2016 is derived from MHB. The revenue analysis of MHB for the past four (4) financial years from FYE 2013 to FYE 2016 is set out in the subsections below.

The year-on-year commentary on our revenue is set out in Section 11.2.2 (a)(iii) below.

(i) Analysis of revenue

We derived all of our revenue from our subsidiary, MHB. The breakdown of our revenue for the past four (4) financial years from FYE 2013 to FYE 2016 is as follows:

	Combined Group			
	Audited	Audited	Audited	Audited
	FYE 2013	FYE 2014	FYE 2015	FYE 2016
	RM'000	RM'000	RM'000	RM'000
Revenue	8,720	9,402	7,411	7,169
Total sales volume of FFB (Mt)	17,452	18,135	17,415	14,731
Average selling price of FFB (RM/Mt)	500	518	426	487
Plantation area (hectares)				
- Old area (21 to 25 years)	52.8	52.8	32.8	16.4
- Mature area (5 to 20 years)	646.0	673.5	673.5	831.7
- Immature area (1 to 4 years)	364.0	355.8	355.8	217.6
- Replanting	19.3	-	20.0	16.4
Total	1,082.1	1,082.1	1,082.1	1,082.1
FFB yield (FFB (Mt) /mature and old area)	24.97	24.97	24.66	17.37
Average FFB prices (RM/Mt) ⁽ⁱ⁾	477	515	448	481
Average CPO prices (RM/Mt) ⁽ⁱⁱ⁾	2,413	2,521	2,212	2,304

Notes:

- (i) Average FFB prices at mill gate for the southern region of Malaysia.
- (ii) Average prices of local delivered CPO in Malaysia.

11. FINANCIAL INFORMATION (Cont'd)

The year-on-year changes in revenue generated are as follows:

		Combined Group							
		FYE 2013		FYE 2014		FYE 2015		FYE 2016	
		Year-on-year increase/(decrease) in revenue							
		RM'000	%	RM'000	%	RM'000	%	RM'000	%
MHB		(2,533)	(22.5)	682	7.8	(1,991)	(21.18)	(242)	(3.27)

(i) Analysis of revenue by geographical locations

For the four (4) financial years from FYE 2013 to 2016, all of our Group's revenue was generated from our plantation located at Johor, Malaysia.

(ii) Commentary of revenue**Comparison between FYE 2014 and FYE 2013**

Our Group had registered revenue in FYE 2014 of RM9.40 million, representing an increase of 7.8% as compared to RM8.72 million in FYE 2013 due to increase in both the total sales volume of FFB and average selling price of FFB.

The FFB yield recorded was 24.97 Mt/hectare, which has no change from previous financial year.

The sales volume of FFB has increased from 17,452 Mt in FYE 2013 to 18,135 Mt in FYE 2014 as 673.5 hectares or 62.2% of the Matang Estate oil palm trees had reached its prime production age.

The average selling price of FFB increased in FYE 2014 from RM500/Mt in FYE 2013 to RM518/Mt moving upwards alongside the recovery of CPO prices from RM2,413/Mt in FYE 2013 to RM2,521/Mt in FYE 2014.

Comparison between FYE 2015 and FYE 2014

Our Group had registered revenue in FYE 2015 of RM7.41 million, representing a decrease of RM1.99 million as compared to RM9.40 million in FYE 2014 due to decrease in both the total sales volume of FFB and average selling price of FFB. The average selling price of FFB had decreased in FYE 2015 to RM426/Mt due to the decrease in CPO market prices attributable to a weaker price of soybean oil (which can be used as a substitute of palm oil) and slumping crude oil prices (which affected the demand for biofuel).

The sales volume of FFB decreased from 18,135 Mt in FYE 2014 to 17,415 Mt in FYE 2015. The lower sales volume was due to the replanting exercise of 20.0 hectares carried out during the FYE 2015 which resulted in the decrease in the total harvestable area (consisting of both mature and old area) from 726.3 hectares to 706.3 hectares.

The FFB yield recorded during the FYE 2015 was 24.66 Mt/hectare, which represents a 1.2% decrease in yield as compared to FYE 2014. FFB yield during the FYE 2015 was generally lower from July 2014 to December 2014.

11. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 2016 and FYE 2015**

Our Group had registered revenue in FYE 2016 of RM7.17 million, representing a decrease of RM0.24 million as compared to RM7.41 million in FYE 2015 due to decrease in sales volume of FFB. The decrease in sales volume of FFB is however offset by the increase in average selling price of FFB to RM487/Mt due to an upward movement in CPO market prices.

The sales volume of FFB decreased from 17,415 Mt in FYE 2015 to 14,731 Mt in FYE 2016. The lower sales volume was due to the El Nino phenomenon, which negatively impacted FFB yields.

The FFB yield recorded during the FYE 2016 was 17.37 Mt/hectare, which represents a 29.56% decrease in yield as compared to FYE 2015. The decrease in FFB yield was also due to the reclassification of 158.2 hectares of Matang Estate from immature area to mature area. The oil palms in the said area are five (5) years of age and its FFB harvested is generally not as high as the volume of FFB harvested from oil palms aged between seven (7) years to 18 years, being the peak production years.

The FFB yield is calculated based on volume of FFB over total mature and old area. As a result of the reclassification, the total mature and old area increased from 706.3 hectares to 848.1 hectares. In relation thereto, the FFB yield for FYE 2016 had decreased as the FFB yield computed is based on lower FFB volume (primarily due to the El Nino phenomenon) over an increased total mature and old area of 848.1 hectares.

Details on the reasons leading to the fluctuation in historical price of FFB and CPO is set out in sub-section 4.6 of the Executive Summary of the IMR Report set out in Section 7 of this Prospectus.

(b) Cost of sales, GP and GP margin

The analysis of our cost of sales, GP and GP margins for the past four (4) financial years from FYE 2013 to FYE 2016 is explained in the subsections below.

The year-on-year commentary on our cost of sales, GP and GP margin is set out in Section 11.2.2 (b)(iv) below.

(i) Analysis of cost of sales

All of our cost of sales are incurred solely by MHB. The breakdown of our cost of sales for the past four (4) financial years from FYE 2013 to FYE 2016 is as follows:

Combined Group				
	Audited	Audited	Audited	Audited
	FYE 2013	FYE 2014	FYE 2015	FYE 2016
	RM'000	RM'000	RM'000	RM'000
MHB	2,759	3,092	2,228	2,614

11. FINANCIAL INFORMATION (Cont'd)

The year-on-year changes in cost of sales incurred by our subsidiary are as follows:

Combined Group								
FYE 2013		FYE 2014		FYE 2015		FYE 2016		
Year-on-year increase/(decrease) in cost of sales								
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
MHB	(410)	(12.9)	333	12.1	(864)	(27.9)	386	17.3

(ii) Analysis of cost of sales by components

The components of our cost of sales by activities are as follows:

Combined Group								
	Audited		Audited		Audited		Audited	
	FYE 2013		FYE 2014		FYE 2015		FYE 2016	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
- Harvesting cost	714	25.9	795	25.7	713	32.0	701	26.8
• Labour cost for harvesting	464	16.8	517	16.7	470	21.1	461	17.6
• Internal transportation, upkeep and maintenance	250	9.1	278	9.0	243	10.9	240	9.2
- Cultivation cost	1,847	67.0	2,110	68.2	1,376	61.8	1,760	67.4
• Fertiliser	1,505	54.6	1,716	55.5	1,066	47.8	1,398	53.5
• Labour cost for pruning	114	4.1	99	3.2	59	2.7	103	4.0
• Weeding, spraying and others	228	8.3	295	9.5	251	11.3	259	9.9
- Transportation	134	4.8	153	5.0	139	6.2	139	5.3
- Windfall tax	64	2.3	34	1.1	-	-	14	0.5
Cost of sales	2,759	100.0	3,092	100.0	2,228	100.0	2,614	100.0

	Combined Group							
	Audited		Audited		Audited		Audited	
	FYE 2013		FYE 2014		FYE 2015		FYE 2016	
	Year-on-year increase/(decrease) in cost of sales							
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Harvesting cost	4	0.6	81	11.3	(82)	(10.3)	(12)	(1.7)
Cultivation cost	(113)	(5.8)	263	(14.2)	(734)	(34.8)	384	27.9
Transportation	(53)	(28.3)	19	(14.2)	(14)	(9.2)	-	-
Windfall tax	(248)	(79.5)	(30)	46.9	(34)	(100)	14	100.0
	(410)	(12.9)	333	12.1	(864)	(27.9)	386	17.3

11. FINANCIAL INFORMATION (Cont'd)**(iii) Analysis of GP and GP margin by subsidiary**

Our revenue and cost of sales are contributed solely by MHB. Our revenue, cost of sales, GP and GP margin are as follows:

	Combined Group			
	Audited	Audited	Audited	Audited
	FYE 2013	FYE 2014	FYE 2015	FYE 2016
	RM'000	RM'000	RM'000	RM'000
Revenue	8,720	9,402	7,411	7,169
Cost of sales	(2,759)	(3,092)	(2,228)	(2,614)
GP	5,961	6,310	5,183	4,555
GP margin	68.4%	67.1%	69.9%	63.5%

(iv) Commentary on cost of sales, GP and GP margin**Comparison between FYE 2014 and FYE 2013**

Our Group's revenue in FYE 2014 increased marginally by RM0.68 million or 7.8% from RM8.72 million in FYE 2013 to RM9.40 million in FYE 2014. In the same year, our cost of sales increased by RM0.33 million or 12.1% to RM3.09 million.

During the financial year, the increase in cost of sales resulted from the increase in labour cost for harvesting, fertiliser cost and weeding cost.

In FYE 2014, our GP increased from RM5.96 million to RM6.31 million while GP margins decreased from 68.4% to 67.1% as the increase in cost of sales exceeded the increase in revenue. The increase in cost was partly due to the increase in cultivation cost from RM1.85 million in FYE 2013 to RM2.11 million in FYE 2014 which was in tandem with the increase in the plantation area (consisting of both mature and old area) from 698.8 hectares in FYE 2013 to 726.3 hectares in FYE 2014.

Windfall tax paid during the financial year amounted to RM0.03 million.

Comparison between FYE 2015 and FYE 2014

In FYE 2015, our total cost of sales decreased by RM0.86 million or 27.9% vis-à-vis the decrease in our revenue by RM1.99 million or 21.2%.

Our GP margin increased by 2.8% from 67.1% to 69.9%, largely attributable to the decrease in our cost of sales from RM3.09 million in FYE 2014 to RM2.23 million in FYE 2015. The decrease in our cost of sales was mainly due to the decrease in fertiliser cost.

During the financial year, we had undertaken a replanting exercise of 20.0 hectares which has resulted in the reduction in usage of fertilisers.

No windfall tax was paid during the financial year.

11. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 2016 and FYE 2015**

Our Group's revenue in FYE 2016 decreased by RM0.24 million or 3.3% from RM7.41 million in FYE 2015 to RM7.17 million in FYE 2016. In the same year, our cost of sales increased by RM0.39 million or 17.3% to RM2.61 million. This resulted in the decrease in our GP margin by 6.4% from 69.9% to 63.5%.

The decrease in revenue was due to the decrease in sales volume of FFB which is partially offset by the increase in average selling price of FFB (further elaborated in Section 11.2.2(a) above). The increase in cost of sales was due to the increase in cultivation cost from RM1.38 million in FYE 2015 to RM1.76 million in FYE 2016 which was in tandem with the increase in the plantation area (consisting of both mature and old area) from 706.3 hectares in FYE 2015 to 848.1 hectares in FYE 2016. The increase in cultivation cost was due to greater usage of fertilisers to increase our FFB yield and higher labour cost for pruning activity.

Windfall tax paid during the financial year amounted to RM0.01 million.

(c) Other income

All of our other income is generated by MHB. The breakdown of our other income for the four (4) financial years from FYE 2013 to FYE 2016 is as follows:

	Combined Group							
	Audited		Audited		Audited		Audited	
	FYE 2013		FYE 2014		FYE 2015		FYE 2016	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Interest income	900	43.7	582	33.6	492	23.8	494	21.6
Fair value adjustment on investment property	-	-	-	-	240	11.6	-	-
Dividend income	11	0.5	-	-	11	0.5	11	0.5
Rental income	1,069	51.9	998	57.7	861	41.7	869	37.9
Gain on disposal of PPE	45	2.2	-	-	49	2.4	-	-
Share registration income	22	1.1	88	5.1	16	0.8	33	1.4
Miscellaneous	13	0.6	63	3.6	397	19.2	885	38.6
	2,060	100.0	1,731	100.0	2,066	100.0	2,292	100.0

Other income generated throughout the review period was consistently from interest earned from fixed term deposits placed with banks, dividend from securities quoted in Malaysia, namely Aluminium Company of Malaysia Berhad (Stock code: ALCOM) and rental income. We intend to continue with our investments and to derive dividend income from ALCOM. As at LPD, our Group owns 211,000 shares in ALCOM, representing 0.16% equity interest in ALCOM.

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11. FINANCIAL INFORMATION (Cont'd)

Rental income is generated solely from the rental of our industrial premises located in No. 83A, Jalan Langkasuka, Kawasan Perindustrian Larkin (also known as Dato' Onn Industrial Estate), 80350 Johor Bahru, Johor as follows:

	Combined Group			
	Audited	Audited	Audited	Audited
	FYE 2013	FYE 2014	FYE 2015	FYE 2016
Total lettable area ('000 sq ft)	149.38	149.38	149.38	149.38
Occupancy rate	71%	71%	53%	64%
Rental income (RM)	1,068,549	998,353	860,957	868,998
Rental income per sq ft (RM/sq ft)	10.07	9.41	10.87	9.09

More information on our industrial premises is set out in Section 5.7.1 above.

(i) Commentary on other income**Comparison between FYE 2014 and FYE 2013**

Other income decreased by RM0.33 million or 16.0% from RM2.06 million in FYE 2013 to RM1.73 million in FYE 2014.

In FYE 2014, fixed deposits placed with licenced bank reduced from RM24.36 million in FYE 2013 to RM13.05 million and the withdrawals were utilised to distribute dividends amounting to RM12.0 million. This had resulted in the decrease in interest income to RM0.58 million as compared to RM0.90 million in the previous financial year.

In addition to this, we received higher share registration income in FYE 2014 of RM0.09 million, RM0.07 million or approximately 350.0% higher than the share registration income received of RM0.02 million in FYE 2013. The higher share registration income was due to higher volume of share transfers made by the shareholders of MHB during the financial year.

Rental income recorded during the year was RM1.0 million, which represents a decrease of RM0.07 million as compared to the previous financial year. The decrease in rental income is minimal.

Comparison between FYE 2015 and FYE 2014

Other income increased by RM0.34 million or 19.7% from RM1.73 million in FYE 2014 to RM2.07 million in FYE 2015 mainly due to the fair value adjustment on investment property which resulted in a gain of RM0.24 million and the increase in miscellaneous income from RM0.06 million in FYE 2014 to RM0.40 million. The miscellaneous income derived mainly from the sale of surplus oil palm seedling during the period. Nonetheless, the sale of surplus oil palm seedling will not have any adverse impact on our intended replanting exercise. Based on our past experience, we have sufficient seedling for replanting exercise.

11. FINANCIAL INFORMATION (Cont'd)

The increase in other income is offset partially by the decrease in interest income from RM0.58 million to RM0.49 million from the previous financial period. During FYE 2015, rental income decreased to RM0.86 million due to the decrease in occupancy rate resulting from the non-renewal of leases by tenants. The non-renewal of leases by tenants is due to tenants relocating to new factory areas that offers newer facilities at a more attractive rate.

Comparison between FYE 2016 and FYE 2015

Other income increased by RM0.22 million or 10.6% from RM2.07 million in FYE 2015 to RM2.29 million in FYE 2016 mainly due to the increase in miscellaneous income from RM0.40 million in FYE 2015 to RM0.89 million in FYE 2016.

The miscellaneous income was derived mainly from the sale of surplus oil palm seedling amounting to RM0.01 million as well as the sale of FFB from immature oil palms amounting to RM0.87 million. The sale of these FFB was recorded as other income instead of revenue as it was harvested from the oil palms below 5 years of age. The FFB harvested from immature oil palms are generally smaller in size and has a lower oil content. When the oil palms are aged 5 years and above, the sale of the FFB harvested shall be recorded as revenue.

(d) Administration expenses and other expenses

The administration expenses consist mainly of employees' benefits, amortisation and depreciation, legal and professional fees as well as upkeep and maintenance expenses.

The breakdown of our administration expenses and other expenses for the four (4) financial years from FYE 2013 to FYE 2016 is as follows:

	Combined Group							
	Audited		Audited		Audited		Audited	
	FYE 2013		FYE 2014		FYE 2015		FYE 2016	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Administration expenses								
- Auditor's Remuneration	28	0.5	29	0.6	31	0.6	31	0.7
- Assessment and quit rent (including land conversion premium)	131	2.4	135	2.6	138	2.8	338	7.3
- Directors' remuneration	139	2.6	372	7.2	416	8.5	208	4.5
- Employees' benefit	841	15.5	814	15.8	871	17.7	927	20.0
- Electricity and water	165	3.0	171	3.3	169	3.4	181	3.9
- Depreciation	1,718	31.6	1,576	30.5	2,095	42.7	2,064	44.5
- Legal and professional fees	641	11.8	308	6.0	150	3.1	62	1.3
- Rental of premises	49	0.9	38	0.7	40	0.8	41	0.9
- Secretarial fee and expenses	57	1.0	35	0.7	42	0.9	41	0.9
- Upkeep of investment property	168	3.1	71	1.4	152	3.1	153	3.3
- Repair work for	-	-	569	11.0	-	-	-	-

11. FINANCIAL INFORMATION (Cont'd)

	Combined Group							
	Audited		Audited		Audited		Audited	
	FYE 2013		FYE 2014		FYE 2015		FYE 2016	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
investment property								
- Insurance	74	1.4	70	1.4	91	1.9	46	1.0
- Printing and stationery	167	3.1	78	1.5	62	1.3	100	2.1
- Travelling expenses	88	1.6	69	1.3	65	1.3	81	1.7
- Share registration expenses	16	0.3	198	3.8	27	0.5	37	0.8
- Work permit	128	2.4	37	0.7	64	1.3	46	1.0
- Annual General Meeting expenses	38	0.7	22	0.4	19	0.4	14	0.3
- Gardening	40	0.7	36	0.7	40	0.8	25	0.5
- Postage and delivery	83	1.5	79	1.5	37	0.7	54	1.2
- Road repairs	20	0.4	71	1.4	30	0.6	13	0.3
- Repair to workers' quarters	35	0.7	27	0.5	29	0.6	-	-
- Securities Fees	47	0.9	34	0.7	64	1.3	54	1.2
- Tax submission fees	10	0.2	10	0.2	11	0.2	12	0.2
- Telephone charges	11	0.2	11	0.2	22	0.5	20	0.4
- Upkeep of motor vehicles	26	0.5	17	0.3	17	0.3	14	0.3
- Others	134	2.5	132	2.7	111	2.3	31	0.7
	4,854	89.5	5,009	97.1	4,793	97.6	4,593	99.0
Other expenses								
- Advertisement and charities	33	0.6	18	0.3	28	0.6	7	0.1
- Allowance for impairment loss of quoted securities	24	0.4	-	-	-	-	-	-
- Fair value adjustment of agricultural produce	513	9.4	122	2.4	79	1.6	29	0.6
- Others	5	0.1	12	0.2	11	0.2	12	0.3
	574	10.5	152	2.9	118	2.4	48	1.0
Total	5,428	100.0	5,161	100.0	4,911	100.0	4,641	100.0

(i) Commentary on administration expenses and other expenses**Comparison between FYE 2014 and FYE 2013**

In FYE 2014, the administration expenses and other expenses decreased by RM0.27 million or 5.0% from RM5.43 million to RM5.16 million.

The decrease in the administration expenses was mainly due to the decrease in the depreciation from RM1.72 million in FYE 2013 to RM1.58 million in FYE 2014 and the decrease in the legal and professional fees incurred by RM0.33 million in FYE 2014.

11. FINANCIAL INFORMATION (Cont'd)

The decrease in administration expenses was however offset by the repair work carried out during the FYE 2014 of RM0.57 million. During FYE 2014, there was an increase in the share registration expenses by RM0.18 million resulting from the higher volume of share transfers made by shareholders as well as payment to an independent scrutineer appointed for the verification of voting results at our shareholders' meeting. The decrease in other expenses was mainly due to the decrease in fair value adjustment of agricultural produce from RM0.51 million in FYE 2013 to RM0.12 million in FYE 2014.

Comparison between FYE 2015 and FYE 2014

In FYE 2015, the administration expenses and other expenses reduced by RM0.25 million or 4.8% from RM5.16 million to RM4.91 million.

The decrease in administration expenses was due to the no repair work carried out in FYE 2015 as compared to the repair work carried out in FYE 2014 of RM0.57 million, decrease in the legal and professional fees by RM0.16 million and decrease in the share registration expenses by RM0.17 million.

The decrease in administration expenses was offset by the increase in the depreciation by RM0.52 million attributable by the increase in the depreciation of bearer plants and the increase in upkeep of investment property by RM0.08 million. The decrease in other expenses was mainly due to the decrease in fair value adjustment of agricultural produce from RM0.12 million in FYE 2014 to RM0.08 million in FYE 2015.

Comparison between FYE 2016 and FYE 2015

In FYE 2016, the administration expenses and other expenses reduced by RM0.27 million or 5.5% from RM4.91 million to RM4.64 million.

The decrease in administration expenses was mainly due to the decrease in the directors' remuneration by RM0.21 million, depreciation by RM0.04 million, legal and professional fees by RM0.09 million, insurance cost by RM0.04 million and cost of road repair and repair to workers' quarters by RM0.05 million in FYE 2016.

The decrease in the administration expenses was however offset by the increase in the employees' benefit by RM0.06 million and assessment and quit rent (including land conversion premium) of RM0.20 million. The increase of assessment and quit rent (including land conversion premium) was attributable to the prepaid quit rent for Matang Estate for the period July 2016 to March 2017 amounting to RM0.065 million and land conversion premium paid of RM0.13 million.

Although the quit rent is a prepayment relating to the period July 2016 to March 2017, such payment was expensed off in FYE 2016 instead of being classified as "prepayment" in the financial statement for FYE 2016. Such practice of expensing the prepaid quit rent started only in FYE 2016 to avoid confusion in classifying the quit rent as "prepayment" in the financial statements. Due to the change in treatment for prepaid quit rent, the total quit rent for FYE 2016 comprise actual quit rent for the period July 2015 to June 2016 as well as prepaid quit rent for the period July 2016 to March 2017.

The decrease in other expenses was mainly due to the decrease in fair value adjustment of agricultural produce from RM0.08 million in FYE 2015 to RM0.03 million in FYE 2016.

11. FINANCIAL INFORMATION (Cont'd)**(e) PBT and PBT margin**

The analysis of our PBT and PBT margins for MHB for the four (4) financial years from FYE 2013 to FYE 2016 is explained in the subsections below.

The year-on-year commentary on our PBT and PBT margin is set out in Section 11.2.2 (e)(ii) below.

(i) Analysis of PBT and PBT margin by subsidiary

The breakdown of our PBT and PBT margin for the four (4) financial years from FYE 2013 to FYE 2016 is as follows:

	Combined Group							
	Audited		Audited		Audited		Audited	
	FYE 2013		FYE 2014		FYE 2015		FYE 2016	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
MHB	2,597	29.8	2,884	30.7	2,349	31.7	2,227	31.1
MRSB ⁽¹⁾	(4)	(0.1)	(4)	(0.1)	(5)	(0.1)	(5)	(0.1)
Matang ⁽¹⁾	-	-	-	-	(6)	(0.1)	(16)	(0.2)
Overall	2,593	29.7	2,880	30.6	2,338	31.5	2,206	30.8

Note:

⁽¹⁾ Loss before taxation ("LBT") recorded for MRSB and Matang was due to administration expenses recorded for the respective financial years.

(ii) Commentaries on PBT and PBT margin**Comparison between FYE 2014 and FYE 2013**

PBT for FYE 2014 increased to RM2.88 million from RM2.59 million in FYE 2013. Correspondingly, PBT margin for our Group for FYE 2014 increased from 29.7% in FYE 2013 to 30.6% in FYE 2014.

The PBT margin has increased in FYE 2014 despite the decrease in the GP margin to 67.1% from 68.4% in FYE 2013 due to the decrease in the administration expenses and other expenses from RM5.43 million in FYE 2013 to RM5.16 million in FYE 2014.

Comparison between FYE 2015 and FYE 2014

PBT for FYE 2015 decreased to RM2.34 million from RM2.88 million in FYE 2014. However, PBT margin for our Group in FYE 2015 increased from 30.6% in FYE 2014 to 31.5% in FYE 2015.

The increase in PBT margin was due to the increase in the GP margin from 67.1% in FYE 2014 to 69.9% in FYE 2015 due to decrease in our cost of sales. The decrease in our cost of sales was mainly due to the decrease in fertiliser cost.

During the financial year, we had undertaken a replanting exercise of 20.0 hectares which has resulted in the reduction in usage of fertilisers.

11. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 2016 and FYE 2015**

PBT for FYE 2016 decreased to RM2.21 million from RM2.34 million in FYE 2015. Correspondingly, PBT margin for our Group in FYE 2016 decreased from 31.5% in FYE 2015 to 30.8% in FYE 2016.

The decrease in PBT margin was due to the decrease in the GP margin from 69.9% in FYE 2015 to 63.5% in FYE 2016 resulting from the increase in the cultivation cost from RM1.38 million in FYE 2015 to RM1.76 million in FYE 2016 which was in tandem with the increase in the plantation area (consisting of both mature and old area) from 706.3 hectares in FYE 2015 to 848.1 hectares in FYE 2016.

(f) Taxation

The taxation and effective tax rate for the four (4) financial years from FYE 2013 to FYE 2016 are as follows:

	Combined Group			
	Audited	Audited	Audited	Audited
	FYE 2013	FYE 2014	FYE 2015	FYE 2016
	RM'000	RM'000	RM'000	RM'000
(Taxation paid)/ tax income	(693)	(836)	(534)	(612)
Effective Tax Rate (%)	26.7	29.0	22.8	27.7

Our effective tax rate for the FYE 2013 and FYE 2014 was marginally higher compared to the Malaysian statutory tax rate of 25.0% due to disallowed tax expenses for deduction, such as administration expenses. Our effective tax rate for the FYE 2016 was marginally higher compared to the Malaysian statutory tax rate of 24.0% due to the disallowed tax expenses for deduction, such as IPO expense and increase in depreciation of bearer plants.

The effective rate for the FYE 2015 was lower compared to the statutory tax rate due to the reversal of deferred tax liabilities and current tax liabilities provided in the previous financial year amounting to RM0.04 million and RM0.05 million respectively.

11.3 LIQUIDITY AND CAPITAL RESOURCES**11.3.1 Working capital**

Our operations are financed through cash generated from our operations, rental and interest income. As at 30 June 2016, we have cash and cash equivalents of approximately RM14.33 million of which RM12.73 million is placed with licenced banks. Save for our cash and cash equivalents, we do not have any material unused sources of liquidity. We do not have any borrowings as at the LPD.

Based on the pro forma consolidated statements of financial position of our Group as at 30 June 2016 (after the Exchange of Shares but before the Public Issue), our pro forma consolidated NA stood at RM167.21 million.

Based on the pro forma consolidated statements of financial position of our Group as at 30 June 2016 (after the Exchange of Shares before the Public Issue), our Group has total current assets of RM16.43 million and current liabilities of RM0.95 million, amounting to RM15.48 million of net working capital. Net working capital is defined as the difference between current assets and current liabilities. Our current ratio (calculated as current assets over current liabilities) of approximately 17.24 times as at 30 June 2016 reflects our ability to meet short-term obligations.

11. FINANCIAL INFORMATION (Cont'd)

As at 30 June 2016, save for cash and bank balances, trade and other receivables represent the largest component in our current assets, accounting for 8.2% of our current assets.

Trade receivables turnover for the four (4) financial years from FYE 2013 to FYE 2016 were 22 days, 15 days, 15 days, 17 days and 23 days, respectively. The trade receivables turnover was computed based on trade receivables (excluding other receivables) as at year end over revenue (excluding other receivables) for each of the four (4) financial years from FYE 2013 to FYE 2016 respectively. Other receivables include deposits, prepayments and receivables from the rental income. Further discussion of our trade receivables turnover is set out in Section 11.9.1 of this Prospectus.

Our Board is confident that, after taking into account our gearing and cash flows position as well as the banking facilities currently available to our Group, our working capital will be sufficient for our existing and foreseeable requirements for a period of 12 months from the date of this Prospectus.

11.3.2 Review of cash flow**(a) Cash flow summary**

The following table sets out the summary of the combined statements of cash flows for the financial years under review. The combined statements of cash flows should be read in conjunction with the Accountants' Report and related notes set out in Section 12 of this Prospectus.

	Combined Group			
	Audited	Audited	Audited	Audited
	FYE 2013	FYE 2014	FYE 2015	FYE 2016
	RM'000	RM'000	RM'000	RM'000
Net cash generated from operating activities	2,731	2,214	2,971	2,170
Net cash from/(used in) investing activities	(3,960)	10,853	107	12,983
Net cash used in financing activities	-	(12,000)	(3,000)	(2,400)
Net (decrease)/increase in cash and cash equivalents	(1,229)	1,067	78	12,753
Cash and cash equivalents at beginning of the year	1,659	430	1,497	1,575
Cash and cash equivalents at end of the year	430	1,497	1,575	14,328
Cash and cash equivalents comprise the following:				
Cash and bank balances	430	1,497	1,575	1,627
Deposits placed with licenced banks	24,358	13,051	12,858	12,730
	24,788	14,548	14,433	14,357
Less: Deposits placed with licenced banks (more than three (3) months)	(24,358)	(13,051)	(12,858)	(29)
	430	1,497	1,575	14,328

11. FINANCIAL INFORMATION (Cont'd)**(b) Commentary of cash flow****FYE 2013****Net cash generated from operating activities**

In FYE 2013, our Group's cash inflow from operating activities was mainly due to our operating profit before working capital changes of RM3.89 million which was further decreased by RM0.33 million used to finance our working capital. The decrease in working capital was attributable by the increase in inventories (RM0.09 million), increase in trade and other receivables (RM0.03 million) and decrease in trade and other payables (RM0.21 million). After the taxation paid of RM0.83 million, the net operating cash flow generated was RM2.73 million.

Net cash from /(used in) investing activities

In FYE 2013, the net cash outflow in investing activities of RM3.96 million was mainly due to the fixed deposits placed with licenced banks totalling RM3.29 million and purchase of bearer plants amounting to RM1.49 million. The net cash outflow was partially offset by interest received of RM0.90 million.

Net cash used in financing activities

In FYE 2013, there was no cash outflow in financing activities.

FYE 2014**Net cash generated from operating activities**

In FYE 2014, our Group's cash inflow from operating activities was mainly due to our operating profit before working capital changes of RM4.00 million which was partially offset by RM0.88 million used to finance our working capital. The decrease in working capital was attributable to the decrease in trade and other payables (RM1.04 million) but was offset by the decrease in inventories (RM0.11 million) and decrease in trade and other receivables (RM0.05 million). After the taxation paid of RM0.91 million, the net operating cash flow generated was RM2.21 million.

Net cash from /(used in) investing activities

In FYE 2014, the net cash inflow in investing activities amounts to RM10.85 million mainly due to the withdrawal of fixed deposits placed with licenced banks totalling RM11.31 million which were utilised as dividend payment to our shareholders and interest received of RM0.58 million. Purchase of bearer plants during the year amounts to RM0.95 million.

Net cash used in financing activities

In FYE 2014, the outflow in financing activities was due to dividend payments of RM12.0 million to shareholders of MHB.

FYE 2015**Net cash generated from operating activities**

In FYE 2015, our Group's cash inflow from operating activities was mainly due to our operating profit before working capital changes of RM3.72 million but was further increase by RM0.03 million generated from our working capital. The increase in working capital was

11. FINANCIAL INFORMATION (Cont'd)

attributable to the decrease in inventories (RM0.03 million) and decrease in trade and other receivables (RM0.06 million) and which was offset by the decrease in trade and other payables (RM0.06 million). After the taxation paid of RM0.79 million, the net operating cash flow generated was RM2.97 million.

Net cash from /(used in) investing activities

In FYE 2015, the net cash inflow in investing activities amounts to RM0.11 million mainly attributable to the withdrawal of fixed deposits placed with licenced banks totalling RM0.19 million and interest received of RM0.49 million. The cash inflow was partially offset by the purchase of bearer plants amounting to RM0.50 million.

Net cash used in financing activities

In FYE 2015, the cash outflow in financing activities was due to dividend payment of RM3.0 million to shareholders of MHB.

FYE 2016**Net cash generated from operating activities**

In FYE 2016, our Group's cash inflow from operating activities was mainly due to our operating profit before working capital changes of RM3.80 million which was partially offset by RM1.09 million used to finance our working capital. The decrease in working capital was attributable to the increase in inventories (RM0.08 million), increase in trade and other receivables (RM0.69 million) and decrease in trade and other payables (RM0.32 million). After the taxation paid of RM0.54 million, the net operating cash flow generated was RM2.17 million.

Net cash from/(used in) investing activities

In FYE 2016, the net cash inflow in investing activities amounts to RM12.98 million mainly due to the withdrawal of funds from fixed deposits totalling RM12.83 million. The RM12.83 million withdrawn was deposited to another fixed deposit account with maturity of less than three (3) months⁽¹⁾. The cash inflow was partially offset by the purchase of bearer plants amounts to RM0.33 million.

Note:

- ⁽¹⁾ Fixed deposits with maturity of less than three (3) months is recorded as cash and cash equivalents in the audited combined statements of cash flows.

Net cash used in financing activities

In FYE 2016, the cash outflow in financing activities was due to dividend payment of RM2.40 million to shareholders of MHB.

11.4 BORROWINGS

As at the LPD, we do not have any borrowings.

11. FINANCIAL INFORMATION (Cont'd)**11.5 TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES**

As at the LPD, save for cash resources, we do not utilise any financial instruments. We finance our operations through cash generated from our operations, rental and interest income. As at the LPD, we do not have any borrowings.

The principal usage of these cash resources are for working capital, administration expenses as well as other expenses such as employees' benefit, upkeep of equipment and transportation.

Our sales are denominated in RM. Our cash and bank balances are also denominated in RM.

Kindly refer to Section 11.12.2 below on the impact of interest rates to our Group.

11.6 MATERIAL CAPITAL COMMITMENTS

As at the LPD, there are no material commitments incurred or known to be incurred which may have a material effect on the financial position of our Group.

11.7 GOVERNMENTAL, LEGAL OR ARBITRATION PROCEEDINGS

During the 12 months immediately prior to the date of this Prospectus, our Group was not involved in any governmental, legal or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings which may have or have had, material or significant effects on our Group's financial position or profitability.

11.8 CONTINGENT LIABILITIES

As at LPD, our Directors confirm that there are no contingent liabilities incurred by us or our subsidiaries, which upon becoming enforceable, may have a material effect on our financial position or our subsidiaries.

11.9 KEY FINANCIAL RATIOS

The key financial ratios of our Group for the four (4) financial years from FYE 2013 to FYE 2016 are as follows:

	Combined Group			
	Audited	Audited	Audited	Audited
	FYE 2013	FYE 2014	FYE 2015	FYE 2016
Trade receivable turnover (days) ⁽¹⁾	22	15	15	23
Trade payable turnover (days) ⁽²⁾	61	15	27	-
Inventories turnover period (days) ⁽³⁾	25	8	7	17
Current ratio (times) ⁽⁴⁾	14	19	17	17

11. FINANCIAL INFORMATION (Cont'd)

Notes:

- (1) Computed based on adjusted trade receivables (less other receivables) as at year end over revenue for the year multiplied by 365 days for the four (4) financial years from FYE 2013 to FYE 2016 as follows:

	Combined Group			
	Audited	Audited	Audited	Audited
	FYE 2013	FYE 2014	FYE 2015	FYE 2016
	RM'000	RM'000	RM'000	RM'000
Trade receivables and other receivables	770	718	653	1,345
Less: Other receivables	(238)	(329)	(355)	(891)
Adjusted trade receivables	532	389	298	454
Revenue	8,720	9,402	7,411	7,169

Other receivables include deposits, prepayments and receivables from the rental income.

- (2) Computed based on adjusted trade payables (less other payables) as at year end over cost of sales for the year multiplied by 365 days for the four (4) financial years from FYE 2013 to FYE 2016 follows:

	Combined Group			
	Audited	Audited	Audited	Audited
	FYE 2013	FYE 2014	FYE 2015	FYE 2016
	RM'000	RM'000	RM'000	RM'000
Trade payables and other payables	1,904	861	805	490
Less: other payables	(1,444)	(738)	(639)	(490)
Adjusted trade payables	460	123	166	-
Cost of sales	2,759	3,092	2,228	2,614

Other payables include accruals, deposit received, unclaimed dividends and others.

- (3) Computed based on inventory over cost of sales as at year end for the four (4) financial years from FYE 2013 to FYE 2016 multiplied by 365 days.
- (4) Computed based on current assets over current liabilities as at year end for the four (4) financial years from FYE 2013 to FYE 2016.

11. FINANCIAL INFORMATION (Cont'd)**11.9.1 Trade receivables turnover**

The ageing analysis of our trade receivables (less other receivables) as at 30 June 2016 is as follows:

	Within credit period		
	0 – 14 days	Exceeding credit period	Total
	RM'000	RM'000	RM'000
Trade receivables and other receivables	1,345	-	1,345
Less: other receivables ⁽¹⁾	(891)	-	(891)
Adjusted trade receivables	454	-	454
Percentage of adjusted trade receivables (%)	33.8%	-	33.8%
Amount collected subsequent to FYE 2016 up to the LPD	454	-	454
Percentage collected (%) ⁽²⁾	100%	-	100%

Notes:

- (1) Other receivables include deposits, prepayments and receivables from the rental income.
 (2) Computed based on the adjusted trade receivables (i.e. trade receivables less other receivables).

