

# MENTIGA

MENTIGA CORPORATION BERHAD

197001001000 (10289-K)

## ADAPTING WITH TIME

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ANNUAL  
REPORT **2022**





# 52<sup>nd</sup> ANNUAL GENERAL MEETING

## VENUE

Zenith 6, Level 3,  
SAS International Convention Centre &  
The Zenith Hotel, Jalan Putra Square 6,  
Putra Square, 25200 Kuantan, Pahang

## DATE

30 May 2023

## TIME

2.30 p.m.



## ABOUT US

The principal activities of the Company are investment holding, oil palm and durian plantation, timber extraction and trading in timber related products. The principal activities of the Group are oil palm and durian plantation, other agricultural activities, mining and general construction and developer.

The Company is a public company limited by shares, incorporated and domiciled in Malaysia, and listed on the Main Market of the Bursa Malaysia Securities Berhad.

The holding company is Amanah Saham Pahang Berhad, which is wholly owned by the State Government of Pahang Darul Makmur.

## VISION

We aspire to become a leading Mid-Cap company in the ASEAN Region.

## MISSION

Maximise our business potential in Plantation, Mining and Investment Holding by capitalising on our strengths.

## CORE VALUE

- INTEGRITY
- COMMITTED
- FOCUS
- TEAMWORK



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## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Fifty-Second Annual General Meeting ("52<sup>nd</sup> AGM") of Mentiga Corporation Berhad ("the Company") will be held at **Zenith 6, Level 3, SAS International Convention Centre & The Zenith Hotel, Jalan Putra Square 6, Putra Square, 25200 Kuantan, Pahang** on **Tuesday, 30 May 2023 at 2.30 p.m.** or at any adjournment thereof, for the following purposes: -

### AGENDA

#### AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Directors' and Auditors' Reports thereon.
2. To approve the payment of Directors' Fees, Meeting Allowance and Benefits of up to RM659,500 for the financial period from 1 July 2023 to 30 June 2024. **(Ordinary Resolution 1)**  
[Please refer to Explanatory Note a]
3. To re-elect the following Directors retiring in accordance with the Company's Constitution and being eligible, have offered themselves for re-election: -
  - i. Tan Sri Dato' Sri DiRaja Haji Adnan bin Haji Yaakob (Article 93) **(Ordinary Resolution 2)**
  - ii. Dato' Haji Muhammad Nasir bin Puteh (Article 93) **(Ordinary Resolution 3)**
  - iii. Encik Nahmar bin Jamil (Article 98) **(Ordinary Resolution 4)**
 [Please refer to Explanatory Note b]
4. To re-appoint Messrs. Al Jafree Salihin Kuzaimi PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 5)**  
[Please refer to Explanatory Note c]

#### AS SPECIAL BUSINESS

To consider, and if thought fit, to pass the following Resolution(s), with or without modification: -

5. **ORDINARY RESOLUTION** **(Ordinary Resolution 6)**  
**AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016**  
  
 "THAT pursuant to Sections 75 and 76 of the Companies Act 2016 ("the Act") and subject to the approvals from the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares of the Company at the time of submission to the authority AND THAT the Directors be and are also hereby empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.  
  
 AND THAT pursuant to Section 85 of the Act to be read together with Article 10 of the Company's Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new Company shares ranking equally to the existing issued Company shares arising from any issuance of the new Company shares pursuant to Sections 75 and 76 of the Act."  
 [Please refer to Explanatory Note d]
6. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Constitution.

#### BY ORDER OF THE BOARD

**LIM SECK WAH** (MAICSA 0799845 & SSM PC No. 202008000054)  
**TANG CHI HOE (KEVIN)** (MAICSA 7045754 & SSM PC No. 202008002054)  
 Company Secretaries

Dated this 27 April 2023  
 Kuala Lumpur

## *Notice of Annual General Meeting (Cont'd)*

### NOTES:

1. Members are to refer to the Administrative Guide for the procedures to register and participate and vote in the Fifty-Second Annual General Meeting ("52<sup>nd</sup> AGM").
2. For the purpose of determining who shall be entitled to participate in this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, the Record of Depositors as at **23 May 2023**. Only a member whose name appears on this Record of Depositors shall be entitled to participate the said meeting or appoint proxies to attend, speak and vote on his/her stead.
3. A member of a Company shall be entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote at meeting of members of the Company. A member may appoint more than one proxy in relation to a meeting, provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company.
4. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. For a member of the Company who is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
6. Where a member or the authorised nominee appoints more than two (2) proxies, or where an exempt authorised nominee appoints more than one (1) proxy in respect of each omnibus account to attend and vote at the same meeting, the appointments shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.
7. The instrument appointing a proxy shall be in writing signed by the appointor or by his attorney who is authorised in writing. In the case of a corporation, the instrument appointing proxy(ies) must be made either under its common seal or signed by an officer or an attorney duly authorised.
8. The instrument appointing a proxy and the power of attorney, if any, under which it is signed or a certified copy thereof must be deposited at the Company's registered office at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur or email to mega-sharereg@megacorp.com.my not less than forty-eight (48) hours before the time set for holding the Meeting or any adjournment thereof.
9. Please ensure ALL the particulars as required in the Proxy Form are completed, signed and dated accordingly.

## Notice of Annual General Meeting (Cont'd)

### EXPLANATORY NOTES:

a. Ordinary Resolution No. 1 – Approval of Directors’ Fees, Meeting Allowance and Benefits

The Proposed Ordinary Resolution 1 is to facilitate payment of Directors’ Fees, Meeting Allowance and Benefits for the period from 1 July 2023 to 30 June 2024 (the due date for which the next AGM should be held).

In the event the Directors’ Fees and benefits proposed are insufficient (e.g., due to more meetings or enlarged Board size), approval will be sought at the next Annual General Meeting for additional fees to meet the shortfall.

Directors’ meeting allowances payable to Directors and in determining the estimated total the Board had considered various factors including the number of scheduled meetings for the Board and Board Committees, and covers the period from 1 July 2023 to 30 June 2024 (the due date for which the next AGM should be held).

b. Ordinary Resolution Nos. 2 to 4 – Re-election of Directors

The Nomination and Remuneration Committee (“NRC”) had conducted a Board Effectiveness Assessment (“BEA”) of the Directors, in the areas of qualification, experience, skills, corporate governance, contribution, competence and independence.

Based on the results of the BEA for the financial year ended 31 December 2022, the Board approved the NRC’s recommendation on the re-election of Tan Sri Dato’ Sri DiRaja Haji Adnan bin Haji Yaakob and Dato’ Haji Muhammad Nasir bin Puteh who are due to retire at the 52<sup>nd</sup> AGM in accordance with Clause 93 of the Company’s Constitution and Encik Nahmar bin Jamil who is due to retire in accordance with Clause 98 of the Company’s Constitution (“Retiring Directors”).

The Board is satisfied with the performance and contribution of the Retiring Directors as they have the relevant mix of experience, skills, industry knowledge in plantation and mining, as well as banking and finance expertise that are beneficial to the Company. Therefore, the Board would like to recommend their re-election for the shareholders’ approval at the 52<sup>nd</sup> AGM.

c. Ordinary Resolution No. 5 – Re-appointment of Auditors

The Board had its meeting held on 17 April 2023 approved the recommendation by the Audit Committee to re-appoint Messrs. Al Jafree Salihin Kuzaimi PLT (“Salihin”). The Board and Audit Committee collectively agreed that Salihin has met the relevant criteria prescribed by Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

d. Ordinary Resolution No. 6 – Authority to Issue and Allot Shares

The Proposed Ordinary Resolution 6 is the renewal of the general mandate obtained from the shareholders at the last AGM. As at the date of this notice, the Company did not allot any share pursuant to the general mandate granted to the Directors at the Fifty-First Annual General Meeting held on 9 June 2022.

This Ordinary Resolution 6, if passed, will empower the Directors to allot and issue ordinary shares up to an amount not exceeding 10% of the total number of issued shares of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

The authority will provide flexibility to the Company for any possible fund raising activities for future investment projects or undertakings or for working capital purpose as the Directors may in their absolute discretion deem fit and thereby reducing administrative time and cost associated with the convening of such meeting(s).

e. **Additional Notes**

Retirement of Independent Directors

The following Independent Directors who have served the Company for more than 12 years will not continue in office and will retire at the conclusion of the 52<sup>nd</sup> AGM: -

- i. Dato’ Bahudin bin Mansor
- ii. Dato’ Hazli bin Ibrahim

*Administrative Details***Administrative Guide for the Fifty-Second Annual General Meeting (“52<sup>nd</sup> AGM”)**

<b>Day and Date</b>	<b>: Tuesday, 30 May 2023</b>
<b>Time</b>	<b>: 2.30 p.m.</b>
<b>Venue</b>	<b>: Zenith 6, Level 3, SAS International Convention Centre &amp; The Zenith Hotel, Jalan Putra Square 6, Putra Square, 25200 Kuantan, Pahang.</b>

**REGISTRATION ON THE DAY OF 52<sup>nd</sup> AGM**

1. Registration will commence at 1.30 p.m. and will close by 2.45 p.m.
2. Please present your original National Registration Identity Card (NRIC) or Passport to the registration staff for verification.
3. A wrist band will be given to you thereafter. No one will be allowed to enter the meeting room without the wrist band.
4. Registration must be done in person. No person is allowed to register on behalf of another.
5. The registration counter will handle verification of identity, registration and revocation of proxy/proxies.

**PROXY**

6. A member entitled to attend and vote in the meeting is allowed to appoint proxy. Please submit your Proxy Form in accordance with the notes and instructions printed therein.
7. The Proxy Form is not required if you are attending as shareholder.
8. If you have submitted your Proxy Form prior to the meeting and subsequently decided to attend the meeting in person, please proceed to the registration counter to revoke the appointment of your proxy.
9. Please ensure that the original Proxy Form is deposited at the Company’s Registered Office at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur or email to mega-sharereg@megacorp.com.my not less than forty-eight (48) hours before the meeting time. No proof of sending of Form of Proxy will be entertained.

**GENERAL MEETING RECORD OF DEPOSITORS**

10. For the purpose of determining who shall be entitled to attend the 52<sup>nd</sup> AGM, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at **23 May 2023** and only a depositor whose name appears on such Record of Depositors shall be entitled to attend the said meeting.

**NO RECORDING OR PHOTOGRAPHY**

11. No recording or photography of the 52<sup>nd</sup> AGM proceedings is allowed without the prior written permission of the Company.

**MOBILE DEVICES**

12. Please ensure all mobile devices i.e. phones/other sound emitting devices are put on silence mode during the 52<sup>nd</sup> AGM to ensure smooth and uninterrupted proceedings.

**ENQUIRY**

13. For any enquiry prior to the 52<sup>nd</sup> AGM, please contact the following during office hours: -

**Mega Corporate Services Sdn. Bhd. (Share Registrar)**

Helpdesk : +603 - 2692 4271

Facsimile : +603 - 2732 5388

Email : mega-sharereg@megacorp.com.my

## Corporate Information

### BOARD OF DIRECTORS

**TAN SRI DATO' SRI DIRAJA HAJI ADNAN BIN HAJI YAAKOB**

*Chairman*

*Non-Independent Non-Executive*

**DATO' HAJI HAMDAN BIN SALIM**

*Group Managing Director*

*(appointed on 1 January 2022)*

**TUAN HAJI YAACOB BIN SA'RANI**

*Non-Independent Non-Executive Director*

**DATO' HAJI MUHAMMAD NASIR BIN PUTEH**

*Non-Independent Non-Executive Director*

**DATO' BAHUDIN BIN MANSOR**

*Senior Independent Non-Executive Director*

**DATO' HAZLI BIN IBRAHIM**

*Independent Non-Executive Director*

**DATO' HAJI MOHD NAZARI BIN YUNUS**

*Non-Independent Non-Executive Director*

*(resigned on 1 March 2023)*

**NAHMAR BIN JAMIL**

*Non-Independent Non-Executive Director*

*(appointed on 1 March 2023)*

### AUDIT COMMITTEE

**Dato' Bahudin bin Mansor (Chairman)**

*Senior Independent Non-Executive Director*

**Dato' Hazli bin Ibrahim**

*Independent Non-Executive Director*

**Nahmar bin Jamil**

*Non-Independent Non-Executive Director*

*(appointed on 1 March 2023)*

**Dato' Haji Mohd Nazari bin Yunus**

*Non-Independent Non-Executive Director*

*(resigned on 1 March 2023)*

### NOMINATION AND REMUNERATION COMMITTEE

**Dato' Hazli bin Ibrahim (Chairman)**

*Independent Non-Executive Director*

**Dato' Bahudin bin Mansor**

*Senior Independent Non-Executive Director*

**Nahmar bin Jamil**

*Non-Independent Non-Executive Director*

*(appointed on 1 March 2023)*

**Dato' Haji Mohd Nazari bin Yunus**

*Non-Independent Non-Executive Director*

*(resigned on 1 March 2023)*

### WHISTLEBLOWER COMMITTEE

**Dato' Hazli bin Ibrahim (Chairman)**

*Independent Non-Executive Director*

**Dato' Bahudin bin Mansor**

*Senior Independent Non-Executive Director*

### ESOS COMMITTEE

**Dato' Hazli bin Ibrahim (Chairman)**

*Independent Non-Executive Director*

**Dato' Haji Muhammad Nasir bin Puteh**

*Non-Independent Non-Executive Director*

**Dato' Bahudin bin Mansor**

*Senior Independent Non-Executive Director*





## Corporate Information (Cont'd)

### TENDER COMMITTEE

**Dato' Hazli bin Ibrahim** (Chairman)  
Independent Non-Executive Director

**Dato' Haji Muhammad Nasir bin Puteh**  
Non-Independent Non-Executive Director

**Dato' Bahudin bin Mansor**  
Senior Independent Non-Executive Director

### RISK MANAGEMENT COMMITTEE

**Dato' Hazli bin Ibrahim** (Chairman)  
Independent Non-Executive Director

**Dato' Haji Muhammad Nasir bin Puteh**  
Non-Independent Non-Executive Director

**Dato' Bahudin bin Mansor**  
Senior Independent Non-Executive Director

### REGISTRATION NO.

197001001000 (10289-K)

### COMPANY SECRETARIES

**Lim Seck Wah**  
(MAICSA No. 0799845)  
(SSM PC No. 202008000054)

**Tang Chi Hoe (Kevin)**  
(MAICSA No. 7045754)  
(SSM PC No. 202008002054)

### REGISTERED OFFICE

Level 15-2, Bangunan Faber Imperial Court,  
Jalan Sultan Ismail,  
50250 Kuala Lumpur.

Tel : 03-2692 4271  
Fax : 03-2732 5388

### BUSINESS ADDRESS

No. 26 & 26A, Jalan Putra Square 1,  
Putra Square, 25200 Kuantan,  
Pahang Darul Makmur.

Tel : 09-517 3710  
Fax : 09-517 3709

### SHARE REGISTRAR

**Mega Corporate Services Sdn Bhd**  
Level 15-2, Bangunan Faber Imperial Court,  
Jalan Sultan Ismail,  
50250 Kuala Lumpur.

Tel : 03-2692 4271  
Fax : 03-2732 5388

### AUDITORS

**Al Jafree Salihin Kuzaimi PLT (AF1522)**  
Chartered Accountants,  
555, Jalan Samudra Utara 1,  
Taman Samudra,  
68100 Batu Caves,  
Selangor Darul Ehsan.

Tel : 03-6185 9970  
Fax : 03-6184 2524

### BANKERS

Bank Islam Malaysia Berhad  
Maybank Islamic Berhad  
CIMB Bank Berhad

### SOLICITORS

**Abraham Ooi & Partners**  
No. 106, 8<sup>th</sup> Floor, Wisma Harwant,  
Jalan Tuanku Abdul Rahman,  
50100 Kuala Lumpur.