The normal credit period granted by our Group in respect of our trade receivables is 14 days from the date of invoice. Other credit terms (i.e. credit terms that exceed 14 days) are assessed and approved on a case-to-case basis.

The sale price of FFB delivered is calculated based on the average monthly CPO market prices, which are calculated at the end of the same month. As such, the invoices for our sale of FFB are only issued and dated at the end of the month notwithstanding that the delivery of FFB is done throughout the month. Resulting thereto, trade receivable turnover period exceeded the normal credit period for the past four (4) financial years from FYE 2013 to FYE 2016.

The trade receivables turnover period takes into consideration the delivery of the FFB which are done throughout the month. However, the invoices are only issued at the end of the month. Due to this, the payment for the said delivery is not received within 14 days from delivery but within 14 days of date of invoice. Resulting thereto, trade receivable turnover period exceeds the normal credit period.

Our credit period for trade receivables is 14 days from the invoice date. Nevertheless, payments for trade receivables are received within 14 days from the issuance of the relevant invoices.

The trade receivable turnover increased from 15 days as at 30 June 2015 to 23 days as at 30 June 2016. The increase in trade receivables turnover period as at 30 June 2016 is mainly due to occurrence of higher sales of FFB amounted to RM0.66 million in June 2016 as compared to RM0.55 million in June 2015. The higher sales of FFB in June 2016 have resulted in higher trade receivables of RM0.45 million as compared to the trade receivables of RM0.30 million as at 30 June 2015.

As at the LPD, our Group has collected all the trade receivables outstanding due on 30 June 2016. As at the LPD, our Group has not encountered any disputes with our debtors and nothing has come to the attention of our management that the above outstanding amounts are irrevocable.

11. FINANCIAL INFORMATION (Cont'd)**11.9.2 Trade payables turnover**

Trade payables are recognised at their original invoice amounts which represent their fair value on initial recognition. The ageing analysis of our trade payable as at 30 June 2016 is as follows:

	Within credit period			Exceeding credit period	Total
	0 – 30 days	31 – 60 days	61 – 90 days		
	RM'000	RM'000	RM'000	RM'000	RM'000
Trade payables and other payables	410	-	-	80	490
Less: Other payables ⁽¹⁾	(410)	-	-	(80)	(490)
Adjusted trade payables	-	-	-	-	-
Percentage of total adjusted trade payables (%)	-	-	-	-	-

Note:

- (1) Other payables include other payables, accruals, deposit received, dividends payable and unclaimed dividends.

The normal credit terms granted to our Group by its trade creditors ranges from 30 to 90 days from the date of invoice.

As at 30 June 2016, our Group did not record any outstanding trade payables.

Trade payable turnover period for FYE 2013 of 61 days is higher as compared to the other financial years due to more fertiliser purchased in FYE 2013 for use at the immature plantation area of 364.0 hectares as compared to 185.7 hectares in FYE 2012. Nevertheless, the trade payable turnover period is within the normal credit terms granted.

As at LPD, there are no disputes in respect of trade payables and no legal action initiated by our suppliers to demand for payment.

11.9.3 Inventory turnover

Inventories of MHB mainly consist of plantation consumables such as fertilisers, pesticides and diesel. Since inventories are mainly plantation consumables, MHB does not specifically maintain an average turnover period for its inventories. The amount and level of plantation consumables to be stored depend on the level of future expected usage of the inventories. The turnover period for FYE 2013 of 25 days is higher as compared to the other financial years due to more fertiliser purchased in FYE 2013 for use at the immature plantation area of 364.0 hectares as compared to 185.7 hectares in FYE 2012.

11. FINANCIAL INFORMATION (Cont'd)**11.9.4 Current ratio**

The current ratio of our Group for the four (4) financial years from FYE 2013 to FYE 2016 are as follows:

	Combined Group			
	Audited	Audited	Audited	Audited
	FYE 2013	FYE 2014	FYE 2015	FYE 2016
	RM'000	RM'000	RM'000	RM'000
Current assets	26,772	16,078	15,761	16,427
Current liabilities	1,904	861	910	953
Current ratio (times)	14.1	18.7	17.3	17.2

Our current ratio remains healthy throughout the financial years under review, ranging from 14.1 times to 18.7 times.

11.10 IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES

Risks relating to government, economic, fiscal or monetary policies or factors which may materially affect our operations are set out in Section 4 of this Prospectus.

11.11 IMPACT OF INFLATION

We do not believe that inflation has had a material impact on the business, financial condition or results of operations of our Group. However, inflation such as higher operating costs may have an impact on our financial performance in the event our Group is not able to pass on such costs to our customers.

11.12 IMPACT OF FOREIGN EXCHANGE RATES, INTEREST RATES AND/OR COMMODITY PRICES**11.12.1 Impact of foreign exchange rates**

Our revenue is denominated in RM as it operates solely in Malaysia. Hence, our revenue is not exposed to foreign exchange fluctuations.

However, the cost of fertilisers constituted a substantial portion of our Group's purchases. For FYE 2016, the cost of fertilisers made up 89.7% of our purchases. Although the fertilisers used in our plantation operation were sourced from our local suppliers and transacted in RM, our local suppliers may import selected ingredients that are not available locally. Therefore, the cost of fertilisers provided by our local suppliers is subject to fluctuation in relation to the exchange rate. A depreciation of the RM against foreign currencies may increase our fertilisers cost and adversely affect our financial performance.

11. FINANCIAL INFORMATION (Cont'd)**11.12.2 Impact of interest rates**

As at the LPD, our Group does not have any borrowings. However, our interest income contributes substantially to our EBITDA. Details are as follows:

	Audited	Audited	Audited	Audited
	FYE 2013	FYE 2014	FYE 2015	FYE 2016
	RM'000	RM'000	RM'000	RM'000
Interest income	900	582	492	494
EBITDA	4,311	4,456	4,433	4,270
Interest income as a percentage of EBITDA	21%	13%	11%	12%
Deposits with licenced banks	24,358	13,051	12,858	12,730
Effective interest rate	3.69%	4.46%	3.83%	3.88%

Any material fluctuations in interest rates will affect our interest income and will ultimately affect our PAT. The interest rates received by us are based on the prevailing fixed deposit interest rates offered by licenced banks. For the past four (4) financial years, the effective interest rate is between 3.69% to 4.46%.

The increase/decrease in interest income for the past four (4) financial years is mainly due to the increase/decrease of deposits with licenced banks. Our Group has no formal hedging policy with respect to interest rate exposure.

11.12.3 Impact of commodity prices

Our Group is exposed to fluctuation in prices of commodities, particularly CPO, soybeans and canola seeds, all of which are affected by unpredictable factors such as weather conditions and levels of demand, production and supply.

11.13 ORDER BOOK

Due to the nature of our business, our Group does not maintain an order book. Revenue is generated as and when our Group harvests the FFB and delivers it to our purchaser(s).

11.14 DIRECTORS' DECLARATION ON OUR GROUP'S FINANCIAL PERFORMANCE

Our Board is of the opinion that:

- (a) Our Group's revenue will remain sustainable with an upward growth trend, in line with positive outlook of the palm oil industry as set out in sub-section 4.10 of the Executive Summary of the IMR Report set out in Section 7 of this Prospectus;
- (b) Our liquidity will improve further subsequent to the Public Issue given the additional funds to be raised for our Group to carry out its future plans as stated in Section 6.3 of this Prospectus; and
- (c) Our capital resources will strengthen, taking into account the total amount of RM11.92 million to be set aside from the IPO proceeds for general working capital requirements

11. FINANCIAL INFORMATION (Cont'd)

which includes day-to-day operational expenses and purchase of fertilisers, as well as internally generated funds from future financial years.

Save as disclosed in Section 4.1.2, our Board confirms that there are no circumstances which would result in a significant decline in our revenue and GP margins or know of any factors that are likely to have a material impact on our liquidity, revenue or profitability.

11.15 TREND INFORMATION

As at LPD, after all reasonable enquiries, our Board confirms that our operations have not been and are not expected to be affected by any of the following:

- (a) Known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's financial performance, position and operations other than those discussed in Sections 4.1.2 and 11.2 of this Prospectus;
- (b) Material commitments for capital expenditure;
- (c) Unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group save as discussed in Sections 11.2.1(b) and 11.10 of this Prospectus;
- (d) Known trends, demands, commitments, events or uncertainties that have resulted in a substantial increase in our Group's revenue save for those that had been discussed in Sections 11.2.1(b) and 11.2.2 of this Prospectus; and
- (e) Known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not necessarily indicative of the future financial performance and position other than those discussed in Sections 11.2.1(b) and 11.2.2 of this Prospectus.

Our Board is optimistic about the future prospects of our Group given the outlook of positive outlook of the palm oil industry as set out in Section 4.10 of the Executive Summary of the IMR Report set out in Section 7 of this Prospectus, our Group's competitive strengths set out in Section 6.2 of this Prospectus and our Group's future plans as set out in Section 6.3 of this Prospectus.

11.15.1 Significant changes

Save as disclosed in this Prospectus, there are no significant changes that have occurred which may have a material effect on the financial position and results of our Group subsequent to FYE 2016 up to the LPD.

11.16 DIVIDENDS

As we are a holding company, our Company's income and therefore our ability to pay dividends is dependent upon the dividends we receive from our subsidiaries. The payment of dividends or other distributions by our subsidiaries will depend on their distributable profits, operating results, financial condition, capital expenditure plans, business expansion plans and other factors that their respective boards of directors deem relevant.

We have not formulated a dividend policy or payout ratio. The declaration of interim dividends and the recommendation of final dividends are subject to the discretion of our Board and any

11. FINANCIAL INFORMATION (Cont'd)

final dividends for the year are subject to shareholders' approval. It is our intention to pay dividends to shareholders in the future; however, such payments will depend upon a number of factors, including our Group's financial performance, capital expenditure requirements, general financial condition and any other factors considered relevant by our Board.

Dividends declared for the past four (4) financial years from FYE 2013 to FYE 2016 are as follows:

	Combined Group			
	Audited	Audited	Audited	Audited
	FYE 2013	FYE 2014	FYE 2015	FYE 2016
	RM'000	RM'000	RM'000	RM'000
Dividends	12,000	3,000	2,400	-

11.17 CAPITALISATION AND INDEBTEDNESS

The following table shows our Group's cash and bank balances, capitalisation and indebtedness as at the 31 October 2016 and as adjusted for the effects of the Public Issue:

		Proforma I	Proforma II	Proforma III
	As at 31 October 2016	After Exchange of Shares	After Public Issue	After II and utilisation of IPO proceeds
	RM'000	RM'000	RM'000	RM'000
Deposits with licenced banks	-	13,853	13,853	13,853
Cash and bank balances	*	1,997	18,897	14,817
Total cash and bank balances	*	15,850	32,750	28,670
Indebtedness ⁽¹⁾	-	-	-	-
Shareholders' equity	(30)	167,672	184,572	182,598
Total	(30)	167,672	184,572	182,598
Total capitalisation and indebtedness	(30)	183,522	217,322	211,268
Gearing ratio ⁽¹⁾ (times)	-	-	-	-

Notes:

* Representing RM20 only.

(1) Our Group does not have any borrowings.

12. ACCOUNTANTS' REPORT



Tel: +603 2616 2888
Fax: +603 2616 3190, 2616 3191
www.bdo.my

Level 8
BDO @ Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
Malaysia

The Board of Directors
Matang Berhad
Suite 1301, 13th Floor, City Plaza
Jalan Tebrau
80300 Johor Bahru
Johor

Date: 28 November 2016

Our ref: BDO/LKH/JS/tjj

Dear Sirs

Matang Berhad
Report on the Combined Financial Statements

We have audited the combined financial statements of Matang Berhad ('Matang' or 'the Company'), which comprise the combined statements of financial position as at 30 June 2013, 2014 and 2015 and 2016 of Matang Berhad, and combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of Matang Berhad for the financial years then ended, and a summary of significant accounting policies and other explanatory information, as set out in Notes 2 and 3 of this report.

Directors' Responsibility for the Financial Information

The Directors of the Company are responsible for the preparation of the combined financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

12. ACCOUNTANTS' REPORT (Cont'd)



Opinion

In our opinion, the combined financial statements give a true and fair view of the financial position of the Matang Berhad as at 30 June 2013, 2014 and 2015 and 2016 and of their financial performance and cash flows for the financial years then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Other Matters

There is no significant event between the date of the most recent audited financial statements for the financial year ended 30 June 2016 and the date of this report, which would affect materially the contents of this Report.

This Report is made solely for the purpose of inclusion in the prospectus of Matang Berhad in connection with the listing of and quotation of the entire enlarged issued and paid-up share capital of Matang Berhad on the ACE Market of Bursa Malaysia Securities Berhad and should not be relied upon for any other purposes. We do not assume responsibility to any other person for the content of this opinion.

A handwritten signature in black ink, appearing to be 'Bmo'.

BDO
AF : 0206
Chartered Accountants
Kuala Lumpur, Malaysia

A handwritten signature in black ink, appearing to be 'L. K. Huat'.

Law Kian Huat
2855/06/18(J)
Chartered Accountant

12. ACCOUNTANTS' REPORT (Cont'd)

Matang Berhad (1142377-X)
Accountants' Report

1. GENERAL INFORMATION

Matang Berhad ("Matang" or "the Company") was incorporated on 28 April 2015 under the Companies Act, 1965 ('the Act') as a public limited company with an authorised share capital of RM400,000 comprising 4,000,000 ordinary shares of RM0.10 each and an issued and paid-up share capital of RM20 comprising 200 ordinary shares of RM0.10 each.

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 Suite 905, 9th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor.

Matang Berhad, Matang Holdings Berhad and Matang Realty Sdn. Bhd., are collectively known as 'the Group' in the historical financial statements contained in this report.

The principal activity of the Company is investment holding. Details of the subsidiaries as at the date of this Report are as follows:

Subsidiaries	Date and place of incorporation	Paid-up capital	Effective equity interest held by the Company	Principal activities
Matang Holdings Berhad ('MHB')	3 April 1978/ Malaysia	RM60,000,002	100%	Engage in investment holding company, management of plantation estate and sale of fresh fruit bunch of the Matang Group
Matang Realty Sdn. Bhd. ('MRSB')	11 September 1982/ Malaysia	RM37,926,971	100%	Engage in property investment holding

The combined financial statements of the Group for the financial year ended ('FYE') 30 June 2013, 30 June 2014, 30 June 2015 and 30 June 2016 were prepared in accordance with Malaysian Financial Reporting Standards ('MFRSs'). None of the above mentioned audited financial statements used in the preparation of this Report for the financial years under review were subject to any qualification.

Matang Berhad has previously prepared its statutory financial statements for financial period ended 30 June 2015 in accordance with applicable approved Financial Reporting Standards ('FRSs') on which BDO has issued separate auditors' report to the members of Matang dated 28 August 2015.

12. ACCOUNTANTS' REPORT (Cont'd)

Matang Berhad (1142377-X)
Accountants' Report

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**2.1 Basis of preparation**

The combined financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRSs') and International Financial Reporting Standards ('IFRSs'), and based on the Guidance Note on 'Combined Financial Statements' issued by the Malaysian Institute of Accountants in relation to the proposed listing of the ordinary shares of Matang Berhad on the ACE Market of Bursa Malaysia Securities Berhad.

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory. Control exist when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of common controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases.

The combined financial statements of Matang Berhad for the relevant period are prepared in a manner similar to the pooling of interest method, as if the companies within the Matang Group are operating as a single economic enterprise from the beginning of the earliest comparative period.

The combined financial statements consist of the financial statements of the Company, the consolidated financial statements of MHB, a combining entity under the common control of Huaren Holdings Sdn Bhd ('Huaren') and Rohua Sdn Bhd ('Rohua') (which herein collectively referred to as 'the Group').

MHB and MRSB previously applied Financial Reporting Standards ('FRSs') during the financial years ended 30 June 2013, 30 June 2014 and 30 June 2015.

MHB and MRSB adopted MFRS and IFRS for the first-time during the financial year ended 30 June 2016.

The Group has consistently applied the same accounting policies in its opening MFRSs statements of financial position as at the date of transition to MFRSs, i.e on 1 July 2014, and throughout all financial years/period presented, as if these policies had always been in effect. Comparative figures for the financial years ended 30 June 2013, 30 June 2014 and 30 June 2015 in these financial statements have been restated to give effect to these changes, and Note 3.27 to the financial statements discloses the impact of the transition to MFRS on the Group's reported financial position, financial performance and cash flows for the financial year then ended.

The Group has decided to early adopt MFRS141 *Agriculture: Bearer Plants (Amendments to MFRS 116 and MFRS 141)* and Note 3.27 to the financial statements discloses the impact of the early adoption of MFRS141 *Agriculture: Bearer Plants (Amendments to MFRS 116 and MFRS 141)* on the Group's reported financial position, financial performance and cash flows for the financial years then ended.

2.2 Significant accounting policies**2.2.1 Basis of accounting**

The combined financial statements have been prepared under the historical cost convention.

The preparation of these financial statements in conformity with MFRSs and IFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. The Directors are also required to exercise their judgement in the process of applying the accounting policies. Areas involving such judgements, estimates and assumptions are disclosed in Section 2.4 of this Report. Although these estimates and assumptions are based on the best knowledge of events and actions of the Directors, actual results could differ from those estimates.

12. ACCOUNTANTS' REPORT (Cont'd)

Matang Berhad (1142377-X)
Accountants' Report

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**2.2 Significant accounting policies (continued)****2.2.2 Basis of consolidation**

The combined financial statements incorporate the financial statements of the combining entities as disclosed in Note 3.17 to the financial statements. Control is achieved when the Group are exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- (a) Power over the investee;
- (b) Exposure, or rights, to variable returns from its involvement with the investee; and
- (c) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) The contractual arrangement with the other vote holders of the investee;
- (b) Rights arising from other contractual agreements; and
- (c) The voting rights of the Group and potential voting rights.

Intragroup balances, transactions, income and expenses are eliminated in the combined financial statements. The combined financial statements reflect external transactions only.

The financial statements of the Group are prepared for the same reporting period, using consistent accounting policies. The accounting policies of the Group are changed to ensure consistency with the policies adopted by the other entities in the Group, where necessary.

The Group re-assess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statements of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Changes in the common controlling shareholders' interests in the Group that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the Group. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to the common controlling shareholders.

If the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

- (i) The aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- (ii) The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the Group entities are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former combining entities at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 *Financial Instruments: Recognition and Measurement* or, where applicable, the cost on initial recognition of an investment in associate or joint venture.

12. ACCOUNTANTS' REPORT (Cont'd)

Matang Berhad (1142377-X)
Accountants' Report

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**2.2 Significant accounting policies (continued)****2.2.3 Common Control Business Combination**

A business combination involving entities under common control is a business combination in which all the combining entities or business are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

The acquisition resulted in a business involving common control entities, and accordingly the accounting treatment is outside the scope of MFRS 3. For such common control business combinations, the merger accounting principles are used to include the assets, liabilities, results equity changes and cash flows of the subsidiaries in the consolidated financial statements.

The Group is regarded as a continuing entity as mentioned in Note 2.1 of this report since the management of all the entities which took part were controlled by the common Directors and under common shareholders before and immediately after the Acquisitions. Accordingly, the financial information have been prepared on the basis of merger accounting.

Under the merger method of accounting, the results of subsidiaries are presented as if the merger had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholders at the end of transfer. On combinations, the cost of the merger is cancelled with the values of the shares received. Any resulting credit difference is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any share premium, capital redemption reserve and any other that which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit differences are classified and presented as movement in other capital reserves.

The effect of all transactions and balances between the subsidiaries, whether occurring before or after the combination, are eliminated in preparing the consolidated financial statements of the Group.

2.2.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset would flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives.

Freehold estate land has unlimited useful life and is not depreciated.

12. ACCOUNTANTS' REPORT (Cont'd)Matang Berhad (1142377-X)
Accountants' Report**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)****2.2 Significant accounting policies (continued)****2.2.4 Property, plant and equipment and depreciation (continued)**

Bearer plants include mature and immature plantations that are established or acquired by the Group. Bearer plants are depreciated when the plantation starts to be harvested (during the fifth year of replanting). They are depreciated over their useful life being year five (5) to year twenty five (25). No depreciation is provided on the immature bearer plants being year one (1) to year four (4).

The additions on bearer plants represent replanting costs incurred from the commencement of replanting to the date of maturity of the bearer plants. The replanting costs are initially capitalised at cost and subsequently depreciated when the plantation are ready to be harvested.

The principal annual depreciation rates for the other property, plant and equipment are as follows:

Plant and equipment	10% - 15%
Motor vehicles	20%

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 2.2.9 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss and the revaluation surplus related to those assets, if any, is transferred directly to retained earnings.

2.2.5 LeasesOperating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

2.2.6 Investment in subsidiaries

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the Company's separate financial statements at cost. Investments accounted for at cost shall be accounted for in accordance with MFRS 5 Non-current Assets Held for Sale and Discontinued Operations when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with MFRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date of control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

12. ACCOUNTANTS' REPORT (Cont'd)

Matang Berhad (1142377-X)
Accountants' Report

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**2.2 Significant accounting policies (continued)****2.2.7 Investment properties**

Investment properties are properties which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Group. Investment properties also include properties that are being constructed or developed for future use as investment properties. Investment properties are initially measured at cost, which includes transaction costs. After initial recognition, investment properties are stated at fair value.

If the Group determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably determinable when construction is complete, the Group shall measure that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). Once the Group is able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, the Group shall measure that property at its fair value.

The fair value of investment properties reflect among other things, rental income from current leases and other assumptions that market participants would use when pricing investment properties under current market conditions.

Fair value of investment property is arrived at by reference to market evidence of transaction prices for similar properties.

A gain or loss arising from a change in the fair value of investment properties is recognised in profit or loss for the period in which it arises.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement or disposal.

2.2.8 Land held for property development

Land held for property development is stated at cost less impairment losses, if any. Such land is classified as non-current asset when no significant development work has been carried out or where development activities are not expected to be completed within the normal operating cycle.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

2.2.9 Impairment of non-financial assets

The carrying amounts of assets, except for financial assets (excluding investment in subsidiaries), inventories, investment properties and agriculture produce measured at fair value are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is estimated for an individual asset. Where it is not probable to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ('CGU') to which the asset belongs.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

12. ACCOUNTANTS' REPORT (Cont'd)

Matang Berhad (1142377-X)
Accountants' Report

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**2.2 Significant accounting policies (continued)****2.2.9 Impairment of non-financial assets (continued)**

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated to assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in profit or loss immediately.

An impairment loss for assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in profit or loss.

2.2.10 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the first-in, first out formula. The cost of estate consumables comprises all costs of purchase plus the cost of bringing the inventories to their present location and condition. The cost of estate consumables includes the cost of raw materials, direct labour and a proportion of production overheads based on normal operating capacity of the production facilities.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2.2.11 Agriculture produce

Agriculture produce is the produce growing on the bearer plants that has yet to mature.

The fair value of agriculture produce is determined based on the produce growing on bearer plants net of maintenance up to point of maturity and harvesting costs as at the end of the reporting period. The carrying amount is measured by reference to the quantity of agriculture produce, the market price of matured agriculture produce and the estimated yield of fresh fruit bunches ('FFB') as at the reporting date. The market price of the FFB is largely dependent on the prevailing market prices of crude palm oil and palm kernel.

Agriculture produce is classified as current assets.

Any resultant gains or losses arising from changes in fair value are recognised in the profit or loss.

12. ACCOUNTANTS' REPORT (Cont'd)

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2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**2.2 Significant accounting policies (continued)****2.2.12 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the statements of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

(a) Financial assets

A financial asset is classified into the following four (4) categories after initial recognition for the purpose of subsequent measurement:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in profit or loss.

However, derivatives that is linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

12. ACCOUNTANTS' REPORT (Cont'd)

Matang Berhad (1142377-X)
Accountants' Report

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**2.2 Significant accounting policies (continued)****2.2.12 Financial instruments (continued)****(a) Financial assets (continued)****(ii) Held-to-maturity investments**

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iii) Loans and receivables

Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as loans and receivables are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iv) Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three (3) months or less, and are used by the Group and the Company in the management of their short term commitments.

12. ACCOUNTANTS' REPORT (Cont'd)

Matang Berhad (1142377-X)
Accountants' Report

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**2.2 Significant accounting policies (continued)****2.2.12 Financial instruments (continued)****(a) Financial assets (continued)**

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention.

(b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two (2) categories after initial recognition for the purpose of subsequent measurement:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

(ii) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

12. ACCOUNTANTS' REPORT (Cont'd)

Matang Berhad (1142377-X)
Accountants' Report

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**2.2 Significant accounting policies (continued)****2.2.12 Financial instruments (continued)****(b) Financial liabilities (continued)**

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Any difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(c) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

2.2.13 Impairment of financial assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

(a) Loans and receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable, and default or significant delay in payments by the receivable, to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

12. ACCOUNTANTS' REPORT (Cont'd)

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Accountants' Report

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**2.2 Significant accounting policies (continued)****2.2.13 Impairment of financial assets (continued)****(a) Loans and receivables (continued)**

The carrying amount of loans and receivables are reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

(b) Available-for-sale financial assets

The Group collectively considers factors such as significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market as objective evidence that available-for-sale financial assets are impaired.

If any such objective evidence exists, an amount comprising the difference between the financial asset's cost (net of any principal payment and amortisation) and current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit to loss.

Impairment losses in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Instead, any increase in the fair value subsequent to the impairment loss is recognised in other comprehensive income.

Impairment losses on available-for-sale debt investments are subsequently reversed in profit or loss if the increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

2.2.14 Income taxes

Taxes in the statements of profit or loss and other comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax expenses are determined according to the tax laws of local jurisdiction in which the Group operate and include all taxes based upon the taxable profits, and real property gains taxes payable on disposal of properties, if any.

12. ACCOUNTANTS' REPORT (Cont'd)

Matang Berhad (1142377-X)
Accountants' Report

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**2.2 Significant accounting policies (continued)****2.2.14 Income taxes (continued)****(b) Deferred tax**

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that taxable profit would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profits would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profits would be available, such reductions would be reversed to the extent of the taxable profits.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

- (i) the same taxable entity; or
- (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in the profit or loss for the period unless the tax relates to items that are credited or charged, in the same or different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of each reporting period.

2.2.15 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provision are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

12. ACCOUNTANTS' REPORT (Cont'd)

Matang Berhad (1142377-X)
Accountants' Report

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**2.2 Significant accounting policies (continued)****2.2.16 Contingent liabilities and contingent assets**

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but disclose its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiary by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

2.2.17 Employee benefits**(a) Short term employee benefits**

Wages, salaries, social security contributions, paid annual leave, paid sick leave and bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plan

The Company and its subsidiary make contributions to a statutory provident fund. The contributions are recognised as a liability after deducting any contribution already paid and as an expense in the period in which the employees render their services.

2.2.18 Functional and presentation currency

Item included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Ringgit Malaysia, which is the Company and the subsidiaries' functional and presentation currency.

12. ACCOUNTANTS' REPORT (Cont'd)

Matang Berhad (1142377-X)
Accountants' Report

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**2.2 Significant accounting policies (continued)****2.2.19 Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the Group's activities as follows:

(a) Sale of palm products

Revenue from sale of palm products is recognised when significant risk and rewards of ownership of the goods has been transferred to the customer and where the Group retains neither continuing managerial involvement over the goods, which coincides with delivery of goods and services and acceptance by customers.

(b) Dividend income

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

(c) Interest income

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

(d) Rental income

Rental income is recognised on an accrual basis unless collectability is in doubt.

2.2.20 Earnings per share**(a) Basic**

Basic earnings per share for the financial year is calculated by dividing the profit for the financial year attributable to common controlling shareholders by the weighted average number of ordinary shares outstanding during the financial period.

(b) Diluted

Diluted earnings per share for the financial year is calculated by dividing the profit for the financial year attributable to common controlling shareholders by the weighted average number of ordinary shares outstanding during the financial period, adjusted for the effects of dilutive potential ordinary shares.

12. ACCOUNTANTS' REPORT (Cont'd)

Matang Berhad (1142377-X)
Accountants' Report

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**2.2 Significant accounting policies (continued)****2.2.21 Fair value measurements**

The fair value of an asset or a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value.

- (i) The condition and location of the asset; and
- (ii) Restrictions, if any, on the sale or use of the asset.

The fair value measurement for a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

- (i) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and
- (ii) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

12. ACCOUNTANTS' REPORT (Cont'd)

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Accountants' Report

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**2.3.1 New MFRSs adopted during the current financial year**

The Group adopted the following Standards, Amendments and Interpretations of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year:

Title

- MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*
- MFRS 2 *Share-based Payment*
- MFRS 3 *Business Combinations*
- MFRS 4 *Insurance Contracts*
- MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*
- MFRS 6 *Exploration for and Evaluation of Mineral Resources*
- MFRS 7 *Financial Instruments: Disclosures*
- MFRS 8 *Operating Segments*
- MFRS 10 *Consolidated Financial Statements*
- MFRS 11 *Joint Arrangements*
- MFRS 12 *Disclosure of Interests in Other Entities*
- MFRS 13 *Fair Value Measurement*
- MFRS 101 *Presentation of Financial Statements*
- MFRS 102 *Inventories*
- MFRS 107 *Statement of Cash Flows*
- MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*
- MFRS 110 *Events After the Reporting Period*
- MFRS 111 *Construction Contracts*
- MFRS 112 *Income Taxes*
- MFRS 116 *Property, Plant and Equipment*
- MFRS 117 *Leases*
- MFRS 118 *Revenue*
- MFRS 119 *Employee Benefits (revised)*
- MFRS 123 *Borrowing Costs*
- MFRS 124 *Related Party Disclosures*
- MFRS 126 *Accounting and Reporting by Retirement Benefit Plans*
- MFRS 127 *Separate Financial Statements*
- MFRS 128 *Investments in Associates and Joint Ventures*
- MFRS 129 *Financial Reporting in Hyperinflationary Economies*
- MFRS 132 *Financial Instruments: Presentation*
- MFRS 133 *Earnings Per Share*
- MFRS 134 *Interim Financial Reporting*
- MFRS 136 *Impairment of Assets*
- MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*
- MFRS 138 *Intangible Assets*
- MFRS 139 *Financial Instruments: Recognition and Measurement*
- MFRS 140 *Investment Property*
- MFRS 141 *Agriculture*
- MFRS 141 *Agriculture: Bearer Plants (Amendments to MFRS 116 and MFRS 141)*
- IC Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities*
- IC Interpretation 2 *Members' Shares in Co-operative Entities and Similar Instruments*
- IC Interpretation 4 *Determining Whether an Arrangement Contains a Lease*
- IC Interpretation 5 *Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*
- IC Interpretation 6 *Liabilities Arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment*
- IC Interpretation 7 *Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyper inflationary Economies*
- IC Interpretation 9 *Reassessment of Embedded Derivatives*

12. ACCOUNTANTS' REPORT (Cont'd)

Matang Berhad (1142377-X)
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2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**2.3.1 New MFRSs adopted during the current financial year (continued)**

The Group adopted the following Standards, Amendments and Interpretations of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year: (continued)

Title

IC Interpretation 10 *Interim Financial Reporting and Impairment*
 IC Interpretation 12 *Service Concession Arrangements*
 IC Interpretation 13 *Customer Loyalty Programmes*
 IC Interpretation 14 *MFRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*
 IC Interpretation 15 *Agreements for the Construction of Real Estate*
 IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*
 IC Interpretation 17 *Distributions of Non-cash Assets to Owners*
 IC Interpretation 18 *Transfers of Assets from Customers*
 IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*
 IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*
 IC Interpretation 21 *Levies*
 IC Interpretation 107 *Introduction of the Euro*
 IC Interpretation 110 *Government Assistance - No Specific Relation to Operating Activities*
 IC Interpretation 115 *Operating Leases - Incentives*
 IC Interpretation 125 *Income Taxes - Changes in the Tax Status of an Entity or its Shareholders*
 IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*
 IC Interpretation 129 *Service Concession Arrangements: Disclosures*
 IC Interpretation 131 *Revenue - Barter Transactions Involving Advertising Services*
 IC Interpretation 132 *Intangible Assets - Web Site Costs*

Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants

These amendments clarify that the bearer plants would come under the scope of MFRS 116 and would be accounted for in the same way as property, plant and equipment. A bearer plant is defined as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

However, the produce growing on the bearer plant would remain within the scope of MFRS 141 and continued to be measured at fair value.

12. ACCOUNTANTS' REPORT (Cont'd)

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2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**2.3.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2016**

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ('MASB') but have not been adopted by the Group.

Title	Effective Date
MFRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Amendments to MFRS 101 <i>Disclosure Initiative</i>	1 January 2016
Amendments to MFRS 116 and MFRS 138 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to MFRS 11 <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to MFRS 127 <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to MFRSs Annual Improvements to 2012-2014 Cycle	1 January 2016
Amendments to MFRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Amendments to MFRS 107 <i>Disclosure Initiative</i>	1 January 2017
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarification to MFRS 15	1 January 2018
MFRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
MFRS 16 <i>Leases</i>	1 January 2019
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associates or Joint Venture</i>	Deferred

The Group is in the process of assessing the impact of implementing these Standards, since the effects would only be observable for future financial years.

2.4 Significant accounting estimates and judgements**2.4.1 Changes in estimates**

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no material changes in estimates at the end of the financial reporting period.

2.4.2 Critical judgements made in applying accounting policies

There are no critical judgements made by the management in the process of applying the Group's accounting policies that have the most significant effect on the amount recognised in these financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)

Matang Berhad (1142377-X)
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2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**2.4 Significant accounting estimates and judgements (continued)****2.4.3 Key sources of estimation uncertainty**

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment in accordance with accounting policy stated in Note 2.2.4 to the financial statements. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised.

(b) Impairment of property, plant and equipment

The Group reviews the carrying amounts of the property, plant and equipment as at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated. While the Group believes that the assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable amounts and may lead to future impairment charges.

(c) Agriculture produce

The Group measures the fair value of agriculture produce based on the produce growing on bearer plants net of maintenance up to point of maturity and harvesting costs at the end of the reporting period. The carrying amount is measured by reference to the quantity of agriculture produce, the market price of agriculture produce and the estimated yield of fresh fruit bunches ('FFB') as at the reporting date. The market price of the FFB is largely dependent on the prevailing market prices of crude palm oil and palm kernel. The amount of changes in fair values of these plantations would affect the profit or loss. The carrying amount of the Group's agriculture produce is disclosed in Note 3.14 to the financial statements.

(d) Impairment of receivables

The Group and the Company makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the balances may not be recoverable. The management specifically analyses historical bad debts, customer concentration, current creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations are different from previous estimates, the difference will impact the carrying amounts of receivables.

(e) Investment in subsidiaries

The Directors review material investment in a subsidiary for impairment when there is an indication of impairment. The recoverable amount of the investment in a subsidiary is estimated based on fair value less cost to sell or value-in-use, whichever is higher.

12. ACCOUNTANTS' REPORT (Cont'd)

Matang Berhad (1142377-X)
Accountants' Report

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**2.4 Significant accounting estimates and judgements (continued)****2.4.3 Key sources of estimation uncertainty (continued)**

- (f) Classification between investment properties and property, plant and equipment and prepaid lease payment for land

The Group has developed certain criteria based on MFRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

- (g) Fair value measurement

The fair value measurement of the financial and non-financial assets and liabilities of the Company utilises market observable inputs and data as far as possible, where applicable. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are:

- (i) Level 1: Quoted prices in active markets for identical items (unadjusted)
- (ii) Level 2: Observable direct or indirect inputs other than Level 1 inputs; and
- (iii) Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used in the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group engages several professional valuers to perform valuations on various assets as disclosed separately in the respective notes to the financial statements. These valuation reports would be tabled annually to the Audit Committee/Board of Directors for approval, where applicable.

The Group measures these elements in the financial statements at fair value:

- (i) Investment properties, Note 3.10 to the financial statements;
- (ii) Agriculture produce, Note 3.14 to the financial statements; and
- (iii) Financial instruments, Note 3.25 to the financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)

Matang Berhad (1142377-X)
Accountants' Report

3. HISTORICAL FINANCIAL INFORMATION**3.1 Combined statements of profit or loss and other comprehensive income of the Group**

	Note	2013 RM	2014 RM	2015 RM	2016 RM
Revenue	3.5	8,719,753	9,401,985	7,410,726	7,168,904
Costs of sales		(2,758,423)	(3,092,177)	(2,227,486)	(2,613,978)
Gross profit		5,961,330	6,309,808	5,183,240	4,554,926
Other income		2,059,908	1,731,556	2,066,081	2,292,085
Administration expenses		(3,577,227)	(3,893,998)	(3,144,071)	(2,718,514)
Other expenses		(61,730)	(29,926)	(39,545)	(18,249)
Profit before tax	3.6	4,382,281	4,117,440	4,065,705	4,110,248
Tax expense	3.7	(1,140,668)	(1,145,007)	(965,694)	(611,838)
Profit for the financial year (Prior to the effect of MFRS framework)		3,241,613	2,972,433	3,100,011	3,498,410
Effect on adoption of MFRS Framework					
Depreciation of bearer plants	3.9	(1,426,158)	(1,286,683)	(1,852,482)	(1,874,853)
Fair value adjustment for agriculture produce	3.14	(512,652)	(121,971)	(78,984)	(29,477)
Reversal of:					
- Amortisation of plantation development expenditure		149,526	171,167	203,462	-
- Corresponding deferred tax expenses		447,321	309,372	432,001	-
Profit for the financial year (after the effects of MFRS framework)		1,899,650	2,044,318	1,804,008	1,594,080
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Gain on fair value changes of available-for-sale financial assets		-	-	15,825	-
Total comprehensive income		<u>1,899,650</u>	<u>2,044,318</u>	<u>1,819,833</u>	<u>1,594,080</u>

12. ACCOUNTANTS' REPORT (Cont'd)

Matang Berhad (1142377-X)
Accountants' Report

3. HISTORICAL FINANCIAL INFORMATION (continued)**3.1 Combined statements of profit or loss and other comprehensive income of the Group (continued)**

	Note	2013 RM (Restated)	2014 RM (Restated)	2015 RM (Restated)	2016 RM
Revenue	3.5	8,719,753	9,401,985	7,410,726	7,168,904
Costs of sales		(2,758,423)	(3,092,177)	(2,227,486)	(2,613,978)
Gross profit		5,961,330	6,309,808	5,183,240	4,554,926
Other income		2,059,908	1,731,556	2,066,081	2,292,085
Administration expenses		(4,853,859)	(5,009,514)	(4,793,091)	(4,593,367)
Other expenses		(574,382)	(151,897)	(118,529)	(47,726)
Profit before tax	3.6	2,592,997	2,879,953	2,337,701	2,205,918
Tax expense	3.7	(693,347)	(835,635)	(533,693)	(611,838)
Profit for the financial year		1,899,650	2,044,318	1,804,008	1,594,080
Items that may be reclassified subsequently to profit or loss					
Gain on fair value changes of available- for-sale financial assets		-	-	15,825	-
Total comprehensive income		1,899,650	2,044,318	1,819,833	1,594,080
Profit attributable to Common controlling shareholders of the combining entities		<u>1,899,650</u>	<u>2,044,318</u>	<u>1,804,008</u>	<u>1,594,080</u>
Total comprehensive income attributable to common controlling shareholders of the combining entities		<u>1,899,650</u>	<u>2,044,318</u>	<u>1,819,833</u>	<u>1,594,080</u>
Earnings per share attributable to common controlling shareholders (sen):					
Basic	3.8	<u>0.11</u>	<u>0.12</u>	<u>0.11</u>	<u>0.10</u>
Diluted	3.8	<u>Not applicable</u>	<u>Not applicable</u>	<u>Not applicable</u>	<u>Not applicable</u>

12. ACCOUNTANTS' REPORT (Cont'd)

Matang Berhad (1142377-X)
Accountants' Report

3. HISTORICAL FINANCIAL INFORMATION (continued)**3.1 Combined statements of profit or loss and other comprehensive income of the Group (continued)****Notes to the combined statements of profit or loss and other comprehensive income**

- (a) Earnings before interest, tax, depreciation and amortisation ('EBITDA') is the total net profit for the financial year before interest expense, tax, depreciation and amortisation for the respective financial years.
- (b) Number of ordinary shares is the number of shares in issue and is derived after the increase in paid-up share capital, subdivision of shares and acquisition of MHB.
- (c) Gross earnings per share is computed by dividing profit before tax for the respective financial years over the number of ordinary shares in issue upon initial public offering ('IPO').
- (d) Net earnings per share is computed by dividing profit after tax and attributable to the common controlling shareholders of the combining entities for the respective financial years over the number of ordinary shares in issue upon IPO.
- (e) Profit before tax ('PBT') margin is computed by dividing the profit before tax over revenue earned in the respective financial years.
- (f) Profit after tax ('PAT') margin is computed by dividing the profit after tax over revenue earned in the respective financial years.
- (g) EBITDA margin is computed by dividing EBITDA over revenue earned in the respective financial years.
- (h) Effective tax rate is computed by dividing tax expense over profit before tax in the respective financial years.
- (i) All significant inter-company transactions, if any, are eliminated on consolidation and the consolidated results reflect external transactions only.
- (j) There was no non-controlling interest throughout the financial years under review.
- (k) There was no share of profits of joint ventures or associates throughout the financial years under review.
- (l) There were no exceptional or extraordinary items throughout the financial years under review except for the adoption of MFRS framework.

Key financial ratios of the Group calculated using combined financial information are as follows:

	2013	2014	2015	2016
<i>EBITDA attributable to equity holders of the Group (RM)</i>	4,310,747	4,456,672	4,432,828	4,270,167
<i>Number of ordinary shares in issue</i>	<u>1,680,000,256</u>	<u>1,680,000,256</u>	<u>1,680,000,256</u>	<u>1,680,000,256</u>
<i>Gross earnings per share attributable to equity holders of the Group (Sen)</i>	0.15	0.17	0.14	0.13
<i>Net earnings per share attributable to equity holders of the Group (Sen)</i>	0.11	0.12	0.11	0.10
<i>PBT margin (%)</i>	29.74	30.63	31.54	30.77
<i>PAT margin (%)</i>	21.79	21.74	24.34	22.24
<i>EBITDA margin (%)</i>	49.44	47.40	59.82	59.57
<i>Effective tax rate (%)</i>	<u>26.74</u>	<u>29.02</u>	<u>22.83</u>	<u>27.74</u>

12. ACCOUNTANTS' REPORT (Cont'd)

Matang Berhad (1142377-X)
Accountants' Report

3.2 Combined statements of financial position of the Group

	Note	2013 RM (Restated)	2014 RM (Restated)	2015 RM (Restated)	2016 RM
ASSETS					
<i>Non-current assets</i>					
Property, plant and equipment	3.9	144,234,381	143,675,775	142,037,502	140,306,957
Investment properties	3.10	11,410,000	11,410,000	11,650,000	11,650,000
Other investments	3.11	146,645	146,645	162,470	162,470
Land held for property development	3.12	843,855	860,655	1,042,106	1,057,730
		156,634,881	156,093,075	154,892,078	153,177,157
<i>Current assets</i>					
Inventories	3.13	184,785	69,915	43,109	121,627
Agriculture produce	3.14	832,961	710,990	632,006	602,529
Trade and other receivables	3.15	769,757	717,828	653,387	1,345,213
Current tax assets		196,377	30,610	-	-
Cash and bank balances	3.16	24,788,216	14,548,773	14,432,814	14,357,401
		26,772,096	16,078,116	15,761,316	16,426,770
TOTAL ASSETS		183,406,977	172,171,191	170,653,394	169,603,927
EQUITY AND LIABILITIES					
<i>Equity attributable to common controlling shareholders of the combining entities</i>					
Invested equity	3.18	60,000,022	60,000,022	60,000,022	60,000,022
Reserves		22,070	22,070	37,895	37,895
Retained earnings		119,127,904	109,172,222	107,976,230	107,170,310
TOTAL EQUITY		179,149,996	169,194,314	168,014,147	167,208,227
LIABILITIES					
<i>Non-current liabilities</i>					
Deferred tax liabilities	3.19	2,352,679	2,116,307	1,728,567	1,443,000
<i>Current liabilities</i>					
Trade and other payables	3.20	1,904,302	860,570	805,236	490,032
Current tax liabilities		-	-	105,444	462,668
		1,904,302	860,570	910,680	952,700
TOTAL LIABILITIES		4,256,981	2,976,877	2,639,247	2,395,700
TOTAL EQUITY AND LIABILITIES		183,406,977	172,171,191	170,653,394	169,603,927

Notes to the combined statements of financial position

- Net assets ('NA') per share is computed by dividing NA over the expected number of ordinary shares to be issued by the Company after acquisition of MHB.
- Trade receivables' turnover period is computed by dividing total net trade receivables over revenue and multiplied by 365 days for the respective financial years.
- Gearing ratio (times) is computed by dividing total borrowings over total equity.
- Inventories turnover period is computed by dividing average inventories balances over cost of sales and multiplied by 365 days for the respective financial years.

12. ACCOUNTANTS' REPORT (Cont'd)

Matang Berhad (1142377-X)
Accountants' Report

3. HISTORICAL FINANCIAL INFORMATION (continued)**3.2 Combined statements of financial position of the Group (continued)**

Key financial ratio of the Group calculated using combined financial information is as follows:

	2013	2014	2015	2016
<i>Number of ordinary shares in issue</i>	1,680,000,256	1,680,000,256	1,680,000,256	1,680,000,256
<i>Total equity (RM)</i>	179,149,996	169,194,314	168,014,147	167,208,227
<i>Net assets per ordinary share (RM)</i>	0.11	0.10	0.10	0.10
<i>Trade receivables turnover period (days)</i>	22	15	15	23
<i>Trade payables turnover period (days)</i>	61	15	27	-
<i>Inventories turnover period (days)</i>	25	8	7	17
<i>Current ratio (times)</i>	14	19	17	17

12. ACCOUNTANTS' REPORT (Cont'd)

Matang Berhad (1142377 - X)
Accountants' Report

3. HISTORICAL FINANCIAL INFORMATION (continued)
3.3 Combined statements of changes in equity of the Group

		<-----Non-distributable----->			Distributable	
	Note	Invested equity RM	Revaluation reserve RM	Available-for-sale reserve RM	Retained earnings RM	Total equity RM
Balance as at 1 July 2012		60,000,022	74,013,517	22,070	7,314,788	141,350,397
Effect on adoption of MFRS Framework	3.27(e)(iv)	-	(74,013,517)	-	109,913,466	35,899,949
As restated		60,000,022	-	22,070	117,228,254	177,250,346
Profit for the financial year		-	-	-	1,899,650	1,899,650
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	-	-	1,899,650	1,899,650
Balance as at 30 June 2013, as restated		60,000,022	-	22,070	119,127,904	179,149,996
Profit for the financial year		-	-	-	2,044,318	2,044,318
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	-	-	2,044,318	2,044,318
Transactions with owners						
Dividends paid	3.23	-	-	-	(12,000,000)	(12,000,000)
Balance as at 30 June 2014, as restated		60,000,022	-	22,070	109,172,222	169,194,314

12. ACCOUNTANTS' REPORT (Cont'd)

Matang Berhad (1142377 - X)
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3. HISTORICAL FINANCIAL INFORMATION (continued)**3.3 Combined statements of changes in equity of the Group (continued)**

	Note	<-----Non-distributable----->				Distributable	
		Invested equity RM	Revaluation reserve RM	Available-for-sale reserve RM	Retained earnings RM	Total equity RM	
Balance as at 30 June 2014, as restated		60,000,022	-	22,070	109,172,222	169,194,314	
Profit for the financial year		-	-	-	1,804,008	1,804,008	
Gain on fair value changes of available-for-sale financial assets, net of tax		-	-	15,825	-	15,825	
Total comprehensive income		-	-	15,825	1,804,008	1,819,833	
Transactions with owners		-	-	-	(3,000,000)	(3,000,000)	
Dividends paid	3.23	-	-	-	-	-	
Balance as at 30 June 2015, as restated		60,000,022	-	37,895	107,976,230	168,014,147	
Profit for the financial year		-	-	-	1,594,080	1,594,080	
Other comprehensive income, net of tax		-	-	-	-	-	
Total comprehensive income		-	-	-	1,594,080	1,594,080	
Transactions with owners		-	-	-	(2,400,000)	(2,400,000)	
Dividends payable	3.23	-	-	-	-	-	
Balance as at 30 June 2016		60,000,022	-	37,895	107,170,310	167,208,227	

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12. ACCOUNTANTS' REPORT (Cont'd)

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3. HISTORICAL FINANCIAL INFORMATION (continued)**3.4 Combined statements of cash flows of the Group**

	Note	2013 RM (Restated)	2014 RM (Restated)	2015 RM (Restated)	2016 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax (Prior to the effect of MFRS Framework)		4,382,281	4,117,440	4,065,705	4,110,248
Effect on adoption of MFRS Framework					
Depreciation of bearer plants	3.9	(1,426,158)	(1,286,683)	(1,852,482)	(1,874,853)
Fair value adjustment for agriculture produce	3.14	(512,652)	(121,971)	(78,984)	(29,477)
Reversal of amortisation of plantation development expenditure		149,526	171,167	203,462	-
Profit before tax (after effect of MFRS framework)		2,592,997	2,879,953	2,337,701	2,205,918
Adjustments for:					
Depreciation of:					
- bearer plants	3.9	1,426,158	1,286,683	1,852,482	1,874,853
- property, plant and equipment	3.9	291,592	290,036	242,645	189,396
Fair value adjustment of:					
- agriculture produce	3.14	512,652	121,971	78,984	29,477
- investment properties	3.10	-	-	(240,000)	-
Gain on disposal of property, plant and equipment		(44,998)	-	(48,764)	-
Gross dividend from securities quoted in Malaysia		(10,550)	-	(10,550)	(10,550)
Impairment losses on quoted investments	3.11	24,265	-	-	-
Interest income		(899,990)	(581,720)	(491,999)	(493,738)
Operating profit before changes in working capital		3,892,126	3,996,923	3,720,499	3,795,356
Changes in working capital:					
Inventories		(89,111)	114,870	26,806	(78,518)
Trade and other receivables		(33,255)	51,929	64,441	(691,826)
Trade and other payables		(205,832)	(1,043,732)	(55,334)	(315,204)
Cash generated from operations		3,563,928	3,119,990	3,756,412	2,709,808
Tax paid		(832,827)	(906,240)	(785,379)	(540,181)
Net cash from operating activities		2,731,101	2,213,750	2,971,033	2,169,627

12. ACCOUNTANTS' REPORT (Cont'd)

Matang Berhad (1142377-X)
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3. HISTORICAL FINANCIAL INFORMATION (continued)**3.4 Combined statement of cash flows of the Group (continued)**

	Note	2013 RM (Restated)	2014 RM (Restated)	2015 RM (Restated)	2016 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
(Increase)/Decrease in deposits placed with licensed banks with original maturity of more than three (3) months		(3,284,971)	11,306,285	194,282	12,827,968
Gross dividend from securities quoted in Malaysia		10,550	-	10,550	10,550
Interest received		899,990	581,720	491,999	493,738
Land held for property development		(2,312)	(16,800)	(181,451)	(15,624)
Purchase of:					
- bearer plants	3.9	(1,492,353)	(951,983)	(496,753)	(324,863)
- property, plant and equipment	3.9	(136,240)	(66,130)	(9,837)	(8,841)
Proceeds from disposal of property, plant and equipment		45,000	-	98,500	-
Net cash (used in)/from investing activities		(3,960,336)	10,853,092	107,290	12,982,928
CASH FLOWS FROM FINANCING ACTIVITY					
Dividend paid	3.23	-	(12,000,000)	(3,000,000)	(2,400,000)
Net cash used in financing activity		-	(12,000,000)	(3,000,000)	(2,400,000)
Net (decrease)/increase in cash and cash equivalents		(1,229,235)	1,066,842	78,323	12,752,555
Cash and cash equivalents at beginning of financial year		1,659,732	430,497	1,497,339	1,575,662
Cash and cash equivalents at end of financial year	3.16	430,497	1,497,339	1,575,662	14,328,217

12. ACCOUNTANTS' REPORT (Cont'd)

Matang Berhad (1142377-X)
Accountants' Report

3. HISTORICAL FINANCIAL INFORMATION (continued)**3.5 Revenue**

	2013 RM	2014 RM	2015 RM	2016 RM
Sale of palm products	<u>8,719,753</u>	<u>9,401,985</u>	<u>7,410,726</u>	<u>7,168,904</u>

3.6 Profit before tax

	2013 RM (Restated)	2014 RM (Restated)	2015 RM (Restated)	2016 RM
Profit before tax is arrived at after charging:				
Auditors' remuneration	28,000	29,000	31,000	31,000
Depreciation of bearer plants (Note 3.9)	1,426,158	1,286,683	1,852,482	1,874,853
Depreciation of property, plant and equipment (Note 3.9)	291,592	290,036	242,645	189,396
Directors' remuneration paid and payable to Directors				
- fees	-	126,250	150,000	-
- other emoluments	138,500	245,226	265,750	208,000
Fair value adjustment on agriculture produce (Note 3.14)	512,652	121,791	78,984	29,477
Impairment losses on quoted investments (Note 3.11)	24,265	-	-	-
Rental of premises	49,110	37,810	40,000	40,800
And crediting:				
Fair value adjustment on investment property (Note 3.10)	-	-	240,000	-
Gain on disposal of property, plant and equipment	44,998	-	48,764	-
Gross dividend from securities quoted in Malaysia	10,550	-	10,550	10,550
Interest income	899,990	581,720	491,999	493,738
Rental income	<u>1,068,549</u>	<u>998,353</u>	<u>860,957</u>	<u>868,998</u>

12. ACCOUNTANTS' REPORT (Cont'd)

Matang Berhad (1142377-X)
Accountants' Report

3. HISTORICAL FINANCIAL INFORMATION (continued)**3.7 Tax expense**

	2013 RM (Restated)	2014 RM (Restated)	2015 RM (Restated)	2016 RM
Income tax expense				
- current year	970,200	1,048,500	976,100	936,000
- (over)/under provision in prior years	(319,532)	23,507	(54,667)	(38,595)
	650,668	1,072,007	921,433	897,405
Deferred tax (Note 3.19)				
- current year	(91,321)	(210,372)	(347,740)	17,000
- under/(over) provision in prior years	134,000	(26,000)	(40,000)	(302,567)
	42,679	(236,372)	(387,740)	(285,567)
	<u>693,347</u>	<u>835,635</u>	<u>533,693</u>	<u>611,838</u>

The Malaysian income tax is calculated at the statutory tax rate of twenty-five percent (24%) (2015: 25%, 2014: 25%, 2013: 25%) of the estimated taxable profits for the fiscal years.

- (a) The numerical reconciliations between the tax expense and the product of accounting profit multiplied by the applicable tax rates of Matang Group are as follows:

	2013 RM (Restated)	2014 RM (Restated)	2015 RM (Restated)	2016 RM
Profit before tax	<u>2,592,997</u>	<u>2,879,953</u>	<u>2,337,701</u>	<u>2,205,918</u>
Tax at the Malaysian statutory tax rate of 24% (2015: 25%; 2014: 25%; 2013: 25%)	648,249	719,988	584,425	529,420
Tax effects in respect of:				
Non-allowable expenses	230,630	118,140	43,935	434,110
Non-taxable income	-	-	-	(10,530)
	878,879	838,128	628,360	953,000
(Over)/Under provision of in prior years				
- income tax	(319,532)	23,507	(54,667)	(38,595)
- deferred tax	134,000	(26,000)	(40,000)	(302,567)
Tax expense for the financial year	<u>693,347</u>	<u>835,635</u>	<u>533,693</u>	<u>611,838</u>

12. ACCOUNTANTS' REPORT (Cont'd)

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3. HISTORICAL FINANCIAL INFORMATION (continued)**3.8 EARNINGS PER ORDINARY SHARE**

The basic/diluted earnings per ordinary share for the financial years are calculated by dividing the profit for the financial years attributable to ordinary equity holders of the Company by the expected number of shares in issue during the financial years.

	2013 (Restated)	2014 (Restated)	2015 (Restated)	2016
Profit attributable to common controlling shareholders of the combining entities (RM)	<u>1,899,650</u>	<u>2,044,318</u>	<u>1,804,008</u>	<u>1,594,080</u>
Assumed number of shares in issue *	<u>1,680,000,256</u>	<u>1,680,000,256</u>	<u>1,680,000,256</u>	<u>1,680,000,256</u>
Basic earnings per share (sen)	<u>0.11</u>	<u>0.12</u>	<u>0.11</u>	<u>0.10</u>
Diluted earnings per share (sen)	<u>Not applicable</u>	<u>Not applicable</u>	<u>Not applicable</u>	<u>Not applicable</u>

* The assumed number of shares in issue after the acquisition of MHB Group but before IPO.

3.9 Property, plant and equipment

2013	Balance as at 1.7.2012 RM (Restated)	Additions RM (Restated)	Disposals RM	Balance as at 30.6.2013 RM (Restated)
Cost				
Freehold estate land	108,000,000	-	-	108,000,000
Bearer plants	36,666,695	1,492,353	-	38,159,048
Plant and equipment	2,046,835	33,798	-	2,080,633
Motor vehicles	1,140,836	102,442	(89,574)	1,153,704
	<u>147,854,366</u>	<u>1,628,593</u>	<u>(89,574)</u>	<u>149,393,385</u>
Accumulated depreciation				
	Balance as at 1.7.2012 RM (Restated)	Depreciation charges for the financial year RM (Restated)	Disposals RM	Balance as at 30.6.2013 RM (Restated)
Bearer plants	1,801,499	1,426,158	-	3,227,657
Plant and equipment	1,118,172	122,430	-	1,240,602
Motor vehicles	611,155	169,162	(89,572)	690,745
	<u>3,530,826</u>	<u>1,717,750</u>	<u>(89,572)</u>	<u>5,159,004</u>

12. ACCOUNTANTS' REPORT (Cont'd)

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3. HISTORICAL FINANCIAL INFORMATION (continued)**3.9 Property, plant and equipment (continued)**

2014	Balance as at 1.7.2013 RM (Restated)	Additions RM (Restated)	Balance as at 30.6.2014 RM (Restated)	
Cost				
Freehold estate land	108,000,000	-	108,000,000	
Bearer plants	38,159,048	951,983	39,111,031	
Plant and equipment	2,080,633	54,630	2,135,263	
Motor vehicles	1,153,704	11,500	1,165,204	
	149,393,385	1,018,113	150,411,498	
		Depreciation charges for the financial year		
	Balance as at 1.7.2013 RM (Restated)	RM (Restated)	Balance as at 30.6.2014 RM (Restated)	
Accumulated depreciation				
Bearer plants	3,227,657	1,286,683	4,514,340	
Plant and equipment	1,240,602	118,577	1,359,180	
Motor vehicles	690,745	171,459	862,203	
	5,159,004	1,576,719	6,735,723	
	Balance as at 1.7.2014 RM (Restated)	Additions RM (Restated)	Disposals RM	
2015			Balance as at 30.6.2015 RM (Restated)	
Cost				
Freehold estate land	108,000,000	-	-	108,000,000
Bearer plants	39,111,031	496,753	-	39,607,784
Plant and equipment	2,135,263	9,837	-	2,145,100
Motor vehicles	1,165,204	-	(172,945)	992,259
	150,411,498	506,590	(172,945)	150,745,143
		Depreciation charges for the financial year	Disposals	Balance as at 30.6.2015 RM (Restated)
	Balance as at 1.7.2014 RM (Restated)	RM (Restated)	RM	
Accumulated depreciation				
Bearer plants	4,514,340	1,852,482	-	6,366,822
Plant and equipment	1,359,180	103,387	-	1,462,567
Motor vehicles	862,203	139,258	(123,209)	878,252
	6,735,723	2,095,127	(123,209)	8,707,641
		Balance as at 1.7.2015 RM (Restated)	Additions RM	Balance as at 30.6.2016 RM
2016				
Cost				
Freehold estate land	108,000,000	-	-	108,000,000
Bearer plants	39,607,784	324,863	-	39,932,647
Plant and equipment	2,145,100	8,841	-	2,153,941
Motor vehicles	992,259	-	-	992,259
	150,745,143	333,704	-	151,078,847

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3. HISTORICAL FINANCIAL INFORMATION (continued)**3.9 Property, plant and equipment (continued)**

	Balance as at 1.7.2015 (Restated) RM	Depreciation charges for the financial year RM	Balance as at 30.6.2016 RM
Accumulated depreciation			
Bearer plants	6,366,822	1,874,853	8,241,675
Plant and equipment	1,462,567	100,495	1,563,062
Motor vehicles	878,252	88,901	967,153
	8,707,641	2,064,249	10,771,890

	2013 RM (Restated)	2014 RM (Restated)	2015 RM (Restated)	2016 RM
Carrying amount				
Freehold estate land	108,000,000	108,000,000	108,000,000	108,000,000
Bearer plants	34,931,391	34,596,691	33,240,962	31,690,972
Plant and equipment	840,031	776,083	682,533	590,879
Motor vehicles	462,959	303,001	114,007	25,106
	144,234,381	143,675,775	142,037,502	140,306,957

3.10 Investment properties

	Balance as at 1.7.2012 RM	Fair value adjustment RM	Balance as at 30.6.2013 RM
2013			
Leasehold land and buildings	11,410,000	-	11,410,000
	Balance as at 1.7.2013 RM	Fair value adjustment RM	Balance as at 30.6.2014 RM
2014			
Leasehold land and buildings	11,410,000	-	11,410,000
	Balance as at 1.7.2014 RM	Fair value adjustment RM	Balance as at 30.6.2015 RM
2015			
Leasehold land and buildings	11,410,000	240,000	11,650,000
	Balance as at 1.7.2015 RM	Fair value adjustment RM	Balance as at 30.6.2016 RM
2016			
Leasehold land and buildings	11,650,000	-	11,650,000

(a) Direct operating expenses arising from investment properties generating rental income during the financial years are as follows:

	2013 RM	2014 RM	2015 RM	2016 RM
Quit rent and assessment	37,651	40,773	45,008	43,997

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3. HISTORICAL FINANCIAL INFORMATION (continued)**3.10 Investment properties (continued)**

(b) The fair value of investment properties are categorised as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2013				
Leasehold land and buildings	-	11,410,000	-	11,410,000
2014				
Leasehold land and buildings	-	11,410,000	-	11,410,000
2015				
Leasehold land and buildings	-	11,650,000	-	11,650,000
2016				
Leasehold land and buildings	-	11,650,000	-	11,650,000

- (i) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 30 June 2013, 30 June 2014, 30 June 2015 and 30 June 2016.
- (ii) Investment properties at Level 2 fair value were determined by external and independent property valuers having appropriate recognised professional qualification as at the end of reporting period based on comparison method that makes reference to recent market value of a similar property in the vicinity on a price per square feet basis.

3.11 Other investments

Fair value	2013 RM	2014 RM	2014 RM	2016 RM
Available-for-sale financial assets, quoted shares in Malaysia				
As at 1 July	170,910	146,645	146,645	162,470
Impairment losses	(24,265)	-	-	-
Fair value changes	-	-	15,825	-
As at 30 June	146,645	146,645	162,470	162,470

Information on the fair value hierarchy is disclosed in Note 3.25 to the financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)

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3. HISTORICAL FINANCIAL INFORMATION (continued)**3.12 Land held for property development**

	2013 RM	2014 RM	2015 RM	2016 RM
Freehold land				
At cost				
At beginning of financial year	841,543	843,855	860,655	1,042,106
Additions	2,312	16,800	181,451	15,624
At end of financial year	<u>843,855</u>	<u>860,655</u>	<u>1,042,106</u>	<u>1,057,730</u>

3.13 Inventories

	2013 RM	2014 RM	2015 RM	2016 RM
At cost				
Estate consumables	<u>184,785</u>	<u>69,915</u>	<u>43,109</u>	<u>121,627</u>

During the financial year, inventories are recognised as cost of sales amounted to RM936,973 (2015: RM1,025,886; 2014: RM1,654,973; 2013: RM1,402,747).

3.14 Agriculture produce

	2013 RM (Restated)	2014 RM (Restated)	2015 RM (Restated)	2016 RM
Carrying amount				
Balance as at 1 July	1,345,613	832,961	710,990	632,006
Fair value loss	(512,652)	(121,971)	(78,984)	(29,477)
Balance as at 30 June	<u>832,961</u>	<u>710,990</u>	<u>632,006</u>	<u>602,529</u>

(a) Matured bearer plants produce FFB, which are used to produce Crude Palm Oil and Palm Kernel Oil. Significant assumptions made in determining the fair values of the agriculture produce are as follows:

- (i) Bearer plants have an average life of 25 years, with the one (1) year to four (4) years as immature and remaining years as mature;
- (ii) Yield per hectare, based on average historical performance of the matured bearer plants;
- (iii) The average selling price of FFB of RM521 (2015: RM426; 2014: RM518; 2013: RM450) per tonnes; and
- (iv) Quantity of FFB harvested of 1,156.39 (2015: 1,451.25; 2014: 1,511.25; 2013: 1,454.00) tonnes which represents the production output within one (1) month subsequent to the end of the reporting date.

12. ACCOUNTANTS' REPORT (Cont'd)

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	Level 1 RM	Level 2 RM	Level 3 RM (Restated)	Total RM (Restated)
2013				
Agriculture produce	-	-	832,961	832,961
2014				
Agriculture produce	-	-	710,990	710,990
2015				
Agriculture produce	-	-	632,006	632,006
2016				
Agriculture produce	-	-	602,529	602,529

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 30 June 2013, 30 June 2014, 30 June 2015 and 30 June 2016.

3.15 Trade and other receivables

	2013 RM	2014 RM	2015 RM	2016 RM
Trade receivables				
Third parties	531,731	389,048	298,499	454,575
Other receivables	9,254	79,600	151,047	70,949
Loans and receivables	540,985	468,648	449,546	525,524
Deposits and prepayments				
Deposits	127,975	131,625	132,635	122,622
Prepayments	100,797	117,555	71,206	697,067
	228,772	249,180	203,841	819,689
	769,757	717,828	653,387	1,345,213

- (a) Trade receivables are non-interest bearing and the normal trade credit terms granted was 14 days (2015: 14 days; 2014: 14 days; 2013: 14 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (b) Prepayments for FYE 2016 mainly consist of professional fees of RM557,022 and listing expenses of RM136,659, which are the incremental costs that are directly attributable to the Proposed Listing and will be expensed off upon listing of Matang on the ACE Market of Bursa Securities.
- (c) All trade and other receivables are denominated in Ringgit Malaysia ('RM').

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3. HISTORICAL FINANCIAL INFORMATION (continued)**3.15 Trade and other receivables (continued)**

(d) The ageing analysis of trade receivables are as follows:

	2013 RM	2014 RM	2015 RM	2016 RM
Neither past due nor impaired	<u>531,731</u>	<u>389,048</u>	<u>298,499</u>	<u>454,575</u>

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records.

None of the trade receivables that are neither past due nor impaired have been renegotiated during the financial years.

(e) Information on financial risks of trade and other receivables are disclosed in Note 3.26 to the financial statements.

3.16 Cash and bank balances

	2013 RM	2014 RM	2015 RM	2016 RM
Cash and bank balances	430,497	1,497,339	1,575,662	1,626,745
Deposits with licensed banks	<u>24,357,719</u>	<u>13,051,434</u>	<u>12,857,152</u>	<u>12,730,656</u>
	<u>24,788,216</u>	<u>14,548,773</u>	<u>14,432,814</u>	<u>14,357,401</u>

(a) Deposits with licensed banks have maturity period from 3 months to 12 months (2015: 12 months; 2014: 12 months; 2013: 12 months) and with weighted average effective interest rate of 3.80% (2015: 3.67%; 2014: 3.73%; 2013: 3.62%) per annum.

(b) All cash and bank balances are denominated in Ringgit Malaysia ('RM').

(c) Information on financial risks of cash and bank balances are disclosed in Note 3.26 to the financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)

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3. HISTORICAL FINANCIAL INFORMATION (continued)**3.16 Cash and bank balances (continued)**

(d) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

	2013 RM	2014 RM	2015 RM	2016 RM
Cash and bank balances	24,788,216	14,548,773	14,432,814	14,357,401
Deposits with licensed bank (more than three months)	(24,357,719)	(13,051,434)	(12,857,152)	(29,184)
	<u>430,497</u>	<u>1,497,339</u>	<u>1,575,662</u>	<u>14,328,217</u>

3.17 Combining entities

Details of combining entities are as follows:

Name of combining company	Country of incorporation	Effective interest in equity				Principal activities
		2013 %	2014 %	2015 %	2016 %	
Matang Berhad	Malaysia	N/A	N/A	N/A	100	Investment holding company
Matang Holdings Berhad	Malaysia	100	100	100	100	Investment holding company, management of plantation estate and sale of fresh fruit bunch.
Subsidiary of Matang Holdings Berhad						
Matang Realty Sdn. Bhd.	Malaysia	100	100	100	100	Property investment holding

12. ACCOUNTANTS' REPORT (Cont'd)

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3. HISTORICAL FINANCIAL INFORMATION (continued)**3.18 Invested equity**

	2013		2014		2015		2016	
	Number of shares	RM	Number of shares	RM	Number of shares	RM	Number of shares	RM
Matang Berhad								
Ordinary shares of RM0.10 each:								
Authorised	4,000,000	400,000	4,000,000	400,000	4,000,000	400,000	4,000,000	400,000
Issued and fully paid	200	20	200	20	200	20	200	20
Matang Holdings Berhad								
Ordinary shares of RM0.50 each:								
Authorised	200,000,000	100,000,000	200,000,000	100,000,000	200,000,000	100,000,000	200,000,000	100,000,000
Issued and fully paid	120,000,004	60,000,002	120,000,004	60,000,002	120,000,004	60,000,002	120,000,004	60,000,002
The Group								
Authorised	204,000,000	100,400,000	204,000,000	100,400,000	204,000,000	100,400,000	204,000,000	100,400,000
Issued and fully paid	120,000,204	60,000,022	120,000,204	60,000,022	120,000,204	60,000,022	120,000,204	60,000,022

For the purpose of this report, the total number of shares represent the aggregate number of issued and fully paid-up shares of all combining entities within the Group.

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3. HISTORICAL FINANCIAL INFORMATION (continued)**3.19 Deferred tax liabilities**

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

	2013 RM (Restated)	2014 RM (Restated)	2015 RM (Restated)	2016 RM
Balance as at 1 July	2,310,000	2,352,679	2,116,307	1,728,567
Recognised in profit or loss (Note 3.7)				
- current year	(91,321)	(210,372)	(347,740)	17,000
- prior year	134,000	(26,000)	(40,000)	(302,567)
	<u>42,679</u>	<u>(236,372)</u>	<u>(387,740)</u>	<u>(285,567)</u>
Balance as at 30 June	<u>2,352,679</u>	<u>2,116,307</u>	<u>1,728,567</u>	<u>1,443,000</u>

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

	Property, plant and equipment RM	Others RM	Total RM
Deferred tax liabilities of the the Group			
At 1 July 2012 (Restated)	2,310,000	-	2,310,000
Recognised in profit or loss (Note 3.7)	<u>170,842</u>	<u>(128,163)</u>	<u>42,679</u>
At 30 June 2013 (Restated)	2,480,842	(128,163)	2,352,679
Recognised in profit or loss (Note 3.7)	<u>(248,671)</u>	<u>12,299</u>	<u>(236,372)</u>
At 30 June 2014 (Restated)	2,232,171	(115,864)	2,116,307
Recognised in profit or loss (Note 3.7)	<u>(418,860)</u>	<u>31,120</u>	<u>(387,740)</u>
At 30 June 2015 (Restated)	1,813,311	(84,744)	1,728,567
Recognised in profit or loss (Note 3.7)	<u>(370,311)</u>	<u>(84,744)</u>	<u>(285,567)</u>
At 30 June 2016	<u>1,443,000</u>	<u>-</u>	<u>1,443,000</u>

12. ACCOUNTANTS' REPORT (Cont'd)

Matang Berhad (1142377-X)
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3. HISTORICAL FINANCIAL INFORMATION (continued)**3.20 Trade and other payables**

	2013 RM	2014 RM	2015 RM	2016 RM
Trade payables				
Third parties	459,652	122,790	165,530	-
Other payables				
Other payables and accruals	283,293	489,373	439,579	220,134
Deposits received	766,357	248,407	200,127	230,792
Unclaimed dividend	395,000	-	-	39,106
	<u>1,904,302</u>	<u>860,570</u>	<u>805,236</u>	<u>490,032</u>

(a) Trade payables are non-interest bearing and the normal trade credit terms granted range from 30 to 90 days (2015: 30 to 90 days; 2014: 30 to 90 days; 2013: 30 to 90 days).

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

(c) Information on financial risks of trade and other payables are disclosed in Note 3.26 to the financial statements.

3.21 Commitments**(a) The Group as lessee**

The Group has entered into non-cancellable lease arrangements for operation, resulting in future rental commitments which can, subject to certain terms in the agreements, be revised annually based on prevailing market rates.

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

	2013 RM	2014 RM	2015 RM	2016 RM
Not later than one (1) year	12,000	12,800	40,800	13,600
Later than one (1) year and not later than three (3) years	-	-	13,600	-
	<u>12,000</u>	<u>12,800</u>	<u>54,400</u>	<u>13,600</u>

12. ACCOUNTANTS' REPORT (Cont'd)

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3. HISTORICAL FINANCIAL INFORMATION (continued)**3.21 Commitments (continued)****(b) The Group as lessor**

The Group has entered into non-cancellable lease arrangements on certain investment properties for a term of one (1) to three (3) years. The leases include a clause to enable upward revision of the rental charge on an annual basis depending on prevailing market conditions.

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

	2013 RM	2014 RM	2015 RM	2016 RM
Not later than one (1) year	400,769	386,550	779,895	907,232
Later than one (1) year and not later than three (3) years	521,434	-	407,455	450,760
	<u>922,203</u>	<u>386,550</u>	<u>1,187,350</u>	<u>1,357,992</u>

3.22 Employee benefits

The total employee benefits recognised in the statements of profit or loss and other comprehensive income are as follows:

	2013 RM	2014 RM	2015 RM	2016 RM
Salaries, allowances and overtime	838,648	1,069,423	1,098,370	941,079
Contributions to defined contribution plan	130,257	105,819	101,207	115,807
Other employee benefits	10,869	10,546	86,969	78,199
	<u>979,774</u>	<u>1,185,788</u>	<u>1,286,546</u>	<u>1,135,085</u>

Included in the employee benefits are Directors' remuneration which is disclosed in Note 3.24 to the financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)

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3. HISTORICAL FINANCIAL INFORMATION (continued)**3.23 Dividends**

	2013		2014		2015		2016	
	Dividend per share sen	Amount of dividend RM	Dividend per share sen	Amount of dividend RM	Dividend per share sen	Amount of dividend RM	Dividend per share sen	Amount of dividend RM
In respect of the financial year ended 30 June 2013								
Final single tier dividend	-	-	5.00	6,000,000	-	-	-	-
Special single tier dividend	-	-	5.00	6,000,000	-	-	-	-
In respect of the financial year 30 June 2014								
Final single tier dividend	-	-	-	-	2.50	3,000,000	-	-
In respect of the financial year ended 30 June 2015								
Final single tier dividend	-	-	-	-	-	-	2.00	2,400,000
	-	-	10.00	12,000,000	2.50	3,000,000	2.00	2,400,000

The Directors do not recommend the payment of any final dividend in respect of the current financial year ended 30 June 2016.