Tel : 03-2691 0654  
Fax : 03-2691 0644

### STOCK EXCHANGE LISTING

Main Market  
Bursa Malaysia Securities Berhad

### STOCK NAME

MENTIGA

### STOCK CODE

5223

### WEBSITE ADDRESS

[www.mentiga.com.my](http://www.mentiga.com.my)

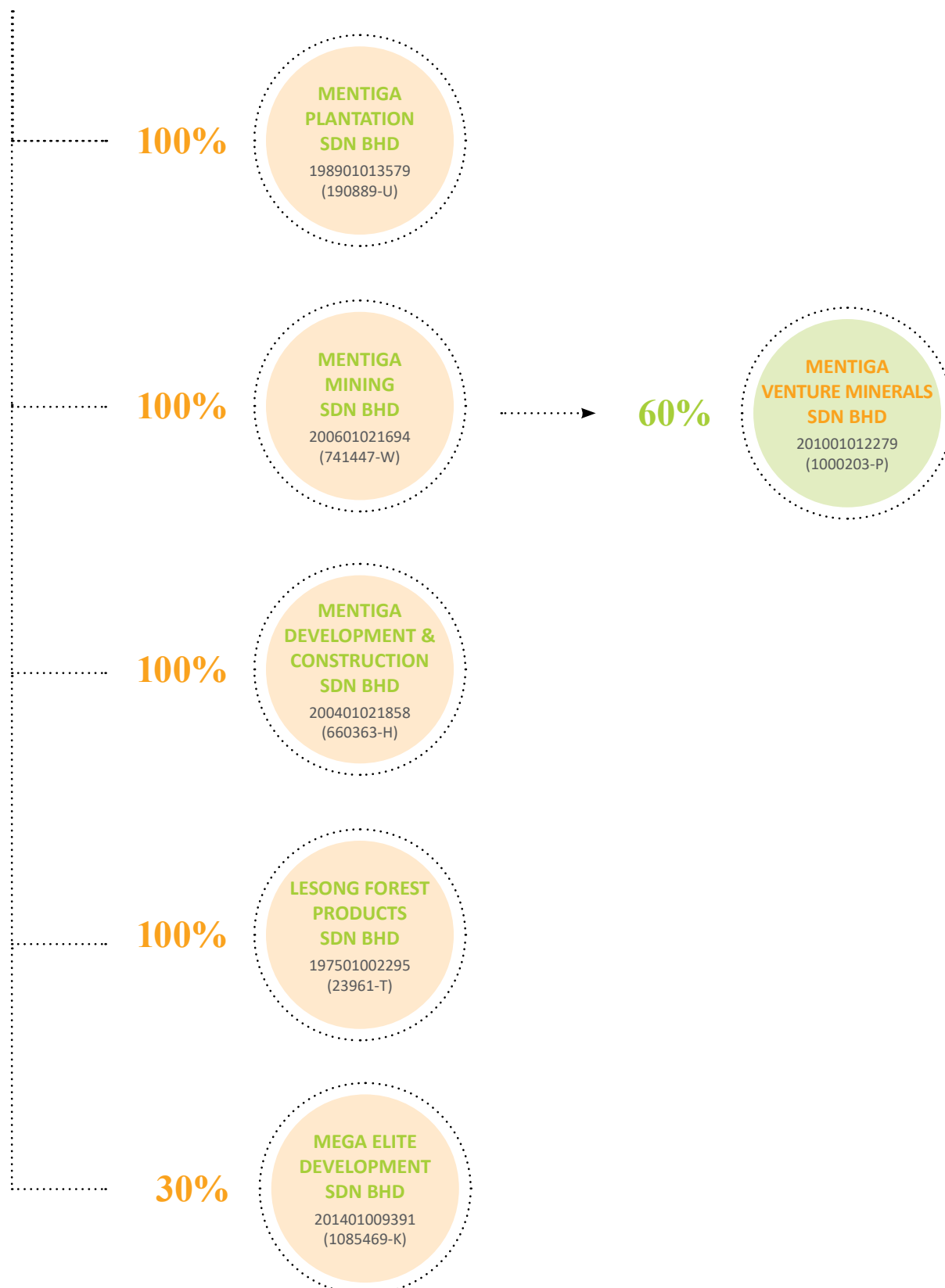
# MENTIGA

## Corporate Structure

# MENTIGA

MENTIGA CORPORATION BERHAD

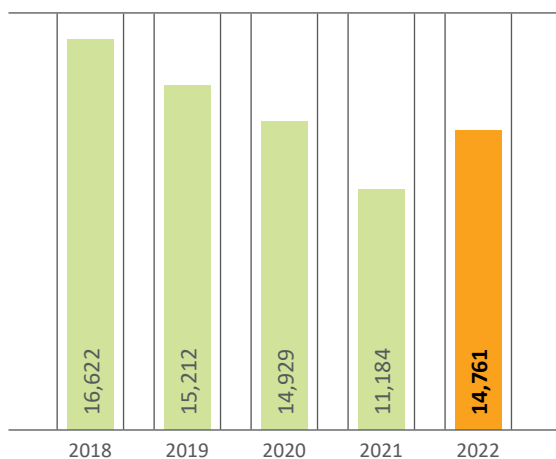
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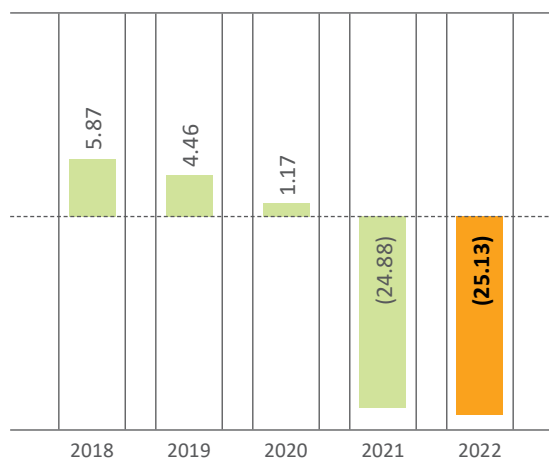
## Group Financial Highlights

	2018	2019	2020	2021	2022
	RM'000	RM'000	RM'000	RM'000	RM'000
	Restated	Restated			
<b>STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>					
Revenue	16,622	15,212	14,929	11,184	<b>14,761</b>
Profit/(Loss) Before Tax	3,712	4,669	1,496	(18,739)	<b>(18,860)</b>
Profit/(Loss) Attributable To Owners of the Company	4,212	3,201	838	(17,860)	<b>(18,043)</b>
<b>STATEMENTS OF FINANCIAL POSITION</b>					
Share Capital	71,789	71,789	71,789	71,789	<b>71,789</b>
Shareholders' Equity	138,202	186,424	187,262	193,825	<b>179,455</b>
Total Assets	193,483	258,405	263,630	279,782	<b>275,444</b>
<b>PER SHARE DATA</b>					
Earnings/(Loss) Per Share (sen)	5.87	4.46	1.17	(24.88)	<b>(25.13)</b>
Net Assets Per Share (sen)	192.51	259.68	260.85	269.99	<b>249.98</b>
Dividend Per Share (sen)	-	-	-	-	-

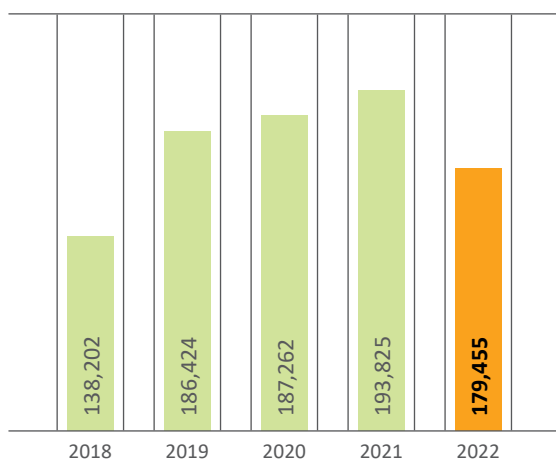
**REVENUE**  
(RM'000)



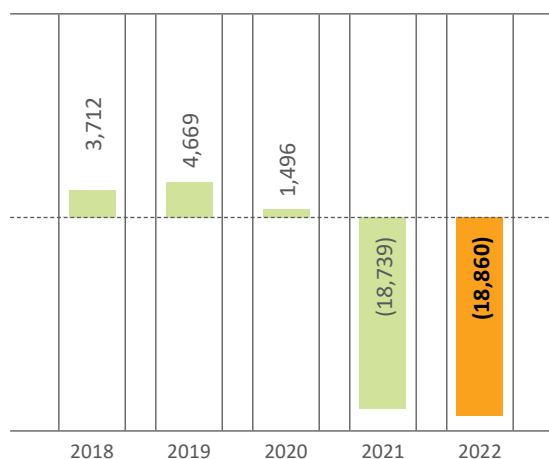
**EARNINGS/(LOSS) PER SHARE**  
(Sen)



**SHAREHOLDERS' EQUITY**  
(RM'000)



**PROFIT/(LOSS) BEFORE TAX**  
(RM'000)





# Board of *Directors*



**TUAN HAJI YAACOB  
BIN SA'RANI**

*Non-Independent  
Non-Executive Director*

**DATO' HAJI  
MUHAMMAD NASIR  
BIN PUTEH**

*Non-Independent  
Non-Executive Director*

**NAHMAR BIN JAMIL**

*Non-Independent  
Non-Executive Director*

**TAN SRI DATO' SRI  
DIRAJA HAJI ADNAN  
BIN HAJI YAAKOB**

*Chairman  
Non-Independent  
Non-Executive*

*Board of Directors (Cont'd)*

**DATO' HAJI HAMDAN  
BIN SALIM**

*Group Managing Director*

**DATO' BAHUDIN BIN  
MANSOR**

*Senior Independent  
Non-Executive Director*

**DATO' HAZLI  
BIN IBRAHIM**

*Independent  
Non-Executive Director*

## Profile of Directors



### TAN SRI DATO' SRI DIRAJA HAJI ADNAN BIN HAJI YAAKOB

*Chairman  
Non-Independent Non-Executive Director*

**Age**  
73

**Gender**  
Male

**Nationality**  
Malaysian

Tan Sri Dato' Sri DiRaja Haji Adnan bin Haji Yaakob was appointed as Chairman and Director of Mentiga Corporation Berhad ("MCB") on 4<sup>th</sup> December 2002.

Tan Sri Dato' Sri DiRaja Haji Adnan served as a Member of the Pahang State Legislative Assembly for 8 terms of 36 years from 1986 to 2022.

He served as the Menteri Besar of Pahang for 19 years, from 1999 to 2018.

He holds a degree of B.A. Hons. (1975) and Diploma in Education (1977) from the University of Malaya.

On 4 December 2022, at the age of 72, Tan Sri Dato' Sri DiRaja Haji Adnan received his LL.B (Bachelor of Law) degree from the International Islamic University Malaysia (IIUM).

Tan Sri Dato' Sri DiRaja Haji Adnan received the award of Darjah Sri DiRaja Sultan Ahmad Shah Pahang (SDSA) which carries the title Dato' Sri DiRaja from His Royal Highness the Sultan of Pahang in 2010 in conjunction with His Royal Highness' 80<sup>th</sup> Birthday.

He was bestowed with the award of Darjah Panglima Setia Mahkota (PSM) which carries the title Tan Sri by KDYMM Seri Paduka Baginda Yang di Pertuan Agong in June 2022.

Tan Sri Dato' Sri DiRaja Haji Adnan is currently the Chairman of YP Plantation Holdings Sdn Bhd and PKNP Agro Sdn Bhd.

He has no other directorship in public companies.

He wishes to declare interest that the present Group Managing Director, Dato' Haji Hamdan bin Salim is his second cousin. He has no conflict of interest with the Company. He has not been convicted for any criminal offences within the past five (5) years.



## Profile of Directors (Cont'd)



### DATO' HAJI HAMDAN BIN SALIM

*Group Managing Director*

#### Age

58

#### Gender

Male

#### Nationality

Malaysian

**Dato' Haji Hamdan bin Salim** graduated with a Bachelor of Technology from University Science Malaysia. He also holds a Master in Business Administration from International Islamic University, Malaysia. He was appointed as Chief Operating Officer of the Company in August 2021 and subsequently was appointed as Group Managing Director on 1<sup>st</sup> January 2022.

He began his career in 1991 as an Executive with Malayan Banking Berhad. He joined DMIB Berhad (Sime Darby Tyre Division) in January 1993, where his last position was as Head of Procurement Department. In March 2006, he was appointed as Senior Manager of Sime Darby Berhad's newly formed Group Procurement Department. In July 2009, he moved to Sime Darby Plantation Sendirian Berhad as Head of Procurement for the Plantation and Agribusiness Division. Following the demerger of Sime Darby Group in 2018, his designation was changed to Head of Group Procurement at Sime Darby Plantation Berhad. He had extensive exposure in Procurement at corporate, oil palm plantation and tyre sectors throughout his 29 years with Sime Darby Group then.

He has no other directorship in public companies/ listed issuers. He is second cousin to Chairman of MCB and has no any conflict of interest with the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences.



### TUAN HAJI YAACOB BIN SA'RANI

*Non-Independent  
Non-Executive Director*

#### Age

63

#### Gender

Male

#### Nationality

Malaysian

**Tuan Haji Yaacob bin Sa'rani**, a Malaysian holds a Bachelor of Economics (Hons) from University Malaya. He was appointed as Chief Operating Officer of the Company in 2013 and was a former Managing Director of the Company appointed on 1<sup>st</sup> March 2019 until 31<sup>st</sup> December 2021. Subsequently, in 1<sup>st</sup> January 2022, he was re-designated as a Non-Independent Non-Executive Director of the Company.

He started his career as a credit officer in Affinbank Berhad in 1984. He was promoted as a Branch Manager in 1992 and served in that capacity for a few branches before being promoted to a Business Centre Manager in 2002. In 2004, he left Affinbank to join Southern Bank as Regional Manager Operations. He was a business consultant before joining Mentiga Corporation Berhad in 2013.

He has no other directorship in public companies / listed issuers and there is no family relationship between him and any directors or major shareholders of the Company or any conflicts of interest with the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences.

## Profile of Directors (Cont'd)



### DATO' HAJI MUHAMMAD NASIR BIN PUTEH

*Non-Independent  
Non-Executive Director*

#### Age

65

#### Gender

Male

#### Nationality

Malaysian

**Dato' Haji Muhammad Nasir bin Puteh** was a former Managing Director of the Company appointed on 3<sup>rd</sup> November 2003 until 28<sup>th</sup> February 2019 when he was re-designated to a Non-Independent Non-Executive Director of the Company. He holds Bachelor's Degree in Physics from University Malaya. He currently a member of the ESOS Committee, Tender Committee and Risk Management Committee of the Company.

Upon graduation he commenced his career in 1983 as a production supervisor with Texas Instrument (M) Berhad and later he joined Affin Bank Berhad on 3<sup>rd</sup> August 1984. During his tenure in the bank he acquired vast experience serving various units and departments including the Audit Department as well as branches. His strong background in the banking and financial sector is an added advantage to the Company and he is the key person in negotiating for the successful hefty loan haircut with various banks and Pengurusan Danaharta Nasional Berhad ("Danaharta") (a national asset management company of Malaysia).

He has no other directorship in public companies / listed issuers and there is no family relationship between him and any directors or major shareholders of the Company or any conflicts of interest with the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences.



### DATO' BAHUDIN BIN MANSOR

*Senior Independent  
Non-Executive Director*

#### Age

63

#### Gender

Male

#### Nationality

Malaysian

**Dato' Bahudin bin Mansor**, was appointed to the Board on 3<sup>rd</sup> November 2003 as an Independent Non-Executive Director. He is the Chairman of the Audit Committee, a member of the Nomination and Remuneration, Tender, ESOS, Whistleblower and Risk Management Committees of the Company.

He holds a Bachelor of Science Degree majoring in Finance and Accounting from Drake University, Des Moines, Iowa, USA and an Advance Diploma in Accountancy from Institute of Technology MARA and a member of Malaysian Institute of Accountants (MIA) and CPA Australia. He has more than 30 years' experience in Audit, Finance and Administration.

He has no other directorship in public companies / listed issuers and there is no family relationship between him and any directors or major shareholders of the Company or any conflict of interest with the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences.

## Profile of Directors (Cont'd)



### DATO' HAZLI BIN IBRAHIM

*Independent  
Non-Executive Director*

#### Age

60

#### Gender

Male

#### Nationality

Malaysian

**Dato' Hazli bin Ibrahim** graduated with a Bachelor of Finance with Accounting from University of East London and is a Fellow of the Association of Chartered Certified Accountants. He also holds a MBA (Finance) from CASS Business School, London. He was appointed as an Independent Non-Executive Director of the Company on 20<sup>th</sup> February 2004. He is also the Chairman of the ESOS, Nomination and Remuneration, Risk Management, Whistleblower and Tender Committees, and a member of the Audit Committee of the Company.