12. ACCOUNTANTS' REPORT (Cont'd)

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3. HISTORICAL FINANCIAL INFORMATION (continued)**3.24 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.

(b) There was no related party transaction during the financial years.**(c) Compensation of key management personnel**

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group.

The remuneration of Directors and other key management personnel during the financial years are as follows:

	2013 RM	2014 RM	2015 RM	2016 RM
Directors of the Company				
Fees	-	126,250	150,000	-
Emoluments other than fees	-	245,226	265,750	208,000
Emoluments paid to former Directors	138,500	-	-	-
	<u>138,500</u>	<u>371,476</u>	<u>415,750</u>	<u>208,000</u>

3.25 Financial instruments**(a) Capital management**

The Group's primary objective of the 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. The Group's overall strategy remains unchanged from financial year ended 30 June 2015.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2013, 30 June 2014, 30 June 2015 and 30 June 2016.

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

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3. HISTORICAL FINANCIAL INFORMATION (continued)**3.25 Financial instruments (continued)****(b) Financial instruments**

	2013 RM	2014 RM	2015 RM	2016 RM
Financial assets				
Available-for-sale				
Other investments	146,645	146,645	162,470	162,470
Loans and receivables				
Trade and other receivables, net of deposits and prepayments	540,985	468,648	449,546	525,524
Cash and bank balances	24,788,216	14,548,773	14,432,814	14,357,401
	<u>25,475,846</u>	<u>15,164,066</u>	<u>15,044,830</u>	<u>15,045,395</u>
Financial liabilities				
Other financial liabilities				
Trade and other payables	<u>1,904,302</u>	<u>860,570</u>	<u>805,236</u>	<u>490,032</u>

(c) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

- (i) Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value

The carrying amounts of financial assets and financial liabilities, such as trade and other receivables, trade and other payables, are reasonable approximation of fair value, due to their short-term nature.

- (ii) Quoted shares

The fair value of quoted investments in Malaysia is determined by reference to the exchange quoted market bid prices at the close of the business on the end of the reporting period.

(d) Fair value hierarchy

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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3. HISTORICAL FINANCIAL INFORMATION (continued)**3.25 Financial instruments (continued)****(d) Fair value hierarchy (continued)**

	Financial instruments carried at fair value Level 1 RM	Carrying amount RM
Financial assets		
Available-for-sale financial assets		
2013		
Other investments - Quoted shares (Note 3.11)	<u>146,645</u>	<u>146,645</u>
2014		
Other investments - Quoted shares (Note 3.11)	<u>146,645</u>	<u>146,645</u>
2015		
Other investments - Quoted shares (Note 3.11)	<u>162,470</u>	<u>162,470</u>
2016		
Other investments - Quoted shares (Note 3.11)	<u>162,470</u>	<u>162,470</u>

During the reporting period ended 30 June 2013, 30 June 2014, 30 June 2015 and 30 June 2016, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

3.26 Financial risk management objectives and policies

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 policy of the combining entities 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 risk, market risk as well as commodity price fluctuation risk. Information on the management of the related exposures is detailed below:

(a) 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.

12. ACCOUNTANTS' REPORT (Cont'd)

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3. HISTORICAL FINANCIAL INFORMATION (continued)**3.26 Financial risk management objectives and policies (continued)****(a) Credit risk (continued)**

The primary exposure of the Group to credit risk arises through its trade receivables.

Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

At the end of the reporting period, there was no significant concentration of credit risk for the Group.

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 3.15 to the financial statements. Deposits with licensed banks are neither past due nor impaired are placed with reputable financial institutions with good standing. The Directors believe that the possibility of non-performance by the financial institutions is remote on the basis of their financial strength.

(b) Liquidity and cash flow risk

Liquidity risk arises from the management of working capital of the Group. It is the risk that the Group will encounter difficulty in meeting its financial obligations when due. The Group actively manages its debts maturity profile, 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 activities of the Group. The Group also aims at maintaining flexibility in funding by keeping its credit lines available.

12. ACCOUNTANTS' REPORT (Cont'd)

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3. HISTORICAL FINANCIAL INFORMATION (continued)**3.26 Financial risk management objectives and policies (continued)****(b) Liquidity and cash flow risk (continued)**

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

	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	Over 5 years RM	Total RM
2013					
Financial liabilities					
Trade and other payables	1,904,302	-	-	-	1,904,302
Total undiscounted financial liabilities	1,904,302	-	-	-	1,904,302
2014					
Financial liabilities					
Trade and other payables	860,570	-	-	-	860,570
Total undiscounted financial liabilities	860,570	-	-	-	860,570
2015					
Financial liabilities					
Trade and other payables	805,236	-	-	-	805,236
Total undiscounted financial liabilities	805,236	-	-	-	805,236
2016					
Financial liabilities					
Trade and other payables	490,032	-	-	-	490,032
Total undiscounted financial liabilities	490,032	-	-	-	490,032

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group 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 interest-earning deposits with licenced banks of the Group. There is no formal hedging policy with respect to interest rate exposure.

12. ACCOUNTANTS' REPORT (Cont'd)

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3. HISTORICAL FINANCIAL INFORMATION (continued)**3.26 Financial risk management objectives and policies (continued)****(c) Interest rate risk (continued)**

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of the each reporting period and the remaining maturities of the financial instruments of the Group that are exposed to interest rate risk:

	Note	Weighted average effective interest rate %	Within 1 year RM	1 - 2 years RM	2 - 5 years RM	Over 5 years RM	Carrying amount RM
2013							
Fixed rates							
Deposits with licensed banks	3.16	3.62	24,357,719	-	-	-	24,357,719
2014							
Fixed rates							
Deposits with licensed banks	3.16	3.73	13,051,434	-	-	-	13,051,434
2015							
Fixed rates							
Deposits with licensed banks	3.16	3.60	12,857,152	-	-	-	12,857,152
2016							
Fixed rates							
Deposits with licensed banks	3.16	3.80	12,730,656	-	-	-	12,730,656

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group if interest rates at the end of each reporting period changed by 100 basis points with all other variables held constant:

	2013 RM	2014 RM	2015 RM	2016 RM
Profit after tax				
- increase by 1%	182,683	97,886	96,429	96,753
- decrease by 1%	(182,683)	(97,886)	(96,429)	(96,753)

12. ACCOUNTANTS' REPORT (Cont'd)

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3. HISTORICAL FINANCIAL INFORMATION (continued)**3.26 Financial risk management objectives and policies (continued)****(d) 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 profit or loss and available-for-sale financial assets.

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 Group's exposure to market risks or the manner in which these risks are managed and measured.

The following table demonstrates the sensitivity of the available-for-sale reserve of the Group if the market price had been five percent (5%) higher or lower arising as a result of higher or lower fair value gains on financial assets are recognised directly in other comprehensive income and the increase or decrease in fair value equity instruments classified as available-for-sale with all other variables held constant:

<u>Available-for-sale reserve</u>	2013 RM	2014 RM	2015 RM	2016 RM
- Increase by 5% (2014: 5%)	7,332	7,280	8,018	3,693
- Decrease by 5% (2014: 5%)	<u>(7,332)</u>	<u>(7,280)</u>	<u>(8,018)</u>	<u>(3,693)</u>

(e) Commodity price fluctuation riskSensitivity 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 RM590,629 (2015: RM603,202; 2014: RM705,149; 2013: RM653,981).

3.27 Explanation of transition to MFRSs

The Group is a transitioning entity as defined by the MASB, and has early adopted the MFRS Framework for the financial year ended 30 June 2016. Accordingly, the first financial statements of the Group in accordance with MFRSs were prepared for the financial year from 1 July 2015 to 30 June 2016.

The accounting policies set out in Note 2 to the financial statements have been applied in preparing the combined financial statements for the financial period from 1 July 2015 to 30 June 2016, as well as information presented in these financial statements for the financial years ended 30 June 2013, 30 June 2014 and 30 June 2015 and in the preparation of the opening MFRS statements of financial position at 1 July 2014 (the date of transition of the Company to MFRSs).

12. ACCOUNTANTS' REPORT (Cont'd)

Matang Berhad (1142377-X)
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3. HISTORICAL FINANCIAL INFORMATION (continued)**3.27 Explanation of transition to MFRSs (continued)**

The Group has adjusted amounts previously reported in its financial statements that were prepared in accordance with the previous FRS Framework. In preparing the opening statement of financial position at 1 July 2014, an explanation on the impact arising from the transition from FRSs to MFRSs on the financial position and the early adoption of MFRS 141: *Agriculture: Bearer Plants (Amendments to MFRS 116 and MFRS 141)*, financial performance and cash flows of the Group are set out as follows:

(a) Reconciliation of combined statement of financial position as at 1 July 2014

	MHB and MRSB previously reported under FRSs RM	Matang Berhad RM	Effect on adoption of MFRSs RM	Restated under MFRSs RM
ASSETS				
Non-current assets				
Property, plant and equipment	104,247,222	-	39,428,553	143,675,775
Investment properties	11,410,000	-	-	11,410,000
Plantation development expenditure	7,266,365	-	(7,266,365)	-
Other investments	146,645	-	-	146,645
Land held for property development	860,655	-	-	860,655
	123,930,887	-	32,162,188	156,093,075
Current assets				
Inventories	69,915	-	-	69,915
Agriculture produce	-	-	710,990	710,990
Trade and other receivables	717,828	-	-	717,828
Current tax assets	30,610	-	-	30,610
Cash and bank balances	14,548,753	20	-	14,548,773
	15,367,106	20	710,990	16,078,116
TOTAL ASSETS	139,297,993	20	32,873,178	172,171,191
EQUITY AND LIABILITIES				
Equity attributable to the owners of the Company				
Share capital	60,000,002	20	-	60,000,022
Reserves	74,035,587	-	(74,013,517)	22,070
Retained earnings	1,528,834	-	107,643,388	109,172,222
TOTAL EQUITY	135,564,423	20	33,629,871	169,194,314
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities	2,873,000	-	(756,693)	2,116,307
Current liabilities				
Trade and other payables	860,570	-	-	860,570
TOTAL LIABILITIES	3,733,570	-	(756,693)	2,976,877
TOTAL EQUITY AND LIABILITIES	139,297,993	20	32,873,178	172,171,191

12. ACCOUNTANTS' REPORT (Cont'd)

Matang Berhad (1142377-X)
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3. HISTORICAL FINANCIAL INFORMATION (continued)**3.27 Explanation of transition to MFRSs (continued)**

(b) Reconciliation of combined statement of financial position as at 30 June 2015

	MHB and MRSB previously reported under FRSs RM	Matang Berhad RM	Effect on adoption of MFRSs RM	Restated under MFRSs RM
ASSETS				
Non-current assets				
Property, plant and equipment	162,929,456	-	(20,891,954)	142,037,502
Investment properties	11,650,000	-	-	11,650,000
Plantation development expenditure	13,841,409	-	(13,841,409)	-
Other investments	162,470	-	-	162,470
Land held for property development	1,042,106	-	-	1,042,106
	189,625,441	-	(34,733,363)	154,892,078
Current assets				
Inventories	43,109	-	-	43,109
Agriculture produce	-	-	632,006	632,006
Trade and other receivables	653,387	-	-	653,387
Current tax assets	-	-	-	-
Cash and bank balances	14,432,794	20	-	14,432,814
	15,129,290	20	632,006	15,761,316
TOTAL ASSETS	204,754,731	20	(34,101,357)	170,653,394
EQUITY AND LIABILITIES				
Equity attributable to the owners of the Company				
Share capital	60,000,002	20	-	60,000,022
Reserves	132,689,910	-	(132,652,015)	37,895
Retained earnings	1,635,695	(6,850)	106,347,385	107,976,230
TOTAL EQUITY	194,325,607	(6,830)	(26,304,630)	168,014,147
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities	9,525,294	-	(7,796,727)	1,728,567
Current liabilities				
Trade and other payables	798,386	6,850	-	805,236
Current tax liabilities	105,444	-	-	105,444
	903,830	6,850	-	910,680
TOTAL LIABILITIES	10,429,124	6,850	(7,796,727)	2,639,247
TOTAL EQUITY AND LIABILITIES	204,754,731	20	(34,101,357)	170,653,394

12. ACCOUNTANTS' REPORT (Cont'd)

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3. HISTORICAL FINANCIAL INFORMATION (continued)**3.27 Explanation of transition to MFRSs (continued)**

(c) Reconciliation of combined profit and loss and other comprehensive income for the financial year ended 30 June 2015

	MHB and MRSB previously reported under FRSs RM	Matang Berhad RM	Effect on adoption of MFRSs RM	Restated under MFRSs RM
Revenue	7,410,726	-	-	7,410,726
Cost of sales	(2,227,486)	-	-	(2,227,486)
Gross profit	5,183,240	-	-	5,183,240
Other income	2,066,081	-	-	2,066,081
Administration expenses	(3,137,221)	(6,850)	(1,649,020)	(4,793,091)
Other expenses	(39,545)	-	(78,984)	(118,529)
Profit before tax	4,072,555	(6,850)	(1,728,004)	2,337,701
Tax expense	(965,694)	-	432,001	(533,693)
Profit for the financial year	3,106,861	(6,850)	(1,296,003)	1,804,008
Items that may be reclassified subsequently to profit or loss: Gain on fair value changes of available-for- sale financial assets	15,825	-	-	15,825
Items that will not be reclassified subsequently to profit or loss: Gain on revaluation of:				
- freehold estate land	53,926,484	-	(53,926,484)	-
- plantation development expenditure	4,712,014	-	(4,712,014)	-
Total other comprehensive income, net of tax	58,654,323	-	(58,638,498)	15,825
Total comprehensive income	61,761,184	(6,850)	(59,934,501)	1,819,833
Profit attributable to:				
Common controlling shareholders of the combining entities	3,106,861	(6,850)	(1,296,003))	1,804,008
Non-controlling interests	-	-	-	-
	3,106,861	(6,850)	(1,296,003)	1,804,008
Total comprehensive income attributable to:				
Common controlling shareholders of the combining entities	61,761,184	(6,850)	(59,934,501)	1,819,833
Non-controlling interests	-	-	-	-
	61,761,184	(6,850)	(59,934,501)	1,819,833

12. ACCOUNTANTS' REPORT (Cont'd)

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3. HISTORICAL FINANCIAL INFORMATION (continued)**3.27 Explanation of transition to MFRSs (continued)**

(d) Reconciliation of combined statement of cash flows for the financial year ended 30 June 2015

	MHB and MRSB previously reported under FRSs RM	Matang Berhad RM	Effect on adoption of MFRSs RM	Restated under MFRSs RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before tax	4,072,555	(6,850)	(1,728,004)	2,337,701
Adjustments for:				
Amortisation of plantation development expenditure	203,462	-	(203,462)	-
Depreciation of:				
- bearer plants	-	-	1,852,482	1,852,482
- property, plant and equipment	242,645	-	-	242,645
Fair value adjustment of:				
- agriculture produce	-	-	78,984	78,984
- investment properties	(240,000)	-	-	(240,000)
Gain on disposal of property, plant and equipment	(48,764)	-	-	(48,764)
Gross dividend from securities quoted in Malaysia	(10,550)	-	-	(10,550)
Interest income	(491,999)	-	-	(491,999)
Operating profit before changes in working capital	3,727,349	(6,850)	-	3,720,499
Changes in working capital:				
Inventories	26,806	-	-	26,806
Trade and other receivables	64,441	-	-	64,441
Trade and other payables	(62,184)	6,850	-	(55,334)
Cash generated from operations	3,756,412	-	-	3,756,412
Tax paid	(785,379)	-	-	(785,379)
Net cash from operating activities	2,971,033	-	-	2,971,033
CASH FLOWS FROM INVESTING ACTIVITIES				
Deposits placed with licensed banks with original maturity of more than three (3) months	194,282	-	-	194,282
Gross dividend from securities quoted in Malaysia	10,550	-	-	10,550
Interest received	491,999	-	-	491,999
Land held for property development	(181,451)	-	-	(181,451)
Proceeds from disposal of property, plant and equipment	98,500	-	-	98,500
Purchase of:				
- bearer plants	-	-	(496,753)	(496,753)
- property, plant and equipment	(9,837)	-	-	(9,837)
Replanting expenditure	(496,753)	-	496,753	-
Net cash from investing activities	107,290	-	-	107,290

12. ACCOUNTANTS' REPORT (Cont'd)

Matang Berhad (1142377-X)
Accountants' Report

3. HISTORICAL FINANCIAL INFORMATION (continued)**3.27 Explanation of transition to MFRSs (continued)**

- (d) Reconciliation of combined statement of cash flows for the financial year ended 30 June 2015 (continued)

	MHB and MRSB previously reported under FRSs RM	Matang Berhad RM	Effect on adoption of MFRSs RM	Restated under MFRSs RM
CASH FLOWS FROM FINANCING ACTIVITY				
Dividends paid	(3,000,000)	-	-	(3,000,000)
Net cash used in financing activity	(3,000,000)	-	-	(3,000,000)
Net increase in cash and cash equivalents	78,323	-	-	78,323
Cash and cash equivalents at beginning of financial year	1,497,319	20	-	1,497,339
Cash and cash equivalents at end of financial year	1,575,642	20	-	1,575,662

- (e) Notes to reconciliations

- (i) Property, plant and equipment

Under FRSs, freehold estate land (which included bearer plants) were stated at valuation as a whole.

Upon transition to MFRSs, Matang elected to apply the fair values of the freehold estate land and bearer plants as their respective deemed cost. Accordingly, it has separate cost for respective freehold estate land and bearer plants.

The fair value of freehold estate land and bearer plants were valued as a whole amounted to RM141,000,000**.

The management of Matang has identified and allocated the fair value of freehold estate land at RM108,000,000*** and the remaining balances of RM33,000,000 to bearer plants at their respective 'deemed cost'.

The deemed cost identified for freehold estate land was applied retrospectively for the financial year ended ('FYE') 30 June 2013, 2014 and 2015, and the resulting adjustments of the gain on revaluation surplus amounted to RM46,632,966 (refer table on Note 3.27 (e)(i)) were recognised directly in retained earnings. In addition, all prior years' gain on revaluation of RM41,801,104 and RM58,964,778 (refer table on Note 3.27 (e)(i)), which were based on the past valuation exercise carried out before FYE30.6.2015 and during FYE30.6.2015 respectively had been reclassified to retained earnings upon adoption of MFRS framework.

** - Freehold estate land and bearer plants were valued on 4 March 2016 by the Directors based on a valuation exercise carried out by the independent firm of registered professional valuers using the discounted cash flow method.

*** - Freehold estate land with 2,700 acres was arrived at RM40,000 per acre based on the comparable bare land as stated on the valuation report on 4 March 2016.

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Matang Berhad (1142377-X)
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3. HISTORICAL FINANCIAL INFORMATION (continued)**3.27 Explanation of transition to MFRSs (continued)****(e) Notes to reconciliations (continued)****(i) Property, plant and equipment (continued)**

The table below reconciles freehold estate land previously reported in accordance with FRS to freehold estate land restated in accordance with MFRS from 1 July 2013 to 30 June 2015:

	30.6.2013 RM	30.6.2014 RM	30.6.2015 RM
Freehold estate land			
As previously reported as valuation	103,168,138	103,168,138	162,132,916
Add/(less): Transitioning adjustments			
Gain on revaluation before FYE30.6.2015	(41,801,104)	(41,801,104)	(41,801,104)
Gain on revaluation during FYE30.6.2015	-	-	(58,964,778)
Adjustment to the deemed cost resulting from the valuation made on 4 March 2016	46,632,966	46,632,966	46,632,966
Effects of transitioning to MFRS	4,831,862	4,831,862	(54,132,916)
As restated under MFRSs (Note 3.9)	108,000,000	108,000,000	108,000,000

(ii) Agriculture produce

Upon transition to MFRSs, Matang reclassified agriculture produce as current assets and measured it in accordance with fair value net of maintenance and harvesting costs at the end of the reporting period.

(iii) Plantation development expenditure

Under FRSS, plantation development expenditure are initially capitalised at cost and subsequently measured at revaluation. Upon transition to MFRSs, the plantation development expenditure had been reclassified as bearer plants. The previous amortisation charge of plantation development expenditure and its corresponding deferred tax expenses had been reclassified to retained earnings.

12. ACCOUNTANTS' REPORT (Cont'd)

Matang Berhad (1142377-X)
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3. HISTORICAL FINANCIAL INFORMATION (continued)**3.27 Explanation of transition to MFRSs (continued)****(e) Notes to reconciliations (continued)****(iv) Equity**

The table below reconciles equity balances previously reported in accordance with FRS to equity balances restated in accordance with MFRS from 1 July 2012 to 30 June 2015:

	1.7.2012 RM	30.6.2013 RM	30.6.2014 RM	30.6.2015 RM
Retained earnings				
As previously reported under FRSs	7,314,788	10,556,401	1,528,834	1,635,695
Add/(less): Transitioning adjustments				
Transfer of revaluation surplus from reserve (#)	74,013,517	74,013,517	74,013,517	132,652,015
Fair value adjustment at deemed cost for PPE	35,899,949	35,899,949	35,899,949	(22,738,549)
	109,913,466	109,913,466	109,913,466	109,913,466
Effects on transitioning to MFRS:				
- Balance brought forward	-	-	(1,341,963)	(2,270,078)
- Current year (Note 3.27(e)(v))	-	(1,341,963)	(928,115)	(1,296,003)
- Balance carried forward	-	(1,341,963)	(2,270,078)	(3,566,081)
Total Effects of transitioning to MFRS	109,913,466	108,571,503	107,643,388	106,347,385
Combining results of Matang Berhad	-	-	-	(6,850)
As restated under MFRSs	117,228,254	119,127,904	109,172,222	107,976,230
Reserve				
As previously reported under FRSs	74,035,587	74,035,587	74,035,587	132,689,910
Add/(less): Transitioning adjustments				
Reversal of revaluation surplus directly to retained earnings (#)	(74,013,517)	(74,013,517)	(74,013,517)	(132,652,015)
Effects of transitioning to MFRS	(74,013,517)	(74,013,517)	(74,013,517)	(132,652,015)
As restated under MFRSs	22,070	22,070	22,070	37,895

12. ACCOUNTANTS' REPORT (Cont'd)

Matang Berhad (1142377-X)
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3. HISTORICAL FINANCIAL INFORMATION (continued)**3.27 Explanation of transition to MFRSs (continued)**

(e) Notes to reconciliations (continued)

(v) Total comprehensive income

The table below reconciles the total comprehensive income previously reported in accordance with FRS to total comprehensive income restated in accordance with MFRS from 1 July 2012 to 30 June 2015:

	1.7.2012 to 30.6.2013 RM	1.7.2013 to 30.6.2014 RM	1.7.2014 to 30.6.2015 RM
Total comprehensive income			
As previously reported under FRSs	3,241,613	2,972,433	61,761,184
Add/(less): Transitioning adjustments			
Depreciation of bearer plants	(1,426,158)	(1,286,683)	(1,852,482)
Fair value adjustment for agriculture produce	(512,652)	(121,971)	(78,984)
Reversal of:			
- Amortisation of plantation development expenditure	149,526	171,167	203,462
- Corresponding deferred tax expenses	447,321	309,372	432,001
Effects of transitioning to MFRS (Note 3.27(e)(iv))	(1,341,963)	(928,115)	(1,296,003)
Reversal of gain on revaluation reserve	-	-	(58,638,498)
Combining results of Matang Berhad	-	-	(6,850)
As restated under MFRSs	1,899,650	2,044,318	1,819,833

3.28 SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

MRSB had received the following notifications on the compulsory acquisition of part of the Matang Estate pursuant to the Land Acquisition Act, 1960 to upgrade the existing Muar-Tangkak-Segamat Road Package 3:

(a) Notification dated 27 September 2016 from Pentadbir Tanah Segamat ("PTS") in relation to the land title Geran 37583 for Lot 6185 and Geran 37585 for Lot 6187 in Mukim Jementah, Daerah Segamat for which the land area to be acquired by the State Government of Johor is 0.7418 hectares and 1.2994 hectares respectively; and

(b) Notification dated 12 October 2016 from Pejabat Tanah Tangkak ("PTT") in relation to the land title Geran 2752 for Lot 984 in Mukim Tangkak, Daerah Tangkak for which the land area to be acquired by the State Government of Johor is 0.1116 hectares.

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3. HISTORICAL FINANCIAL INFORMATION (continued)**3.28 SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR (continued)**

Particulars of title	Owner	Age of trees Years	Titular land area Hectares	Land area for compulsory acquisition Hectares
Lot 6185, Geran 37583	MRSB	Over 18 years	1.968	0.7418
Lot 6187, Geran 37585	MRSB	Over 18 years	3.403	1.2994
Lot 984, Geran 2752	MRSB	Over 12 years	1.776	0.1116

- (c) MRSB had on 20 November 2016 attended the enquiry scheduled by PTT pursuant to notification dated 12 October 2016 for which a compensation value of RM41,000 had been proposed by the said land office. At this juncture, our Group intends to appeal the proposed compensation value in order to secure a higher compensation sum.
- (d) MRSB had on 14 November 2016 attended the first enquiry scheduled by PTS pursuant to notification dated 27 September 2016 for which a compensation value of RM632,772 had been proposed by the said land office. MRSB has been called for a second enquiry with PTS on 29 November 2016 after which a revised compensation value is expected to be proposed.

13. REPORTING ACCOUNTANTS' LETTER ON PRO FORMA CONSOLIDATED FINANCIAL INFORMATION



Tel: +603 2616 2888
Fax: +603 2616 3190, 2616 3191
www.bdo.my

Level 8
BDO @ Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
Malaysia

The Board of Directors
Matang Berhad
Suite 1301, 13th Floor, City Plaza
Jalan Tebrau
80300 Johor Bahru
Johor

Date: 28 November 2016

Our ref: BDO/LKW/JS/tjj

Dear Sirs,

MATANG BERHAD (Company No: 1142377-X) ('MATANG' OR 'THE COMPANY') AND ITS SUBSIDIARIES ('MATANG GROUP' OR 'THE GROUP')

REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED FINANCIAL INFORMATION FOR INCLUSION IN THE PROSPECTUS

We have completed our assurance engagement to report on the compilation of pro forma consolidated financial information of Matang Group prepared by the Board of Directors of the Company. The pro forma consolidated financial information consists of the pro forma consolidated statement of financial position as at 30 June 2016 together with the accompanying notes thereon, for which we have stamped for the purpose of identification. The pro forma consolidated financial information has been prepared for inclusion in the prospectus of Matang in connection with the listing of and quotation for the entire issue and paid-up share capital of Matang on the ACE Market of Bursa Malaysia Securities Berhad.

The applicable criteria on the basis of which the Board of Directors has compiled the pro forma consolidated financial information are described in Note 1 of the pro forma financial information and are specified in the Prospectus Guidelines issued by Securities Commission Malaysia ('Prospectus Guidelines').

The pro forma consolidated financial information has been compiled by the Board of Directors for illustrative purposes only, to show the effects of the proposed share exchange and the IPO as set out in Note 1.3 of the pro forma financial information, on the Group's financial position as at 30 June 2016 had these transactions been effected at the date stated. As part of this process, information about the financial position of the Matang Group has been extracted by the Board of Directors from the financial statements of the Company and Matang Holdings Berhad Group for the financial year ended 30 June 2016, on which audit reports have been published.

Directors' Responsibility for the Pro Forma Consolidated Financial Information

The Board of Directors of Matang is responsible for compiling the pro forma consolidated financial information on the basis as described in Note 1 of the pro forma consolidated financial information and in accordance with the requirements of the Prospectus Guidelines.

13. REPORTING ACCOUNTANTS' LETTER ON PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (*Cont'd*)



Reporting Accountants' Responsibility

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the pro forma consolidated financial information has been compiled, in all material respects, by the Board of Directors of the Company on the basis described in Note 1 of the pro forma consolidated financial information using the financial statements prepared in accordance with Malaysian Financial Reporting Standards ('MFRS') and International Financial Reporting Standards ('IFRS') and in a manner consistent with both the format of the financial statements and the accounting policies of the Matang Group.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of the Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the pro forma consolidated financial information on the basis set out in Note 1 of the pro forma consolidated financial information.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma consolidated financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated financial information.

The purpose of the pro forma consolidated financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at 30 June 2016 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma consolidated financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the pro forma consolidated financial information provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma consolidation financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transaction in respect of which the pro forma consolidated financial information has been compiled and other relevant engagement circumstances. The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

13. REPORTING ACCOUNTANTS' LETTER ON PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)



Opinion

In our opinion, the pro forma consolidated financial information of the Group has been compiled in all material respects, on the basis as set out in the notes thereon, using the financial statements prepared in accordance with MFRS, IFRS and in a manner consistent with both the format of the financial statements and the accounting policies of the Matang Group.

Other Matters

This report has been prepared solely for the purpose of inclusion in the Prospectus of Matang, in connection with the listing of and quotation for the entire issued and paid-up share capital of Matang on the ACE Market of Bursa Malaysia Securities Berhad. As such, this letter should not be used for any other purpose without our prior written consent. Neither the Firm nor any member or employee of the Firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'BDO'.

BDO
AF: 0206
Chartered Accountants
Kuala Lumpur, Malaysia

A handwritten signature in black ink, appearing to be 'Law Kian Huat'.

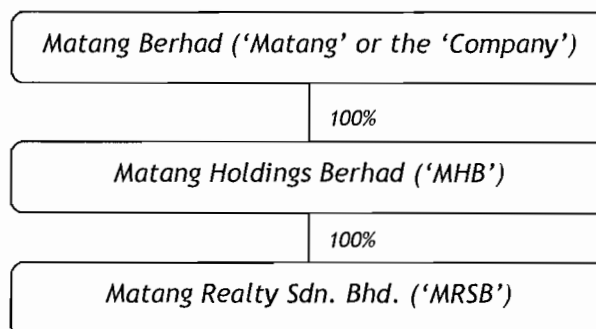
Law Kian Huat
2855/06/18(J)
Chartered Accountant

13. REPORTING ACCOUNTANTS' LETTER ON PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

Matang Berhad (Company No. 1142377 - X)
Pro Forma Consolidated Financial Information

1. PRO FORMA GROUP, BASIS OF PREPARATION AND LISTING SCHEME**1.1 Pro Forma group**

The pro forma structure of Matang Group is as follows:

**1.2 Basis of preparation**

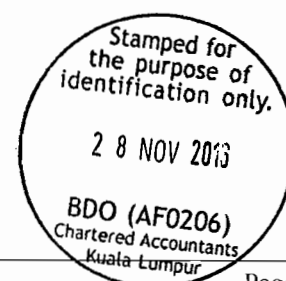
The Company was incorporated on 28 April 2015 and the first set of audited financial statements of Matang covers the financial period from 28 April 2015 to 30 June 2015. For the purpose of preparing the pro forma consolidated financial statements, the audited financial statements of the Company has been presented for the financial year ended 30 June 2016.

The audited financial statements of Matang and MHB Group comprising MHB and MRSB for the financial year ended 30 June 2016 were not subject to any audit qualification.

The pro forma consolidated financial information of the Group has been prepared on the basis stated in notes described below using the audited financial statements of Matang and MHB Group as at 30 June 2016, in accordance with Malaysian Financial Reporting Standards ('MFRSs') and International Financial Reporting Standards ('IFRSs') and in a manner consistent with the accounting policies of the Matang Group.

Elimination of intra-group transactions, if any, has also been made on the assumption that Matang Group had been in existence throughout the financial years under review.

These financial statements are presented in Ringgit Malaysia ('RM'), which is also the functional currency of the Company.



13. REPORTING ACCOUNTANTS' LETTER ON PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

Matang Berhad (Company No. 1142377 - X)
Pro Forma Consolidated Financial Information

1. PRO FORMA GROUP, BASIS OF PREPARATION AND LISTING SCHEME (continued)

1.2 Basis of preparation (continued)

The acquisition exercise, i.e. the acquisition of MHB undertaken by the Company, is a business combination under common control. Accordingly, the Group is regarded as a continuing entity and the merger method is used. The difference between the cost of investment recorded by Matang Berhad and the nominal value of the shares acquired in Matang Holdings Berhad is accounted for as merger deficit in the pro forma consolidated statements of financial position, as follows:

	RM
Cost of investment	168,000,006
Less: Nominal value of shares acquired in Matang Holdings Berhad	<u>(60,000,002)</u>
Merger deficit	<u>108,000,004</u>

1.3 Effects of the proposed share exchange and the IPO on the Pro forma Consolidated Statement of Financial Position

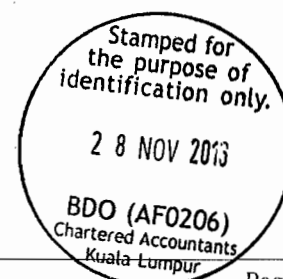
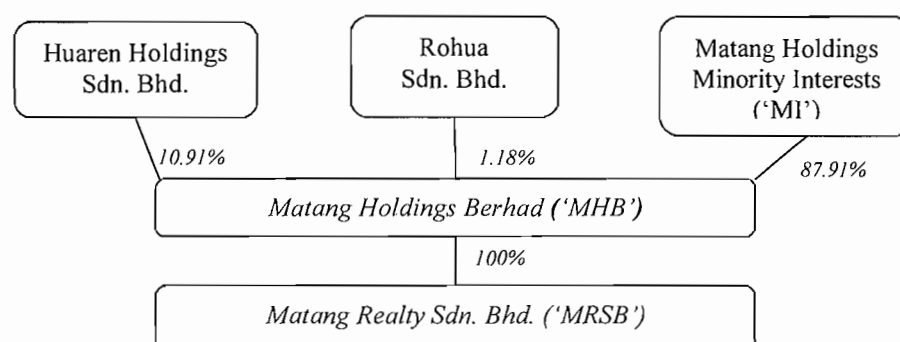
1.3.1 Proposed share exchange

Matang had undertaken the following transactions in connection with the listing of and quotation for the entire enlarged issued and paid-up capital of Matang on the ACE Market of Bursa Malaysia Securities Berhad ('Bursa Securities') ('Listing'):

(a) Share exchange of MHB Group ('Share exchange')

Prior to the Listing, Matang will acquire MHB Group by way of share exchange for fourteen (14) existing shares to one (1) MHB's shares.

The corporate structure of Matang Group prior to the re-organisation as at the date of this Report is as follows:



13. REPORTING ACCOUNTANTS' LETTER ON PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (*Cont'd*)

Matang Berhad (Company No. 1142377 - X)
Pro Forma Consolidated Financial Information

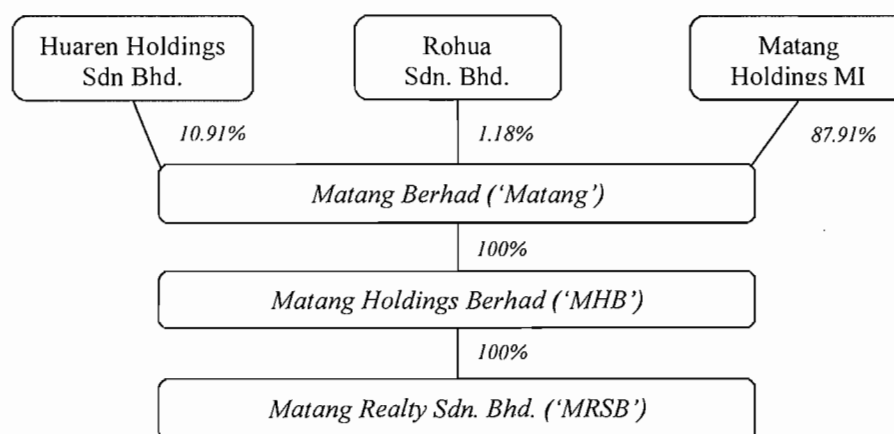
1. PRO FORMA GROUP, BASIS OF PREPARATION AND LISTING SCHEME (continued)

1.3 Effects of the proposed share exchange and the IPO on the Pro forma Consolidated Statement of Financial Position (continued)

1.3.1 Proposed share exchange (continued)

(a) Share exchange of MHB Group ('Share exchange') (continued)

The corporate structure of Matang Group after the re-organisation prior to IPO is as follows:



1.3.2 Listing scheme

In conjunction with and as an integral part of the Listing, the Company undertakes the following transactions:

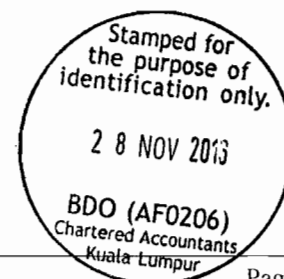
(a) Initial Public Offering ('IPO')

(i) Public Issue

The 130,000,000 IPO Shares to be issued pursuant to the Public Issue at RM0.13 per IPO Share ('IPO Price') representing 7.18% of the enlarged issued and paid-up share capital upon Listing, payable in full on application upon the terms and conditions as set out in the Prospectus.

(ii) Listing and Quotation on the ACE Market of Bursa Securities

Upon completion of the Public Issue, Matang proposes to seek a Listing and quotation of its entire enlarged issued share capital comprising 1,810,000,256 Matang Shares on the ACE Market of Bursa Securities.



13. REPORTING ACCOUNTANTS' LETTER ON PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

Matang Berhad (Company No. 1142377 - X)
Pro Forma Consolidated Financial Information

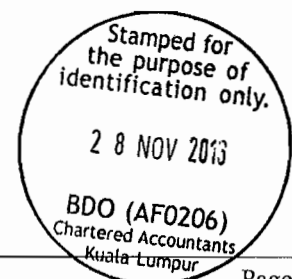
1. PRO FORMA GROUP, BASIS OF PREPARATION AND LISTING SCHEME (continued)**1.3 Effects of the proposed share exchange and the IPO on the Pro forma Consolidated Statement of Financial Position (continued)****1.3.2 Listing scheme (continued)****(b) Utilisation of proceeds from Public Issue**

The gross proceeds from the Public Issue of RM16,900,000 as stated in Section 1.3.2 (a)(i) are expected to be utilised as follows:

	RM
Replanting exercise	250,000
Capital expenditure	2,550,000
Working capital*	11,924,000
Estimated Listing expenses**	2,176,000
	16,900,000

* Subsumed within cash and bank balances.