He started his career in London as an Audit Senior with several chartered accountant firms. Upon his return to Malaysia in August 1994, he joined Aseambankers Malaysia Berhad, the investment banking arm of Maybank Berhad as Manager in Corporate Finance division.

Subsequently in November 1996, he moved to Amanah Merchant Bank Berhad as the Assistant General Manager. He left Amanah Group in September 1998 to join Pengurusan Danaharta Nasional Berhad ("Danaharta"), a national asset management company of Malaysia, as the Head of Corporate Planning and Corporate Services Division. He left Danaharta in October 2002 to set-up Haz-iq Capital Sdn Bhd, a consultancy firm, specializing in corporate finance, where he is currently the Managing Director. He is also an Independent Non-Executive Director of DutaLand Berhad and Lebtech Bhd.

There is no family relationship between him and any directors or major shareholders of the Company or any conflict of interest with the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences.



### NAHMAR BIN JAMIL

*Non-Independent  
Non-Executive Director*

#### Age

51

#### Gender

Male

#### Nationality

Malaysian

**Nahmar bin Jamil** was appointed to the Board on 1<sup>st</sup> March 2023 as a Non-Independent Non-Executive Director. He holds a Bachelor of Forestry (Forest Management) from Universiti Pertanian Malaysia. He is a member of the Audit & Nomination and Remuneration Committees.

He started his career as a Forest Officer at LKPP Timber Sdn Bhd from 1997 until 2004. He was responsible for works related to forestry, licenses, quotas, production of logs and others related to forestry.

He joined Amanah Saham Pahang Berhad known as ASPA on 3<sup>rd</sup> February 2004 as a Forestry Officer until 2015. He was promoted to be a Forestry Manager of ASPA from 6<sup>th</sup> April 2015 until January 2023. He was appointed as an Acting General Manager of ASPA on 1<sup>st</sup> January 2023. He is also Director of Perkayuan Pahang Bentong Raub Sdn.Bhd.

There is no family relationship between him and any directors or major shareholders of the Company or any conflict of interest with the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences.



## Key Management Profile



### SUFIAN BIN JUSOH

*Group General Manager*

Age	Gender	Nationality
51	Male	Malaysian

Qualification:

Bachelor of Actuarial Science  
- Universiti Kebangsaan Malaysia

Certificate Credit Personnel (CCP)  
- by Bank Negara Malaysia ("BNM")

#### Skills and experience

He started his career as Credit Officer in Affin Bank Berhad in 1996. He joins Pacific Bank Berhad also as Credit Officer in 1997. In 2001, he left Pacific Bank Berhad and join Maybank Berhad as officer, credit officer, Senior Account Manager, Deputy Head and last position as Business Centre Head at Mentakab, Kuantan and Kota Bharu. He subsequently joined MCB as a Group General Manager in June 2019 until present.

He does not hold any directorship in MCB related companies. There is no family relationship between him and any directors or major shareholders of the Company or any conflict of interest with the Company. He has not been convicted with any offence within the past five (5) years other than traffic offences.



### NORAZALI BIN MOHD ALI

*Head of Finance*

Age	Gender	Nationality
49	Male	Malaysian

Qualification:

Diploma in Accountancy  
- University Teknologi Mara

Bachelor of Accountancy (Hons)  
- Universiti Teknologi Mara

Chartered Accountants (CA), Malaysian Institute of Accountants

#### Skills and experience

He started his career in audit firm in year 2000 and was holding the position of a Branch Manager when he left in 2004. He subsequently joined MCB as an Accountant and later promoted as the Head of Finance in 2013 until present.

He does not hold any directorship in MCB related companies. There is no family relationship between him and any directors or major shareholders of the Company or any conflict of interest with the Company. He has not been convicted with any offence within the past five (5) years other than traffic offences.

**Key Management Profile (Cont'd)****MOHD IZUAN BIN MOHD KADIR***Head of Plantation*

Age	Gender	Nationality
42	Male	Malaysian

Qualification:

Bachelor of Mass Communication (Hons)  
- Universiti Utara Malaysia

**Skills and experience**

He started his career as Cadet, Assistant Manager, and last position Senior Assistant In-Charge officer in Tradewind Plantation Berhad in 2007 until 2015. He subsequently joined MCB as a Senior Assistant Manager In-Charge at Ladang Batu Putih, Penor in July 2017. Later in the year 2018, he transferred to Ladang Ulu Lepar (Development stage) and was later promoted as the Head of Plantation in 2020 until the present.

He does not hold any directorship in MCB related companies. There is no family relationship between him and any directors or major shareholders of the Company or any conflict of interest with the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences.

**NORSHALIZA BINTI ABDULL RAZAB***Senior Manager Finance & Human Resources*

Age	Gender	Nationality
42	Female	Malaysian

Qualification:

Diploma in Accountancy  
- University Teknologi Mara

Bachelor of Accountancy (Hons)  
- Universiti Teknologi Mara

Chartered Accountants (CA), Malaysian Institute of Accountants

ASEAN Chartered Professional Accountant (ASEAN CPA)

Certified Human Resources Professional (CHRP)

**Skills and experience**

She started her career as an Audit Associates with several audit firms and in 2011, she joined Bina Darulaman Berhad as Senior Executive Group Accounts and left the company as Assistant Manager Group Accounts. She left Bina Darulaman Berhad to join Kuantan Port Consortium Sdn Bhd as the Cost Accountant. Subsequently in 2019, she joined MCB as an Accountant and later promoted as the Senior Manager of Finance and Human Resources in 2021 until present.

She does not hold any directorship in MCB related companies. There is no family relationship between her and any directors or major shareholders of the Company or any conflict of interest with the Company. She has not been convicted with any offence within the past five (5) years other than traffic offences.

## Chairman's Statement

### Dear Shareholders,

On behalf of the Board of Directors, it is my great pleasure to present the Annual Report and the Audited Financial Statements of Mentiga Corporation Berhad and its Subsidiaries ("the Group") for the financial year ended 31 December 2022.

The Malaysian economy continued to post a strong recovery in 2022. The growth rate has increased to 8.7% (2021: 3.1%) due to COVID-19 fully transitioned to endemicity.

For 2023, Malaysia's economy is expected to expand at a more moderate pace amid a challenging external environment. Domestic demand will continue to drive growth, supported by the continued recovery in the labour market and investment activities.

#### GROUP'S PERFORMANCE

The Group was still facing challenging period with very tight cash flows in 2022. The operation is facing an acute shortage of workers due to the prohibition on foreign workers entering Malaysia until fourth quarter of 2022. In addition, the group's performance was also affected by the higher price of fertilizers and increased due to the uncertainty of supply from China and the invasion of Ukraine by Russia.

In 2022, the revenue in percentage was similar to 2021: Which is from oil palm at 90%; mining at 8%; and timber at 2%. The overall increase in the group revenue was due to the higher revenue from oil palm which was at RM10,015,758 in 2021 and RM13,318,856 in 2022.

During the year under review, the significant loss was due to the write-off of plantation assets of RM12.88 million at our wholly-owned subsidiary namely, Mentiga Plantation Sdn Bhd. This written off exercise was to embark on durian joint venture project.





## Chairman's Statement (Cont'd)

### PROSPECTS

We anticipate our sales of Fresh Fruit Bunches (FFB) in 2023 will continue to improve from Ladang Batu Putih, Penor as the arrival of foreign workers had started progressively since the fourth quarter of 2022. Meanwhile, Ladang Ulu Lepar has fully matured (1,665 hectares / 4,114 acres) and will start to contribute revenue to the Group. This is supported by the forecast price of Crude Palm Oil at average of RM3,500 to RM4,000 per metric ton.

The mining segment will also continue to contribute revenue to the Group.

The impact of Covid-19 pandemic has significantly affected the durian joint venture reforestation project at Jerantut and Kemasul. The recovery may take a longer period as the rehabilitation program has just started with the arrival of foreign workers in the fourth quarter of 2022.

The Group is still at the recovery stage and is anticipated to achieve a favourable performance by the financial year 2024, the earliest.

### DIVIDEND

The Board is not recommending any dividend payment for the year 2022 as the Group is still experiencing tight cash flows and recording a loss.

### ACKNOWLEDGEMENT

On behalf of the Board members, I would like to thank Dato' Haji Mohd Nazari bin Yunus for his valuable contribution during his tenure as one of the Directors of the Group since 2016.

I wish to convey my greatest appreciation to the management and staff for their diligence, dedication, loyalty and contribution towards sustaining the businesses during this challenging year.

I also wish to express my gratitude to the shareholders, financiers, business associates, regulatory authorities and other stakeholders for their continued support and confidence in the Group.

Finally, I would like to express my appreciation to the Members of the Board for their continuous contributions and unwavering support during the year. I look forward to getting their continued enthusiasm, wisdom and cooperation in guiding the Group through the challenges in the years ahead.

Sincerely,

**Tan Sri Dato' Sri DiRaja Haji Adnan bin Haji Yaakob**

PSM., SDSA., SSAP., DSAP., DGSM.

**Chairman**





## Management Discussion and Analysis

### Dear Shareholders,

Malaysia's economy continued to post a strong recovery despite the global economy is facing challenges. Domestic GDP grew by 8.7% in 2022 (2021: 3.1%). Malaysia's economic recovery in 2022 was largely driven by stronger domestic demand as economic activity normalised. Since COVID-19 restrictions were lifted, economic activities resumed. Labour market conditions and investment activities improved, further supporting domestic growth. The reopening of international borders helped revive tourism activity.

The Group recorded revenue of RM14.76 million (2021:RM11.18 million) and loss after taxation of RM18.04 million (2021:RM 17.86 million).

The price of crude palm oil (CPO) at an average of RM5,100 a tonne in 2022 is 15.7% higher compared to RM4,407 a tonne in 2021. According to MPOB, the average CPO price for



January to November 2022 was RM5,167 a tonne, up by 18.4% compared to RM4,363 a tonne for the same period in 2021. CPO price had since declined, beginning in the third quarter of 2022 due to the high CPO production, rising palm oil stocks, declining soybean oil prices and strengthening of the ringgit against the US dollar.

### REVENUE

Our revenue are primarily derived from sales of FFB and mining activities. For financial year ended 31 December 2022 and 31 December 2021, our total revenues were RM14.76 million and RM11.18 million respectively. The table below shows our revenue by each business segment and as percentage of total revenue for the period indicated:

Business Segment	Financial Year Ended 31 December			
	2022		2021	
	RM	%	RM	%
	(in thousands, except percentages)			
Plantation	13,319	90.2	10,016	89.6
Mining	1,142	7.8	918	8.2
Timber	300	2.0	250	2.2
<b>Total</b>	<b>14,761</b>	<b>100.0</b>	<b>11,184</b>	<b>100.0</b>

Our revenue is slightly higher in 2022 at RM14.76 million as compared to RM11.18 million last year due to higher revenue from plantation segment.

The following table shows our revenue from each business segment and the relevant percentage to the total revenue for the period indicated:

Segment/ Product	Financial Year Ended 31 December			
	2022		2021	
	RM	%	RM	%
	(in thousands, except percentages)			
<b>Plantation</b>				
FFB <sup>(1)</sup>	11,446	77.5	8,537	76.3
PK	1,873	12.7	1,479	13.3
Sub-total	13,319	90.2	10,016	89.6
<b>Mining</b>				
Sales of iron ore	1,142	7.8	918	8.2
Sub-total	1,142	7.8	918	8.2
<b>Timber</b>				
Management fee from reafforestation projects	300	2.0	250	2.2
Sub-total	300	2.0	250	2.2
<b>Total</b>	<b>14,761</b>	<b>100.0</b>	<b>11,184</b>	<b>100.0</b>

<sup>(1)</sup> Revenue from our FFB sales presented net after deducting processing costs.

## Management Discussion and Analysis (Cont'd)



The revenue recognition from plantation segment for financial year 2022 was higher due to higher average price of CPO of RM5,131 (2021:RM4,420) and total FFB production has increased by 29% to 12,977 tonne (2021: 10,068 tonne).

Mining contributed 7.8% from the total revenue of the Group. The total production of iron ore had increased to 63,077 tonne (2021: 38,421 tonne).

Revenue from the timber segment was slightly higher compared to previous year and contributed only 2% from total revenue.

### COST OF SALES

Our cost of sales consists of estates costs comprising of upkeep and cultivation, harvesting & collection, depreciation & amortisation and distribution costs. The following table shows the major components of our cost of sales and as a percentage of total cost of sales for the period indicated:

	Financial Year Ended 31 December			
	2022		2021	
	RM	%	RM	%
	(in thousands, except percentages)			
Upkeep and cultivation <sup>(1)</sup>	4,220	34.7	3,670	45.6
Harvesting and collection <sup>(2)</sup>	2,461	20.2	1,434	17.8
Depreciation and amortisation	5,370	44.2	2,874	35.7
Distribution	104	0.9	78	0.9
<b>Total</b>	<b>12,155</b>	<b>100.0</b>	<b>8,056</b>	<b>100.0</b>

<sup>(1)</sup> Upkeep and cultivation primarily consist of weeding, roads, pruning and manuring costs.

<sup>(2)</sup> Harvesting and collection costs primarily consists of collection cost and transportation costs.

The cost of upkeep and cultivation was significantly higher due to the increase of fertilizer & agrochemicals price, labour cost, rehabilitation and maintenance of road which was carried out in year 2022.

### GROSS PROFIT

The following table shows our gross profit by each business segment and as a percentage of our total gross profit for the period indicated:

Business Segment	Financial Year Ended 31 December			
	2022		2021	
	RM	%	RM	%
	(in thousands, except percentages)			
Plantation	1,163	44.6	1,960	62.7
Mining	1,142	43.9	918	29.3
Timber	300	11.5	250	8.0
<b>Total</b>	<b>2,605</b>	<b>100.0</b>	<b>3,128</b>	<b>100.0</b>

For the year ended 31 December 2022, the Group's gross profit decreased by 16.7% from RM3.13 million to RM2.61 million.

### ADMINISTRATIVE EXPENSES

The table below shows our administrative expenses as a percentage of total administrative expenses for the period indicated:

	Financial Year Ended 31 December			
	2022		2021	
	RM	%	RM	%
	(in thousands, except percentages)			
<b>Property, plant and equipment</b>				
<b>Plantation Assets:</b>				
- write off	12,876	58.6	-	-
- impairment	-	-	13,628	60.6
Staff costs	2,614	11.9	2,723	12.1
Depreciation and amortisation	721	3.3	361	1.6
Director's benefit	1,842	8.4	1,929	8.6
Professional fees	276	1.3	277	1.2
Quit rent and assessment	1,271	5.8	1,093	4.9
Impairment of receivables	14	0.1	864	3.9
Windfall tax and duty & cess	595	2.7	615	2.7
Others	1,745	7.9	985	4.4
<b>Total</b>	<b>21,954</b>	<b>100.0</b>	<b>22,475</b>	<b>100.0</b>

The plantation assets involved with durian joint venture project still has a net book value of RM12.88 million. Hence, this value has to be written off in order to commence the project in 2023 at Ladang Sungai Lembing.



## Management Discussion and Analysis (Cont'd)

### FINANCE COSTS

Finance costs consist mainly of interest expenses related to interest on lease, term loans, bank overdrafts and hire purchase. These costs are affected by the level of our financing activities and the applicable interest rates. Our finance costs for the financial year ended 31 December 2022 and 2021 were RM1.54 million and RM0.13 million respectively. Increased of finance costs was due to the payment of bank loan as the moratorium ended by end of 2021.

### TAXATION

The Group had recorded a tax credit of RM0.81 million this year (2021: RM0.88 million). We recognise deferred tax asset for the carry forward of unabsorbed tax losses and unutilised capital allowances to the extent that it is probable that future taxable profit will be available against which the unabsorbed tax losses and unutilised capital allowances can be applied.

### RECEIVABLES

The Group receivables decreased by 61% to RM1.82 million (2021: RM4.66 million) as we managed to collect the debts via contra of shop lot units at Bandar Tun Razak property project.

### PAYABLES

Total payables increased by 21% to RM25.54 million (2021: RM21.03 million) due to advance deposit received from durian joint venture project in Ladang Sungai Lembing.