** The estimated Listing expenses totaling RM2,176,000 (including RM895,986 incurred as at 30 June 2016) to be borne by Matang comprise brokerage, underwriting and placement fees, professional fees and miscellaneous expenses. A total of RM676,000 is assumed to be directly attributable to the Public Issue and as such will be debited against the share premium account under Section 60 of the Companies Act, 1965 in Malaysia and Malaysian Institute of Accountants Financial Reporting Standards Implementation Committee Consensus, where applicable and the remaining expenses of RM1,500,000 are assumed to be attributable to the Listing and as such, shall be expensed off to the statement of profit or loss and other comprehensive income, of which RM149,805 and RM52,500 have already been recognised in profit or loss for the financial period/year ended 30 June 2015 and 30 June 2016 respectively.



13. REPORTING ACCOUNTANTS' LETTER ON PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

Matang Berhad (Company No. 1142377-X)
Pro Forma Consolidated Financial Information

2. PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

The pro forma consolidated statement of financial position ('SOFP') of Matang Group as at 30 June 2016 have been prepared for illustrative purposes only to show the effects on the audited SOFP of Matang as at 30 June 2016 based on the assumptions that the Share Exchange of MHB Group and the Listing Scheme as set out in Note 1.3 had been effected on 30 June 2016.

	Audited As at 30 June 2016 RM	Adjustments for share exchange and acquisition of MHB Group RM	Pro Forma I RM	Adjustments for IPO RM	Pro Forma II RM	Adjustments for IPO and utilisation of proceeds RM	Pro Forma III RM
ASSETS							
Non-current assets							
Property, plant and equipment	-	140,306,957	140,306,957	-	140,306,957	2,800,000	143,106,957
Investment properties	-	11,650,000	11,650,000	-	11,650,000	-	11,650,000
Other investments	-	162,470	162,470	-	162,470	-	162,470
Land held for property development	-	1,057,730	1,057,730	-	1,057,730	-	1,057,730
	-	153,177,157	153,177,157	-	153,177,157	2,800,000	155,977,157
Current assets							
Inventories	-	121,627	121,627	-	121,627	-	121,627
Agricultural produce	-	602,529	602,529	-	602,529	-	602,529
Trade and other receivables	-	1,345,213	1,345,213	-	1,345,213	(693,681)	651,532
Cash and bank balances	20	14,357,381	14,357,401	16,900,000	31,257,401	(4,080,014)	27,177,387
	20	16,426,750	16,426,770	16,900,000	33,326,770	(4,773,695)	28,553,075
TOTAL ASSETS	20	169,603,907	169,603,927	16,900,000	186,503,927	(1,973,695)	184,530,232

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identification only.

28 NOV 2016

BDO (AF0206)
Chartered Accountants
Kuala Lumpur

13. REPORTING ACCOUNTANTS' LETTER ON PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

Matang Berhad (Company No. 1142377-X)
Pro Forma Consolidated Financial Information

2. PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016 (continued)

	Audited As at 30 June 2016 RM	Adjustments for share exchange and acquisition of MHB Group RM	Pro Forma I RM	Adjustments for IPO RM	Pro Forma II RM	Adjustments for IPO and utilisation of proceeds RM	Pro Forma III RM
EQUITY AND LIABILITIES							
Equity attributable to owners of the parent							
Share capital	20	168,000,006	168,000,026	13,000,000	181,000,026	-	181,000,026
Share premium	-	-	-	3,900,000	3,900,000	(676,000)	3,224,000
Available-for-sale reserve	-	37,895	37,895	-	37,895	-	37,895
Merger deficit	-	(108,000,004)	(108,000,004)	-	(108,000,004)	-	(108,000,004)
(Accumulated losses)/Retained earnings	(23,081)	107,193,391	107,170,310	-	107,170,310	(1,297,695)	105,872,615
TOTAL EQUITY	(23,061)	167,231,288	167,208,227	16,900,000	184,108,227	(1,973,695)	182,134,532
LIABILITIES							
Non-current liabilities	-	1,443,000	1,443,000	-	1,443,000	-	1,443,000
Deferred tax liabilities							
Current liabilities							
Trade and other payables	23,081	466,951	490,032	-	490,032	-	490,032
Current tax liabilities	-	462,668	462,668	-	462,668	-	462,668
TOTAL LIABILITIES	23,081	2,372,619	2,395,700	-	2,395,700	-	2,395,700
TOTAL EQUITY AND LIABILITIES	20	169,603,907	169,603,927	16,900,000	186,503,927	(1,973,695)	184,530,232
Net (liabilities)/assets	(23,061)		167,208,227		184,108,227		182,134,532
Number of ordinary shares of RM0.10 each	200		1,680,000,256		1,810,000,256		1,810,000,256
Net (liabilities)/assets attributable to equity holders of the Company per ordinary share of RM0.10 each	(115.31)		0.10		0.10		0.10

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the purpose of
identification only.

2 8 NOV 2013

BDO (AF0206)

Chartered Accountants
Kuala Lumpur

13. REPORTING ACCOUNTANTS' LETTER ON PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

*Matang Berhad (Company No. 1142377-X)
Pro Forma Consolidated Financial Information*

2. PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016 (continued)

2.1 PRO FORMA ADJUSTMENTS TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

2.1.1 PRO FORMA I

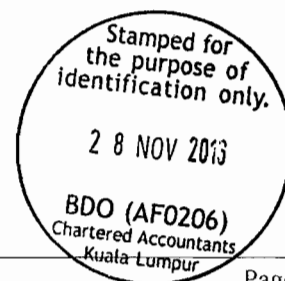
Pro Forma I is stated after the incorporation of the share exchange of MHB Group and acquisition of MHB Group as set out in Section 1.3.1.

2.1.2 PRO FORMA II

Pro Forma II is stated after Pro Forma I and after the completion of the proposed public issue as set out in Section 1.3.2 (a).

2.1.3 PRO FORMA III

Pro Forma III is stated after Pro Forma II and after the completion of the utilisation of proceeds as set out in Section 1.3.2 (b).



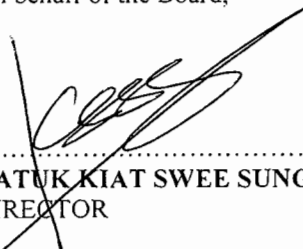
13. REPORTING ACCOUNTANTS' LETTER ON PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)


Matang Berhad (Company No. 1142377-X)
Pro Forma Consolidated Financial Information

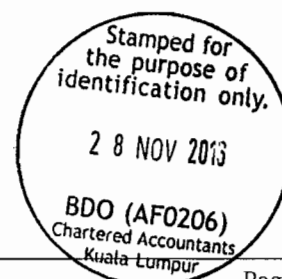
APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors of Matang Berhad in accordance with a resolution dated 28 November 2016.

On behalf of the Board,


.....
DATUK KIAT SWEE SUNG
DIRECTOR


.....
ENG CHENG GUAN
DIRECTOR



14. DIRECTORS' REPORT



Matang Berhad

Suite 905, 9th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru
Tel: 07-276 3933 Fax: 07-276 3533

Registered Office:-

Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Date: 05 DEC 2016

The Shareholders of Matang Berhad

Dear Sir/Madam,

On behalf of the Board of Directors of Matang Berhad ("Matang" or the "Company"), I report after due inquiry that during the period from 30 June 2016 (being the date to which the last audited financial statements of the Company's subsidiaries have been made up) to the date hereof (being a date not earlier than fourteen (14) days before the issue of this Prospectus), that:-

- (a) the business of the Company and its subsidiaries, in the opinion of the Directors, has been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen since the last audited financial statements of the Company and its subsidiaries which have adversely affected the trading or the value of the assets of the Company or any of its subsidiaries;
- (c) the current assets of the Company and its subsidiaries that appear in the books are at values which are believed to be realisable in the ordinary course of business;
- (d) no contingent liabilities have arisen by reason of any guarantees or indemnities given by the Company or any of its subsidiaries;
- (e) there has been no default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings in which the Directors are aware of, since the last audited financial statements of the Company and its subsidiaries; and
- (f) there have been no material changes in the published reserves or any unusual factors affecting the profits of the Company and its subsidiaries since the last audited financial statements of the Company subsidiaries.

Yours faithfully,

For and on behalf of the Board of Directors of
MATANG BERHAD


DATUK KIAT SWEE SUNG
Executive Deputy Chairman

15. STATUTORY AND OTHER INFORMATION

15.1 SHARE CAPITAL

- (a) We will not issue or allot any Shares on the basis of this Prospectus later than twelve (12) months after the date of this Prospectus.
- (b) As at the date of this Prospectus, we only have one (1) class of shares, namely, ordinary shares of RM0.10 each, all of which rank *pari passu* with one another.
- (c) As at the date of this Prospectus:
 - (i) No Director, employee or business associate of our Group has been or is entitled to be given or has exercised any option to subscribe for any share of our Company or our subsidiaries; and
 - (ii) There is no scheme involving the employees of our Group in the shares of our Company or our subsidiaries.
- (d) Save for the new Shares issued and to be issued pursuant to the Exchange of Shares and Public Issue as disclosed in Sections 5.3 and 5.4 of this Prospectus, no shares of our Company or our subsidiaries have been issued or are proposed to be issued as fully or partly paid-up, in cash or otherwise, within the past two (2) years immediately preceding the date of this Prospectus.
- (e) Other than our Public Issue as disclosed in Section 5.4 of this Prospectus, there is no intention on the part of our Directors to issue any part of the authorised but unissued share capital of our Company.
- (f) As at the date of this Prospectus, we do not have any outstanding convertible debt securities.

15.2 ARTICLES OF ASSOCIATION

The following provisions are extracted from our Company's Articles of Association. Terms defined in our Articles of Association shall have the same meanings when used here unless they are otherwise defined here or the context otherwise requires.

(1) Remuneration of Directors

The provisions in our Articles of Association dealing with remuneration of Directors are as follows:

Article 88 – Directors' Remuneration

Fees of Directors shall from time to time be determined by the Company in general meeting, and such fees shall be divided among the Directors in such proportions and manner as the Directors may determine PROVIDED ALWAYS that:

- (i) fees payable to Directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;
- (ii) salaries payable to executive Director(s) may not include(s) a commission on or percentage of turnover;

15. STATUTORY AND OTHER INFORMATION (Cont'd)

- (iii) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting where notice of the proposed increase has been given in the notice convening the meeting;
- (iv) any fee paid to an alternate Director shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter; and
- (v) executive Director(s) shall, subject to the terms of any agreement entered into in any particular case, receive(s) such remuneration as the Directors may from time to time determine.

(2) Voting and Borrowing Powers of the Directors

The provisions in our Articles of Association dealing with voting and borrowing powers of our Directors including voting powers in relation to proposals, arrangements or contracts in which they are interested in are as follows:

Article 114 –Borrowing Powers of Directors

- (i) The Directors may from time to time at their discretion raise or borrow for the purpose of the Company such sums of money as they think proper and may also raise or secure the payment of such money in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the issue of debentures or debenture stock of the Company, charged upon all or any part of the property of the Company (both present and future) including uncalled capital, or by means of charges, mortgages, bonds and dispositions in security or bonds or cash deposit, with or without power of sale, and upon such other terms and conditions as the Directors shall think fit.
- (ii) Without derogating from the generality of the foregoing provisions, the Directors may in particular mortgage or charge any of the Company or its subsidiaries' undertaking, property or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of any third party.
- (iii) The Directors shall cause a proper register to be kept in accordance with the Act, in respect of all mortgages and charges specifically affecting the property of the Company. The register shall be open to the inspection of any member without charge and of any other person. The fee for inspection of instruments requiring registration under the Act shall be fifty cents for each inspection but the Directors may waive the payment of such fee either in any particular case or generally.

Article 119 – Restriction on Voting

Subject to Section 131 of the Act, a Director who is in any way, whether directly or indirectly, interested in a contract entered into or proposed to be entered into by the Company, unless the interest is one that need not be disclosed under Section 131 of the Act, shall if present be counted only to make the quorum at the board meeting but shall not participate in any discussion while the contract or proposed contract is being considered at the board meeting and shall not vote on the contract or proposed. However, a director may vote in respect of:

15. STATUTORY AND OTHER INFORMATION (Cont'd)

- (a) any arrangement for giving the director himself or any other director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or
- (b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the director has assumed responsibility in whole or in part under a guarantee or indemnity or the deposit of a security; or
- (c) any contract by a director to subscribe for or underwrite shares or debentures of the Company in the event of a public issue or offer for sale of the Company's shares or debentures; or
- (d) any contract or arrangement with any corporation in which he is interested only as an officer of the corporation or as the holder of shares or other securities.

(3) *Changes in Share Capital and Variation of Class Rights*

The provisions in our Articles of Association dealing with changes in share capital and variation of class rights, which are no less stringent than those required by law, are as follows:

Article 7 – Modification of Class Rights

Subject to Section 65 of the Act, if at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may whether or not the Company is being wound up, be modified, affected, varied, extended or surrendered in any manner with the consent in writing of the holders of three-fourths (3/4) of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meetings, the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be two (2) persons at least holding or representing by proxy one-quarter (1/4) of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution, Section 152 of the Act shall apply with such adaptations as may be necessary.

Article 8 – Ranking of Class Rights

The rights conferred upon the holders of the shares of any class with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects *pari passu* therewith but in no respect in priority thereto

15. STATUTORY AND OTHER INFORMATION (Cont'd)**Article 50 – Power to increase capital**

Subject to the provisions of the Act, the Listing Requirements and other applicable laws for the time being in force, the Company may from time to time, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully called up or not, by ordinary resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company by the resolution authorising such increase directs.

Article 51 – Shares to Be Offered to Members before Issue

Subject to any direction to the contrary that may be given by the Company by way of special resolution 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 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 these Articles.

Article 52 - Rights and Liabilities of New Shares

Except in so far as otherwise provided by the conditions of issue, any capital raised by the creation of new shares shall be considered as part of the original share capital of the Company and shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture and otherwise as the original share capital.

Article 53 – Alteration of Capital

The Company may from time to time by ordinary resolution:

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (b) subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, so however that in subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; or
- (c) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.

15. STATUTORY AND OTHER INFORMATION (Cont'd)**Article 54 – Power to reduce Capital**

The Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with and subject to, any authorisation, and conditions prescribed by the Act.

(4) Transfer of securities**Article 33 - Transfer of Securities**

- (i) The transfer of any listed security or class of listed security of the Company which have been deposited with the Depository shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding Sections 103 and 104 of the Act, but subject to Section 107C(2) of the Act and any exemption that may be made from compliance with Section 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the listed securities.
- (ii) Subject to any written law, the instrument of transfer of any security that is not a Deposited Security shall be in writing and in the prescribed form executed by or on behalf of the transferor, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect thereof.
- (iii) A depositor shall not withdraw the securities which have been deposited with the Depository except in such manner as may be specified in the Rules and Central Depositories Act.

Article 34 - Transferor's Right

The instrument of transfer of any security shall be executed by or on behalf of the transferor, and the transferor shall be deemed to remain the holder of the security until the name of the transferee is entered in the Record of Depositors in respect thereof.

Article 35 - Refusal to Register Transfers

The Depository may refuse to register any transfer of deposited security that does not comply with the Central Depositories Act and the Rules.

Article 36 - Suspension of Registers

The registration of transfers may be suspended at such times and for such period as the Directors may from time to time determine, provided always that such registration shall not be suspended for more than thirty (30) days in any year. Subject always to the Listing Requirements, at least ten (10) Market Days' notice of intention or such other period of notice as may be permitted by the Stock Exchange to close the said register shall be given to the Stock Exchange. The said notice shall state the purpose or purposes for which the register is being closed. At least three (3) Market Days prior notice shall be given to the Depository to prepare the appropriate Record of Depositors provided that where the Record of Depositors is required in respect of corporate actions, prior notice shall be given to the Depository.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

Article 37 – Renunciation

Subject to the provisions of these Articles, the Directors may recognise a renunciation of any share by the allottee thereof in favour of some other person.

Article 40 - Instrument of Transfer

Subject to the provisions of the Central Depositories Act and the Rules, every instrument of transfer shall be in writing and in the form approved in the Rules and shall be presented to the Depository with such evidence (if any) as the Depository may require to prove the title of the intending transferor and that the intended transferee is a qualified person.

15.3 GENERAL INFORMATION

- (a) Save for the Matang Shares issued as consideration to our shareholders pursuant to the Exchange of Shares as disclosed in Section 5.3 of this Prospectus, Directors' remuneration as disclosed in Section 8.2.4 of this Prospectus and dividends paid out to our shareholders as disclosed in Section 11.16 of this Prospectus, no other amount or benefit has been paid or given within the past two (2) years immediately preceding the date of this Prospectus, nor is it intended to be so paid or given, to any of our Promoters, Directors or substantial shareholders.
- (b) None of our Directors or substantial shareholders has any interest, direct or indirect, in any contract or arrangement subsisting at the date of this Prospectus and which is significant in relation to the business of our Group.
- (c) The manner in which copies of this Prospectus together with the official application forms and envelopes may be obtained and the details of the procedures for application of our Shares are set out in Section 16 of this Prospectus.
- (d) There is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.

15.4 MATERIAL LITIGATION AND CONTINGENT LIABILITY

As at the LPD, we are not engaged in any material litigation, claim or arbitration either as plaintiff or defendant and our Directors confirm that there are no proceeding pending or threatened or of any fact likely to give rise to any proceeding which might materially or adversely affect our position or business.

As at LPD, our Directors confirm that there are no contingent liabilities incurred by us or our subsidiaries, which upon becoming enforceable, may have a material effect on our financial position or our subsidiaries.

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15. STATUTORY AND OTHER INFORMATION (Cont'd)**15.5 MATERIAL CONTRACTS**

Save as disclosed below, there are no contracts which are or may be material (not being contracts entered into in the ordinary course of business) which have been entered into by our Company or our subsidiaries within the past two (2) years immediately preceding the date of this Prospectus:

- (a) Agreement dated 15 January 2015 entered into between MHB and M&A Securities for the appointment of M&A Securities as the Adviser for the Listing and the appointment of M&A Securities as Sponsor pursuant to the Listing Requirements;
- (b) Scheme agreement dated 28 August 2015 entered into between our Company and MHB which was superceded by the Scheme Agreement referred to in Section 15.5(c) below;
- (c) Scheme Agreement dated 6 May 2016 entered into between our Company and MHB for the Exchange of Shares;
- (d) Trust deed dated 4 November 2016 entered into between our Company and Malaysian Trustees Berhad for Malaysian Trustees Berhad to hold the Matang Shares issued and allotted to the shareholders of MHB who/which, among others, cannot be located, fail, refuse or neglect to accept the Matang Shares issued and allotted to them pursuant to the Exchange of Shares; and
- (e) Underwriting agreement dated 28 November 2016 entered into between our Company and the Underwriter for the underwriting of 130,000,000 IPO Shares which are available for application by the Malaysian Public ("Underwritten Shares") at our IPO Price for an underwriting commission calculated at the rate of 3.0% of our IPO Price multiplied by the total number of the Underwritten Shares and based on the terms and conditions therein contained.

15.6 PUBLIC TAKE-OVERS

During the last financial year and the current financial year up to the LPD, there were:

- (a) no public take-over offers by third parties in respect of our Shares; and
- (b) no public take-over offers by our Company in respect of other companies' shares.

15.7 CONSENTS

- (a) The written consents of the Adviser, Sponsor, Underwriter, Principal Bankers, Solicitors, Share Registrar, Company Secretaries, Issuing House and Trustee to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn;
- (b) The written consents of the Auditors and Reporting Accountants to the inclusion in this Prospectus of their names, Accountants' Report and letter relating to the Pro forma Consolidated Financial Information in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn;

15. STATUTORY AND OTHER INFORMATION (Cont'd)

- (c) The written consent of the IMR to the inclusion in this Prospectus of its name and the executive summary of the IMR Report titled "Strategic Analysis of the Palm Oil Industry Focusing on the Plantation Segment in Malaysia", in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not been subsequently withdrawn; and
- (d) The written consents of the Independent Property Valuers to the inclusion in this Prospectus of their name and the valuation certificates, in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently withdrawn.

15.8 DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of our Company during normal business hours for a period of twelve (12) months from the date of this Prospectus:

- (a) Memorandum and Articles of Association of our Company;
- (b) The audited financial statements of Matang Group for FYE 2013, FYE 2014, FYE 2015 and FYE 2016;
- (c) The Accountants' Report as set out in Section 12 of this Prospectus;
- (d) The Reporting Accountants' Letters relating to our Pro forma Consolidated Financial Information as set out in Section 13 of this Prospectus;
- (e) The executive summary of the IMR Report titled "Strategic Analysis of the Palm Oil Industry Focusing on the Plantation Segment in Malaysia" prepared by the IMR as set out in Section 7 of this Prospectus, and the full report thereon;
- (f) The Directors' Report as set out in Section 14 of this Prospectus;
- (g) Material contracts as set out in Section 15.5 of this Prospectus;
- (h) The letters of consent as set out in Section 15.7 of this Prospectus; and
- (i) The Valuation Certificates as set out in Annexures of this Prospectus and the Valuation Report dated 4 March 2016 and 30 April 2015.

15.9 RESPONSIBILITY STATEMENTS

Our Directors and Promoters have seen and approved this Prospectus, and they collectively and individually accept full responsibility for the accuracy of the information contained herein, and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted, would make any statement in this Prospectus false or misleading.

M&A Securities acknowledge that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE

16.1 OPENING AND CLOSING OF APPLICATION

The application period will open at 10.00 a.m. on 19 December 2016 and will remain open until at 5.00 p.m. on 3 January 2017 or for such further period or periods as our Directors, Promoters and the Underwriter may in their absolute discretion may mutually decide. Any changes to the Closing Date will be published in a widely circulated daily Bahasa Malaysia and English newspapers within Malaysia prior to the original closing date of the application. Following this, the dates for the balloting of the applications for our IPO Shares, allotment of our IPO Shares and Listing would be extended accordingly. **LATE APPLICATIONS WILL NOT BE ACCEPTED.**

16.2 METHODS OF APPLICATION

The Applications shall be made in relation with and subject to the terms of this Prospectus and our Memorandum and Articles.

Types of Application

Application Method

Applications for the 130,000,000 Issue Shares made available for applications by the Malaysian Public:-

- | | | |
|-----|------------------------------------|--|
| (a) | Malaysian Public – Individuals | White Application Form or Electronic Share Application or Internet Share Application |
| (b) | Malaysian Public – Non-Individuals | White Application Form only |

FULL INSTRUCTIONS FOR THE APPLICATION FOR OUR IPO SHARES AND THE PROCEDURES TO BE FOLLOWED ARE SET OUT IN THE APPLICATION FORMS. YOU ARE ADVISED TO READ THE APPLICATION FORMS AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.

16.3 APPLICATIONS USING APPLICATION FORM

16.3.1 Types of Application Forms

The **White Application Forms** for application by the Malaysian Public are issued with their notes and instructions enclosed together with this Prospectus

White Application Forms together with copies of this Prospectus may be obtained, subject to availability, from M&A Securities, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and our Issuing House.

The submission of an Application Form does not necessarily mean that your application will be successful.

16.3.2 Terms and Conditions for Applications Using Application Forms

Only one (1) Application Form from each applicant will be considered and an application must be for one hundred (100) ordinary shares of RM0.10 each or multiples thereof. **MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED.** If you submit multiple applications in your own name or by using the name of others, with or without their consents, you will be committing an offence under Section 179 of the CMA and if convicted, may be punished with a

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

minimum fine of RM1,000,000 and a jail term of up to ten (10) years under Section 182 of the CMSA.

Application for our IPO Shares must be made on the respective Application Form provided together with this Prospectus and must be completed in accordance with the notes and instructions printed on the reverse side of the Application Form and in this Prospectus. In accordance with Section 232 of the CMSA, the Application Form together with the notes and instructions printed thereon shall constitute integral part of this Prospectus. Applications which do not **STRICTLY** conform to the terms of this Prospectus or Application Form or notes and instructions printed thereon or which are illegible may not be accepted.

Each completed Application Form must be accompanied by a remittance in Ringgit Malaysia for the full amount payable by either:

- (a) BANKER'S DRAFT OR CASHIER'S ORDER purchased within Malaysia only and drawn on a bank in Kuala Lumpur (differentiated by a special red band for Bumiputera applicants); or
- (b) MONEY ORDER OR POSTAL ORDER (for applicants from Sabah and Sarawak only); or
- (c) GUARANTEED GIRO ORDER ("GGO") from Bank Simpanan Nasional Malaysia Berhad (differentiated by a special red band for Bumiputera applicants); or
- (d) ATM STATEMENTS OBTAINED FROM ANY OF THE FOLLOWING FINANCIAL INSTITUTIONS:
 - HONG LEONG BANK BERHAD;
 - MALAYAN BANKING BERHAD;
 - RHB BANK BERHAD.

made out in favour of:-

"TIH SHARE ISSUE ACCOUNT NO. 671"

and crossed **"A/C Payee Only"** (excluding ATM statements) and endorsed on the reverse side with your name and address.

Applications accompanied by mode of payment other than in the manner stated above or with excess or insufficient remittances or inappropriate Banker's Drafts, Cashier's Orders, Money Orders or Postal Order, ATM Statement or GGO will not be accepted. Details of remittances must be completed in the appropriate boxes provided in the Application Forms.

If you are an individual and not a member of the Armed Forces/Police, your name and national registration identity card number must be exactly the same as that stated in:-

- (a) Your national registration identity card;
- (b) Any valid temporary identity document issued by the National Registration Department from time to time; or
- (c) Your "Resit Pengenalan Sementara ("**KPPK 09**") issued pursuant to Peraturan 5(5), Peraturan- Peraturan Pendaftaran Negara 1990.

If you are a member of the Armed Forces/Police, your name and your Armed Forces or Police personnel number, as the case may be, must be exactly the same as that stated in your

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

authority card and your address must be the address of your respective camp, base or station.

For corporation/institutional applicants, the name and certificate of incorporation number must be exactly the same as that stated in the corporation's or certificate of incorporation and the address must be the registered address.

We, together with our Issuing House will not issue any acknowledgement of the receipt of your Application Form or application monies.

Applications accompanied by mode of payment other than those stated above or with excess or insufficient remittance may not be accepted. You must complete details of the remittance in the appropriate boxes provided on the Application Form.

You must state your CDS account number in the space provided on the Application Form and you shall be deemed to have authorised Bursa Depository to disclose information pertaining to your CDS account to our Issuing House and/or our Company. If you do not presently have a CDS account, you may open one (1) by contacting any one of the ADAs listed in Section 16.9 of this Prospectus.

You must write your name and address on the reverse side of the Banker's Draft, Cashier's Order, ATM statement, Money Order or GGO from Bank Simpanan Nasional Malaysia Berhad.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents must be despatched by ORDINARY POST in the official envelopes provided to the following address:-

Tricor Investor & Issuing House Services Sdn Bhd (11324-H)

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

or **DELIVERED BY HAND AND DEPOSITED** in the drop-in boxes provided at their Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur,

or **DELIVERED BY HAND AND DEPOSITED** in the drop-in boxes provided at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur,

so as to arrive not later **than 5.00 p.m. on 3 January 2017** or such other date or dates as our Directors and the Sole Underwriter may, in their absolute discretion, mutually decide.

Registered post must not be used.

No acknowledgement of the receipt of Application Forms or application monies will be made.

Please direct all enquiries in respect of the White Application Form to our Issuing House.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**16.4 APPLICATIONS USING ELECTRONIC SHARE APPLICATION****16.4.1 Participating Financial Institutions**

Electronic Share Applications may be made through an ATM of the following Participating Financial Institutions and their branches with the respective processing fee:-

- Affin Bank Berhad – No fee will be charged for application by their account holders;
- AmBank (M) Berhad – RM1.00;
- CIMB Bank Berhad – RM2.50
- HSBC Bank Malaysia Berhad – RM2.50;
- Malayan Banking Berhad – RM1.00;
- Public Bank Berhad – RM2.00;
- RHB Bank Berhad – RM2.50; or
- Standard Chartered Bank Malaysia Berhad (as selected branches only) – RM2.50

16.4.2 Terms and Conditions for Electronic Share Application

The procedures for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions. For illustration purposes, the procedures for Electronic Share Application at ATMs are set out in Section 16.4.3 of this Prospectus. The steps set out the actions that you must take at the ATM to complete an Electronic Share Application. Please read and understand carefully the terms of this Prospectus, the steps and the terms and conditions for Electronic Share Application set out below before making an Electronic Share Application.

In the case of Electronic Share Application, only an applicant who is an individual with a CDS account is eligible to utilise the facility.

You must have an existing bank account with, and be an ATM cardholder of, one (1) of the Participating Financial Institutions before you can make an Electronic Share Application at an ATM of that Participating Financial Institution. An ATM card issued by one of the Participating Financial Institutions cannot be used to apply for our IPO Shares at an ATM belonging to other Participating Financial Institutions. Upon the completion of your Electronic Share Application transaction, you will receive a computer-generated transaction slip ("Transaction Record"), confirming the details of your Electronic Share Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by our Company or Issuing House. The Transaction Record is for your retention and should not be submitted with any Application Form.

Upon the closing of offer for the application for our IPO Shares on 3 January 2017 at 5.00 p.m., the Participating Financial Institutions shall submit the magnetic tapes containing their respective customers' applications for our IPO Shares to our Issuing House as soon as practicable but not later than 12.00 p.m. of the second (2nd) business day after the Closing Date and Time.

You are allowed to make an Electronic Share Application for our IPO Shares via an ATM that accepts the ATM cards of the Participating Financial Institutions with which you have an account and its branches, subject to you making only one (1) Application. You can apply for our IPO Shares via an ATM card of that Participating Financial Institution which is situated in another country or place outside of Malaysia, subject to you making only one (1) Application.

You must ensure that you use your own CDS account number when making an Electronic Share Application. If you have a joint account with any Participating Financial Institution, you must ensure that you enter your own CDS account number when using an ATM card issued

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

to you in your own name. Your application will be rejected if you fail to comply with the foregoing conditions.

The Electronic Share Application shall be made on, and subject to, the above terms and conditions as well as the terms and conditions appearing below:-

- (a) The Electronic Share Application shall be made in connection with and subject to the terms of this Prospectus and the Memorandum and Articles of our Company.
- (b) You are required to confirm the following statements (by depressing predesignated keys or buttons on the ATM keyboard) and undertake that the following information given is true and correct:-
 - (i) You have attained 18 years of age as at the Closing Date;
 - (ii) You are a Malaysian citizen residing in Malaysia;
 - (iii) You have read the relevant Prospectus and understood and agreed with the terms and conditions of the application;
 - (iv) This is the only application that you are submitting; and
 - (v) You thereby give consent to the participating financial institution and Bursa Depository to disclose information pertaining to yourself and your account with the participating financial institution and Bursa Depository to our Issuing House and other relevant authorities.
- (c) Your Application will not be successfully completed and cannot be recorded, as a completed transaction at the ATM unless you complete all the steps required by the Participating Financial Institutions. By doing so, you shall be treated as signifying your confirmation of each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia, including Section 133 of the Financial Service Act, 2013 and Section 45 of the Securities Industry (Central Depositories) Act, 1991 to the disclosure by the relevant Participating Financial Institution or Bursa Depository, as the case may be, of any of your particulars to our Issuing House or any other relevant regulatory bodies.
- (d) You confirm that you are not applying for our IPO Shares as nominee of any other person and that any Electronic Share Application that you make is made by yourself as the beneficial owner. You shall only make one (1) Electronic Share Application and shall not make any other application for our IPO Shares, whether at the ATMs of any Participating Financial Institution or on the prescribed Application Forms or via Internet share application.
- (e) You must have sufficient funds in your account with the relevant Participating Financial Institutions at the time you make your Electronic Share Application, failing which your Electronic Share Application will not be completed. Any Electronic Share Application, which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is being made will be rejected.
- (f) You agree and undertake to subscribe for or purchase and to accept the number of IPO Shares applied for as stated on the Transaction Record or any lesser number of IPO Shares that may be allotted or allocated to you in respect of your Electronic Share Application. In the event that we decide to allot or allocate any lesser number of such IPO Shares or not to allot or allocate any IPO Shares to you, you agree to

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

accept any such decision as final. If your Electronic Share Application is successful, your confirmation (by your action of pressing the designated key on the ATM) of the number of IPO Shares applied for shall signify, and shall be treated as, your acceptance of the number IPO Shares that may be allotted or allocated to you and to be bound by our Memorandum and Articles.

- (g) Our Issuing House, acting under the authority of our Board, reserves the right to reject any Electronic Share Application or accept any Electronic Share Application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.
- (h) You request and authorise us:-
 - (i) to credit our IPO Shares allotted or allocated to you into your CDS account; and
 - (ii) to issue share certificate(s) representing such IPO Shares allotted or allocated in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.
- (i) You acknowledge that your Electronic Share Application is subject to the risks of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond the control of our Company, Issuing House, the Participating Financial Institution or Bursa Depository, and irrevocably agree that if:-
 - (i) our Company or Issuing House do/does not receive your Electronic Share Application; and
 - (ii) data relating to your Electronic Share Application is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to our Company or Issuing House,

you shall be deemed not to have made an Electronic Share Application and you shall not claim whatsoever against the Company, the Issuing House, the Participating Financial Institutions or Bursa Depository for our IPO Shares applied for or for any compensation, loss or damage.
- (j) All your particulars in the records of the relevant Participating Financial Institution at the time you make your Electronic Share Application shall be deemed to be true and correct and our Company, Issuing House and the relevant Participating Financial Institution shall be entitled to rely on the accuracy thereof.
- (k) You shall ensure that your particulars as recorded by both Bursa Depository and the relevant participating financial institution are correct and identical. Otherwise, your Electronic Share Application is liable to be rejected. You must inform Bursa Depository promptly of any change in address, failing which the notification letter of successful allotment or allocation will be sent to your registered or correspondence address last maintained with Bursa Depository.
- (l) By making and completing an Electronic Share Application, you agree that:-
 - (i) in consideration of our Company agreeing to allow and accept the making of any application for our IPO Shares via the Electronic Share Application facility established by the Participating Financial Institution at their respective ATMs, your Electronic Share Application is irrevocable;

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

- (ii) our Company, the Participating Financial Institutions, Bursa Depository and our Issuing House shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Share Application due to a breakdown, failure of transmission or communication facilities, or to any cause beyond our/their control;
 - (iii) notwithstanding the receipt of any payment by our Company or on behalf of our Company, the acceptance of your offer to subscribe for and purchase of our IPO Shares for which your Electronic Share Application has been successfully completed shall be constituted by the issue of notices of successful allocation for prescribed securities, in respect of the said IPO Shares;
 - (iv) you irrevocably authorise Bursa Depository to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue or transfer of our IPO Shares allotted or allocated to you; and
 - (v) our Company agrees that in relation to any legal action or proceedings arising out of or in connection with the contract between the parties and/or the electronic share scheme and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that our Company irrevocably submits to the jurisdiction of the Courts of Malaysia.
- (m) Our Issuing House, acting under the authority of our Board, reserves the right to reject applications which do not conform to these instructions.

16.4.3 Steps for Electronic Share Application through a Participating Financial Institution's ATM

- (a) You must have an account with a Participating Financial Institution and an ATM card issued by that Participating Financial Institution to access the account;
- (b) You must have a CDS account; and
- (c) You have to choose the Electronic Share Application option at the ATM of the Participating Financial Institution. Mandatory statements required in the Application are set out on Section 16.4.2 of this Prospectus relating to the terms and conditions for Electronic Share Application. You have to enter at least the following information through the ATM where the instructions on the ATM screen require you to do so:-
 - Personal Identification Number ("PIN Number");
 - **TIH Share Issue Account No. 671;**
 - CDS account number;
 - Number of IPO Shares applied for and/or the Ringgit Malaysia amount to be debited from the account; and
 - Confirmation of several mandatory statements.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**16.5 APPLICATIONS USING INTERNET SHARE APPLICATION****16.5.1 Steps for Internet Share Application through an Internet Participating Financial Institution's website**

The exact steps for Internet Share Application in respect of the Shares are as set out on the Internet financial services website of the Internet Participating Financial Institutions.

For illustration purposes only, the steps for an application for our IPO Shares via Internet Application may be as set out below. The steps set out the actions that you must take at the Internet financial services website of the Internet Participating Financial Institution to complete an Internet Share Application.

YOU MUST HAVE A CDS ACCOUNT BEFORE YOU CAN MAKE ANY APPLICATION FOR THE SHARES. PLEASE TAKE NOTE THAT THE ACTUAL STEPS FOR INTERNET SHARE APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS MAY DIFFER FROM THE STEPS OUTLINED BELOW.

- (a) Connect to the Internet financial services website of the Internet Participating Financial Institution with which you have an account.
- (b) Login to the Internet financial services facility by entering your user identification and PIN Number/password.
- (c) Navigate to the section of the website on applications in respect of initial public offerings.
- (d) Select the counter in respect of our IPO Shares to launch the Electronic Prospectus and the terms and conditions of the Internet Share Application.
- (e) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions.
- (f) At the next screen, complete the online application form.
- (g) Check that the information contained in the online application form such as the Shares counter, NRIC number, CDS account number, number of IPO Shares applied for and the account number to debit are correct, and select the designated hyperlink on the screen to confirm and submit the online application form.

By confirming such information, you also undertake that the following information given is true and correct:-

- (i) You have attained eighteen (18) years of age as at the Closing Date;
- (ii) You are a Malaysian citizen residing in Malaysia;
- (iii) You have, prior to making the Internet Share Application, received and/or have had access to a printed/electronic copy of the Prospectus, the contents of which you have read and understood;
- (iv) You agree to all the terms and conditions of the Internet Share Application as set out in this Prospectus and have carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus before making the Internet Share Application for our IPO Shares;

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (v) The Internet Share Application is the only application that you are submitting for our IPO Shares;
- (vi) You authorise the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for our IPO Shares from your account with the Internet Participating Financial Institution or the Authorised Financial Institution;
- (vii) You give your express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 133 of the Financial Service Act, 2013 and Section 45 of the Securities Industry (Central Depositories) Act, 1991) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of your information, your Internet Share Application or your account with the Internet Participating Financial Institution, to our Issuing House and the Authorised Financial Institution, the SC and any other relevant authority;
- (viii) You are not applying for our IPO Shares as a nominee of any other person and the application is made in your own name, as the beneficial owner and subject to the risks referred to in this Prospectus; and
- (ix) You authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company, Bursa Securities or other relevant parties in connection with our IPO Shares, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Application services or if such disclosure is requested or required in connection with our IPO Shares. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of your information furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Share Applications services;
- (h) Upon submission of your online application form, you will be linked to the website of the Authorised Financial Institution to effect the online payment of your application money for our IPO.
- (i) As soon as your transaction is completed, a message from the Authorised Financial Institution pertaining to your payment status will appear on the screen of the website through which the online payment of your application money is being made.
- (j) Subsequent to the above, the Internet Participating Financial Institution shall confirm that your Internet Share Application has been completed, via the Confirmation Screen on its website.
- (k) You are advised to print out the Confirmation Screen for reference and retention.

16.5.2 Terms and Conditions for Internet Share Application

Applications for our IPO Shares may be made through the Internet financial services website of the Internet Participating Financial Institutions.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

YOU ARE ADVISED NOT TO APPLY FOR OUR IPO SHARES THROUGH ANY WEBSITE OTHER THAN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

Internet Participating Financial Institution

Internet Share Applications may be made through a website of the following Participating Financial Institutions with the respective processing fee:-

- CIMB Investment Bank Berhad (www.eipocimb.com) – RM2.00 for payment via CIMB Bank Berhad or Malayan Banking Berhad;
- CIMB Bank Berhad (www.cimbclicks.com.my) – RM2.00 for applicants with CDS accounts held with CIMB Investment Bank Berhad and RM2.50 for applicants with CDS accounts with other ADAs;
- Malayan Banking Berhad (www.maybank2u.com.my) – RM1.00;
- RHB Bank Berhad (www.rhb.com.my) – RM2.50;
- Affin Bank Berhad (www.affinOnline.com) – No fees will be charged for application by their account holders;
- Public Bank Berhad (www.pbepbank.com) – RM2.00; and
- Affin Hwang Investment Bank Berhad (www.trade.affinhwang.com) - No fees will be charged for application by their account holders

PLEASE READ THE TERMS OF THIS PROSPECTUS, THE TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATIONS SET OUT HEREIN AND THE STEPS FOR INTERNET SHARE APPLICATIONS SET OUT HEREIN CAREFULLY PRIOR TO MAKING AN INTERNET SHARE APPLICATION.

THE EXACT TERMS AND CONDITIONS AND THE SEQUENCE FOR INTERNET SHARE APPLICATIONS IN RESPECT OF OUR IPO SHARES ARE AS SET OUT ON THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

PLEASE NOTE THAT THE ACTUAL TERMS AND CONDITIONS OUTLINED BELOW SUPPLEMENT THE ADDITIONAL TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

An Internet Share Application shall be made on and shall be subject to the terms and conditions set out herein:

- (a) You can make an Internet Share Application if you fulfill all of the following:
- (i) You are an individual with a CDS Account and in the case of a joint account, an individual CDS account registered in your name which is to be used for the purpose of the application if you are making the application instead of a CDS account registered in the joint account holder's name;
 - (ii) You have an existing account with access to Internet financial services facilities with an Internet Participating Financial Institution. You must have ready your user identification ("User ID") and Personal Identification

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Numbers ("PIN")/password for the relevant Internet financial services facilities; and

- (iii) You are a Malaysian citizen and have a mailing address in Malaysia.

You are advised to note that a User ID and PIN/password issued by one of the Internet Participating Financial Institutions cannot be used to apply for our IPO Shares at Internet financial service websites of other Internet Participating Financial Institutions.

- (b) An Internet Share Application shall be made on and shall be subject to the terms of this prospectus and our Company's Memorandum and Articles.
- (c) You are required to confirm the following statements (by selecting the designated hyperlink on the relevant screen of the Internet financial services website of the Internet Participating Financial Institution) and to undertake that the following information given is true and correct:
- (i) You have attained eighteen (18) years of age as at the Closing Date;
 - (ii) You are a Malaysian citizen residing in Malaysia;
 - (iii) You have, prior to making your Internet Share Application, received and/or have had access to a printed/electronic copy of this Prospectus, the contents of which you have read and understood;
 - (iv) You agree to all the terms and conditions of the Internet Share Application as set out in this Prospectus and have carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in the Prospectus before making your Internet Share Application for our IPO;
 - (v) Your Internet Share Application is the only application that you are submitting for our IPO Shares;
 - (vi) You authorise the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for our IPO Shares from your account with the Internet Participating Financial Institution or the Authorised Financial Institution;
 - (vii) You give express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 133 of the Financial Service Act, 2013 and Section 45 of the Securities Industry (Central Depositories) Act, 1991) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of your information, your Internet Share Application or your account with the Internet Participating Financial Institution, to our Issuing House and the Authorised Financial Institution, the SC and any other relevant authority;
 - (viii) You are not applying for our IPO Shares as a nominee of any other person and your application is made in your own name, as beneficial owner and subject to the risks referred to in this Prospectus; and
 - (ix) You authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company, Bursa Securities or other relevant parties in connection with our IPO, all information relating to you if required by any

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Application services or if such disclosure is requested or required in connection with our IPO. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of your information furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.

- (d) Your application will not be successfully completed and cannot be recorded as a completed application unless you have completed all relevant application steps and procedures for the Internet Share Application which would result in the Internet financial services website displaying the Confirmation Screen.

For the purposes of this Prospectus, "Confirmation Screen" shall mean the screen which appears or is displayed on the Internet financial services website, which confirms that your Internet Share Application has been completed and states the details of your Internet Share Application, including the number of IPO Shares applied for which you can print out for your records.

Upon the display of the Confirmation Screen, you shall be deemed to have confirmed the truth of the statements set out in Section 16.5.2 (c) of this Prospectus.

- (e) You must have sufficient funds in your account with the Internet Participating Financial Institution or the Authorised Financial Institution at the time of making your Internet Share Application, to cover and pay for our IPO Shares and the related processing fees, charges and expenses, if any, to be incurred, failing which your Internet Share Application will not be deemed complete, notwithstanding the display of the Confirmation Screen. Any Internet Share Application which does not conform strictly to the instructions set out in this Prospectus or any instructions displayed on the screens of the Internet financial services website through which the Internet Share Application is made shall be rejected.
- (f) You irrevocably agree and undertake to subscribe for and to accept the number of IPO Shares applied for as stated on the Confirmation Screen or any lesser number of IPO Shares that may be allotted to you in respect of the Internet Share Application. If our Company decides to allot or allocate any lesser number of such Shares or not to allot or allocate any IPO Shares to you, you agree to accept any such decision of our Company as final.

In the course of completing your Internet Share Application on the website of the Internet Participating Financial Institution, your confirmation of the number of IPO Shares applied for (by way of your action of clicking the designated hyperlink on the relevant screen of the website) shall be deemed to signify and shall be treated as:

- (i) Your acceptance of the number of IPO Shares that may be allotted or allocated to you in the event that your Internet Share Application is successful or successful in part, as the case may be; and
 - (ii) Your agreement to be bound by the Memorandum and Articles of our Company.
- (g) You are fully aware that multiple or suspected multiple Internet Share Applications for our IPO Shares will be rejected. Our Company reserves the right to reject any Internet Share Application or accept any Internet Share Application in part only

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

without assigning any reason therefore. We will give due consideration to the desirability of allotting or allocating the Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.

- (h) If your Internet Share Application is unsuccessful or successful in part only, the Internet Participating Financial Institution will be informed of the unsuccessful or partially successful Internet Share Application. If your Internet Share Application is unsuccessful, the Internet Participating Financial Institution will credit or arrange with the Authorised Financial Institution to credit the full amount of your application money in Ringgit Malaysia (without interest or any Shares of revenue or other benefit arising therefrom) into your account with the Internet Participating Financial Institution or the Authorised Financial Institution within two (2) market days after receipt of written confirmation from our Issuing House.

Our Issuing House shall inform the Internet Participating Financial Institution of unsuccessful or partially successful applications within two (2) Market Days from the balloting date.

If your Internet Share Application is accepted in part only, the relevant Internet Participating Financial Institution will credit the balance of your application monies in Ringgit Malaysia (without interest or any share of revenue or other benefit arising therefrom) into your account with the Internet Participating Financial Institution within two (2) Market Days after receipt of written confirmation from our Issuing House. However, a number of applications will be held in reserve to replace any successfully balloted applications that are subsequently rejected. If your application is held in reserve, and subsequently rejected, your application monies (without interest or any share of revenue or other benefit arising therefrom) will be refunded to you by the Internet Participating Financial Institutions by crediting into the applicant's account with the Internet Participating Financial Institution within ten (10) Market Days from the day of the final ballot of the applications list.

If your application is held in reserve and which are subsequently unsuccessful (or only partly successful), the Internet Participating Financial Institution will arrange for a refund of the application monies (or any part thereof but without interest or any share of revenue or other benefit arising therefrom) within ten (10) Market Days from the day of the final ballot of the applications list.

Except where our Issuing House is required to refund application monies, it is the sole responsibility of the Internet Participating Financial Institution to ensure the timely refund of application monies from unsuccessful or partially successful Internet Share Applications. Therefore, you are strongly advised to consult the Internet Participating Financial Institution through which your application was made in respect of the mode or procedure of enquiring on the status of your Internet Share Application in order to determine the status or exact number of IPO Shares allotted, if any, before trading of our IPO Shares on Bursa Securities.

- (i) Internet Share Applications will be closed at 5.00 p.m. on 3 January 2017 or such other date(s) as our Directors, Promoters, and Vendor's together with the Underwriter may decide in their absolute discretion. An Internet Share Application is deemed to be received only upon its completion, which is when the Confirmation Screen is displayed on the Internet financial services website. You are advised to print out and retain a copy of the Confirmation Screen for record purposes. Late Internet Share Applications will not be accepted.
- (j) You irrevocably agree and acknowledge that your Internet Share Application is subject to risk of electrical, electronic, technical and computer-related faults and

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

breakdowns, faults with computer software, problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, fires, acts of God and other events beyond the control of the Internet Participating Financial Institution, the Authorised Financial Institution, our Issuing House and our Company. If, in any such event, we, our Issuing House and/or the Internet Participating Financial Institution and/or the Authorised Financial Institution do not receive your Internet Share Application and/or the payment therefore, or in the event that any data relating to your Internet Share Application or the tape or any other devices containing such data is lost, corrupted, destroyed or otherwise not accessible, whether wholly or partially and for any reason whatsoever, you shall be deemed not to have made an Internet Share Application and you shall have made no claim whatsoever against us, our Issuing House or the Internet Participating Financial Institution and the Authorised Financial Institution in relation to our IPO Shares applied for or for any compensation, loss or damage whatsoever, as a consequence thereof or arising therefrom.

- (k) All of your particulars in the records of the relevant Internet Participating Financial Institution at the time of your Internet Share Application shall be deemed to be true and correct, and we, our Issuing House, the Internet Participating Financial Institutions and all other persons who, are entitled or allowed under the law to such information or where you expressly consent to the provision of such information shall be entitled to rely on the accuracy thereof.

You shall ensure that your personal particular as recorded by both Bursa Depository and the Internet Participating Financial Institution are correct and identical. Otherwise, your Internet Share Application is liable to be rejected. The notification letter on successful allocation or allotment will be sent to your address last registered with Bursa Depository. It is your responsibility to notify the Internet Participating Financial Institution and Bursa Depository of any changes in your personal particulars that may occur from time to time.

- (l) By making and completing an Internet Share Application, you are deemed to have agreed that:-
- (i) in consideration of us making available the Internet Share Application facility to you, through the Internet Participating Financial Institution acting as our agents, the Internet Share Application is irrevocable;
 - (ii) you have irrevocably requested and authorised us to register our IPO Shares allotted or allocated to you for deposit into your CDS Account;
 - (iii) neither we nor the Internet Participating Financial Institution shall be liable for any delay, failure or inaccuracy in the recording, storage or transmission or delivery of data relating to your Internet Share Application to our Issuing House or Bursa Depository due to any breakdown or failure of transmission, delivery or communication facilities or due to any risk referred to in Section 16.5.2(j) of this Prospectus or to any cause beyond their control;
 - (iv) you shall hold the Internet Participating Financial Institution harmless from any damages, claims or losses whatsoever, as a consequence of or arising from any rejection of your Internet Share Application by our Issuing House, us and/or the Internet Participating Financial Institution for reasons of multiple application, suspected multiple application, inaccurate and/or incomplete details provided by you, or any other cause beyond the control of the Internet Participating Financial Institution;

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (v) the acceptance of the offer made by you to subscribe for our IPO Shares for which your Internet Share Application has been successfully completed shall be constituted by written notification in the form of the issue of a notice of allotment by us or on our behalf and not otherwise, notwithstanding the receipt of any payment by us or on our behalf;
- (vi) you are not entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your Internet Application by us;
- (vii) in making the Internet Share Application, you have relied solely on the information contained in this Prospectus. We, M&A Securities and any other person involved in our IPO shall not be liable for any information not contained in this Prospectus which may have been relied on by you in making the Internet Share Application; and
- (viii) the acceptance of your Internet Share Application by us and the contract resulting therefrom under our IPO shall be governed by and construed in accordance with the laws of Malaysia, and you irrevocably submit to the jurisdiction of the courts of Malaysia.

16.6 APPLICATIONS AND ACCEPTANCES

You can only apply for our IPO Shares if:-

- (i) You have attained eighteen (18) years of age as at the Closing Date;
- (ii) You are a Malaysian citizen residing in Malaysia;
- (iii) You are a corporation/institution incorporated in Malaysia where, there is a majority of Malaysian citizens on your board of Directors/trustee and if you have a share capital, more than half of your issued share capital, excluding preference share capital, is held by Malaysian citizens;
- (iv) You are a superannuation, provident or pension fund established or operating in Malaysia;
- (v) You have a CDS account;
- (vi) You have read the relevant Prospectus and understood and agreed with the terms and conditions of the application;
- (vii) You are not a Director or employee of our Issuing House or their immediate family members;
- (viii) This is the only application that you are submitting; and
- (ix) You give consent to the Participating Financial Institution and Bursa Depository to disclose information pertaining yourself and your account with the Participating Financial Institution and Bursa Depository to us, our Issuing House and other relevant authorities.

The amount payable in full on application is RM0.13 per IPO Share. Persons submitting applications by way of Application Forms may not submit applications by way of Electronic Share Applications or by way of Internet Share Application and vice versa. A corporation or

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

institution cannot submit an Application by way of Electronic Share Application or Internet Share Application.

Our Issuing House, acting under the authority of our Board reserves the right not to accept any Application or accept any Application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating our IPO Shares to a reasonable number of applicants with a view to establishing an adequate market for our IPO Shares.

Our Issuing House, acting under the authority of our Board reserves the right not to accept any application which does not strictly comply with the instructions or to accept any Application in part only without assigning any reason therefore.

The submission of your Application Form or the completion of your Electronic Share Application or Internet Share Application does not necessarily mean that your Application will be successful.

In the event of an over-subscription, acceptance of Applications by the Malaysian Public shall be subject to ballot to be conducted in a manner as approved by our Directors. Our Board will ensure that any excess IPO Shares will be allocated on a fair and equitable manner, and in our best interest. Due consideration will be given to the desirability of distributing our IPO Shares to a reasonable number of applicants with a view to broadening the shareholding base and establishing an adequate market in the trading of our Shares.

The final allocation of our IPO Shares to any single applicant will be made to ensure that our Company complies with the public shareholding spread requirement under the Listing Requirements, which is at least 25% of our total enlarged issued and paid-up share capital of our Shares for which listing is sought must be in the hands of public shareholders, with a minimum of 200 public shareholders holding not less than 100 Shares each upon admission to the Official List of the ACE Market of Bursa Securities. In the event that the above requirement is not met pursuant to our Listing, we may not be allowed to proceed with our Listing. In the event thereof, your monies paid in respect of your Applications will be returned without interest of the said permission for listing and quotation is not granted. Applicants will be selected in a manner determined by our Directors.

YOUR APPLICATION MUST BE FOR 100 ORDINARY SHARES OF RM0.10 EACH OR MULTIPLES THEREOF.

In the event of an under-subscription of IPO Shares by the Malaysian Public, such number of IPO Shares not applied for will be reallocated in the manner as specified in Section 3.4.2 of this Prospectus.

If you are unsuccessful/partially successful in your Application, the full amount or the balance of the Application monies, as the case may be, will be refunded without interest in the following manner:-

- (a) For an Application by way of Application Form, the application monies or the balance of it, as the case may be, will be returned to you via the self-addressed and stamped Official "A" envelope you provided, by ordinary post (for fully unsuccessful applications) or by crediting into your bank account for purposes of cash dividend /distribution if you have provided such bank account information to Bursa Depository or by ordinary post to your last address maintained with the Bursa Depository, if you have not provided such bank account information to Bursa Depository (for partially successful applications), at your own risk within ten (10) Market Days from the date of the final ballot.

If your application is rejected because you did not provide a CDS account, the full amount of your application monies will be sent to you to the address as per the NRIC

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

or "Resit Pengenalan Sementara (KPPK 09)" or any valid temporary identity document as issued by the National Registration Department from time to time, or authority card in the case of armed forces/police personnel, at your own risk.

Our Issuing House reserves the right to bank in all application monies from unsuccessful applicants. These monies will be refunded within ten (10) Market Days from the date of the final ballot by crediting into your bank account for purposes of cash dividend /distribution if you have provided such bank account information to Bursa Depository or by ordinary post to your last address maintained with the Bursa Depository at your own risk if you have not provided such bank account information to Bursa Depository.

- (b) For an Application by way of Electronic Share Application, where an Electronic Share Application is not successful or successful in part only, the relevant participating financial institution will be informed of the non-successful or partially successful applications. If the Electronic Share Application is not successful, the relevant Participating Financial Institutions will credit the full amount of your Application monies into your account with that Participating Financial Institution within two (2) Market Days after the receipt of confirmation from our Issuing House. Our Issuing House shall inform the Participating Financial Institutions of the non-successful or partially successful Applications within two (2) Market Days after the balloting date. You may check your account on the fifth (5th) Market Day from the balloting date.

Where your Electronic Share Application is accepted in part only, the relevant Participating Financial Institution will credit the balance of your Application monies without interest into your account with the Participating Financial Institution within two (2) Market Days after the receipt of confirmation from our Issuing House. A number of Applications will, however, be held in reserve to replace any successfully balloted applications, which are subsequently rejected. For such Applications, which are subsequently rejected, the Application monies without interest will be refunded to you by the Participating Financial Institutions by crediting into the applicant's account with the Participating Financial Institution not later than ten (10) Market Days from the day of the final ballot of the application list.

- (c) For an Application by way of Internet Share Application, please refer to Section 16.5.2(h).

If you encounter any problems in your Application, you may refer to the Participating Financial Institutions.

If you are successful in your Application, our Directors reserve the rights to require you to appear in person at the registered office of our Issuing House within fourteen (14) days of the date of the notice issued to you to ascertain the regularity or propriety of the Application. Our Directors shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any of your expenses incurred or to be incurred for the purpose of complying with this provision.

Your remittance having been presented for payment shall not signify that your Application has been accepted.

16.7 CDS ACCOUNT

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed the Issues Shares as Prescribed Securities. In consequence thereof, the share issued/offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these shares will be carried out in accordance with the Securities Industry (Central Depository) Act, 1991 and Rules of Bursa Depository.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Following the above, in accordance to Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, all dealings in our IPO Shares of our Company including our IPO Shares will be by book entries through CDS accounts. No share certificates will be issued to you.

You must have a CDS account when applying for our IPO Shares. If you do not presently have a CDS account, you should open a CDS account at an ADA prior to making an application for our IPO Shares.

In the case of an Application by way of Application Form, you should state your CDS account number in the space provided on the Application Form and you shall be deemed to have authorised Bursa Depository to disclose information pertaining to your CDS account to our Issuing House or our Company and any relevant regulatory bodies, as the case may be.

In the case of an Application by way of Electronic Share Application, you shall furnish your CDS account number to the Participating Financial Institution by way of keying in your CDS account number if the instructions on the ATM screen require you to do so.

In the case of an application by way of Internet Share Application, only an applicant who has a CDS Account can make an Internet Share Application. In certain cases, only an applicant who has a CDS account opened with the Internet Participating Financial Institution can make an Internet Share Application. Arising therewith, the applicant's CDS account number would automatically appear in the e-IPO online application form.

Failure to comply with these specific instructions or inaccuracy in the CDS account number, arising from use of invalid, third party or nominee accounts, may result in the Application being rejected. If a successful applicant fails to state his / her CDS account number, our Issuing House, on our authority, will reject the Application. Our Issuing House, acting under the authority of our Board also reserves the right to reject any incomplete and inaccurate Application. Applications may also be rejected if the applicants' particulars provided in the Application Forms, or in the case of Electronic Share Application or Internet Share Application, if the records of the Participating Financial Institutions at the time of making the Electronic Share Application or Internet Share Application differ from those in Bursa Depository's records, such as the identity card number, name and nationality.

16.8 NOTICES OF ALLOTMENT

Our IPO Shares allocated to you will be credited into your CDS account if you are successful or partially successful in your application. A notice of allotment will be despatched to you at your address last maintained with Bursa Depository at your own risk prior to our Listing. This is the only acknowledgement of acceptance of your application.

You shall ensure that your personal particulars as recorded by both Bursa Depository and relevant participating financial institutions are correct and identical. You must inform Bursa Depository of your updated address promptly by adhering to certain rules and regulations of Bursa Depository, failing which the notification letter on successful allotment shall be sent to your address last registered with Bursa Depository.

You may also check the status of your application by calling your respective ADAs as stated in Section 16.9 or at the telephone numbers of our Issuing House stated below (during office hours only) or by checking at our Issuing House's website stated below after the date of allotment of the Shares:

Issuing House Enquiry Services : 03-2783 9299
Issuing House Website : www.myetricor.com

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**16.9 LIST OF ADAs**

The list of ADAs and their respective addresses, telephone numbers and ADA codes are as follows:-

Name	Address and telephone number	ADA code
<u>KUALA LUMPUR</u>		
AFFIN HWANG INVESTMENT BANK BHD	Ground, Mezzanine & 3rd Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No.: 03-2143 8668	068-018
AFFIN HWANG INVESTMENT BANK BHD	No. 38A & 40A Jalan Midah 1 Taman Midah Cheras 56000 Kuala Lumpur Tel No.: 03-9130 8803	068-021
ALLIANCE INVESTMENT BANK BHD	17 th Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No.: 03-2604 3333	076-001
AMINVESTMENT BANK BERHAD	8-9, 11-18, 21-25 Floor Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2036 2633	086-001
BIMB SECURITIES SDN BHD	32 nd Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No.: 03-2691 8887	024-001
CIMB INVESTMENT BANK BHD	Principal Office Level 17, Menara CIMB Jalan Stesen Sentral 2 50470 Kuala Lumpur Tel No.: 03-2261 8888	065-001
CITIGROUP GLOBAL MARKETS MALAYSIA SDN BHD	Level 43, Menara Citibank 165 Jalan Ampang 50450 Kuala Lumpur Tel No.: 03-2383 3890	038-001
CLSA SECURITIES MALAYSIA SDN BHD	Bilik 20-01, Aras 20 Menara Dion2 7 Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 03-2056 7888	033-001

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA code
<u>KUALA LUMPUR (CONT'D)</u>		
CREDIT SUISSE SECURITIES (MALAYSIA) SDN BHD	Suite 7.6, Level 7 Menara IMC8, Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 2723 2020	036-001
FA SECURITIES SDN BHD	A-10-17 & A-10-1 Level 10, Menara UOA Bangsar No. 5, Jalan Bangsar Utama 1 59000 Kuala Lumpur Tel No.: 2288 1676	021-002
HONG LEONG INVESTMENT BANK BERHAD	Level 6, 7, 17, 19, 22 & 23 Menara HLA No. 3, Jalan Kia Peng 50450 Kuala Lumpur Tel No.: 03-2168 1168	066-001
AFFIN HWANG INVESTMENT BANK BHD	Tingkat 2, Bangunan AHP No. 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr. Ismail 60000 Kuala Lumpur Tel No.: 03-7710 6688	068-009
INTER-PACIFIC SECURITIES SDN BHD	No.33 (First Floor) Jalan Radin Bagus 57000 Bandar Baru Seri Petaling Tel No.: 03-9056 2922	054-007
INTER-PACIFIC SECURITIES SDN BHD	West Wing, Level 13 Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur Tel No.: 03-2117 1888	054-001
INTER-PACIFIC SECURITIES SDN BHD	Tingkat Bawah, 7-0-8 Jalan 3/109F Danau Business Centre Danau Desa 58100 Kuala Lumpur Tel No.: 03-7984 7796	054-003
J.P.MORGAN SECURITIES (MALAYSIA) SDN BHD	Level 18, Integra Tower The Intermark, 348 Jalan Tun Razak 50250 Kuala Lumpur Tel No.: 03-2718 0500	035-001
JUPITER SECURITIES SDN BHD	Level 8 & 9, Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2034 1888	055-001

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA code
<u>KUALA LUMPUR (CONT'D)</u>		
KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD	11 th - 14 th Floor Chulan Tower, No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No.: 03-2168 8800	053-001
KENANGA INVESTMENT BANK BHD	Tingkat 4-10, 15-16, 18 & 20 Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 03-2164 9080	073-001
KENANGA INVESTMENT BANK BERHAD	M3-A-7 & M3-A-8 Jalan Pandan Indah 4/3A Pandan Indah 55100 Kuala Lumpur Tel No.: 03-4297 8806	073-020
KENANGA INVESTMENT BANK BERHAD	Ground, Mezzanine, 1st & 2nd Floors (West & Center Wing) & 1st Floor East Wing Bangunan ECM Libra 8, Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No.: 03-2089 2888	073-021
KENANGA INVESTMENT BANK BERHAD	1st Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 03-2178 1133	073-029
M & A SECURITIES SDN BHD	Aras 1-3, No. 45 & 47 and No. 43-6 The Boulevard, Bandar Mid Valley Lingkaran Syed Putra 59200 Kuala Lumpur Tel No.: 03-2282 1820	057-002
M & A SECURITIES SDN BHD	22A & 22A-1 Jalan Kuchai Maju 1 Kuchai Entrepreneurs' Park Off Jalan Kuchai Lama 58200, Kuala Lumpur Tel No.: 03-7983 9890	057-004

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA code
<u>KUALA LUMPUR (CONT'D)</u>		
MACQUARIE CAPITAL SECURITIES(MALAYSIA) SDN BHD	Aras 10, Menara Dion 27 Jalan Sultan Ismail 50250, Kuala Lumpur Tel. No.: 03-2059 8833	032-001
MALACCA SECURITIES SDN BHD	55-1 Jalan Metro, Perdana Barat 1 Taman Usahawan Kepong 52100, Kuala Lumpur Tel. No.: 03-6241 8595	012-009
MALACCA SECURITIES SDN BHD	No.76 Jalan Wangsa Maju Delima 6 Pusat Bandar Wangsa Maju (KLSC) 53300 Setapak Kuala Lumpur Tel. No.: 03-4144 2565	012-012
MAYBANK INVESTMENT BANK BERHAD	Tingkat 5-13, MaybanLife Tower Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel No.: 03-2297 8888	098-001
MERCURY SECURITIES SDN BHD	L-7-2, No.2 Jalan Solaris Solaris Mont Kiara 50480 Kuala Lumpur Tel No.: 03-6203 7227	093-002
MIDF AMANAH INVESTMENT BANK BHD	8 th , 9 th , 10 th , 11 th & 12 th Floor Menara MIDF 82, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2173 8888	026-001
NOMURA SECURITIES MALAYSIA SDN BHD	Suite 16.5, Level 16 Menara IMC, Letter Box 47 8 Jalan Sultan Ismail 50250 Kuala Lumpur Tel No. 2027 6811	037-001
PM SECURITIES SDN BHD	Ground Floor Menara PMI No. 2, Jalan Changkat Ceylon 50200 Kuala Lumpur Tel No.: 03-2146 3000	064-001
PUBLIC INVESTMENT BANK BHD	27 th Floor, Bangunan Public Bank No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No.: 03-2031 3011	051-001

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA code
<u>KUALA LUMPUR (CONT'D)</u>		
RHB INVESTMENT BANK BHD	Tingkat 10, Tower One RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Tel No.: 03-9287 3888	087-001
RHB INVESTMENT BANK BHD	Tingkat 12, 15 (Sebahagian), 20 (sebahagian) & 21 Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel No.: 03-2333 8333	087-018
RHB INVESTMENT BANK BHD	No. 62, 62-1, 64 & 64-1 Vista Magna Jalan Prima, Metro Prima 52100 Kepong Kuala Lumpur Tel No.: 03-6257 5869	087-028
RHB INVESTMENT BANK BHD	No. 5 & 7 Jalan Pandan Indah 4/33 Pandan Indah 55100 Kuala Lumpur Tel No.: 03-4280 4798	087-054
RHB INVESTMENT BANK BHD	Ground, First, Second and Third Floor No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No.: 03-9058 7222	087-058
TA SECURITIES HOLDINGS BHD	Tingkat 13-15, 23,28-30,32,34 & 35 No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No.: 03-2072 1277	058-003
UBS SECURITIES MALAYSIA SDN BHD	Level 7 Wisma Hong Leong 18, Jalan Perak 50450, Kuala Lumpur Tel No.: 03-2781 1100	031-001
UOB KAY HIAN SECURITIES (M) SDN BHD	N3, Plaza Damas60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Tel No.: 03-6205 6000	078-004

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA code
<u>KUALA LUMPUR (CONT'D)</u>		
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & 19th Floor Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel No.: 03-2147 1888	078-010
<u>SELANGOR DARUL EHSAN</u>		
AFFIN HWANG INVESTMENT BANK BHD	3rd & 4th floors, Wisma Meru No. 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No.: 03-3343 9999	068-019
AFFIN HWANG INVESTMENT BANK BHD	Lot 229, Tingkat 2, The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7729 8016	068-020
AMINVESTMENT BANK BERHAD	Aras 4, Plaza Damansara Utama No 2, Jalan SS 21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7710 6613	086-003
CIMB INVESTMENT BANK BHD	Level G & Level 1 Tropicana City Office Tower No.3 Jalan SS 20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7717 3388	065-009
HONG LEONG INVESTMENT BANK BERHAD	Level 25 & 26 Menara LGB No.1 Jalan Wan Kadir 60000 Kuala Lumpur Selangor Darul Ehsan Tel No.: 03-7723 6300	066-002
AFFIN HWANG INVESTMENT BANK BHD	16 th , 18 th -20 th Floor Plaza Masalam No. 2, Jalan Tengku Ampuan Zabedah E9/E Section 9 40100 Shah Alam Selangor Darul Ehsan Tel No.: 03-5513 3288	068-002

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA code
<u>SELANGOR DARUL EHSAN</u> <u>(CONT'D)</u>		
AFFIN HWANG INVESTMENT BANK BHD	East Wing & Centre Link Tingkat 3A, Wisma Consplant 2 No. 7, Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5635 6688	068-010
JF APEX SECURITIES BHD	3 rd , 5 th , 6 th and 10 th Floor Menara Apex Off Jalan Semenyih Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel No.: 03-8736 1118	079-001
JF APEX SECURITIES BHD	Level 16, Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7620 1118	079-002
JF APEX SECURITIES BHD	Block J-6-3A, Setia Walk PSN Wawasan Pusat Bandar Puchong 47160 Puchong Selangor Darul Ehsan Tel No.: 03-5879 0163	079-004
JUPITER SECURITIES SDN BHD	No. 42 – 46, 3 rd Floor Jalan SS19/1D 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5632 4838	055-004
KENANGA INVESTMENT BANK BHD	Ground – Fifth Floor East Wing, Quattro West No. 4, Lorong Persiaran Barat 46200 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7862 6200	073-005
KENANGA INVESTMENT BANK BHD	55C (2 nd Floor) Jalan USJ 10/1F 47610 Subang Jaya Selangor Darul Ehsan Tel No.: 03-8024 1773	073-006

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA code
<u>SELANGOR DARUL EHSAN</u> <u>(CONT'D)</u>		
KENANGA INVESTMENT BANK BHD	Lot 240, Second Floor The Curve, No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7725 9095	073-016
KENANGA INVESTMENT BANK BHD	Level 1 East Wing Wisma Consplant 2 No. 7, Jalan SS16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5621 2118	073-030
KENANGA INVESTMENT BANK BHD	No. 35, Ground, 1 st and 2 nd Floor Jalan Tiara 3 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No.: 03-3348 8080	073-035
MALACCA SECURITIES SDN BHD	No. 16, Jalan SS15/4B 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5636 1533	012-002
MALACCA SECURITIES SDN BHD	No. 58A & 60A, Jalan SS2/67 47300 Petaling Jaya Selangor Darul Ehsan Tel No.: 1300 221 223	012-003
MAYBANK INVESTMENT BANK BERHAD	Suite 8.02, Level 8, Menara Trend 68 Jalan Batai Laut 4 Taman Bukit Camerlang 41300 Klang Selangor Darul Ehsan Tel No.: 03-3050 8888	098-003
MAYBANK INVESTMENT BANK BERHAD	Wisma Bently Music Level 1, No. 3, Jalan PJU 7/2 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7718 8888	098-004
PM SECURITIES SDN BHD	No. 157 & 159, Jalan Kenari 2/A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No.: 03-8070 0773	064-003

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA code
<u>SELANGOR DARUL EHSAN</u> <u>(CONT'D)</u>		
PM SECURITIES SDN BHD	No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No.: 03-3341 5300	064-007
RHB INVESTMENT BANK BHD	24, 24M, 24A, 26M, 28M, 28A, 30, 30M & 30A, Jalan SS2/63 47300 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7873 6366	087-011
RHB INVESTMENT BANK BHD	No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Tel No.: 03-8736 3378	087-045
RHB INVESTMENT BANK BHD	First Floor 10 & 11, Jalan Maxwell 48000 Rawang Selangor Darul Ehsan Tel No.: 03-6092 8916	087-047
RHB INVESTMENT BANK BHD	Ground & Mezzanine Floor No. 87 & 89, Jalan Susur Pusat Perniagaan NBC Batu 1 ½, Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No.: 03-3343 9180	087-048
RHB INVESTMENT BANK BHD	Unit 1 B, 2 B & 3B, USJ 10/1J 47610 UEP Subang Jaya Selangor Darul Ehsan Tel No.: 03-8023 6518	087-059
SJ SECURITIES SDN BHD	Ground Floor, Podium Block Wisma Synergy Lot 72, Persiaran Jubli Perak Section 22 40000 Shah Alam Selangor Darul Ehsan Tel No.: 03-5192 0202	096-001
SJ SECURITIES SDN BHD	101B, Jalan SS 15/5A 47500, Subang Jaya Selangor Darul Ehsan Tel No.: 5631 7888	096-002

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA code
<u>SELANGOR DARUL EHSAN</u> <u>(CONT'D)</u>		
SJ SECURITIES SDN BHD	No.74-2, Jalan Batu Nilam 5 Bandar Bukit Tinggi 41200 Klang Selangor Darul Ehsan Tel No.: 3322 1915	096-004
SJ SECURITIES SDN BHD	No. A-3-11, Block Alamanda, 3rd Floor, 10 Boulevard Lebuhraya Sprint, PJU 6A 47400 Damansara Selangor Darul Ehsan Tel No.: 03-7732 3862	096-005
TA SECURITIES HOLDINGS BERHAD	No. 2-1, 2-2, 2-3 & 4-2 Jalan USJ 9/5T Subang Business Centre 47620 UEP Subang Jaya Selangor Darul Ehsan Tel No.: 03-8025 1880	058-005
TA SECURITIES HOLDINGS BERHAD	Damansara Utama Branch 2nd Floor, Wisma TA No. 1A, Jalan SS 20/1 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7795 5713	058-007
<u>PERAK DARUL RIDZUAN</u>		
CIMB INVESTMENT BANK BERHAD	Ground, 1 st , 2 nd and 3 rd Floor No. 8, 8A-C, Persiaran Greentown 4C Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2088 688	065-010
HONG LEONG INVESTMENT BANK BERHAD	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2530 888	066-003

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA code
<u>PERAK DARUL RIDZUAN (CONT'D)</u>		
AFFIN HWANG INVESTMENT BANK BHD	Tingkat Bawah, Aras 1,2 & 321 Jalan Stesen, Aras 2 & 3, 43 & 45 Jalan Stesen 30400 Taiping Perak Darul Ridzuan Tel No.: 05-8066 688	068-003
AFFIN HWANG INVESTMENT BANK BHD	Tingkat Bawah, 1 & 2 No. 22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2559 988	068-015
KENANGA INVESTMENT BANK BHD	Ground, 1 st , 2 nd & 4 th Floor No. 63, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2422 828	073-022
KENANGA INVESTMENT BANK BHD	Ground Floor, No. 25 & 25A Jalan Jaya 2, Medan Jaya 32000 Sitiawan Perak Darul Ridzuan Tel No.: 05-6939 828	073-031
M & A SECURITIES SDN BHD	5th, 6th, & Unit 8A M & A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No.: 05-2419 800	057-001
MALACCA SECURITIES SDN BHD	1 st Floor, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2541 533	012-013
MAYBANK INVESTMENT BANK BERHAD	B-G-04 (Aras Bawah), Aras 1 & 2 No. 42, Persiaran Greentown 1 Pusat Dagangan Greentown 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2453 400	098-002