### BORROWINGS

Total borrowings had increased during the year to RM30.60 million from RM27.80 million due to drawdown of term loan of RM3.48 million for the development of Ladang Ulu Lepar.

### DIVIDEND

For financial year ended 31 December 2022 we did not propose any dividend payment due to the Group recorded a loss and to rehabilitate the estate for recovery.

### SUMMARY

The plantation segment showed better revenue in 2022 due to higher average CPO price and production of FFB compared to 2021. However, our gross profit of RM1.16 million (2021: RM1.96 million) was lower due to the high cost of fertilizer & agrochemicals and labour.

Despite the fact that we recorded a loss result during the financial year, Management is optimistic that the financial performance of the Group will be better in the near future. We are of the view that the Group will record better performance with forecasted improvement in FFB production at Ladang Batu Putih.



## Sustainability Statement

### SUSTAINABILITY COMMITMENT

#### • Introduction

The Group is committed to ensure our business sustainability and strives to manage natural resources for the long-term benefit and wellbeing of society.

The Group integrates the importance of sustainability practices with our core values in all aspects of our business operations in our pursuit to achieve our Company's vision and mission.

Our business strategy takes into consideration the risks and rewards impacting the industries where we are in and at the same time keeping abreast with the expectations of our stakeholders.

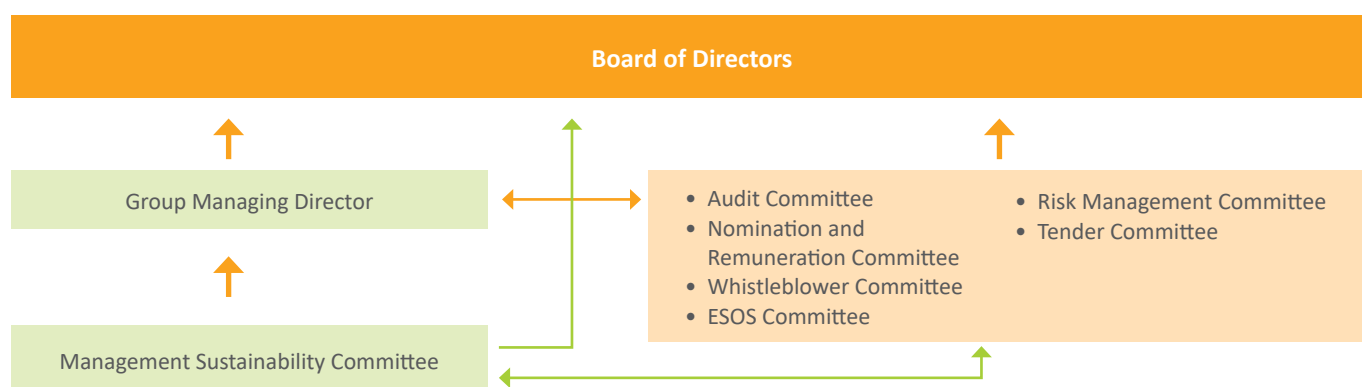
#### • Our Commitment to Sustainability

- We advocate **Environmental Social & Governance (ESG)** framework. To inculcate the awareness among our business associates as a part of our business dealing.
- We evaluate the risks and opportunities in formulating our strategy to achieve our objective.
- We protect environment by adopting good agriculture and biological controls, reduce wastages and promote efficient usage of resources and materials.
- We continuously support corporate social responsibility by carrying out various activities to improve the quality of life of our local communities.
- We will ensure the safety and securities of our workers at workplace and premises.
- We adopt good governance practices such as compliance with regulatory requirements, standards and policies.

#### • Scope and Boundary

- This Statement is prepared to cover the financial period from 1 January 2022 to 31 December 2022.
- There are no changes to the reporting boundary for the financial year ended 31 December 2022, which consisted of **plantations, mining and timber operations** in Malaysia.

### SUSTAINABILITY GOVERNANCE STRUCTURE



The Company's Management Sustainability Committee is headed by the Group Managing Director and comprises the Company's key management team, as well as heads from the plantation, mining and timber business segments.



## Sustainability Statement (Cont'd)

### SUSTAINABILITY GOVERNANCE STRUCTURE (CONTINUED)

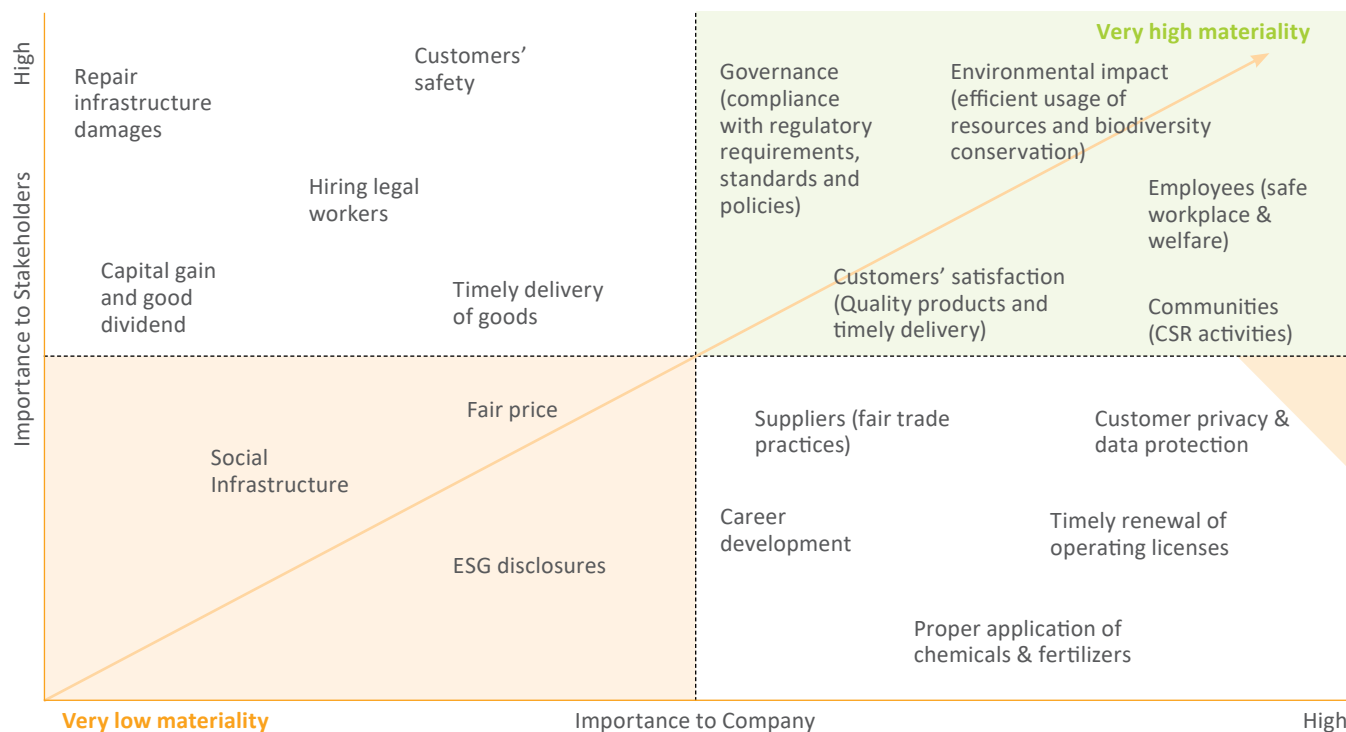
The detailed responsibilities of the Board of Directors, Group Managing Director, and Management Sustainability Committee in relation to sustainability matters, are as follows:

Board of Directors	Group Managing Director	Management Sustainability Committee
<ul style="list-style-type: none"> <li>Responsible for the governance and implementing sustainability matters of the Group</li> <li>Reviewing the overall sustainability strategies and achievements</li> <li>Approves sustainability framework and Sustainability Statement</li> </ul>	<ul style="list-style-type: none"> <li>Advise the Board on sustainability strategies</li> <li>Reports overall sustainability progress and achievements of the Group to the Board</li> <li>Addresses the Group's material sustainability risks and opportunities</li> <li>Approves sustainability related matters</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring implementation of sustainability strategies as approved by the Board</li> <li>Oversee stakeholder engagement, to ensure that all issues, grievance, and suggestions raised are taken into consideration in managing sustainability matters</li> <li>Recommending to the Board for its approval on material sustainability matters identified, sustainability-related policies and its goals or targets</li> <li>Monitoring the implementation of policies and initiatives</li> <li>Overseeing the management of sustainability matters, with particular focus on matters material to the organisation</li> <li>Overseeing the preparation of Sustainability Statement and recommending it for Board's approval</li> </ul>

	Stakeholder Group	Types of Engagement	Sustainability Matters Discussed/Focus Areas
1.	Shareholders	<ul style="list-style-type: none"> <li>General meetings, quarterly reporting, and annual report</li> <li>Company Website</li> </ul>	<ul style="list-style-type: none"> <li>Capital Gain of share price and good dividend</li> <li>ESG disclosure</li> </ul>
2.	Customers	<ul style="list-style-type: none"> <li>Meetings and discussion</li> <li>Correspondences</li> <li>Renewal of contract agreements</li> </ul>	<ul style="list-style-type: none"> <li>Quality products</li> <li>Timely delivery of goods</li> <li>Customer safety</li> </ul>
3.	Suppliers/ Contractors	<ul style="list-style-type: none"> <li>Periodic meetings and discussion</li> <li>Performance review meetings</li> <li>Process improvement</li> <li>Site visits</li> </ul>	<ul style="list-style-type: none"> <li>Fair trade practice- timely payments &amp; quality products</li> <li>Fair Price</li> </ul>
4.	Employees	<ul style="list-style-type: none"> <li>Weekly team discussion session and monthly management meeting</li> <li>Internal communications and sports &amp; recreational activities</li> <li>Training and development programme</li> <li>Annual appraisal</li> </ul>	<ul style="list-style-type: none"> <li>Career development</li> <li>Employees welfare</li> <li>Safe working condition</li> <li>Hiring legal workers</li> </ul>
5.	Regulatory Bodies	<ul style="list-style-type: none"> <li>Meetings and discussions</li> <li>Correspondence</li> <li>On-site inspections</li> <li>Application/submissions / compliance/ certifications</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with regulatory requirements, standards and procedures and EIA reports</li> <li>Timely renewal of operating licenses</li> <li>Compliance with reforestation guidelines</li> <li>Proper application of chemicals &amp; fertilizers</li> <li>Protect natural habitat</li> </ul>
6.	Local communities	<ul style="list-style-type: none"> <li>Meetings (discussion) and dialogue involved in community programs</li> <li>Donations/ sponsorships</li> </ul>	<ul style="list-style-type: none"> <li>Contributions to local communities (CSR)</li> <li>Environmental impact- minimise floods and river contamination</li> <li>Repair infrastructure damages</li> </ul>

## Sustainability Statement (Cont'd)

### SUSTAINABILITY GOVERNANCE STRUCTURE (CONTINUED)



### Why the Sustainability Matters Selected Is Important to Mentiga?

- **Governance** - The Group believes adopting good governance practices such as compliance with regulatory requirements, standards and policies, provide long-term benefits and value creation towards sustainable growth and profitability.
- **Customer Satisfaction** - The Group commits to meet our customers' expectations by delivering our goods on a timely basis and in good quality.
- **Environment Responsibility** - The Group supports reducing environmental impact arising from our business operations through biodiversity conservation, minimise deforestation and reduce wastages by adopting good agriculture practice on utilisation of resources and material.
- **Workplace** - As employees are the Group's most valuable assets and strength, the Group respects human rights by providing adequate employees' welfare, safe workplace and equal job opportunities.
- **Local Communities** - As a responsible corporate citizen, the Group continuously supports corporate social responsibility by carrying out various activities to improve the quality of life of our local communities.

### GOVERNANCE PRACTICE

#### Regulatory Compliance

The Group has fully complied with the following regulatory compliance certifications, inspections and regulations in our Group's business operations:

- Main Market Listing Requirements;
- Environmental Impact Assessment (EIA) Standards and Guidelines;
- Reforestation Guidelines;
- Employment Act 1955;
- Occupational Safety and Health (Use and Standard of Exposure Chemical Hazardous to Health) Regulation 2000; and
- Workers' Minimum Standards of Housing and Amenities Act 1990.

## Sustainability Statement (Cont'd)

### GOVERNANCE PRACTICE (CONTINUED)

#### Board Charter

The Board Charter is prepared for the Board of Directors of Mentiga and its subsidiaries, insofar as it is applicable, to provide a concise overview of:

- The roles, functions, responsibilities and powers of the Board and senior management;
- An awareness to the various legislations and regulations affecting their conduct;
- The powers delegated to various Board Committees of Mentiga; and
- The policies and practices of the Board in respect of matters such as corporate governance, code of conduct, conflict and declaration of interest, board meeting procedures, appointment and assessment of directors.

#### Whistleblower Policy

This policy addresses Mentiga's commitment on integrity and ethical behaviour by providing an environment where employees can act appropriately without fear of retaliation.

#### Code Of Business Conduct and Ethics

The core principles which the Board and senior management are committed to uphold are capsulated in the Company's Code of Business Conduct and Ethics.

#### Anti-bribery and Corruption Policy

The objective of this policy is to provide information and guidance to our Directors, employees and business associates on anti-bribery and corruption to which they must adhere. The Directors, employees and business associates shall always observe and ensure compliance with all applicable laws and regulatory requirements on anti-bribery and corruption in discharging their duties. All Directors, employees and business associates of the Group are required to act professionally and with integrity.

#### Anugerah Integriti, Governans dan Anti-Rasuah (AIGA) Program

The Group has participated in the Integrity & Anti-Corruption program initiated and collaborated by Malaysian Institute of Integrity with Yayasan Pahang.

### MANAGING ENVIRONMENTAL IMPACT

Our commitment to reduce the environmental impact arising from our business operations includes:

#### Environmental Protection and Biodiversity

The highest rate of erosion and sedimentation mostly occur during land preparation, involving forest clearance or replanting, depending on the slope with the rate increasing with the slope.

#### Actions taken to control soil erosion:

- Construct Terracing area where the gradient exceeds 6 degrees.
- Building stop bunds along terraces every 20m to reduce the speed of the runoff as well as to distribute the water to the palm.
- Introducing fast-growing Legume Cover Crop (LCC) with 50% planting with Pueraria Javanica and 50% planting Centrosema Pubescens during the immature phase of planting to cover the soil and reduce the impact of rain, thus minimizing soil erosion. 100% of area in our estate are planted with legume cover crop. Allowing the natural soft plant cover to grow when LCC dies during the mature phase of plantation.
- Maintenance of riparian reserves along the streams
- Retained natural grasses to improve soil properties



#### Biological control in our estate

Using biological control to eliminate plantation pests by installing barn owl instead of using pesticides which may be harmful to the habitats and environment or natural resources.

- Total of 50 barn owl has been constructed with ratio 1:20 hectares. The occupation rate is 68% of total barn owl (2021: 49%).



## Sustainability Statement (Cont'd)

### MINIMIZE WASTAGE AND RECYCLE

#### Biomass Wastes

- Apply zero burning technique concepts. The zero burning technique is a method of land clearing whereby the tree stand, either logged over secondary forests or an old area of plantation tree crops such as oil palm are felled, shredded, stacked and left in situ to decompose naturally.
- Our estate has installed signage "No Burning" at places that can be seen by workers.

#### Solid Wastes

- Our estate management has provided a composting area to dispose food waste for the worker quarters premises.
- Non-degradable wastes such as plastics, food containers, drink cans, glass and bottles are disposed at an approved landfill site.
- Solid waste was segregated by the waste type.
- Our management has frequently reminded our workers not to burn and discharge the solid waste into river systems.

#### Hazardous Materials

Chemical used in oil palm estate are pesticides and fertilizers.

The Best Management Practices (BMP) for chemical in our estate:

- Follow all label direction for storing and mixing the agricultural chemical and all empty containers are re-use for the mixing of chemical.
- To ensure the correct amount of chemical mixture being practiced.
- To ensure all spray equipment and tanks is being cleaned at the application site.
- To ensure all estates to maintain accurately record of the fertilizer and pesticide movement.
- To ensure correct type of pesticides being applied at site.
- To ensure our chemical store is located safely from the water source. The store is equipped with impermeable floors and properly label.
- To ensure the workers are properly trained to handle the chemical and equipped with the Personal Protection Equipment (PPE).