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA code
<u>PERAK DARUL RIDZUAN (CONT'D)</u>		
RHB INVESTMENT BANK BHD	No. 17, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05-6236 498	087-014
RHB INVESTMENT BANK BHD	Tingkat Bawah dan Tingkat Satu No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No.: 05-6921 228	087-016
RHB INVESTMENT BANK BHD	21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2415 100	087-023
RHB INVESTMENT BANK BHD	Tingkat Bawah, No. 40, 42 & 44 Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel No.: 05-8088 229	087-034
RHB INVESTMENT BANK BHD	Tingkat Bawah dan Tingkat Satu No.72, Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel No.: 05-4651 261	087-044
RHB INVESTMENT BANK BHD	No.1 & 3, First Floor Jalan Wawasan Satu Taman Wawasan Jaya 34200 Parit Buntar Perak Darul Ridzuan Tel No.: 05-7170 888	087-052
TA SECURITIES HOLDINGS BHD	Bahagian Kanan Tingkat Bawah, Tingkat 1 & 2, Plaza Teh Teng Seng No. 227, Jalan Raja Permaisuri Bainun 30250 Ipoh Perak Darul Ridzuan Tel No.: 05-2531 313	058-001
UOB KAY HIAN SECURITIES (M) SDN BHD	No. 27-1, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05-6216 010	078-009

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA code
UOB KAY HIAN SECURITIES (M) SDN BHD	153A Jalan Raja Musa Aziz 30300 Ipoh Perak Darul Ridzuan Tel No.: 05-2411 290	078-013
<u>PULAU PINANG</u>		
ALLIANCE INVESTMENT BANK BHD	Ground & Mezzanine Floor Bangunan Berkath 21 Beach Street 10300, Georgetown Penang Tel No : 04-2611 688	076-015
AMINVESTMENT BANK BERHAD	Mezzanine Floor & Level 3 No. 37, Jalan Sultan Ahmad Shah 10050 Penang Tel No.: 04-2261 818	086-001
CIMB INVESTMENT BANK BHD	Ground Floor Suite 1.01, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Penang Tel No.: 04-2385 900	065-003
AFFIN HWANG INVESTMENT BANK BHD	Level 2, 3, 4, 5 & 7, Wisma Sri Pinang 60, Green Hall; and Levels 2,3,4,5,6,7& 8, Wisma Sri Pinang II 42, Green Hall 10200 Penang Tel No.: 04-2636 996	068-001
AFFIN HWANG INVESTMENT BANK BHD	No. 2 & 4 Jalan Perda Barat Bandar Perda 14000 Penang Tel No.: 04-5372 882	068-006
INTER-PACIFIC SECURITIES SDN BHD	Canton Square Level @ & Level 3 No.56 Cantonment Road 10250 Penang Tel No.: 04-2268 288	054-002
JF APEX SECURITIES SDN BHD	368-2-5 Jalan Burmah Belissa Row 10350 Pulau Tikus Penang Tel No.: 04-2289 118	079-005
JUPITER SECURITIES SDN BHD	20-1 Persiaran Bayan Indah Bayan Bay, Sungai Nibong 11900 Bayan Lepas Penang Tel No.: 04-641 2881	055-003

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA code
<u>PULAU PINANG (CONT'D)</u>		
KENANGA INVESTMENT BANK BHD	7 th , 8 th & 16 th Floor Menara Boustead 39, Jalan Sultan Ahmad Shah 10050 Penang Tel No.: 04-2283 355	073-023
M & A SECURITIES SDN BHD	332H-1 & 332G-2 Jalan Perak 11600 Georgetown Penang Tel No.: 04-2817 611	057-005
M & A SECURITIES SDN BHD	216, 216A, 218 and 218A Pengkalan Weld Lebuh Macallum 10300 Penang Tel No.: 04-2617 611	057-008
MALACCA SECURITIES SDN BHD	No.39-1 Jalan Lenggong Vantage Point 11600 Jelutong Penang Tel No.: 04-2821 533	012-004
MALACCA SECURITIES SDN BHD	48, Jalan Todak 2 13700 Seberang Jaya Penang Tel No.: 04-3905 669	012-006
MALACCA SECURITIES SDN BHD	No.17, 1 st Floor Persiaran Bayan Indah Taman Bayan Indah 11900 Bayan Lepas Penang Tel No.: 04-6421 533	012-007
MALACCA SECURITIES SDN BHD	No.9-1-37, Taman Kheng Tian Jalan Van Praagh 11600 Jelutong Penang Tel No.: 04-2816 822	012-014
MAYBANK INVESTMENT BANK BERHAD	Lot 1.02, Tingkat 1, Bangunan KWSP Jalan Sultan Ahmad Shah 10050 Georgetown Penang Tel No.: 04 2196 888	098-006

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA code
<u>PULAU PINANG (CONT'D)</u>		
MERCURY SECURITIES SDN BHD	Ground, 1 st , 2 nd & 3 rd Floor Wisma UMNO Lorong Bagan Luar Dua Seberang Perai 12000 Butterworth Penang Tel No.: 04-3322 123	093-001
MERCURY SECURITIES SDN BHD	2 nd Floor Standard Chartered Bank Chambers 2 Lebuhr Pantai 10300 Penang Tel No.: 04-2639 118	093-004
MERCURY SECURITIES SDN BHD	70-1-22 Jalan Mahsuri 11900 Bandar Bayan Baru Penang Tel No.: 04-6400 822	093-006
PM SECURITIES SDN BHD	3rd, Wisma Wang 251-A Jalan Burmah 10350 Penang Tel No.: 04-2273 000	064-004
RHB INVESTMENT BANK BHD	Aras Bawah, 1 dan 2 No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Seberang Prai Penang Tel No.: 04-3900 022	087-005
RHB INVESTMENT BANK BHD	Tingkat Bawah, Tingkat Satu dan Tingkat Dua No. 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Penang Tel No.: 04-5402 888	087-015
RHB INVESTMENT BANK BHD	Tingkat Bawah – Tingkat 3 & Tingkat 5 – Tingkat 8 64 & 64-D Lebuhr Bishop 10200 Penang Tel No.: 04-2634 222	087-033
RHB INVESTMENT BANK BHD	No. 15-G-5, 15-G-6, 15-1-5, 15-1-6, 15-2-5 dan 15-2-6 dan 15-2-24 Medan Kampung Relau (Bayan Point) 11950 Penang Tel No.: 04-6404 888	087-042

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA code
<u>PULAU PINANG (CONT'D)</u>		
SJ SECURITIES SDN BHD	12th Floor, Office Tower Hotel Royal Penang No. 3 Jalan Larut 10050 Georgetown Penang Tel No.: 04-2289 836	096-003
TA SECURITIES HOLDINGS BHD	3 rd Floor, Bangunan Heng Guan No. 171 Jalan Burmah 10050 Penang Tel No.: 04-2272 339	058-010
UOB KAY HIAN SECURITIES (M) SDN BHD	1st and 2nd Floor Bangunan Heng Guan No. 171 Jalan Burmah 10050 Penang Tel No.: 04-2299 318	078-002
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & 1 st Floor No. 2, Jalan Perniagaan 2 Pusat Perniagaan Alma 14000 Bukit Mertajam Penang Tel No.: 04-5541 388	078-003
<u>KEDAH DARUL AMAN</u>		
ALLIANCE INVESTMENT BANK BHD	2 nd Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel No.: 04-7317 088	076-004
AFFIN HWANG INVESTMENT BANK BHD	No. 70A, B & C, Jalan Mawar 1 Taman Pekan Baru 8000 Sungai Petani Kedah Darul Aman Tel No.: 04-4256 666	068-011
RHB INVESTMENT BANK BHD	No. 112, Jalan Pengkalan Taman Pekan Baru 8000 Sungai Petani Kedah Darul Aman Tel No.: 04-4204 888	087-017

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA code
<u>KEDAH DARUL AMAN (CONT'D)</u>		
RHB INVESTMENT BANK BHD	35, Tingkat Bawah Jalan Suria 1, Jalan Bayu 9000 Kulim Kedah Darul Aman Tel No.: 04-4964 888	087-019
RHB INVESTMENT BANK BHD	214-A, 214-B, 215-A & 215-B Medan Putra Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No.: 04-7209 888	087-021
UOB KAY HIAN SECURITIES (M) SDN BHD	Lot 4, 5 & 5A 1 st Floor EMUM 55 No. 55, Jalan Gangsa Kawasan Perusahaan Mergong 2 Seberang Jalan Putra 5150 Alor Setar Kedah Darul Aman Tel No.: 04-7322 111	078-007
<u>NEGERI SEMBILAN DARUL KHUSUS</u>		
AFFIN HWANG INVESTMENT BANK BHD	1 st Floor 105, 107 & 109, Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7612 288	068-007
AFFIN HWANG INVESTMENT BANK BHD	No. 6, Tingkat Atas Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No.: 06-4553 188	068-013
KENANGA INVESTMENT BANK BHD	1C & 1D, Ground & 1st Floor Jalan Tunku Munawir 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7655 998	073-033
MAYBANK INVESTMENT BANK BERHAD	Wisma HM, Ground Floor No. 43 Jalan Dr. Krishnan 70000, Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7669 555	098-005

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA code
<u>NEGERI SEMBILAN DARUL KHUSUS</u> (CONT'D)		
PM SECURITIES SDN BHD	1 st , 2 nd & 3 rd Floor 19-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7623 131	064-002
RHB INVESTMENT BANK BHD	Tingkat Bawah, Tingkat Satu & Tingkat Dua No. 32 & 33, Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7641 641	087-024
RHB INVESTMENT BANK BHD	Tingkat Satu, No. 3601, Jalan Besar 73000 Tampin Negeri Sembilan Darul Khusus Tel No.: 06-4421 000	087-037
RHB INVESTMENT BANK BHD	Tingkat Bawah & Tingkat Mezanin No. 346 & 347, Batu 1/2, Jalan Pantai 71000 Port Dickson Negeri Sembilan Darul Khusus Tel No.: 06-6461 234	087-046
<u>MELAKA</u>		
CIMB INVESTMENT BANK BHD	Ground, 1 st & 2 nd Floor No. 191, Taman Melaka Raya Off Jalan Parameswara 75000 Melaka Tel No.: 06-2898 800	065-006
KENANGA INVESTMENT BANK BHD	71 (Ground, A&B) & 73(Ground, A&B) Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-2881 720	073-028
KENANGA INVESTMENT BANK BHD	22A & 22A-1 and 26 & 26-1 Jalan MP 10 Taman Merdeka Permai 75350 Batu Berendam Melaka Tel No.: 06-3372 550	073-034

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA code
<u>MELAKA (CONT'D)</u>		
MALACCA SECURITIES SDN BHD	No. 1, 3 & 5, Jalan PPM 9 Plaza Pandan Malim (Business Park) Balai Panjang, 75250 Melaka Tel No.: 06-3371 533	012-001
MERCURY SECURITIES SDN BHD	No. 81-B & 83-B Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-2921 898	093-003
PM SECURITIES SDN BHD	No.6-1, Jln Legenda 2 Taman 1 Lagenda 75400 Melaka Tel No.: 06-2866 008	064-006
RHB INVESTMENT BANK BHD	No. 19, 21 & 23 Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-2833 622	087-002
RHB INVESTMENT BANK BHD	579, 580 & 581 Taman Melaka Raya 75000 Melaka Tel No.: 06-2825 211	087-026
TA SECURITIES HOLDINGS BHD	No. 59, 59A & 59B Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-2862 618	058-008
UOB KAY HIAN SECURITIES (M) SDN BHD	7-2 Jalan PPM8 Malim Business Park 75250 Melaka Tel No.: 06-3352 511	078-014
<u>JOHOR DARUL TAKZIM</u>		
ALLIANCE INVESTMENT BANK BHD	No. 73, Ground & 1 st Floor Jalan Rambutan 86000 Kluang Johor Darul Takzim Tel No.: 07-7717 922	076-006
AMINVESTMENT BANK BERHAD	2 nd , 3 rd , 4 th Floor Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4342 282	086-002

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA code
<u>JOHOR DARUL TAKZIM (CONT'D)</u>		
AMINVESTMENT BANK BERHAD	18 th & 31 st Floor Selesa Tower, Jalan Dato' Abdullah Tahir 80300 Johor Bahru Johor Darul Takzim Tel No.: 07-3343 855	086-001
CIMB INVESTMENT BANK BERHAD	No. 73 Ground Floor, No. 73A First Floor & No.79A First Floor Jalan Kuning Dua 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3405 888	065-011
AFFIN HWANG INVESTMENT BANK BHD	Level 7, Johor Bahru City Square (Office Tower) 106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-2222 692	068-004
INTER-PACIFIC SECURITIES SDN BHD	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-2231 211	054-004
JUPITER SECURITIES SDN BHD	30-1 Jalan Molek 1/10 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-3538 878	055-002
KENANGA INVESTMENT BANK BHD	Level 2, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3333 600	073-004
KENANGA INVESTMENT BANK BHD	Tingkat Bawah dan Tingkat Mezzanine No. 34, Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No.: 07-9333 500	073-009
KENANGA INVESTMENT BANK BHD	No. 33 & 35, (Tingkat Bawah dan Tingkat Satu A&B) Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim Tel No.: 07-7771 161	073-010

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA code
<u>JOHOR DARUL TAKZIM (CONT'D)</u>		
KENANGA INVESTMENT BANK BHD	Tingkat Bawah No. 4 Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel No.: 06-9782 292	073-011
KENANGA INVESTMENT BANK BHD	No. 24, 24A & 24B Jalan Penjaja 3 Kim Park Centre 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4326 963	073-017
KENANGA INVESTMENT BANK BHD	Suite 16-02, 16-03 & 16-03A Level 16, Manara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No.: 07-2237 423	073-019
KENANGA INVESTMENT BANK BHD	No. 57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel No.: 06-9531 222	073-024
KENANGA INVESTMENT BANK BHD	Ground Floor No. 234, Jalan Besar Taman Semberong Baru 83700 Yong Peng Johor Darul Takzim Tel No.: 07-4678 885	073-025
KENANGA INVESTMENT BANK BHD	916 Ground Floor, Jalan Bakek 82000 Pontian Johor Darul Takzim Tel No.: 07-6861 121	073-037
M & A SECURITIES SDN BHD	Suite 5.3A, Level 5 Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3381 233	057-003
M & A SECURITIES SDN BHD	26 Jalan Indah 16/5 Taman Bukit Indah 81200 Johor Bahru Johor Darul Takzim Tel No.: 07-2366 288	057-006

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA code
<u>JOHOR DARUL TAKZIM (CONT'D)</u>		
M & A SECURITIES SDN BHD	No. 27, 27A & 27 B Jalan Molek 3/10 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No.: 3551 988	057-007
MALACCA SECURITIES SDN BHD	74 Jalan Serampang Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No: 07-3351 533	012-005
MALACCA SECURITIES SDN BHD	1735-B, Jalan Sri Putri 4 Taman Putri Kulai 81000 Kulai Jaya Johor Darul Takzim Tel No: 07-6638 877	012-010
MALACCA SECURITIES SDN BHD	Lot 880, Batu 3½ Jalan Salleh 84000 Muar Johor Darul Takzim Tel No: 06-9536 948	012-015
MERCURY SECURITIES SDN BHD	Suite 17.1, Level 17 Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3316 992	093-005
PM SECURITIES SDN BHD	Ground & 1 st Floor No. 43 & 43A, Jalan Penjaja 3 Taman Kim's Park Business Centre 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4333 608	064-008
RHB INVESTMENT BANK BHD	6 th Floor, Wisma Tiong-Hua 8, Jalan Keris, Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim Tel No.: 07-2788 821	087-006
RHB INVESTMENT BANK BHD	53, 53-A & 53-B Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4380 288	087-009

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA code
<u>JOHOR DARUL TAKZIM (CONT'D)</u>		
RHB INVESTMENT BANK BHD	No. 33-1 Tingkat 1 & 2 (Unit Penjuru) Jalan Ali 84000 Muar Johor Darul Takzim Tel No.: 06-9538 262	087-025
RHB INVESTMENT BANK BHD	Tingkat Bawah dan Tingkat Satu No. 119 & 121 Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim Tel No.: 07-5577 628	087-029
RHB INVESTMENT BANK BHD	Tingkat Bawah, Tingkat Satu & Tingkat Dua No. 3, Jalan Susur Utama 2/1 Taman Utama 85000 Segamat Johor Darul Takzim Tel No.: 07-9321 543	087-030
RHB INVESTMENT BANK BHD	Tingkat Bawah & Tingkat Satu No. 40 Jalan Haji Mana 86000 Kluang Johor Darul Takzim Tel No.: 07-7769 655	087-031
RHB INVESTMENT BANK BHD	Tingkat Bawah, Tingkat Satu & Tingkat Dua No. 10, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel No.: 07-6626 288	087-035
RHB INVESTMENT BANK BHD	Tingkat Bawah, Tingkat Satu & Tingkat Dua No. 343, Jalan Muar 84900 Tangkak Johor Darul Takzim Tel No.: 06-9787 180	087-038
RHB INVESTMENT BANK BHD	Tingkat Satu No 2 & 4, Jalan Makmur Taman Sri Aman 85300 Labis Johor Darul Takzim Tel No.: 07-9256 881	087-039

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA code
<u>JOHOR DARUL TAKZIM (CONT'D)</u>		
RHB INVESTMENT BANK BHD	Tingkat Bawah, Tingkat 1 & Tingkat 2 No. 21 & 23 Jalan Molek 1/30 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-3522 293	087-043
TA SECURITIES HOLDINGS BHD	7A, Jalan Genuang Perdana Taman Genuang Perdana 85000 Segamat Johor Darul Takzim Tel No.: 07-9435 278	058-009
TA SECURITIES HOLDINGS BHD	15 Jalan Molek 1/5A Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-3647 388	058-011
UOB KAY HIAN SECURITIES (M) SDN BHD	Level 6 & 7, Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No.: 07-3332 000	078-001
UOB KAY HIAN SECURITIES (M) SDN BHD	No. 42-8, Main Road Kulai Besar 81000 Kulai Johor Darul Takzim Tel No.: 07-6637 398	078-005
UOB KAY HIAN SECURITIES (M) SDN BHD	No. 70, 70-01, 70-02 Jalan Rosmerah 2/17 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-3513 218	078-006
UOB KAY HIAN SECURITIES (M) SDN BHD	No. 171 (Ground Floor) Jalan Bestari 1/5 Taman Nusa Bestari 81300 Skudai Johor Darul Takzim Tel No.: 07-5121 633	078-008

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA code
<u>KELANTAN DARUL NAIM</u>		
RHB INVESTMENT BANK BHD	Tingkat Bawah & Tingkat Satu No. 3953-H, PT225, 1 st Floor, Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel No.: 09-7430 077	087-020
TA SECURITIES HOLDINGS BHD	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No.: 09-7433 388	058-004
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & 1 st Floor Lot 712, Sek.9, PT62 Jalan Tok Hakim Bandar Kota Bharu 15000 Kota Bharu Kelantan Darul Naim Tel No.: 09-7473 906	078-015
<u>PAHANG DARUL MAKMUR</u>		
ALLIANCE INVESTMENT BANK BHD	Ground, Mezzanine & 1st Floor B-400 Jalan Berserah 25300 Kuantan Pahang Darul Makmur Tel No.: 09-5660 800	076-002
CIMB INVESTMENT BANK BHD	Ground 1 st & 2 nd Floor No. A-27, Jalan Dato' Lim Hoe Lek 25200 Kuantan Pahang Darul Makmur Tel No.: 09-2057 800	065-007
JUPITER SECURITIES SDN BHD	2 nd Floor, Lot No. 25 Jalan Chui Yin 28700 Bentong Pahang Darul Makmur Tel No.: 09-2234 136	055-005
KENANGA INVESTMENT BANK BHD	A15, A17 & A19, Ground Floor Jalan Tun Ismail 2 Sri Dagangan 2 25000 Kuantan Pahang Darul Makmur Tel No.: 09-5171 698	073-027
MALACCA SECURITIES SDN BHD	P11-3, Jalan Chui Yin 28700 Bentong Pahang Darul Makmur Tel No.: 011-2577 7489	012-008

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA code
<u>PAHANG DARUL MAKMUR (CONT'D)</u>		
RHB INVESTMENT BANK BHD	B32 & B34, Lorong Tun Ismail 8 Seri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel No.: 09-5173 811	087-007
RHB INVESTMENT BANK BHD	Tingkat Bawah dan Tingkat Satu 98, Jalan Pasdec 28700 Bentong Pahang Darul Makmur Tel No.: 09-2234 943	087-022
RHB INVESTMENT BANK BHD	Tingkat Bawah dan Tingkat Satu No. 76-A, Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur Tel No.: 05-4914 913	087-041
<u>TERENGGANU DARUL IMAN</u>		
ALLIANCE INVESTMENT BANK BHD	Ground & Mezzanine Floor Wisma Kam Choon 101, Jalan Kampung Tiong 20100 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-6317 922	076-009
FA SECURITIES SDN BHD	No. 51 & 51A Ground, Mezzanine & 1st Floor Jalan Tok Lam 20100 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-6238 128	021-001
RHB INVESTMENT BANK BHD	Tingkat Bawah dan Tingkat Satu 9651, Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Iman Tel No.: 09-8583 109	087-027
RHB INVESTMENT BANK BHD	1 st Floor No. 59, Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-6261 816	087-055
UOB KAY HIAN SECURITIES (M) SDN BHD	No.37-B, 1 st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-6224 766	078-016

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA code
<u>SABAH</u>		
CIMB INVESTMENT BANK BHD	1 st – 3 rd Floor, Central Building No. 28, Jalan Sagunting 88000 Kota Kinabalu Sabah Tel No.: 088-328 878	065-005
AFFIN HWANG INVESTMENT BANK BHD	Suite 1-9-E1, 9 th Floor, CPS Tower Centre Point Sabah No. 1, Jalan Centre Point 88000 Kota Kinabalu Sabah Tel No.: 088-311 688	068-008
KENANGA INVESTMENT BANK BHD	Level 8, Wisma Great Eastern 68, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No.: 088-236 188	073-032
RHB INVESTMENT BANK BHD	2nd Floor, No. 81 & 83 Jalan Gaya 88000 Kota Kinabalu Sabah Tel No.: 088-269 788	087-010
RHB INVESTMENT BANK BHD	Tingkat Bawah, Block 2 Lot 4 & Lot 5, Bandar Indah Mile 4, North Road 91000 Sandakan Sabah Tel No.: 089-229 286	087-057
UOB KAY HIAN SECURITIES (M) SDN BHD	11, Equity House, Block K Sadong Jaya, Karamunsing 88100 Kota Kinabalu Sabah Tel No.: 088-234 090	078-011
UOB KAY HIAN SECURITIES (M) SDN BHD	177 & 178 Ground Floor Block 17 Phase 2, Prima Square Mile 4, North Road 90000 Sandakan Sabah Tel No.: 089-218 681	078-012

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA code
<u>SARAWAK</u>		
AMINVESTMENT BANK BERHAD	1 st , 2 nd & 3 rd Floor No. 162, 164, 166 & 168 1 st , 2 nd & 3 rd Floor Jalan Abell 93100 Kuching Sarawak Tel No.: 082-244 791	086-001
CIMB INVESTMENT BANK BERHAD	Aras 1 (Utara) Wisma STA 26 Jalan Datuk Abang Abdul Rahim 93450 Kuching Sarawak Tel No.: 082-358 688	065-004
CIMB INVESTMENT BANK BERHAD	No. 6A, Ground Floor Jalan Bako, Off Brooke Drive 96000 Sibu Sarawak Tel No.: 084-367 700	065-008
AFFIN HWANG INVESTMENT BANK BHD	Ground Floor & 1 st Floor No. 1, Jalan Pending 1 st Floor, No. 3, Jalan Pending 93450 Kuching Sarawak Tel No.: 082-341 999	068-005
AFFIN HWANG INVESTMENT BANK BHD	No. 282, 1 st Floor Park City Commercial Centre Phase 4, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No.: 086-330 008	068-016
KENANGA INVESTMENT BANK BHD	Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel No.: 085-435 577	073-002
KENANGA INVESTMENT BANK BHD	Level 1-5, Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel No.: 082-338 000	073-003
KENANGA INVESTMENT BANK BHD	No. 11-12, (Ground & 1 st Floor) Lorong Kampung Datu 3 96000 Sibu Sarawak Tel No.: 084-313 855	073-012

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA code
<u>SARAWAK (CONT'D)</u>		
KENANGA INVESTMENT BANK BHD	Ground Floor of Survey Lot No. 4203 Parkcity Commerce Square Phase 6, Jalan Diwarta 97000, Bintulu Sarawak Tel No.: 086-337 588	073-018
KENANGA INVESTMENT BANK BERHAD	Suite 9 & 10, 3 rd Floor, Yung Kong Abell Lot 365, Section 50 Jalan Abell 93100 Kuching Sarawak Tel No.: 082-248 877	073-036
MERCURY SECURITIES SDN BHD	1 st Floor No.16 jalan Getah 96100 Sarikei Sarawak Tel No.: 084-659 019	093-007
RHB INVESTMENT BANK BHD	Yung Kong Abell Units No. 1-10, 2 nd Floor Lot 365, Section 50 Jalan Abell 93100 Kuching Sarawak Tel No.: 082-250 888	087-008
RHB INVESTMENT BANK BERHAD	Lot 1268, 1 st & 2 nd Floor Lot 1269, 2 nd Floor Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel No.: 085-422 788	087-012
RHB INVESTMENT BANK BERHAD	102, Pusat Pedada Jalan Pedada 96000 Sibu Sarawak Tel No.: 084-329 100	087-013
RHB INVESTMENT BANK BERHAD	Tingkat Bawah dan Tingkat 1 No. 221, Parkcity Commerce Square Phase III, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No.: 086-311 770	087-053

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA code
<u>SARAWAK (CONT'D)</u>		
TA SECURITIES HOLDINGS BHD	12G, Jalan Kampong Datu 96000 Sibu Sarawak Tel No.: 084-319 998	058-002
TA SECURITIES HOLDINGS BHD	Tingkat 2, (Bahagian Hadapan) Bangunan Binamas, Lot 138, Section 54, Jalan Pandung 93100 Kuching Sarawak Tel No.: 082-236 333	058-006
UOB KAY HIAN SECURITIES (M) SDN BHD	Lot 1265, 1 st Floor Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel No.: 085-324 128	078-017
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & First Floor No.16 Lorong Intan 6 96000 Sibu Sarawak Tel No.: 084-252 737	078-018

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ANNEXURE A

Our Ref: KGVA 21601104-J(SZS/BK)

18 October 2016

The Board of Directors
Matang Berhad
Suite 1301, 13th Floor, City Plaza
Jalan Tebrau
80300 Johor Bahru
Johor Darul Takzim

Dear Sirs,

VALUATION CERTIFICATE FOR THE VALUATION OF MATANG ESTATE, AN OIL PALM PLANTATION COMPRISING 45 CONTIGUOUS PIECES OF AGRICULTURAL LANDS SITED AT THE NORTH-EASTERN FLANK OF THE APPROXIMATE 50.5 TH KM (32.0 TH MILESTONE) JALAN TANGKAK-JEMENTAH, JEMENTAH, SEGAMAT, STATE OF JOHOR DARUL TAKZIM ("SUBJECT PROPERTY")

This Certificate of Valuation has been prepared for the proposed Initial Public Offering and Listing on the ACE Market of Bursa Malaysia Securities Berhad, in conjunction with the Submission to the Securities Commission, for inclusion in the Prospectus of Matang Berhad ("Matang") and for the preparation of financial statements.

We have been instructed by Matang Berhad to determine the Market Value of the abovementioned property ("subject property") vide our Valuation Report under reference as set out above. Further details of the aforesaid valuation are set out in our valuation report.

We have inspected the Subject Property on 27 January 2016. The date of inspection is taken to be the date of valuation.

The basis of valuation adopted is the 'Market Value' which is defined by the Malaysian Valuation Standards to be the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The Valuation Report was prepared in accordance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents Malaysia with the necessary professional responsibility and due diligence.



Property Valuers
Machinery Valuers
Property Managers
Projects Managers
Auctioneers
Property Consultants
Real Estate Agents

Head Office : Malaysia

B-9-9, Blok B

Megan Avenue II

12, Jalan Yap Kwan Seng

50450 Kuala Lumpur

Tel : (60)3-2161 5355

Fax: (60)3-2164 5355

Email: kl.valuation@kgvi-property.com

Other Office :

12-A-A, Jalan Todak 4

Pusat Bandar Seberang Jaya

13700 Prai, Penang

Tel : (60)4-398 8111

Fax: (60)4-398 8181

Email: pg@kgvi-property.com

Regulated by RICS



Penilai
V(1)0018/1
E(1)0593/1

KGV INTERNATIONAL PROPERTY CONSULTANTS (JOHOR) SDN BHD

(214438-H)

(Formerly known as KGV-Lambert Smith Hampton (Johor) Sdn Bhd)

UNIT 9-01, LEVEL 9, JOHOR BAHRU CITY SQUARE (OFFICE TOWER)

NOS 106-108, JALAN WONG AH FOOK, 80000 JOHOR BAHRU, JOHOR DARUL TAKZIM, MALAYSIA.

TEL: (6)07-224 2022 TELEFAX: (6)07-223 1366

E-mail: johor@kgviproperty.com

Internet: <http://www.kgvi-property.com>

ANNEXURE A (Cont'd)

**KGV International
Property Consultants**

Brief descriptions of the Subject Property are as follows:-

Type of Property

An oil palm estate comprising 45 contiguous pieces of agricultural lands

Title Particulars

Lot Nos 95 to 98, 104, 105, 1224, 1540, 1541, 2784, 2785, 2788, 2795 & 2796, Mukim of Bukit Serampang, Lot Nos 672, 984, 1543, 4073, 4615 & 6711, Mukim of Tangkak, District of Tangkak, State of Johor Darul Takzim and Lot Nos 2487 to 2502, 2506 to 2509 & 6184 to 6188, Mukim of Jementah, District of Segamat, State of Johor Darul Takzim.

Interest

Freehold

Registered Proprietor

MATANG REALTY SDN BHD

Category of Land Use

Lot Nos 984, 4073, 4615, 95, 96, 97, 98, 104, 105, 1224, 1540 & 1541

Agriculture

Other Lots

Nil

Land Area

Total net land area of 1,091.617 hectares (2,697.449 acres) after deducting the land area affected by compulsory land acquisition.

However, we noted that the land area of Lot No 2784 as stated in the Revenue Survey Sheet (RSS) No. 14-B-IV and Certified Plan (CP) P 3938 is 137.442 hectares (339.618 acres) instead of 133.346 hectares (329.506 acres) as stated in the land search. The total land area of the estate after considering the surveyed area of Lot No 2784 is 1,095.713 hectares (2,707.561 acres).

Due to the above discrepancy, we have adopted the total land area of 1,096.327 hectares (2,709.079 acres) as certified and confirmed by Juruukur Jasa Jaya Sdn Bhd vide a letter bearing Reference No JJJ/13/J1745 dated 26 June 2015.

ANNEXURE A (Cont'd)

**KGV International
Property Consultants**

Express Conditions

Lot Nos 672, 1543, 2487 - 2502, 2506 – 2509, 2784, 2785, 2788, 2795, 2796, 6184 – 6188 & 6711

Nil

Lot No, 95, 96, 97, 98, 104, 105, 984, 1540 & 1541

Tanah ini hendaklah ditanam dengan tanaman KELAPA SAWIT.

Lot No 4073

Tanah ini hendaklah ditanam dengan tanaman Nenas.

Lot Nos 1224 & 4615

Tanah ini hendaklah ditanam dengan tanaman Getah.

Note:

However, the express conditions of Lot No 1224, 4615 and 4073 have been changed to cultivation of oil palm after the date of valuation based on the certified true copies of the title documents obtained from Matang Berhad.

Date of Valuation

The date of valuation is 27 January 2016.

Location

Access to the subject property from the Tangkak town centre is via Jalan Tangkak-Jementah for approximately 24.5 km (15.2 miles) before reaching the subject property.

Geographically, the subject property is located approximately 6.0 km (3.7 miles) south of the Jementah town centre and 24.5 km (15.2 miles) north-east of the Tangkak town centre. Pekan Kebun Bahru is sited to the immediate south of the subject property.

ANNEXURE A (Cont'd)

**KGV International
Property Consultants**

Description of Property

The subject property comprises 45 contiguous pieces lands with a total net land area of 1,091.617 hectares (2,697.449 acres).

In valuing the subject property, we have adopted the total land area as certified by Jurukur Jasa Jaya Sdn Bhd which is 1,096.327 hectares (2,709.079 acres).

Collectively, the subject lands form an irregular-shaped parcel of land. It enjoys a direct frontage onto Jalan Tangkak-Jementah.

Topographically, the estate is generally flat to undulating physical terrain with hilly physical terrain noted at its north-western and north-eastern sections.

The entire estate is served by an extensive network of estate laterite roads and earth trenches/drains of moderate quality. The roads and earth trenches/drains are reasonably well-maintained.

The contour plan of the estate was not made available to us at the time of our inspection.

The soil series found in the estate are of Renggam and Gajah Mati.

The land use and the approximate land area of the estate as at date of valuation are as follows :

Land Use	Land Area	
	(Hectare)	(Acre)
Mature oil palm	1,042.800	2,576.811
Immature oil palm	19.300	47.691
Replanting oil palm	20.000	49.421
Total Planted Area	1,082.100	2,673.923
Nursery	4.600	11.367
Building sites	9.600	23.722
Total Land Area	1,096.300	2,709.012

Source : Matang Berhad

We observed that the total land area of the estate of approximately 1,096.300 hectares (2,709.012 acres) as recorded by Matang Berhad is slightly different from the total land area of 1,096.327 hectares (2,709.079 acres) confirmed by Jurukur Jasa Jaya Sdn Bhd due to the rounding up process.

We have not established the specific boundaries of the estate or there is any encroachment thereon as there are no obvious demarcations on the lands.

ANNEXURE A (Cont'd)

**KGV International
Property Consultants**

Town Planning Consideration

The subject property is sited in an area earmarked for agriculture use.

Crop and Field Condition

The subject estate is planted with oil palm as detailed below:-

Field No	Type of Clones	Year of Planting	Planted Area (Hectare)	Total Palms	Palms Per Hectare	Average Age
Part of 1991	Chemara	1991	32.800	3,900	119	25
1998	Chemara	1998	370.000	53,389	144	18
2002 A & B	Felda Yangambi / Seu Supra	2002	45.300	5,600	124	14
2004	Seu Supra	2004	3.700	385	104	12
2005	Seu Supra	2005	167.800	23,146	138	11
2008	Seu Supra	2008	59.200	8,230	139	8
2009	Guthrie	2009	27.500	3,421	124	7
2011	Felda Yangambi	2011	158.200	22,339	141	5
2012	Felda Yangambi	2012	178.300	29,078	163	4
2013	Felda Yangambi	2013	19.300	2,848	147	3
2015 (Part of Field No 1991)	-	2015	20.000	-	-	Under replanting
Total Planted Area			1,082.100	Average	134	

Source: Matang Berhad

Productivity Profile

The ratio between the productive area, low productivity area and non productive area of fresh fruit bunch production for the estate is illustrated below :

No.	Productivity	Percentage
1	Productive	59.70%
2	Low-Productivity	36.67%
3	Non-Productive	3.63%
Total		100.00%

Source: KGV International Property Consultants (Johor) Sdn Bhd

ANNEXURE A (Cont'd)
KGV International
Property Consultants
Production of Fresh Fruit Bunch

The productions of fresh fruit bunch for the different age of planting on the estate over the past five years are as follows:

No	Field No	Planted Area (Hectare)	Production of FFB (Metric Tonne)				
			2010/11	2011/12	2012/13	2013/14	2014/15
1	1985	122.900	1,927.25	212.61	-	-	-
2	1986	43.800	607.16	62.94	-	-	-
3	1987	76.500	1,199.20	775.02	63.83	-	-
4	1988	106.700	2,023.88	1,522.44	184.22	-	-
5	1989	19.300	407.40	290.37	269.18	61.32	-
6	1991	52.800	1,345.61	1,173.97	1,337.18	1,228.84	790.81
7	1998	380.00	8,688.33	8,744.71	9,593.72	9,998.07	8,690.85
8	2002	45.300	1,218.85	1,202.47	1,546.35	1,432.83	1,382.57
9	2005/2004	171.500	2,042.05	2,600.82	3,523.85	3,897.72	3,879.67
10	2008	59.200	-	321.61	747.86	1,093.04	1,035.36
11	2009	27.500	-	-	185.62	422.95	510.26
12	2011	158.200	-	-	-	-	1,125.42
13	2012	178.300	-	-	-	-	-
14	2013	19.300	-	-	-	-	-
Total			19,460.35	16,906.96	17,451.81	18,134.77	17,414.92
Harvestable Area (Hectare)			837.20	718.10	698.80	726.30	706.30
Yearly Yield of FFB Per Hectare (Metric Tonne)			23.24	23.54	24.97	24.97	24.66
Price/ Metric Tonne			RM 715	RM 666	RM 500	RM 518	RM 426

Source: Matang Berhad

Note :

Average fresh fruit bunch per metric tonne: RM 565

Production Cost

The total expenses per hectare and the breakdown of expenses for harvesting (per metric tonne), cultivation (per hectare) and general charges (per hectare) for Matang Estate from 2011/2012 to 2014/2015 as obtained from the estate management are shown as follows:

Year	2011/12	2012/13	2013/14	2014/15
Type of expenses				
Harvesting (Per Metric Tonne)	RM 42.00	RM 40.91	RM 43.84	RM 40.92
Cultivation (UpKeep and Maintenance) (Per Hectare)	RM 2,271.89	RM 1,889.43	RM 2,122.90	RM 1,399.82
General Charges (Per Hectare)	RM 1,493.21	RM 1,282.32	RM 1,344.27	RM 1,361.21
Total Expenses (Per Hectare)	RM 4,421.32	RM 3,831.46	RM 4,201.84	RM 3,419.69
Total Expenses (Per Acre)	RM 1,789.25	RM 1,550.54	RM 1,700.43	RM 1,383.90

Source: Matang Berhad

ANNEXURE A (Cont'd)

**KGV International
Property Consultants****Note :**

The cultivation costs stated above are inclusive of transport of FFB to oil mill and the windfall tax.