#### Protection of Habitat

- Prohibited from poaching on any wildlife species.
- Warning posts 'No Hunting' have been placed at strategic locations along the access road to alert workers.
- Our management has constructed a guard post at the entrance of the work site with 24 hours monitoring to prevent hunting or trapping using the access road.
- Construction of ditch and electric fencing.

### Reafforestation Project

The Group has embarked on a reforestation joint venture project since 2016 to plant forest species approved by State Forest Department. To date, Ladang Hutan Kemasul has planted Batai, Eucalyptus and Kelampayan species for 4,500 acres.



### SOCIAL (CUSTOMERS)

#### Customers' expectation

#### Mechanisation of FFB collection

- This system has been implemented at Ladang Batu Putih, Penor in the financial year 2022.
- The mechanisation of internal FFB evacuation using bin system from the estate to the customer to ensure effective and efficient transportation process.
- Delivery of FFB from sub road to main road using 3 metric ton scissors lift with grabber trailer. Prime mover will deliver the bin to the customer.
- The mechanization with bin system will contribute to:
  - Lower utilization of workers.
  - Better quality of FFB with less wastage (loose fruits) and contamination.
  - Less usage of diesel as operation using backhoe is no longer required.
  - Reduce the delivery process by eliminating the manual loading of FFB to the prime mover.



## Sustainability Statement (Cont'd)

### SOCIAL (CUSTOMERS) (CONTINUED)

#### Customers' expectation (Continued)

##### Mechanisation of FFB collection (Continued)

This system has replaced the manual handling of FFB from the sub road to the main road. Previously FFB were loaded at the sub road to the tractor, unloaded at designated area (at the main road) and loaded to the truck by using backhoe. This process involved minimum two (2) workers to load the FFB to the tractor.

The new system has contributed to cost saving, reduced wastage of loose fruits as well as reducing carbon footprint to protect and conserve the environment.



### EMPLOYEE WELFARE

#### Employee welfare

##### a) Insurance Coverage

We offered insurance plan to our employees and the types of insurance are as follows:

- SMI Group Medical Family Takaful (family coverage of RM40,000 per employee)
- Personal accident
- Director and Officer Liability

##### b) Management and Staff Training

Training contributes in the development of employees. Therefore, we provide and equip them with the knowledge and skills needed. In 2022, we have provided trainings to management & staff and the details are as follows:

No.	Types of training	Number of participants	
		Management	Staff
1.	Bursa Malaysia Mandatory Accreditation Programme	1	-
2.	Labour Laws New Amendment 2022	1	1
3.	Microsoft 365, Adoption Workshop	7	10
4.	Wages Calculation According to Employment Act 1955	4	3
5.	Managing Underperformance- Implementation of Performance Improvement Plan (PIP)	1	1
6.	Durian Investment & Cultivation Seminar	1	1
7.	Employment Law Masterclass with Latest Updates	1	1
8.	Program Kursus Bina Dokumen	-	1
9.	Basic Class for Microsoft Excel	2	17
10.	Certified HR Professional Program	1	-
11.	Webminar Eksklusif Pengurusan Buangan Terjadual Selaras Dengan Ekonomi Kitaran	-	2
12.	Driving Catalytic Change for Business Sustainability	1	-
13.	Implementation Of Amendment to Employment Act 1955	-	1

## Sustainability Statement (Cont'd)

### c) Provide Equal Job Opportunities to All Employees

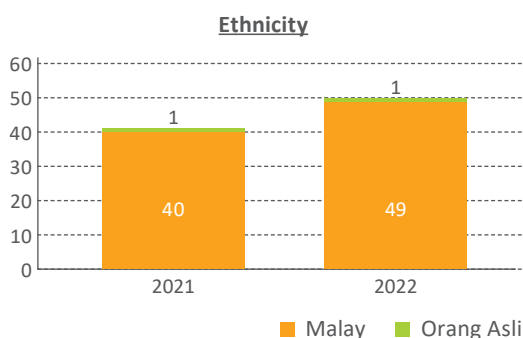
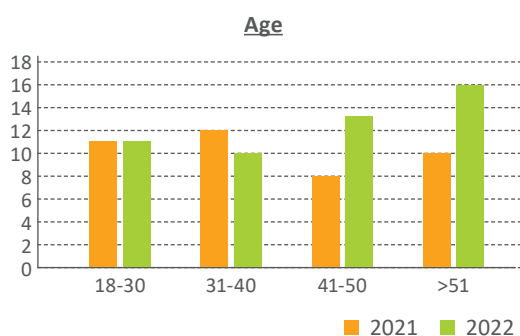
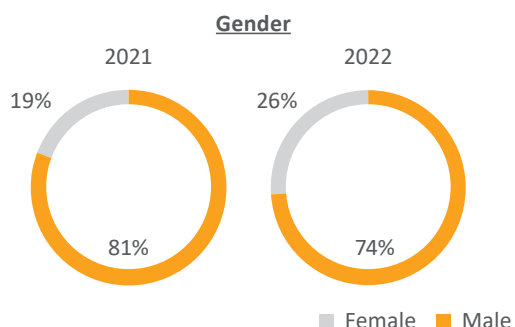
#### i) No discrimination on gender, age and ethnicity in workplace

At our Group, we value all of our employees as unique individuals, and we welcome the variety of experiences they bring to our Company. As such, we have a strict non-discrimination policy. We believe everyone should be treated equally regardless of gender identification, age, marital status, ethnicity, religion or any other characteristic protected by law.

This is our responsibility to provide an equal opportunities and conducive environment free from all forms of discrimination, discriminatory practices and beliefs.

These will contribute to promote personal respect, values diversity and provides physical and emotional safety.

If the employees feel that they have been discriminated against, they require to report to the Human Resources Department and every complaint will be appropriately investigated.



### d) Estate Workers Welfare

#### i. Workers' Quarters

We provide benefits as follows:

- Workers' quarters complete with the bathroom and furniture (bed, mattress etc.) including free water and electrical supply.
- With Personal Protective Equipment (PPE) such as protective helmet, protective boots mask, VIS clothes etc.
- Fuel allowance for our workers traveling daily to estate.

#### ii. Medical Surveillance

- It is compulsory for all workers who are handling chemical materials to undergo medical surveillance every two (2) years.
- This is to comply with MSPO and OSHA requirements.

#### iii. Providing travelling incentives for foreign workers

- Travelling expenses will be rewarded to workers who has completed working for minimum of two (2) years.
- Cash reward for return home (RM500) and returning back (RM1,000).

### e) Safe Workplace

A safe and conducive workplace not only protects workers from injury and illness, it can contribute to less medical costs, reduce absenteeism & turnover, increase productivity & quality, and raise employee morale.

We have taken a few steps to reduce injury at the workplace and for the record there has been no injury in our estate during the year. The actions taken are as follows:

- Supply of appropriate Personal Protective Equipment (PPE) such as protective helmet, protective boots, mask, high-visibility clothing (VIS) etc.;
- New worker has been briefed and trained to ensure that they know how to operate or handle the equipment and machinery and properly follow workplace rules and procedures for safety;
- To ensure all workers to comply and follows with the SOP and adhere to safe work practices;
- To ensure that workers have all the physical and psychosocial capacities necessary for safe performance of their assigned tasks;
- To issue reminder/warning letter to workers who has not comply to the OSH policy;
- To ensure there are robust injury response processes in place (IRC).

## Sustainability Statement (Cont'd)

### EMPLOYEE WELFARE (CONTINUED)

We have established a Safety and Health Committee as per Section 30 of OSHA. The objective of the Safety and Health Committee is to foster cooperation and consultation between employer and employee in identifying, evaluating and controlling hazards at their place of work. The Occupation Safety and Health (OSH) policy has been issued to all estate and displayed at a strategic location in the office.

The practices on OSH management was implemented as below:

- a. The SWP Safe Work Procedures (SWP) has been displayed at a strategic location at a workplace as a fast reference for the employer and the employees. It is advisable to display all the SWP for major works which are deemed fit and practical. SWP for estate, mill and construction could be referred to separate references as follows;
  - Safe Work Procedures for the Estate (SWPE).
  - Safe Work Procedures for the Mill (SWPM).
  - Safe Work Procedures for the Construction (SWPC).
- b. The employees shall use the appropriate Personal Protective Equipment (PPE) at the workplace. All issuance to be recorded and kept for audit purposes.
- c. Training and Re-training
  - Estate Managers organize OSH training for the respective estate.
  - All the employees are to be trained on the OSH specifically to their job functions on periodical basis. All training programs shall be documented and kept for audit purposes.

To prevent the spread of COVID-19 in the workplace, we have issued guidelines to the employees and what steps and action to be taken. The guidelines can be summarized as follows:

No.	Steps taken	Procedure	Action	Department
1.	Monitoring	To ensure body temperature employees/ contactors/ visitors not exceeding 37.50C and scan MySejahtera before entering the premises.  Enforce hand sanitation at entrance.	Security Guard/ PIC	HQ / Estate
2.	Record	Record details of staff/contractors/ visitors in a logbook for reference.	Security Guard/ PIC	HQ / Estate
3.	Prevention	Maintain good personal hygiene and supply Personal Protective Equipment (PPE) to the employees.  Ensure the use of and supply adequate materials in the workplace such as face mask, face shields and rubber gloves.  Carry out sanitation and disinfection using disinfectant liquid at least 3 times a day on frequently exposed surfaces.	Security Guard/ PIC	HQ / Estate
		Keep all employees informed on the latest developments of COVID-19, by using some methods deemed appropriate such as e-mail, applications 'WhatsApp', or posters on signage at office and briefings by management.  <ul style="list-style-type: none"> <li>• Re-evaluate work activities exposed to outbreaks in the workplace from time to time.</li> <li>• Conduct online meeting.</li> <li>• Postpone the mass gathering activity program.</li> </ul>	Corporate Communication Officer/ Estate Manager	HQ / Estate

***Sustainability Statement (Cont'd)*****EMPLOYEE WELFARE (CONTINUED)**

No.	Steps taken	Procedure	Action	Department
4.	Social Distancing & Safe Practices	<p>Ensure social distancing and safe practices for employees, contractors and visitors are implemented when carrying out all tasks and work activities in the premises/ estates.</p> <ul style="list-style-type: none"> <li>Staggering work schedules.</li> <li>If in an enclosed space such as in the surau and pantry, only one (1) person is allowed at a time.</li> </ul>	All Head of Department/ Estate Supervisor/ All employees	HQ / Estate
5.	Report	<p>To notify Human Resources Department or Estate Manager if any employees develop symptoms at work or have infected COVID-19, avoid contact with fellow employees (for screening/ home surveillance).</p> <p>If COVID-19 infection occurs among employees due to activities at workplace, the management should contact and report to Pejabat Kesihatan Daerah for contact tracing and placing of close contacts under Home Surveillance.</p>	Estate Supervisor/ All employees	HQ / Estate

**SOCIAL - COMMUNITY INVESTMENT****Community Investments*****Training Local Community***

We trained and worked with Orang Asli to be our skilled harvesters and field workers at our estates. This is our way to reduce reliance on foreign workers on shortage of harvesters due to the COVID-19 pandemic and the government extended the freeze on new intake of foreign workers.

We are giving the opportunity for them to earn monthly salary and contribution to EPF & SOCSO. The details of numbers of Orang Asli hired by our estate are as follows:

<b>Estates</b>	Sg Lembing
<b>Harvesters</b>	14
<b>Field workers</b>	35
<b>Total</b>	49





## Sustainability Statement (Cont'd)

### SOCIAL - COMMUNITY INVESTMENT (CONTINUED)

#### Donations

##### Flood Relief

We donated RM30,000 to local communities through State Assemblymen and State Assembly Coordinators and the details as follows:

No.	State Assembly (SA)	Amount RM
1.	Panching, Kuantan	5,000
2.	Inderapura, Kuantan	5,000
3.	Lepar, Kuantan	5,000
4.	Sg. Lembing, Kuantan	5,000
5.	Sabai, Bentong	5,000
6.	Lanchang, Temerloh	5,000
	<b>TOTAL</b>	<b>30,000</b>

##### Contributions to Schools and NGOs

Donations were made to schools & NGOs and the details as below:

No.	Schools & NGOs	Amount RM
1.	Dapur Infaq Ummah Kuantan	3,000
2.	PIBG SMK Lepar Utara (Sumbangan infaq Ramadhan)	1,000
3.	Sumbangan satu (1) bot di Sg. Lembing, Mukim Ulu Kuantan	2,300
4.	PIBG SMK Lepar Utara (Sumbangan TV)	2,000
	<b>TOTAL</b>	<b>8,300</b>



## *Corporate Governance Overview Statement*

The Board is pleased to present this Corporate Governance Overview Statement to provide an overview of the Corporate Governance (“CG”) practices adopted by the Company to achieve the intended outcomes as set out in the Malaysian Code on Corporate Governance (“MCCG” or “the Code”) throughout the financial year ended 31 December 2022.

The Board of Directors (“The Board”) of Mentiga Corporation Berhad (“the Company”) is committed to ensure that the highest standards of CG are practiced and applied throughout the Group towards enhancing business prosperity and corporate accountability to protect and enhance long term shareholders’ value and financial performance of the Group.

The detailed application by Group for each practice as set out in the MCCG is disclosed in the Corporate Governance Report (“CG Report”) which is available on the Company’s website at [www.mentiga.com.my](http://www.mentiga.com.my) as well as in the announcement made by the Company along with the Annual Report 2022 on the website of Bursa Malaysia Securities Berhad (“Bursa Securities”).

### **BOARD LEADERSHIP AND EFFECTIVENESS**

#### **Principal roles and responsibilities of the Board**

The Company is led and managed by a Board comprising of seven (7) members with a wide range of business, financial, public service and corporate experience and expertise. The Directors bring a broad range of skills, experiences and knowledge required to successfully direct and supervise the Group’s business activities.

The Board has overall responsibility for the strategic direction of the Group. For the financial year ended 31 December 2022, five (5) Board Meetings were held to review corporate strategies, operations and performance of business units within the Group. Every Board member brings an independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Board has delegated certain responsibilities to Board Committees which are necessary to facilitate efficient decision making to assist the Board in the execution of its duties, power and authorities. Each Committee operates under their respective approved terms of reference. The Chairman of various Board Committees will report to the Board of Directors the outcome of the respective Committees’ meetings and such reports are incorporated into the minutes of the board meeting. Currently, the Board has established separate Board Committees, namely, Audit Committee, Risk Management Committee, Nomination and Remuneration Committee, Whistleblower Committee, Tender Committee and ESOS Committee.

The Board delegates management of the Company’s resources to the senior management team under the leadership of the Managing Director to deliver the strategic direction and goals determined by the Board for day-to-day management of the Group. The Board will monitor the performance of the senior management and the Managing Director will annually conduct a formal performance review of the senior management and report the same to the Board.

The Management is guided by the Authority Limit (“AL”) which sets out the approving limits of the various approving authorities for the daily operations and management of the Group.

#### **Separation of positions of the Chairman and Chief Executive Officer (“CEO”)**

A clear division of responsibility between the Chairman and the Executive (Managing) Director exists to ensure a balance of power and authority. The Board is led by Tan Sri Dato’ Sri DiRaja Haji Adnan bin Haji Yaakob, who is primarily responsible for the proper conduct and working of the Board. During the financial year 2022, the Executive Management was led by Dato’ Hamdan bin Salim, appointed as Group Managing Director on 1 January 2022, who was responsible for the day-to-day running of the business and the implementation of Board’s policies and decisions.

Details on the roles and responsibilities of the Chairman are provided in the Board Charter which is available on Company’s website at [www.mentiga.com.my](http://www.mentiga.com.my).

#### **Qualified and competent Company Secretaries**

The Board is satisfied with the performance and support rendered by the two (2) Company Secretaries, who are qualified members of The Malaysian Institute of Chartered Secretaries and Administrators (“MAICSA”) and who play a vital role in advising the Board concerning all corporate governance matters.

The Company Secretaries are responsible for ensuring that Board and Board Committees’ meetings are properly convened and keeping proper records of the proceedings of meetings and resolutions passed by the Board and its Committees.

The Company Secretaries update the Board regularly on any regulatory changes and developments in corporate governance during meetings and via emails.

## Corporate Governance Overview Statement (Cont'd)

### BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### Access of information and advice by Board

##### Meeting Papers

Prior to each Board and Committee meeting, Directors will receive the agenda and accompanying meeting papers for each agenda item to be discussed at the meeting. At each meeting, there is a full financial and business review and discussion. Items reviewed and discussed include, amongst others, the following:

- Minutes of previous Board meeting(s);
- Minutes of meetings of Committees of the Board (the "Board Committees");
- Directors' circular resolutions passed since the previous meeting;
- Quarterly performance report of the Group;
- Quarterly financial statements to be submitted to Bursa Securities; and
- Major operational, financial and corporate issues.

The agenda and supporting papers are distributed in advance, i.e., at least seven (7) days prior to the date of meetings for all Board and Board Committee Meetings to allow sufficient time for appropriate review to facilitate full discussion at the meetings.

The Board has direct access to Senior Management and has full and unrestricted access to information relating to the Company's business and affairs in discharging their duties. The Senior Management Officers are invited to attend the Board meetings to update the Board on their respective areas of responsibility and to brief and provide details to the Directors on proposals submitted for the Board's consideration.

All directors have access to the advice and services of the Company Secretaries and may obtain independent professional advice, whenever necessary, at the expense of the Company. The Company Secretary attends all Board, Committees and general meetings and advises the Board on procedures and requirements under the Company's Constitution, the Companies Act 2016 and the Main Market Listing Requirements ("MMLR"), as well as the best practices recommended by the MCGG.

During financial year 2022, none of the Directors had sought independent professional advice.

##### Board Charter

Pursuant to Practice 2.1 of the Code, a Board Charter ("the Charter") was drawn up with the primary objective of setting out the roles, functions, composition, operations and processes of the Board. The Charter has incorporated the applicable and relevant recommendations of the Code. The Board will review the Charter on a regular basis to ensure that it is consistent with the Board's objective and responsibilities, as well as the relevant corporate governance standards.

More information on the Charter can be found on the Company's website at [www.mentiga.com.my](http://www.mentiga.com.my).

##### Directors' Code of Ethics

The Directors continue to adhere to the Directors' Code of Ethics incorporated into the Board Charter, which is based on principles relating to integrity, sincerity, honesty, responsibility, social responsibility and accountability in order to enhance the standard of corporate governance and behavior.

The Group also has established an anti-bribery and anti-corruption policy which prohibits all forms of bribery and corruption practice.

##### Whistleblowing Policy and Procedures

A formal Whistleblowing Policy had been established to address Mentiga Corporation Berhad's commitment to integrity and ethical behaviour by providing an environment where employees can act appropriately without fear of retaliation. The Company encourages its employees who have concerns about suspected serious misconduct or any breach or suspected breach of law, rule or regulations governing the Company and its subsidiaries' operations that may adversely impact the Company to come forward and report their concerns without fear of punishment or unfair treatment.

More information on the Whistleblowing Policy and Anti-Bribery & Corruption policy can be found on the Company's website at [www.mentiga.com.my](http://www.mentiga.com.my).

The members of the Whistleblower Committee are:

- Dato' Hazli bin Ibrahim (Chairman) - Independent Non-Executive Director
- Dato' Bahudin bin Mansor - Senior Independent Non-Executive Director

The Whistleblower Committee did not hold any meeting during the financial year 2022.



## Corporate Governance Overview Statement (Cont'd)

### BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### Sustainability Leadership

The sustainability leadership has been emphasised greatly in accordance with MCGG enforced on 28 April 2021. The Board together with the Management takes responsibility for the governance of sustainability in the Company including setting the Company's sustainability strategies, priorities and targets. The Board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the Company and its business, including climate-related risks and opportunities.

#### The Balance and Composition of the Board

The Board composition during the financial year 2022, comprising four (4) Non-Independent Non-Executive Directors, two (2) Independent Non-Executive Directors and the Managing Director, was in compliance with paragraph 15.02 of Bursa Securities's Listing Requirements.

The composition of the Board is balanced by the presence of Independent Non-Executive Directors. Although all Directors have equal responsibility for the Group's business directions and operations, the role of these Independent Non-Executive Directors is particularly important as they provide unbiased and independent views, advice and judgment to many aspects of the Group's strategy so as to safeguard the interests of minority shareholders and to ensure the highest standards of conduct and integrity are maintained by the Group.

#### Tenure limit of independent directors

The Board recognised the importance of independence and objectivity in decision making. The Nomination and Remuneration Committee reviews the independence of the Independent Directors annually.

Bursa Securities had on 19 January 2022 issued a letter in relation to the amendments to its MMLR, limiting the tenure of an Independent Director ("ID") to not more than a cumulative period of 12 years from date of the first appointment in the listed issuer or any one or more of its related corporation, on or by 1 June 2023.

Dato' Bahudin bin Mansor and Dato' Hazli bin Ibrahim, the IDs of the Company, have served on the Board for more than twelve (12) years. Both of them will not continue in office and will retire at the conclusion of the forthcoming Annual General Meeting ("AGM").

The Board is actively looking for replacement IDs for the Company to comply with MMLR.

Gender diversity remains an essential aspect of Board composition and the Board expects to take necessary steps to ensure compliance with the best practice as recommended by the Code.

#### Board Meetings

There were five (5) Board of Directors' Meetings held during the financial year ended 31 December 2022. Details of attendance of the Directors at the Board of Directors' Meetings are as follows:

Directors	Total Meetings Attended
Tan Sri Dato' Sri DiRaja Haji Adnan bin Haji Yaakob	5/5
Tuan Haji Yaacob bin Sarani	5/5
Dato' Haji Muhammad Nasir bin Puteh	5/5
Dato' Bahudin bin Mansor	4/5
Dato' Hazli bin Ibrahim	5/5
Dato' Haji Mohd Nazari bin Yunus (resigned on 1 March 2023)	5/5
Dato' Haji Hamdan bin Salim (appointed on 1 January 2022)	5/5
Encik Nahmar bin Jamil (appointed on 1 March 2023)	N/A

All the Directors have complied with the requirement to attend at least 50% of the Board meetings held in the financial year pursuant to the MMLR of Bursa Securities.

The Board is satisfied with the level of time commitment given by the Directors toward fulfilling their duties and responsibilities as Directors of the Company. This is evidenced by their attendances at the Board and various Board Committees meetings held during the year. In addition, all the Directors of the Company do not hold directorships in more than five (5) public listed companies and thus, they are able to commit sufficient time to the Company.



## Corporate Governance Overview Statement (Cont'd)

### BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### Nomination and Remuneration Committee

On 23 February 2022, Nomination Committee ("NC") and Remuneration Committee ("RC") was combined to a single committee known as Nomination and Remuneration Committee ("NRC").

The present members of the NRC are:

- Dato' Hazli bin Ibrahim (Chairman) - Independent Non-Executive Director
- Dato' Bahudin bin Mansor – Senior Independent Non-Executive Director
- Encik Nahmar bin Jamil - Non-Independent Non-Executive Director (appointed on 1 March 2023)

The NRC's Terms of Reference are available at the Company's website at [www.mentiga.com.my](http://www.mentiga.com.my).

The primary functions of the NRC are as follows:

#### Nomination function

- To recommend nominations to the Board for appointment of the Board members, Committee members, as well as to evaluate and recommend to the Board the employment, promotion, discipline, and termination of senior management with the positions;
- To ensure the Board is effective in discharging its responsibilities to achieve the Company's goals and objectives;
- To ensure the successor plans are able to achieve diverse talent pipeline for the Board and senior management; and
- To ensure the appointment of Board members and senior management are based on objective criteria such as diversity in skills, experience, knowledge, core competences, responsibilities, contribution, age, and cultural background.

#### Remuneration function

- To review and recommend remuneration of Directors and senior management which are well-structured and consistent with the strategy, goals and long-term objectives of MCB;
- To review and recommend the remuneration packages for Directors and senior management to ensure fair and adequate rewards for their contributions to MCB; and
- To review and recommend the remuneration policies and procedures which are made through a transparent and independent process for Directors and senior management.

The Company Secretary ensures that all appointments are properly made and that legal and regulatory obligations are met.

The NRC had two (2) meetings during the financial year 2022 and all members were present at the meeting and carried out the following activities:

- Reviewed and recommended for the Board approval of the appointment of the Group Managing Director;
- Reviewed and recommended Directors for re-election at the AGM;
- Assessed the overall effectiveness of the Board, its Committees and the contribution and performance of each individual Director including its size, structure and composition;
- Assessed the independence of the Independent Directors;
- Discussed Directors' training needs;
- Reviewed fit and proper policy for the appointment and re-election of Directors of the Company and its subsidiaries;
- Discussed the requirement for at least one women Director on the Board with effect from 1 June 2023 pursuant to Paragraph 15.02(1)(b) of the MMLR of Bursa Malaysia Securities Berhad;
- Reviewed and recommended salary increment for the employees of the Group; and
- Reviewed and recommended for the Board of Directors' approval the remuneration package and the proposed payment of additional fees to the Directors of the Company.

Practice 5.8 of the code recommends that the Chair of the NRC should be an Independent Director or the Senior Independent Director identified by the Board. Dato' Hazli bin Ibrahim, the Chairman of the NRC, is an Independent Director although he is not the Senior Independent Director. The Board was of the view that the current structure and composition of the NRC was working well.

The Board also acknowledges the importance of diverse Board and Senior Management and take cognizance of the recommendation of the MCCG 2021 to have at least 30% female directors. At present, the Company does not have any female Director. The Board will appoint female Director when a suitable candidate, who can add value to the Board, is identified. The Board is expected to appoint female Director by 1 June 2023.

## Corporate Governance Overview Statement (Cont'd)

### BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### Nomination and Remuneration Committee (Continued)

The Board views that workplace and Board diversity are important to facilitate the decision-making process by harnessing different insights and perspectives.

In the event of a vacancy in the Board, the NRC has been tasked by the Board to evaluate and match the criteria of the candidates by taking into consideration diversity, including gender, skills, talents, experience, expertise, time commitment, character and professionalism, where appropriate, and recommend to the Board for appointment.

The Board is aware of the guidance to utilise independent sources to identify suitably qualified candidates.

#### Recruitment and assessment of Directors

The appointment of new Directors is under the purview of the NRC, who is responsible for making recommendations to the Board on suitable candidates for appointment. The NRC, in assessing a candidate's suitability, will look into the candidate's background, expertise, experience and skills as prescribed in Board Charter. The candidate should have professional skills that complement the skills of existing Board members and new Directors must be able to add strength in areas that are important to the Company's long-term goals.

The NRC is also responsible for evaluating the findings of the Board Performance Evaluation for the Board and relevant Board Committees. Each Director's ability and capability will be individually self-assessed by them, and any weaknesses identified will be discussed, and thereafter a plan will be formulated to address the gap.

The NRC, upon analyzing the result of the annual Board Performance Evaluation, is satisfied that the size of the Board is sufficiently appropriate and that there is a good mix of knowledge, skills, attributes and core competencies in the composition of the Board. The NRC is also satisfied that all the Board members are suitably qualified to maintain the positions as Directors of the Board and members of the Committees in view of their respective academic and professional qualifications, experience and qualities.

#### Directors' Fit and Proper Policy

The Group has formalised a Directors' Fit and Proper Policy to ensure a formal, rigorous, and transparent process for the appointment and re-election of Directors of the Company and its subsidiaries. This policy is aimed to guide the NRC and the Board in reviewing and assessing candidates who are to be appointed onto the Board as well as retiring Directors who are seeking re-election.

The general criteria that form the basis of this policy are: -

- Character and Integrity
- Experience and Competence
- Time and Commitment

Among the factors that will be considered by the NRC and the Board pursuant to this policy includes but are not limited to probity, personal and financial integrity, reputation, qualifications and skills, experience and expertise, ability to devote time as a Board member, independence, and existing board positions in other listed and non-listed companies.

Further details of the Directors' Fit and Proper Policy can be viewed on the Company's website.

#### Re-election of Directors

In accordance with the Company's Constitution, all Directors who are appointed by the Board are subject to re-election by the shareholders at the AGM subsequent to their appointment. The Constitution also provides that one third (1/3) of the Directors are subject to retirement by rotation at each AGM and all Directors are to offer themselves for re-election once in every three years. Article 98 of the Company's Constitution states that if a Director is appointed during the year, the Director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting. The re-election of Directors at a regular interval not only promotes the creation of an effective Board, but also presents the shareholders with the opportunity to gauge the performance of the Directors.

The retiring Directors who are seeking re-election would be subjected to performance assessment carried out by the NRC, which would then submit its recommendation to the Board for deliberation and approval. The Board would endorse a Director for re-election if his performance is considered satisfactory and meet the expected roles and responsibilities.

## Corporate Governance Overview Statement (Cont'd)

### BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### Re-election of Directors (Continued)

At the forthcoming Fifty-Second AGM, the following Directors will stand for re-election in accordance with the Company's Constitution and being eligible, they have offered themselves for re-election:

Company Director	Article
Tan Sri Dato' Sri DiRaja Haji Adnan bin Haji Yaakob	93
Dato' Haji Muhammad Nasir bin Puteh	93
Encik Nahmar bin Jamil	98

The Board has determined that the performance of the above Directors who are subject to re-election, have continued to exemplify and demonstrate the highest commitments towards strengthening the effectiveness of the governance framework. Hence, the Board unanimously recommends that the shareholders vote in favour of the re-election of the above Directors at the Company's coming AGM.

#### Directors' Training

The Company is mindful that appropriate and continuous trainings for Directors are important to equip the Directors with the necessary knowledge to enable them to discharge their duties effectively. The Directors will continue to participate in appropriate training programmes from time to time to keep abreast with relevant changes in the business environment, law and regulations.

The NRC had reviewed the proposed list of trainings to be attended by the Directors that are appropriate and relevant to the Company's needs. The Company Secretary will also forward the relevant training brochures to the Directors for considerations.

All the Directors of the Company, save for Encik Nahmar bin Jamil who was appointed as Non-Independent Non-Executive Director of the Company on 1 March 2023, have attended the Mandatory Accreditation Programme ("MAP") as prescribed by Bursa Securities for Directors of public listed companies.

The conferences, seminars and trainings programmes attended by the Directors of the Company during the financial year 2022 were as follows:

Directors	Trainings attended
Dato' Bahudin bin Mansor	<ul style="list-style-type: none"> <li>MIA Blended Learning Series: Latest Development in Malaysian Financial Reporting Standards (MFRS)/ IFRS and IC Interpretation – An Overview</li> <li>Virtual Conference Series: Malaysian Tax Conference 2022</li> <li>Case Study-Based MFRS Webinar: Accounting for Tangible and Intangible Assets</li> </ul>
Dato' Hazli bin Ibrahim	<ul style="list-style-type: none"> <li>Managing the Company of the Future</li> <li>How to Finance &amp; Grow Your Startup – Without VS</li> <li>Key Amendments To Listing Requirements 2022 and Various Corporate Proposals</li> <li>Corporate Strategy</li> </ul>
Dato' Haji Hamdan bin Salim (appointed on 1 January 2022)	<ul style="list-style-type: none"> <li>Bursa Malaysia Mandatory Accreditation Programme</li> </ul>

#### Remuneration Procedure

The NRC recommends to the Board the framework of the remuneration package for the Managing Director and Senior Management which includes, but not exhaustive, the basic salary, benefits in kind and service contract.

In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the Non-Executive Directors concerned. The Company also reimburses reasonable expenses incurred by Directors where required, in the course of carrying out their duties as Directors. The ultimate responsibility to approve this remuneration package lies with the Board.

## Corporate Governance Overview Statement (Cont'd)

### BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### Directors' Remuneration

The Company has adopted the objectives as recommended by the Code to determine the remuneration of the Directors so as to ensure that the Company attracts and retains qualified Directors needed to run the Company successfully.