The average cost per hectare of the estate at RM3,968.58 per hectare for the past 4 years is reasonable and in tandem with the current industry standard.

Buildings

The buildings sited on the estate are school buildings comprising an administrative block, classroom block A and B, a canteen and a toilet block. They are presently used as Estate store. Other buildings include a temple building, a single-storey detached office building, an open-sided car parking shed, a fertilizer store, a guard house, a nursery store, an old temple, a surau, a store, a toilet, 4 units of single-storey detached house, 26 units of single-storey semi-detached house and a weighing bridge and control office. The buildings sites are also improved with roads, drainage, main electricity, piped water supply and telephone facilities. At the time of our inspection, the buildings are fairly well-maintained.

However, the above structures, buildings and improvements are taken as an entire estate or going concern and deemed as the complete entity to produce the annual oil palm volume which yield the essential revenue therefrom. Therefore, we do not provide a separate valuation of the buildings, machinery and motor vehicles as their values are already included in the value of the fields as these items are contributory to the production of sustainable income from the fields.

Method of Valuation

To arrive at our opinion of the present Market Value of the subject property, we adopt the **Discounted Cash Flow Approach**. Under this approach, the value of the property is determined by the streams of present as well as the anticipated amount of cash inflow (gross income) that will be generated during the life span of the oil palm basing on the yield and the price of the palm oil. The stream of production costs, i.e. upkeep and cultivation, general charges and harvesting/collection are then deducted from this income to arrive at the net annual income. The net annual profit is discounted to the present value at an appropriate rate and summation of these profits is the market value of the subject property.

We have also adopted the **Comparison Method** as a cross check method. Under this approach, the value of the property is determined by comparing it with recent sales and/or listings of similar properties in the vicinity, or if not available within similar localities. As no two properties are often identical, adjustments are then made for differences in factors such as location, physical characteristics and time element. Professional judgment is called upon in interpreting available data and making the adjustments.

ANNEXURE A (Cont'd)**KGV International
Property Consultants****A) Discounted Cash Flow Approach**

We have adopted the following parameters in our Discounted Cash Flow Approach of Valuation:-

1) Yield Performance of The Estate

We have analysed the past yield performance of the estate and derived the yearly yield generated by the different ages of the oil palm. The yield profile of the different ages of oil palm derived is used to project the yield adopted in the valuation by using Discounted Cash Flow Approach. The projected yields of different ages of palm adopted are illustrated below:

Age of Palm	1 to 3	4 to 9	10 to 15	16 to 20	21 to 25
Production (Metric Tonne/Hectare)	0 to 3	7 to 28	28 to 32	25 to 29	18 to 25

2) Long-term FFB Prices

Our investigations and analysis revealed that the average fresh fruit bunch (FFB) per metric tonne for the past 5 years (Year 2010/2011 to Year 2014/2015) generated by Matang Estate as extracted from the audited account of Matang Berhad is RM 565 per metric tonne.

Nevertheless, the fresh fruit bunch (FFB) price adopted for this year is RM500 per metric tonne in FFB price. For Year 2017, the FFB price adopted is based on projected price of about RM530 per metric tonne with the expectation that the declining stock trend and weaker production outlook drives the CPO and FFB prices. For Year 2018 and Year 2019, it is anticipated that the FFB price will gradually recover to RM560 per metric tonne. The FFB price of RM570 per metric tonne adopted from Year 2020 onwards for the remaining economic life of the oil palm is supported by the average fresh fruit bunch (FFB) of RM 565 per metric tonne recorded by the estate over the past 5 years (Year 2010/2011 to Year 2014/2015).

It is expected that the FFB prices to remain on uptrend according to BMI Research (2015) due to the following reasons:

- Slowdown in production growth to 3.5% annually (2015-2019), from 6.1% (2005-2014).
- Global demand will grow faster than production, driven by two key trends i.e. strong growth in emerging markets and increased biofuel use.
- The next driver of demand growth for FFB is biodiesel.

3) Production Costs

Our research shows that the current production costs for the subject estate are within the range normally found in other similar estates. Hence, we have adopted the past costs for the subject estate in our projection of future costs.

Description	Adopted Figure
Cultivation (RM/ Hectare)	RM 1,760.00 per hectare
General Charges (RM/ Hectare)	RM 1,200.00 per hectare
Harvesting (RM/Metric Tonne)	RM 41.00 per metric tonne

Source: Matang Berhad

ANNEXURE A (Cont'd)

**KGV International
Property Consultants**

4) Life Span

The average economic life span of oil palm is about 25 years including 3 years to attain maturity.

5) Cost to Maturity

The average cost to maturity for oil palm is estimated at RM8,000 to RM12,000 per hectare depending on factors such as the physical terrain of the estate, weather, availability of labour, prices of fertilisers and types of soil and other factors. We were given to understand that cost to maturity for second generation is lower.

In our valuation workings, we have allowed the cost to maturity for next replanting at RM12,000 per hectare as it is supported by the total cost of replanting of RM4,373,434.48 or RM12,291.83 per hectare incurred on Field 2011, Field 2012 and Field 2013. The cost to maturity for next replanting is spread over 3 years at a ratio of 50%, 30% and 20% respectively.

6) Net Profit

The average net profit is derived from the net profit before tax for the entire economic life of the oil palm (25 years).

7) Discount Rates

Having taken due consideration of the risks associated with oil palm plantation, we have adopted a discount rate (Present Value) of 7.25% to capitalize the net income of oil palm cultivation.

8) Capitalisation Rate

We have adopted a rate of return of 6.0% per annum in the calculation of capital value of the estate. At the end of the economic life of the oil palm, we have determined the capital value of the estate by capitalizing the average net profit in perpetuity at 6.0% and discounting the time factor at 7.25%.

ANNEXURE A (Cont'd)
KGV International
Property Consultants
B) Comparison Method

We have considered the comparables tabulated below with necessary adjustments made:-

Comparable		Comparable 1	Comparable 2	Comparable 3	Comparable 4
Transaction Date		3/10/2013	15/4/2013	23/4/2012	24/8/2011
Tenure		Leasehold for 99 years with an unexpired term of approximately 94 years as at the date of transaction	Leasehold for 99 years with an unexpired term of approximately 73 years as at the date of transaction.	Freehold	Freehold except for Lot No 1431 (394 acres) which bears a leasehold interest with an unexpired term of aproximately 56 years as at the date of transaction.
Location		Sited along Jalan Desaru - Tanjung Sedeli (Tanjung Kelisa)	Sited off the Milepost 17th, Jalan Mawai - Tanjung Sedeli, within Malay Reservation area	Sited at the Milepost 5th, Jalan Tangkak - Bekoh (Asahan)	Sited at 22 kilometres, off Temerloh Interchange of East Coast Highway, Pahang
Title No.		HSD Nos 31120 and 31121	HSD No 28115	-	-
Lot No.		PTD Nos 842 & 843	PTD No 1057	Lot Nos 7506 to 7512, 7522, 7526, 7527, 7572 to 7579, 25803, 25805, 25806, 25808, 25809, 7580 to 7583 and 7585 to 7588	Lot Nos 748, 752, 758, 761, 915, 922, 1066, 1163, 1547, 1548, 1550, 1551, 1553, 1622, 1649 & 1431
Mukim		Sedeli Kecil	Sedeli Besar	Tangkak	Kerdau
Description of Property		Vacant land	Oil Palm	Oil Palm	Oil Palm
Land Area (hectare)		405.288	169.158	169.490	938.900
(acre)		1,001.487	417.998	418.818	2,320.069
Planning		Agriculture	Agriculture	Agriculture	Agriculture
Vendor		Kumpulan Prasarana Rakyat Johor Sdn Bhd	Koperasi Pekebun Kecil Wilayah Johor Selatan Berhad	-	Bee Yong Sdn Bhd
Purchaser		Julung Plantation Sdn Bhd	Koperasi Permodalan Melayu Negeri Johor Berhad	-	Eurowide Plantations Sdn Bhd
Consideration		RM40,000,000	RM15,068,900	RM27,684,538	RM110,080,000
Source		JPPH	JPPH	JPPH	JPPH
Land Value (acre)		RM39,940.61	RM36,050.18	RM66,101.55	RM47,446.87
(hectare)		RM98,695.25	RM89,081.81	RM163,340.24	RM117,243.58
Adjustments		Upward for time, location/accessibility, tenure, cultivation, restriction (Malay Reservation) and downward for size.			
Adjusted Market Value	(per acre)	RM47,929.73	RM48,668.75	RM49,577.17	RM56,937.24
	(per hectare)	RM118,436.77	RM120,262.91	RM122,507.65	RM140,694.77
Say (per acre)		RM48,000.00	RM49,000.00	RM50,000.00	RM57,000.00
Say (per hectare)		RM118,000.00	RM120,000.00	RM123,000.00	RM141,000.00

ANNEXURE A (Cont'd)**KGV International
Property Consultants****Valuation Rationales**

After adjustments made to the above comparables, we have noted that the adjusted land values range from RM118,000 to RM141,000 per hectare. In reconciling our opinion of market value, we have placed greater emphasis on Comparable 3 as it is sited nearest to the subject property and also has a significant similarities with the subject property in terms of location, accessibility and the nature of the neighbourhood. As such, the adjusted value of RM123,000 per hectare for Comparable 3 is adopted as it is fair representation of the market value of the Subject Property.

Reconciliation of Value

The Market Values derived from the Discounted Cash Flow Approach and Comparison Method as cross check method are RM141,000,000 (RM129,000 per hectare) and RM135,000,000 (RM123,000 per hectare) respectively as tabulated below:

Method of Valuation	Derivation of Market Value
Discounted Cash Flow Approach	RM141,000,000
Comparison Method	RM135,000,000

In valuing the subject property, we have adopted the market value of the subject property derived from the **Discounted Cash Flow Approach** as it is the most suitable method to value estates with matured crops producing a constant stream of incomes. In the case of the subject property, large portions of the estate are planted with matured and prime palms with non-productive area as low as 3.63% of the total planted area. The overall yields as well as the stream of incomes of estate are high. Unlike the Discounted Cash Flow Approach, the Comparison Method will not be able to take into account the mentioned variables such as yields and stream of incomes generated by the estate and giving a fair representation of the Market Value of the subject property.

Premised on the foregoing and with due consideration to all other factors relevant to our valuation, we are of the opinion that the present Market Value of the subject property, free from all encumbrances and with vacant possession is **RM141,000,000 (RINGGIT MALAYSIA ONE HUNDRED AND FORTY ONE MILLION ONLY)**.

Yours faithfully

KGV INTERNATIONAL PROPERTY CONSULTANTS


Sr NG KAY SOON
B Surveying (Hons) Property Management
Director (Valuation)
(Registered Valuer V636)

SZS/BK
(KGVA 21601104-J)

ANNEXURE B



Chartered Surveyors, Registered Valuers & Estate Agents, Project & Property Managers, Development Consultants

8th Floor, Campbell Complex,
98 Jalan Dang Wangi,
50100 Kuala Lumpur, Malaysia.
Tel : (603) 2692 3236 Fax : (603) 2692 6457
E-mail: admin@ppc.com.my Website: www.ppc.com.my

VALUATION CERTIFICATE

Our Ref: PPC/15/V0259

1 November 2016

MATANG BERHAD

Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Dear Sir/Madam,

REPORT AND VALUATION OF

HSD 8796, LOT NO. TLO 703, TOWN AND DISTRICT OF JOHOR BAHRU, STATE OF JOHOR DARUL TAKZIM (NO. 83A, JALAN LANGKASUKA, KAWASAN PERINDUSTRIAN LARKIN (ALSO KNOWN AS DATO' ONN INDUSTRIAL ESTATE), 80350 JOHOR BAHRU, JOHOR DARUL TAKZIM)

This valuation certificate has been prepared for Initial Public Offering and listing on the ACE Market of Bursa Malaysia Securities Berhad and for inclusion in the Prospectus of Matang Berhad and for preparation of Financial Statements.

In accordance with your instruction to value the above mentioned property, we have inspected the above mentioned property on 18 April 2015 which is also taken as the material date of valuation. We have also extracted a legal description of the property from the copies of the Title Document provided to us by the client and the Title Particulars of title document from our search at the Registered Document of Title at the Johor State Registry of Land Titles in Nusajaya, Johor Bahru on 12 April 2015 and gathered other relevant information to arrive at our opinion of value.

The Basis of Valuation adopted by us is the "Market Value" which is defined as the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion.

This valuation has been prepared in accordance with the Asset Valuation Guidelines issued by the Securities Commission and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia and adopting the necessary professional standards and due diligence.

IDENTIFICATION OF PROPERTY

Legal Description	: HSD 8796, Lot No. TLO 703, Town and District of Johor Bahru, State of Johor Darul Takzim, shall be referred to as "the Property"
Address	: No. 83A, Jalan Langkasuka, Kawasan Perindustrian Larkin (also known as Dato' Onn Industrial Estate), 80350 Johor Bahru, Johor Darul Takzim
Property Type	: A parcel of industrial land erected upon with a unit of 1 1/2-storey detached warehouse (Block A), a unit of 1 1/2-storey detached warehouse cum factory (Block B), a 5-storey detached flatted factory (Block C), two guardhouses and other ancillary buildings

Directors

Sr KAMARUDZAMAN SAAD, AMK
B. Sc. (Hons) Land Mgt, MRICS, FRISM, MPEPS, MMIPPM

DATUK Sr SIDSAPESAN SITTAMPALAM, D.P.S.M. (SIDERS)
B. Sc. (Est Mgt) U.K., MBA (Real Est) Sydney,
FRICS, FRISM, MPEPS, MMIPPM, ICVS

Sr THIRUSELVAM ARUMUGAM (THIRU)
B. Surv. (Hons) Property Mgt, MRICS, FRISM, MPEPS, MMIPPM

Sr MARK SAW KHAY LIANG, PJK
B. Sc. (Hons) (Est Mgt) U.K., Dip (Hons) (Rural Est Mgt),
FRICS, FRISM, MPEPS, MMIPPM, MMIEA

Associate Directors / Registered Valuers

Sr NORAKMAL MOHD SALLEH @ ELIAS
B. Sc. (Hons) in Prop Mgt & Valuation, MRISM

Sr SUMIT KHINORIYA PURAN CHAND
B. Sc. (Hons) in Real Est Mgt, MRISM, MPEPS, MMIPPM

ANNEXURE B (Cont'd)

**VALUATION CERTIFICATE (Cont'd)**

Tenure : 60-year leasehold expiring on 24 September 2031 (16 years remaining)

Category of Land Use : Industrial

Registered Proprietor : Matang Holding Berhad

GENERAL DESCRIPTION

The Property fronts onto the western side and southern side of Jalan Langkasuka and Jalan Petaling, Kawasan Perindustrian Larkin, Johor Baharu, Johor Darul Takzim. It is located approximately 8 kilometres north-west of the Johor Bahru city centre.

Kawasan Perindustrian Larkin (also known as Dato' Onn Industrial Estate) is an established industrial estate mainly developed with heavy, medium and light industries comprising single and double storey detached factories.

PROPERTY DESCRIPTION**The Site**

The site is near trapezoidal in shape with a provisional land area of 1.295 hectares (3.20 acres/139,392 square feet). It has a main frontage onto the western side of Jalan Langkasuka and a return frontage onto Jalan Petaling.

The land is flat in terrain and lies slightly lower than the level of the frontage metalled road, ie. Jalan Langkasuka. The driveway, compound area and residual land are of tarmac.

The boundaries are demarcated by chain-link fencing whilst the main entrance is secured by a sliding metal gates hinged onto brick pillars.

The Buildings

The buildings erected on the site comprise a unit of 1 1/2-storey detached warehouse (Block A), a unit of 1 1/2-storey detached warehouse cum factory (Block B), a 5-storey detached flatted factory (Block C), two guardhouses and other ancillary buildings.

1. A 1 1/2-storey detached warehouse (Block A)

This building is basically constructed of reinforced concrete floors, steel portal framework infilled with plastered brickwalls and steel roof trusses covered with metal deck roofing sheets. The ground to eaves height is about 6.10 metres (20 feet).

The total gross floor area of the building is about 1,425.13 square metres (15,340 square feet).

This building was completed in 1976 and was subsequently issued with the Certificate of Fitness for Occupation (No.1308/76) by the Majlis Bandaraya Johor Bahru (MBJB) on 22 June 1976. It is estimated to be approximately 39 years old.

2. A 1 1/2-storey detached warehouse cum factory (Block B)

This building is basically constructed of reinforced concrete floors, steel portal framework infilled with plastered brickwalls and steel roof trusses covered with metal deck roofing sheets. The ground to eaves height is about 9.1 metres (30 feet).

The total gross floor area of the building is about 9,802.49 square metres (32,160 square feet).

ANNEXURE B (Cont'd)



VALUATION CERTIFICATE (Cont'd)

This building was completed in 1989 and was subsequently issued with the Certificate of Fitness for Occupation (No.484/89) by the Majlis Bandaraya Johor Bahru (MBJB) on 18 September 1989. It is estimated to be approximately 26 years old.

3. A 5-storey detached flatted factory (Block C)

This building is basically constructed of reinforced concrete floors, reinforced concrete framework infilled with plastered brickwalls incorporating with fixed glass panel and concrete flat roof.

The gross floor area of the building is about 18,872.05 square metres (203,137 square feet).

This building was completed in 1998 and was subsequently issued with the Certificate of Fitness for Occupation (No.372/98) by the Majlis Bandaraya Johor Bahru (MBJB) on 26 November 1998. It is estimated to be approximately 17 years old.

Other ancillary buildings erected on the site include 2 units of guard houses and a pump house having a total gross floor area of about 38.1 square metres (410 square feet).

We were informed by the client that the approved building plans for the Property are missing. As such the client has engaged a qualified architect firm to draw up the As-Built plans.

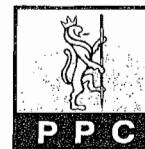
As confirmed by the architect and as stated in the As-Built plans, the buildings comply with the Uniform Building By-Law 1984. The client has also confirmed in writing that there were no further extensions done to the buildings since they were constructed. This is also confirmed based on our visual inspection which shows that the buildings are still in their original condition and there are no signs to indicate any addition to the buildings were undertaken. Therefore we believe that the buildings are built in accordance to the approved plans since the Certificates of Fitness for Occupation are issued.

OCCUPANCY/TENANCY STATUS

The Property is currently occupied / tenanted to various tenants at a rental ranging from RM0.66 to RM1.00 per square foot per month. The current occupancy rate of the Property is approximately 53%.

PLANNING DETAILS

As indicated in the title document, the Property is designated for building (industrial) use.

ANNEXURE B (Cont'd)**VALUATION CERTIFICATE (Cont'd)****METHOD OF VALUATION AND VALUATION RATIONALE**

The Property is valued by using the Comparison Approach and Cost Approach, the Cost Approach being the primary approach.

Comparison Approach

The Comparison Approach entails comparing the Property with comparable properties which have been sold or are being offered for sale and making adjustments for factors which affect value such as location and accessibility, market conditions, size, shape and terrain of land, tenurial interest and restrictions if any, occupancy status, built-up area, building construction, finishes and services, age and condition of building and other relevant characteristics.

In our analysis of sales data available, we have noted the transactions of comparable properties in the locality. In particulars, we have consider the following:-

	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Property	HSD 473853, Lot No. 6221, Town and District of Johor Bahru, State of Johor Darul Takzim	HSD 15858, Lot No. PT 698, Town and District of Johor Bahru, State of Johor Darul Takzim	HSD 158799, Lot No. PT 18574, Town and District of Johor Bahru, State of Johor Darul Takzim	HSD 471208, Lot No. PT 2127, Town and District of Johor Bahru, State of Johor Darul Takzim
Address/ Location	No. 7, Jalan Kilang, Kawasan Perindustrian Jalan Tampoi, Johor Bahru, Johor Darul Takzim	No. 3, Jalan Petaling, Kawasan Perindustrian Jalan Tampoi, Johor Bahru, Johor Darul Takzim	No. 4, Jalan Tampoi 7/4, Kawasan Perindustrian Jalan Tampoi, Johor Bahru, Johor Darul Takzim	No. 4, Jalan Asas, Kawasan Perindustrian Jalan Tampoi, Johor Bahru, Johor Darul Takzim
Property Type/ Land Use	A detached factory complex	A detached factory complex	A detached factory complex	A detached factory complex
Land Area (SF)	110,535	130,680	128,485	48,976
Est. Gross Floor Area (GFA) (SF)	33,160	91,476	56,233	29,400
Tenure	99-year leasehold expiring on 12/8/2108	60-year leasehold expiring on 13/12/2035	Freehold	60-year leasehold expiring on 27/5/2028
Date of Transaction	28-July-14	5-June-14	8-April-14	14-August-13
Sales Price (RM)	RM4,800,000.00	RM6,150,000.00	RM8,500,000.00	RM2,000,000.00
Source	Jabatan Penilaian Dan Perkhidmatan Harta	Jabatan Penilaian Dan Perkhidmatan Harta	Jabatan Penilaian Dan Perkhidmatan Harta	Jabatan Penilaian Dan Perkhidmatan Harta
Quantitative Adjustments	Adjustments were made to the land and building sizes.			
ADJUSTMENTS TO ARRIVE AT VALUE OF THE PROPERTY				
Qualitative Adjustments	Adjustments were made to the condition/physical construction, tenure, shapes/sizes and time.			
Indicative Value Of The Property	RM11,800,000.00	RM11,900,000.00	RM10,400,000.00	RM10,900,000.00
The analyses made from Sales Evidence 1 to 4, indicating the Market Value ranging from RM10,400,000.00 to RM11,900,000.00				
After taking into consideration all the above, we noted that Comparable 2 is the best comparable to be adopted as it is located closest to the Property and indicates the lowest adjustments. Therefore, we are of the opinion that the Market Value of the Property is RM11,900,000.00.				

ANNEXURE B (Cont'd)**VALUATION CERTIFICATE (Cont'd)****Cost Approach**

In the Cost Approach, the values of the land and building are separately determined and a summation of these values is taken to be Market Value of the property as an integral whole.

The value of the land is arrived by the Comparison Approach whilst the value of the building is arrived at by the Depreciated Replacement Cost Method.

In the Depreciated Replacement Cost Method, the building value is taken to be equal the cost of replacing the building in its existing condition. This is determined by taking the current replacement cost of the building as new and allowing for depreciation for physical, functional and economic obsolescence.

In the Cost Approach, we have considered the following:-

i. Land Value

Based on the Comparison Approach, the estimated land value for the comparables is as follows:-

	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Property	HSD 473853, Lot No. 6221, Town and District of Johor Bahru, State of Johor Darul Takzim	HSD 15858, Lot No. PT 698, Town and District of Johor Bahru, State of Johor Darul Takzim	HSD 158799, Lot No. PT 18574, Town and District of Johor Bahru, State of Johor Darul Takzim	HSD 471208, Lot No. PT 2127, Town and District of Johor Bahru, State of Johor Darul Takzim
Address/ Location	No. 7, Jalan Kilang, Kawasan Perindustrian Jalan Tampoi, Johor Bahru, Johor Darul Takzim	No. 3, Jalan Petaling, Kawasan Perindustrian Jalan Tampoi, Johor Bahru, Johor Darul Takzim	No. 4, Jalan Tampoi 7/4, Kawasan Perindustrian Jalan Tampoi, Johor Bahru, Johor Darul Takzim	No. 4, Jalan Asas, Kawasan Perindustrian Jalan Tampoi, Johor Bahru, Johor Darul Takzim
Property Type/ Land Use	A detached factory complex	A detached factory complex	A detached factory complex	A detached factory complex
Land Area (SF)	110,535	130,680	128,485	48,976
Est. Gross Floor Area (GFA) (SF)	33,160	91,476	56,233	29,400
Tenure	99-year leasehold expiring on 12/8/2108	60-year leasehold expiring on 13/12/2035	Freehold	60-year leasehold expiring on 27/5/2028
Date of Transaction	28-July-14	5-June-14	8-April-14	14-August-13
Sales Price (RM)	RM4,800,000.00	RM6,150,000.00	RM8,500,000.00	RM2,000,000.00
Source	Jabatan Penilaian Dan Perkhidmatan Harta	Jabatan Penilaian Dan Perkhidmatan Harta	Jabatan Penilaian Dan Perkhidmatan Harta	Jabatan Penilaian Dan Perkhidmatan Harta
Est. Land Value (PSF)	RM18	RM13	RM19	RM12
ADJUSTMENTS TO ARRIVE AT VALUE OF THE PROPERTY				
Adjustments	Adjustments were made to the tenure, shapes/sizes and time.			
Indicative Land Value Of The Property	RM14	RM12	RM13	RM10

The analyses made from Sales Evidence 1 to 4, indicating the land value ranging from RM10.00 to RM14.00 per square foot.

After taking into consideration all the above, we noted that Comparable 2 is the best comparable to be adopted as it is located closest to the Property and indicates the lowest adjustments. Therefore, we are of the opinion that the land value of the Property is RM12.00 per square foot.

ANNEXURE B (Cont'd)



VALUATION CERTIFICATE (Cont'd)

ii. Building Value

We estimated that the current replacement cost is around RM110.00 per square foot for the 1 1/2-storey detached warehouse (Block A), RM120.00 per square foot for the 1 1/2-storey detached warehouse cum factory (Block B) and RM125.00 per square foot for the 5-storey detached flatted factory (Block C). The cost is in tandem to the market rate supported by building cost published by a Quantity Surveyor, Messrs. Davis Langdon & Seah which indicates the cost should be between RM110.00 to RM150.00 per square foot for completed building (with services).

We have adopted 50% depreciation rate for Block A, 40% depreciation rate for Block B and 35% depreciation rate for Block C based on the physical deterioration, functional obsolescence and economic obsolescence of each building. We have also made adjustments to the building value to reflect the fact of the leasehold tenure of the Property.

Reconciliation of Value

Comparison Approach - RM11,900,000.00
Cost Approach - RM11,650,000.00

The Market Value adopted is RM11,650,000.00 based on the Cost Approach as it is the most suitable approach based on the nature of the Property and the availability of suitable evidences.

OPINION OF VALUE

Having regard to the foregoing, we are of the opinion that the Market Value of the unexpired term in the 60-year leasehold interest in the Property, HSD 8796, Lot No. TLO 703, Town and District of Johor Bahru, State of Johor Darul Takzim, having an unexpired term of about 16 years, with vacant possession and free from all encumbrances, as at 18 April 2015 is **RM11,650,000.00 (Ringgit Malaysia: Eleven Million Six Hundred And Fifty Thousand Only).**

For and on behalf of

PPC INTERNATIONAL SDN.BHD



Sr THIRUSELVAM ARUMUGAM

Executive Director

B. Surv. (Hons) Property Mgt.

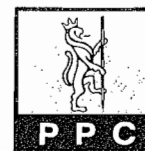
MRICS, FRISM, MPEPS, MMIPPM

Registered Valuer (V-606)

Date: 1 November 2016

mzh/RBB

ANNEXURE B (Cont'd)



LIMITING CONDITIONS

1. This report is confidential to the Client for the specific purpose to which it refers. It may be disclosed to other professional advisers assisting the Client in respect of that purpose, but the Client shall not disclose the report to any other person.
2. The opinion of value expressed in this report shall be used for the purpose of this report only. We are not responsible for any consequences arising from the valuation being quoted out of context.
3. Neither the whole nor any part of the Valuation Report or Certificate or any reference thereto may be included in any published document, circular or statement nor published in any way without our written approval of the form and context in which it may appear.
4. While due care is taken to note the presence of any disease or infestation, we have not carried out any test to ascertain possible latent infestations or diseases affecting the crops. We are therefore unable to account for such in our report.
5. While due care is taken to note building defects in the course of inspection no structural survey is made nor any inspection of woodwork or other parts of the structure which are covered or inaccessible and we are therefore unable to account for such in our report.
6. No investigation was carried out to determine whether or not any deleterious or hazardous materials has been used in the construction of the property, or has since been incorporated and we are therefore unable to account or report for such in our report.
7. No investigation was carried out into the past or present uses of the property, or of any neighbouring land, to establish whether there is any contamination, or potential for contamination, to the property from this uses or sites, and we are, therefore, unable to account or report for such in our report.
8. While we may have inspected the title of property as recorded in the Register Document of Title, we cannot accept any responsibility for its legal validity.
9. The instruction and the valuation assignment does not automatically bind us to attendance in court or to appear in any enquiry before any government or statutory bodies in connection with the valuation unless agreed when the instruction were given.

As Applicable

ANNEXURE C



Chartered Surveyors, Registered Valuers & Estate Agents, Project & Property Managers, Development Consultants

8th Floor, Campbell Complex,
98 Jalan Dang Wangi,
50100 Kuala Lumpur, Malaysia.
Tel : (603) 2692 3236 Fax : (603) 2692 6457
E-mail: admin@ppc.com.my Website: www.ppc.com.my

VALUATION CERTIFICATE

Our Ref: PPC/15/V0260

1 November 2016

MATANG BERHAD
Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Dear Sir/Madam,

REPORT AND VALUATION OF
HSD 4636, LOT NO. PTD 10109, MUKIM OF TANGKAK, DISTRICT OF LEDANG, STATE OF JOHOR
DARUL TAKZIM
(A PARCEL OF COMMERCIAL LAND SITUATED WITHIN TAMAN TANGKAK JAYA, TANGKAK,
JOHOR DARUL TAKZIM)

This valuation certificate has been prepared for Initial Public Offering and listing on the ACE Market of Bursa Malaysia Securities Berhad and for inclusion in the Prospectus of Matang Berhad and for preparation of Financial Statements.

In accordance with your instruction to value the above mentioned property, we have inspected the above mentioned property on 16 April 2015 which is also taken as the material date of valuation. We have also extracted a legal description of the property from the copies of the Title Document provided to us by the client and the Title Particulars of title document from our search at the Registered Document of Title at the Johor State Registry of Land Titles in Nusajaya, Johor Bahru on 12 April 2015 and gathered other relevant information to arrive at our opinion of value.

The Basis of Valuation adopted by us is the “**Market Value**” which is defined as the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion.

This valuation has been prepared in accordance with the Asset Valuation Guidelines issued by the Securities Commission and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia and adopting the necessary professional standards and due diligence.

IDENTIFICATION OF PROPERTY

Legal Description : HSD 4636, Lot No. PTD 10109, Mukim of Tangkak, District of Ledang, State of Johor Darul Takzim, shall be referred to as “**the Property**”

Location : Situated along Jalan Bidara 9 and Jalan Bidara 10, Taman Tangkak Jaya, Tangkak, Johor Darul Takzim

Directors

Sr KAMARUDZAMAN SAAD, AMK
B. Sc. (Hons) Land Mgt, MRICS, FRISM, MPEPS, MMIPPM

DATUK Sr SIDSAPESAN SITTAMPALAM, D.P.S.M. (SIDERS)
B. Sc. (Est Mgt) U.K., MBA (Real Est) Sydney,
FRICS, FRISM, MPEPS, MMIPPM, ICVS

Sr THIRUSELVAM ARUMUGAM (THIRU)
B. Surv. (Hons) Property Mgt, MRICS, FRISM, MPEPS, MMIPPM

Sr MARK SAW KHAY LIANG, PJK
B. Sc. (Hons) (Est Mgt) U.K., Dip (Hons) (Rural Est Mgt),
FRICS, FRISM, MPEPS, MMIPPM, MMIEA

Associate Directors / Registered Valuers

Sr NDRAKMAL MOHD SALLEH @ ELIAS
B. Sc. (Hons) in Prop Mgt & Valuation, MRISM

Sr SUMIT KHANDRIYA PURAN CHAND
B. Sc. (Hons) in Real Est Mgt, MRISM, MPEPS, MMIPPM

ANNEXURE C (Cont'd)



VALUATION CERTIFICATE (Cont'd)

Property Type : A parcel of commercial land

Tenure : Freehold

Category of Land Use : "Bangunan"

Registered Proprietor : Matang Realty Sdn Bhd

Restriction-In-Interest : i) "Tanah yang terkandung di dalam hakmilik ini apabila sahaja bertukar miliknya kepada seorang Bumiputera maka tidak boleh terkemudian daripada itu dijual, dipajak atau dipindahmilik dengan apa cara sekalipun kepada orang yang bukan Bumiputera tanpa persetujuan Pihak Berkuasa Negeri."
ii) "Hakmilik tanah ini apabila sahaja dipecahkan kepada Hakmilik 'subsidiary', pecah hakmilik subsidiary tersebut apabila sahaja bertukar milik kepada seorang Bumiputera maka tidak boleh terkemudian daripada itu dijual, dipajak atau dipindahmilik dengan apa cara sekalipun kepada orang yang bukan Bumiputera tanpa persetujuan Pihak Berkuasa Negeri."

GENERAL DESCRIPTION

The Property is a parcel of commercial land situated within the commercial area of Taman Tangkak Jaya, Tangkak, Johor Darul Takzim. Taman Tangkak Jaya is a comprehensive housing development comprising single storey terrace houses, double storey terrace houses, double storey semi-detached and detached houses as well as double storey low-cost terrace houses. The commercial centre where the Property is located is mainly developed with double storey shophouses.

PROPERTY DESCRIPTION

The site is rectangular in shape with a titular land area of about 5,016.8571 square metres (54,001 square feet). It has two frontages onto the eastern and western sides of Jalan Bidara 9 and Jalan Bidara 10 respectively. The site is generally flat in terrain and lies at the same level with Jalan Bidara 9 but slightly above the level of Jalan Bidara 10. During the course of inspection, we noted that it has been levelled and ready for development. The site boundaries are not demarcated by any form of fencing and we have assumed that the boundaries correspond with the configuration shown in the Site Plan.

PLANNING DETAILS

As indicated in the title document, the Property is designated for building (commercial) use, specifically for multi storey commercial and cinema building.

METHOD OF VALUATION

We have adopted the **Comparison Approach** for valuation and have not considered other methods simply because the land is a vacant parcel of commercial land currently without the benefit of any approval or submission for development approval. Therefore, the Income Approach (Residual Method) as a check method will not be appropriate if development assumptions are made.

The **Comparison Approach** entails comparing the Property with comparable properties which have been sold or are being offered for sale and making adjustments for factors which affect value such as location and accessibility, market conditions, size, shape and terrain of land, tenurial interest and restrictions if any, availability of infrastructure, vacant possession and development approval and other relevant characteristics.

ANNEXURE C (Cont'd)**VALUATION CERTIFICATE (Cont'd)****Sales Evidences**

	Comparable 1	Comparable 2	Comparable 3
Property	Lot 1120, Mukim of Tangkak, District of Ledang, State of Johor Darul Ehsan	Lot MLO 5436, Mukim of Tangkak, District of Ledang, State of Johor Darul Ehsan	Lot 3745, Mukim of Tangkak, District of Ledang, State of Johor Darul Ehsan
Address/Location	Sited within Taman Pelangi, Tangkak, Johor Darul Takzim	Sited along the 2 kilometrepost Jalan Tangkak-Muar, Tangkak, Johor Darul Ehsan	Sited along the 2 kilometrepost Jalan Tangkak-Muar, Tangkak, Johor Darul Ehsan
Property Type	A parcel of vacant commercial land	A parcel of vacant commercial land	A parcel of vacant commercial land
Land Area (Sq. M)	11,128.86	8,498.00	11,356.00
Land Area (Sq. Ft.)	119,790	91,472	122,235
Tenure	Freehold	Freehold	Freehold
Date of Transaction	15-Aug-12	9-Feb-12	9-Feb-12
Sales Price (RM)	RM2,300,000.00	RM4,400,000.00	RM4,400,000.00
Analysed Land Value (PSF)	RM19.20	RM48.10	RM36.00
Source	Jabatan Penilaian Dan Perkhidmatan Harta	Jabatan Penilaian Dan Perkhidmatan Harta	Jabatan Penilaian Dan Perkhidmatan Harta
Remarks	-	-	-
Adjustments	Adjustments were made to the locations and sizes.		
Adjusted Unit Rate	RM30 per square foot	RM27 per square foot	RM34 per square foot

Reconciliation of Value

We have entirely based on Comparison Approach whereby the analysis of comparables sales evidences indicates the value of the property to range from RM27.00 to RM34.00 per square foot.

Based on the analysis we noted that Comparable 1 is the best comparable to be adopted as it is located nearest to the Property with a same nature i.e. a vacant parcel of commercial land situated within a residential development. Therefore, we are of the opinion that the Market Value of the Property is **RM1,600,000.00** (approximately RM30.00 per square foot).

OPINION OF VALUE

Having regard to the foregoing, we are of the opinion that the **Market Value** of the freehold interest in the Property, HSD 4636, Lot No. PTD 10109, Mukim of Tangkak, District of Ledang, State of Johor Darul Takzim, with vacant possession and free from all encumbrances, as at 16 April 2015, is **RM1,600,000.00** (Ringgit Malaysia: One Million And Six Hundred Thousand Only).

For and on behalf of

PPC INTERNATIONAL SDN BHD

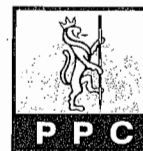


Sr THIRUSELVAM ARUMUGAM
Executive Director
B. Surv. (Hons) Property Mgt.
MRICS, FRISM, MPEPS, MMIPPM
Registered Valuer (V-606)

Date: 1 November 2016

mzh/RBB

ANNEXURE C (Cont'd)



LIMITING CONDITIONS

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As Applicable