The aggregate remuneration of Directors (in Ringgit Malaysia) distinguishing between Executive and Non-Executive Directors for the Group and the Company for the financial year ended 31 December 2022 is set out below:

Group	Fees (RM)	Meeting allowances (RM)	Salaries & Other emoluments (RM)	Total (RM)
<i>Executive Director ("ED")</i>				
Dato' Haji Hamdan Bin Salim	120,000	-	776,387	896,387
<b>Total for ED</b>	120,000	-	776,387	896,387
<i>Non-Executive Director ("NED")</i>				
Tan Sri Dato' Sri DiRaja Haji Adnan Bin Haji Yaakob	120,000	36,000	-	156,000
Tuan Haji Yaacob Bin Sa'rani	120,000	23,000	-	143,000
Dato' Haji Muhammad Nasir Bin Puteh	134,000	26,500	-	160,500
Dato' Bahudin Bin Mansor	72,000	36,000	-	108,000
Dato' Hazli Bin Ibrahim	48,000	39,000	-	87,000
Dato' Haji Mohd Nazari Bin Yunus (resigned on 1 March 2023)	88,000	33,000	-	121,000
<b>Total for NED</b>	582,000	193,500	-	775,500
<b>Grand Total</b>	702,000	193,500	776,387	1,671,887

Company	Fees (RM)	Meeting allowances (RM)	Salaries & Other emoluments (RM)	Total (RM)
<i>Executive Director ("ED")</i>				
Dato' Haji Hamdan Bin Salim	48,000	-	776,387	824,387
<b>Total for NED</b>	48,000	-	776,387	824,387
<i>Non-Executive Director ("NED")</i>				
Tan Sri Dato' Sri DiRaja Haji Adnan Bin Haji Yaakob	120,000	36,000	-	156,000
Tuan Haji Yaacob Bin Sa'rani	48,000	18,000	-	66,000
Dato' Haji Muhammad Nasir Bin Puteh	48,000	23,500	-	71,500
Dato' Bahudin Bin Mansor	72,000	36,000	-	108,000
Dato' Hazli Bin Ibrahim	48,000	39,000	-	87,000
Dato' Haji Mohd Nazari Bin Yunus (resigned on 1 March 2023)	48,000	31,000	-	79,000
<b>Total for NED</b>	384,000	183,500	-	567,500
<b>Grand Total</b>	432,000	183,500	776,387	1,391,887



## Corporate Governance Overview Statement (Cont'd)

### BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### Directors' Remuneration (Continued)

The above Directors' Remuneration disclosed was not applicable to Encik Nahmar bin Jamil, who was appointed as Non-Independent Non-Executive Director of the Company on 1 March 2023, subsequent to the financial year ended 31 December 2022.

The Directors' fee and benefits (if any) recommended by the NRC and the Board are tabled to the shareholders for approval at the Company's AGM.

Directors and officers of the Group are indemnified under a Directors and Officers Liability insurance scheme against any liability incurred by them in their discharge of duties while in office. However, they are not indemnified in event of any negligence, fraud, breach of duty or trust proven against them.

Details on the Key Senior Management's remuneration in bands of RM50,000 are as follows:-

Name of Senior Management	Range of Remuneration (RM)				
	RM50,000 to RM100,000	RM100,001 to RM150,000	RM150,001 to RM200,000	RM200,001 to RM250,000	RM250,001 to RM300,000
Encik Sufian bin Jusoh					√
Encik Norazali bin Mohd Ali					√
Encik Mohd Izuan bin Mohd Kadir		√			
Puan Norshaliza binti Abdull Razab		√			

#### Accountability and Audit

The Board is responsible to present a balanced, clear and comprehensive assessment of the Group's financial position, performance and prospects through the quarterly and annual financial statements released to the shareholders. It also ensures that the financial statements of the Group give a true and fair view of the state of affairs of the Group.

The Board is assisted by the AC to oversee the Group's financial reporting process, the quality of its financial reporting and also to ensure that the financial statements are drawn up following appropriate accounting policies and in accordance the provisions of the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act 2016. The accounting policies, once adopted, are consistently applied and supported by reasonable judgments and estimates.

The AC is chaired by an Independent Director who is distinct from the Chairman of the Board. Two (2) of the AC members are members of the Malaysian Institute of Accountants. The role of the AC and the number of meetings held during the financial year as well as the attendance record of each member are set out in the Report of Audit Committee of this Annual Report.

#### Suitability and independence of external auditors

The Board through the establishment of an AC has managed an appropriate relationship with the External Auditors and there are formal and transparent arrangements in reviewing of the External Auditor's audit plan, report, internal control issues and procedures. The key features and the roles of the AC in relation to the External Auditors are included in the AC's Term of Reference as described in the AC Report. The External Auditors have confirmed to the AC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regularity requirements.

The AC reviews the proposed re-appointment of the Messrs Al Jafree Salihin Kuzaimi PLT as External Auditor of the Company and their fees on annual basis to ensure that the independence and suitability of the External Auditors is not compromised based on stringent criteria adopted from best practices.

The AC noted that the External Auditors had expressed their willingness to continue in office for the ensuring year and having reviewed the suitability and independence of the External Auditors, the AC recommended to the Board to table the resolution for their re-appointment as External Auditors for the next financial year for shareholders' approval at the forthcoming 52<sup>nd</sup> AGM of the Company.

## *Corporate Governance Overview Statement (Cont'd)*

### **BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)**

#### **Risk management and internal control**

The Board acknowledges its overall responsibility in the establishment and oversight of the Group's risk management framework. The Board comprehends that its focus on effective risk oversight is critical to setting the tone and culture towards effective risk management and internal control. The risk management and internal control systems are intertwined with the Group's operating activities and exist for fundamental business reasons.

Details of the Risk Management and Internal Control Framework are disclosed in 'Statement on Risk Management and Internal Control' of this Annual Report which provides an overview of the state of the risk management and internal controls of the group.

The present members of the Risk Management Committee ("RMC") are: -

- Dato' Hazli bin Ibrahim (Chairman) - Independent Non-Executive Director
- Dato' Haji Muhammad Nasir bin Puteh (Member) - Non-Independent Non-Executive Director
- Dato' Bahudin bin Mansor (Member) - Senior Independent Non-Executive Director

The primary functions of the RMC are as follows: -

- To review and recommend the Group's risk management policies and strategies for the Board's approval. This includes reviewing major investment business cases and management's assessment of the key associated risks, including funding options and costs, and investment returns prior to the Board's approval; and
- To monitor the implementation of post-spend transactions in accordance with established threshold in the approved Group Limits of Authority, which includes capital expenditure, acquisitions and project-based operational costs.

The RMC had two (2) meetings during the financial year 2022 and all members were present at the meeting. During the year, the RMC reviewed and updated key risks and controls at Mentiga Corporation Berhad and its Subsidiary Companies for:

- Updates on the position of existing risks
- Updates on significant risks
- Evaluated a new risk

The internal audit function of the Group is carried out by an external service provider, namely Messrs McMillan Wood Thomas. The outsourced Internal Auditors report directly to the AC and provide the Board with a reasonable assurance of adequacy of the scope, functions and resources of the internal audit function.

The internal audit function is independent and performs audit assignments with impartiality, proficiency and due professional care.

The internal audit review of the Group's operations encompasses an independent assessment of the Company's compliance with its internal controls and recommendations are made for further improvement.

#### **Timely disclosure and investor relationship**

The Board recognizes the value of good investor relations and the importance of disseminating in a fair and equitable manner. Thus, the Board stresses on maintaining good relationship with shareholders through distribution of annual reports, announcement of all material information including quarterly financial performance of the Group to Bursa Securities, company websites and investor relations.

As there may be instances where investors and shareholders may prefer to express their concerns to an Independent Director, the Board has identified Dato' Bahudin bin Mansor, the Senior Independent Non-Executive Director to whom concerns may be directed. At all times, investors and shareholders may contact the Company Secretary for information on the Group.

## Corporate Governance Overview Statement (Cont'd)

### BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### Strengthen relationship between the Company and shareholders

The AGM is a platform for the Board and shareholders to communicate the Group's performance and any other matters of concern or interest to shareholders. During the last year meeting, shareholders were given opportunity to seek clarification on any matters pertaining to the business and financial performance of the Group and all Directors, Managements and External Auditors were present at the AGM to answer question raised by shareholders. Extraordinary General Meetings are held as and when required.

For good corporate governance practice, the notice of the AGM and the Annual Report would be sent to all shareholders at least twenty-eight (28) days prior to the meeting so that the shareholders would be given sufficient time and notice to consider on the resolutions to be discussed at the AGM and to encourage greater shareholders' participation at the AGM. The shareholders are thus provided with ample time to review the annual report, to appoint proxies and to collate questions to be asked at the AGM.

The Board encourages shareholders to attend and participate in AGM by providing adequate advance notice and holding the AGM at a readily accessible location. Any item of special business included in the notice of AGM will be accompanied by an explanation of the effects of the proposed resolution.

Each shareholder can vote in person or by appointing a proxy to attend and vote on his/her behalf at general meetings. Separate issues are tabled in separate resolutions at general meetings. Voting for all resolutions at the AGM held in year 2022 was conducted by poll in accordance with the Listing Requirements and carried out systematically and resolutions are properly recorded.

The 51<sup>st</sup> AGM was conducted on a fully virtual basis through live streaming from the broadcast venue.

The Company Secretary ensures that the process and proceedings of the AGM comply with the relevant laws, guidelines, and rules and regulations.

### STATEMENTS OF DIRECTORS' RESPONSIBILITY FOR PREPARING THE ANNUAL AUDITED FINANCIAL STATEMENTS

The Board is satisfied that in preparing the financial statements of the Group for the financial year ended 31 December 2022, the Directors have:

- adopted the appropriate accounting policies and applied them consistently;
- ensured compliance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act 2016, and any material departures have been disclosed and explained in the financial statements;
- made estimates and judgments which are reasonable and prudence; and
- ensured the financial statements have been prepared on a going concern basis.

### COMPLIANCE STATEMENT

The Board recognises and subscribes to the importance of the principles and best practices set out in MCCG. In this respect, where practical and appropriate, the Board has applied the principles and recommendations under the MCCG for the financial year ended 31 December 2022.

## *Statement on Risk Management and Internal Control*

### **INTRODUCTION**

The Statement of Risk Management and Internal Control by the Board of Mentiga Corporation Berhad in respect of the Company and its group of subsidiaries ("the Group") is made pursuant to Paragraph 15.26(b) of the Listing Requirements of Bursa Malaysia Securities Berhad in accordance with the principles and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines"). Associated companies/material joint ventures are excluded and not dealt with in the Statement.

### **BOARD RESPONSIBILITY**

The Board acknowledges and affirms its overall responsibility for the Group's system of risk management and internal controls practices for good corporate governance. The Board, through its various committees, has continuously reviewed the adequacy and effectiveness of the risk management and internal control system in particular the financial, operational, as well as compliance aspects of the Group throughout the financial year. It should however be noted that such systems of internal controls and risk management are only designed to manage rather than totally eliminate the risks. Accordingly, such systems can only provide reasonable rather than absolute assurance against material losses, misstatements, or other significantly adverse consequences.

### **BOARD COMMITTEE**

The Risk Management Committee ("RMC") had been assigned with the responsibilities of overseeing the effectiveness of risk management and internal control systems. The RMC is to advise the Board on the risks faced by the Group in particular but not limited to those that would threaten its solvency and liquidity. Supplementing the RMC, relevant Board Committees are in place to oversee other specific areas. The Audit Committee oversees areas such as the financial matters and reporting, the Nomination & Remuneration Committee oversees senior management's performance and remuneration while the Tender Committee oversees the Group's tender purchases.

### **RISK MANAGEMENT FRAMEWORK AND KEY FEATURES OF INTERNAL CONTROL SYSTEM**

The group has formalised and has in place the Risk Management matrix for all operating business units and Head Office departments. The Risk Management framework is aimed to link risks management to the Group's goals and objectives as well as to our Corporate Missions and Visions.

The RMC has the following responsibilities:

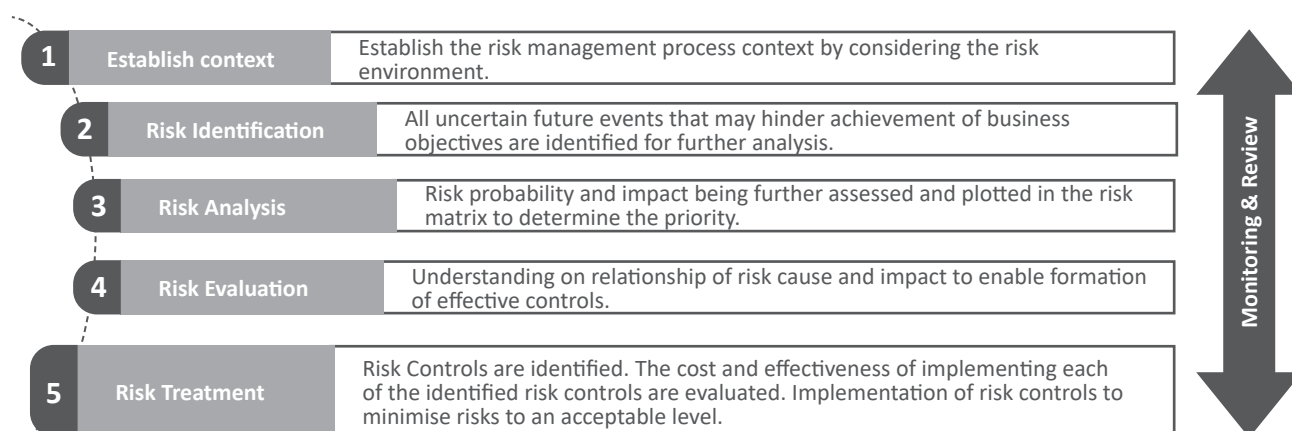
- i. The RMC set goals and objective of each business units. The risks that may hinder the Group's achievement and their respective control measures are identified, the cost effectiveness are evaluated and implemented. The effectiveness of the control measures is continuously monitored.
- ii. To inculcate staff awareness on the relationship between risks and our corporate objectives through meetings and workshops. The Group engages every level of the organization as they are risk owners. We address risk management as a collective responsibility.
- iii. To discuss risk management issues monthly at business unit level and quarterly at Risk Management Committee level.

The Board RMC meets twice a year to review the strategies adopted by management and evaluate the effectiveness of the internal controls to mitigate potential material risks.



## Statement on Risk Management and Internal Control (Cont'd)

### RISK MANAGEMENT PROCESS



The management had identified two key operational risks in 2022:

#### Operational Risks

##### i. **Labour shortage**

Labour shortage was a major risk in the entire year 2021 and the first half of 2022. The Malaysian government had only ease the conditions for hiring of foreign workers in January 2023. We have done our preliminary arrangement to identify the foreign workers in their home countries. As such, we were able to immediately brought them in when the Government ease the recruitment. As at December 2022 we had recruited 45 foreign workers. We are still in need another 68 more workers.

##### ii. **Increase of fertilizer and agrochemical prices affects profit margin.**

In early 2022, the price of fertilizer and agrochemical was on the increasing trend due to uncertainty of supply from China and the conflict between Russian and Ukraine.

Most of the suppliers imported muriate of potash (MOP) from Russia (Uralkali) and Belarus (Belaruskali). Source of Nitrogen fertilizer and agrochemical are mostly imported from China.

However, in October 2022, fertilizer prices have started to decrease. We have decided to purchase our fertilizer requirements in stages instead of committing one year supply in one order.

### INTERNAL CONTROL

In order to ensure the effectiveness of the system of internal control, the Board had outsourced the internal audit function of the Group to a professional accounting firm.

The internal audit function will independently review the control processes implemented by the Management and also advise on areas for improvement. The reports are submitted directly to the Audit Committee, who will discuss and review with the management the findings and actions on matters arising from the internal audit report. Internal audits are carried out periodically. Additional reviews will be commissioned based on significant issues that arise during the day-to-day operations of the Group.

In assessing the adequacy and effectiveness of the system of internal control and accounting control procedures of the Group, the Audit Committee reports to the Board of Directors the Internal Auditors' activities, significant results, findings and recommendations or changes. The costs incurred for outsourcing the internal audit function for the financial year ended 31 December 2022 was RM30,000.

## *Statement on Risk Management and Internal Control (Cont'd)*

### **INTERNAL CONTROL (CONTINUED)**

#### **Main Features of Internal Control Structure**

Apart from risk management and internal audit, the other key elements of the Group's internal control system are described below:

#### ***Authority and Responsibility***

- There is in place a clearly defined Terms of Reference which clearly set out roles and responsibilities and authorities of Board Committee. These Committees report back to the Board with their recommendation for review and/or approval by the Board.
- The Group has organisation structure with clearly defined lines of responsibility and delegation of authority to ensure proper identification of accountability and segregation of duties.
- The Board meets regularly to review and to deliberate on issues that require the Board's approval and to approve the Group's quarterly financial performance before being released to Bursa Malaysia Securities Berhad.
- The Managing Director meets regularly with all divisional heads to review the Group's financial performance, operational effectiveness and efficiency, discusses and resolves significant business issues faced by the Group.
- The Group has an Authorisation Limit Policy in respect of organisational requirements such as purchasing of goods/services, cash management and disbursement, contracting and banking transactions and human resources which are clearly defined and documented. The guidelines also set out matters reserved for the Board's decision. The limits are periodically reviewed and updated to reflect the business environment, operational and structural changes.

#### ***Code of Ethics***

- The Company's Code Ethics is established to set out the ethical standards to all employees in their dealings with fellow colleagues, customers, suppliers, shareholders, the wider community, and the environment.
- The Whistleblowing Policy is in place with the objective of providing all stakeholders a mechanism to raise genuine concerns on any unethical behaviour or any misconduct.
- The Group has established an anti-bribery and anti-corruption policy which prohibits all forms of bribery and corruption practices.

#### ***Policies and procedures***

- The Group has implemented Finance Policies and Procedures which will be improved from time to time.
- Estates Operation Manuals had been developed and implemented throughout the estates operations.

#### ***Information and Monitoring***

- The Managing Director and the Head of Finance present the Group's Quarterly Report and the operational performance analysis to the Audit Committee prior to the Board's approval and subsequent release to Bursa Malaysia.
- Budgetary process had been coordinated across the Group to set targets for each business unit and regular review for actual performance against budget performed.

### **REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS**

Pursuant to Paragraph 15.23 of the Main Market Listing Requirements, the External Auditors have reviewed this statement for inclusion in the 2022 Annual Report and reported to the Board that nothing has come to their attention that causes them to believe that the Statement are is consistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control and risk management of the Group.

### **CONCLUSION**

Based on the processed set out above, the Board is of the view that Group's system of risk management and internal control are adequate to safeguard the shareholders' investment and the group's assets and has received assurance from the Managing Director and Head of Finance in this respect. Nevertheless, the Board and Management are committed towards operating a sound system of risk management and internal control. The systems will continue to be reviewed, added, or updated in line with the changes in the operating environment.

In the year under review, there has not been any material loss, contingencies or uncertainties that would require a separate disclosure in the Annual Report.

This statement was tabled and approved at the Board of Directors' Meeting held on 17 April 2023.

## Audit Committee Report

The primary objective of the Audit Committee is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, financial reporting process and internal control system.

The Audit Committee have adopted practices aimed at maintaining appropriate standards of responsibility, integrity and accountability to all the Company's shareholders.

The Board of Directors of Mentiga Corporation Berhad is pleased to present the Audit Committee Report for the financial year ended 31 December 2022.

### COMPOSITION AND MEETINGS

Based on paragraph 15.09(1) of the Main Market Listing Requirements, the Company must appoint an audit committee from amongst its directors which fulfills the following requirements:

- a. the audit committee must be composed of not fewer than 3 members;
- b. all the audit committee members must be non-executive directors, with a majority of them being independent directors; and
- c. at least one member of the audit committee -
  - i. must be a member of the Malaysian Institute of Accountants; or
  - ii. if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:
    - aa. he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
    - bb. he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
  - iii. fulfils such other requirements as prescribed or approved by the Exchange.

The Audit Committee ("AC") comprises two Independent Non-Executive Directors and a Non-Independent Non-Executive Director of the Company. The Committee had met five (5) times during the financial year 2022. Details of the members and their respective attendance of meetings are as follows:

	No. of Meetings attended
<b>Dato' Bahudin Bin Mansor</b> ( <i>Chairman</i> ) ( <i>Senior Independent Non-Executive Director</i> )	5/5
<b>Dato' Hazli Bin Ibrahim</b> ( <i>Independent Non-Executive Director</i> )	5/5
<b>Dato' Haji Mohd Nazari Bin Yunus</b> ( <i>Non-Independent Non-Executive Director</i> ) ( <i>resigned on 1 March 2023</i> )	5/5
<b>Nahmar bin Jamil</b> ( <i>Non-Independent Non-Executive Director</i> ) ( <i>appointed on 1 March 2023</i> )	N/A

Dato' Bahudin Bin Mansor is a member of CPA Australia and a Chartered Accountant with the Malaysian Institute of Accountants ("MIA"). The AC, therefore meets the requirements of paragraph 15.09(1)(c) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") which stipulates that at least one (1) member of the AC must be a qualified accountant.

The External Auditors were invited to attend AC meetings where the annual Audit Planning Memorandum and Annual Financial Statements were being tabled. Members of senior management of the Group attended some of these meetings upon invitation by the Chairman of the Committee. The meetings were appropriately structured through the use of agendas, which were distributed to members with sufficient notification.

The scope of duties and responsibilities of the Committee stated in the Terms of Reference is available at our website [www.mentiga.com.my](http://www.mentiga.com.my).

Details of the members of the Audit Committee are contained in the Profile of Directors set out in this Annual Report.

***Audit Committee Report (Cont'd)*****SUMMARY OF ACTIVITIES**

The summary of the activities of the AC in the discharge of its duties and responsibilities for the financial year includes the following:

**(a) Financial Reporting**

Reviewed the following matters and subsequently recommend their approval to the Board:

- (i) Quarterly unaudited financial reports for the financial year for announcement to Bursa Malaysia;
- (ii) The Audited Financial Statements of the Group for the financial year ended 2021 to ensure that the financial reports presented a true and fair view of the Company's financial performance and complied with regulatory requirements;
- (iii) Deliberated on the key audit matters on the Group highlighted by the external auditors in relation to the audit for the financial year ended 31 December 2021; and
- (iv) The Report of AC to be included in the Annual Report for financial year 2021.

**(b) External Auditors**

- (i) Evaluated the performance of External Auditors and make recommendation to the Board (subject to the shareholders' approval) on their appointment, scope of work, etc);
- (ii) Reviewed the external audit fees proposed in respect of the scope of work required for the financial year and recommend the same for approval by the Board;
- (iii) Reviewed the Audit Planning Memorandum and the results and issues arising from interim audit for the financial year;
- (iv) Reviewed the results and issues arising from external audit for financial year ended 2021;
- (v) Reviewed the audited financial statements with the External Auditors and Management before recommending it to the Board for approval; and
- (vi) Held discussions with the External Auditors once without the presence of Management on matters concerning the audit.

**(c) Internal Audit**

- (i) Consider the appointment of the Internal Auditors and to review the internal audit programme and audit fees proposed in respect of the scope of work required for the financial year and recommend the same for approval by the Board; and
- (ii) Reviewed the reports issued by the Internal Auditors on the effectiveness and adequacy of governance, risk management and control process.

**(d) Other activities**

- (i) Reviewed Statement on Risk Management and Internal Control, Management Discussion and Analysis, Sustainability Statement, Corporate Governance ("CG") Overview Statement & CG Report, Corporate Structure & Group Financial Highlights and Chairman's Statement to be included in the Annual Report and recommended the same to the Board for approval; and
- (ii) Reviewed and recommend for the Board of Directors' approval for the budget and supplementary budget of the Group.

**INTERNAL AUDIT FUNCTION**

The Committee is aware of the importance of an independent and adequately resourced internal audit function. It is essential to enhance effectiveness of the system of internal control.

The main role of the internal audit function is to review the effectiveness of the system of internal control and this is performed with impartiality, proficiency and due professional care.

In view of the Group's current level of activities and the risks the Group is exposed to, the Board has agreed to continue to outsource the Internal Audit function. Messrs McMillan Wood Thomas, an independent professional firm has been engaged to handle this function. Their report has been reviewed, discussed and perused by the Committee. The Internal Auditors' recommendations were implemented, where necessary and appropriate, to tighten the Group's internal control procedures.

**SUMMARY OF ACTIVITIES**

Summary of the work of the internal audit function for the financial year 2022 was as follows:

- Reviewed the purchasing procedures;
- Reviewed the safety management of checkroll and staff for oil palm plantation;
- Reviewed the appointment of contractors procedures; and
- Reviewed the operation of the oil palm estates – harvesting and despatch of fruit fresh bunches, manuring and weeding.



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***Directors' Report***

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

**PRINCIPAL ACTIVITIES**

The principal activities of the Company are investment holding, timber extraction and trading in timber related products, mining and oil palm plantation activities. There has been no significant change in the nature of this activities during the financial year.

The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements.

**FINANCIAL RESULTS**

	<b>Group RM</b>	<b>Company RM</b>
(Loss)/Profit for the year	(18,047,147)	1,486,446
(Loss)/Profit attributable to:		
Equity holders of the Company	(18,043,409)	1,486,446
Non-controlling interests	(3,738)	-
	<u>(18,047,147)</u>	<u>1,486,446</u>

**RESERVES AND PROVISIONS**

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

**DIVIDENDS**

There were no dividends proposed, declared or paid by the Group and the Company since the end of the previous financial year.

**ISSUE OF SHARES AND DEBENTURES**

There were no issuances of shares and debentures during the financial year.

**OPTIONS**

No options were granted to any person to take up unissued shares of the Company during the financial year.

**DIRECTORS**

The name of the directors of the Company who served since the beginning of the financial year to the date of this report are:

Tan Sri Dato' Sri DiRaja Haji Adnan Bin Haji Yaakob	
Dato' Haji Hamdan Bin Salim	(Appointed on 1 <sup>st</sup> January 2022)
Dato' Haji Muhammad Nasir Bin Puteh	
Dato' Bahudin Bin Mansor	
Dato' Hazli Bin Ibrahim	
Tuan Haji Yaacob Bin Sa'rani	
Dato' Haji Mohd Nazari Bin Yunus	(Resigned on 1 <sup>st</sup> March 2023)
Nahmar Bin Jamil	(Appointed on 1 <sup>st</sup> March 2023)

The Directors who held office in the subsidiaries of the Company during the financial year and up to the date of this report (not including those directors listed above) are:

Dato' Mohd Zaili Bin Besar  
Dato' Hj. Md. Sohaimi Bin Hj. Mohamed Shah  
Tuan Haji Aminuddin Bin Zainal

## Directors' Report (Cont'd)

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except that the Directors receive remuneration as directors/executives of related corporations.

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### DIRECTORS' INTERESTS

The interests and deemed interests in the shares and warrants of the Group and the Company and of its related corporations of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

The Company	As at 1.1.2022	Number of ordinary shares		As at 31.12.2022
		Bought	Sold	
Direct interest:				
Dato' Haji Mohd Nazari bin Yunus	8,900	-	-	8,900

### DIRECTORS' REMUNERATION

The amounts of remunerations of the directors of the Company comprising remunerations received or receivable from the Group and Company during the year are as follows:

	Group RM	Company RM
<b>Executive Directors:</b>		
Fees	120,000	48,000
Salaries and other emoluments	602,400	602,400
Bonus	90,000	90,000
Defined contribution plan	83,987	83,987
	<u>896,387</u>	<u>824,387</u>
<b>Non-Executive Directors:</b>		
Fees	582,000	384,000
Other emoluments	193,500	183,500
	<u>775,500</u>	<u>567,500</u>

None of the directors of the Company has received any other benefit otherwise than in cash from the Company during the year.

No payment has been paid to or payable to any third party in respect of the services provided to the Company by the directors of the Company during the year.

### INDEMNIFYING DIRECTORS, OFFICERS AND AUDITORS

There were no indemnity given to or insurance effected for any Directors, officers and auditors of the Company during the financial year.

### OTHER STATUTORY INFORMATION

Before the financial statements of the Group and Company were prepared, the Directors took reasonable steps:

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (ii) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and Company had been written down to an amount which the current assets might be expected so to realise.

***Directors' Report (Cont'd)*****OTHER STATUTORY INFORMATION (CONTINUED)**

At the date of this report, the Directors are not aware of any circumstances:

- (i) which would render it necessary to write off any bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent; or
- (ii) which would render the values attributed to current assets in the financial statements of the Group and Company misleading; or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and Company misleading or inappropriate.

At the date of this report:

- (i) there are no charges on the assets of the Group and Company which has arisen since the end of the financial year which secures the liabilities of any other person; and
- (ii) there are no contingent liabilities in the Group and Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group and Company to meet its obligations when they fall due.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and Company which would render any amount stated in the financial statements misleading.

In the opinion of the directors:

- (i) the results of the operations of the Group and Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and Company for the financial year in which this report is made.

**AUDITORS' REMUNERATIONS**

Total amounts paid to or receivable by the auditors as remunerations for their services as auditors as follows:

	<b>Group RM</b>	<b>Company RM</b>
Statutory audits	190,000	120,000
Other services	40,000	40,000
	230,000	160,000

**AUDITORS**

The auditors, Al Jafree Salihin Kuzaimi PLT, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 17 April 2023.

**DATO' HAJI HAMDAN BIN SALIM**  
Director

Pahang, Malaysia

**DATO' BAHUDIN BIN MANSOR**  
Director



**Statement By Directors***Pursuant to Section 251 (2) of the Companies Act 2016*

We, **DATO' HAJI HAMDAN BIN SALIM** and **DATO' BAHUDIN BIN MANSOR**, being two of the directors of **MENTIGA CORPORATION BERHAD**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on the accompanying pages are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and requirements of the Companies Act 2016 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of the financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 17 April 2023.

**DATO' HAJI HAMDAN BIN SALIM**

Director

Pahang, Malaysia

**DATO' BAHUDIN BIN MANSOR**

Director

**Statutory Declaration***Pursuant to Section 251 (1)(b) of the Companies Act 2016*

I, **NORAZALI BIN MOHD ALI**, being the officer primarily responsible for the financial management of **MENTIGA CORPORATION BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on the accompanying pages are in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by )  
 the above named at **Kuantan** )  
 in the state of **Pahang Darul Makmur** )  
 on 17 April 2023. )

Before me,

**NORAZALI BIN MOHD ALI****MIA Membership No. : CA 22068****Commissioner of Oaths**

## *Independent Auditors' Report*

*To the members of Mentiga Corporation Berhad  
(Incorporated in Malaysia)*

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Mentiga Corporation Berhad, which comprise the statements of financial position as at 31 December 2022, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on the accompanying pages.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

#### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence and Other Ethical Responsibilities*

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How our audit addressed the key audit matters
<p><i>Carrying values of Plantation Assets</i></p> <p><b>a) Long term leasehold land and oil palm plantations</b></p> <p>Long term leasehold land and oil palm plantations are measured at fair value less accumulated depreciation and impairment losses recognised on the date of the revaluation.</p> <p>During the year, one of the subsidiary of the Group, Mentiga Plantation Sdn. Bhd. has derecognised the plantation asset which include the mature and immature bearer plants totalling RM12,875,926. The revaluation surplus included in equity in respect of an item of property, plant and equipment has been transferred the whole surplus directly to retained earnings in Note 17 when the assets are derecognised upon retirement or disposal of asset. The effects of taxes on revaluation are recognised and disclosed in accordance with MFRS112 <i>Income Taxes</i> in Note 20.</p> <p>The long term leasehold land and oil palm plantations were revalued in January 2022 by registered independent valuers based on the present market value basis at Group and the Company carrying amounts as at reporting date were RM239,235,985 and RM149,748,940 as disclosed in Note 4. As at reporting date, based on the management's assessment, the carrying amounts do not differ materially with valuation made on this date.</p>	<p>We have performed the following in ensuring the carrying values of the plantation assets are recognised in accordance to MFRS 116 <i>Property, Plant and Equipment</i> and MFRS 141 <i>Agriculture</i> and MFRS 136 <i>Impairment of Assets</i>:</p> <ul style="list-style-type: none"> <li>• We have performed asset sightings on the biological assets, oil palm plantations, leasehold land and other property, plant and equipment carried at cost model.</li> <li>• We have evaluated the competency, capabilities and objectivity of management's experts as well obtained an understanding of the workings done by management's experts, where necessary.</li> <li>• We have reviewed the valuation reports prepared by the management's experts and have also assessed the reasonableness of the assumptions used and assessed whether adequate disclosures were made in the financial statements in compliance with MFRS 141.</li> <li>• We have interviewed the management's experts to understand the assumptions and methods they applied in the valuations, where necessary, and reviewed the assumptions applied in the valuations against available market data for comparison and reasonableness.</li> </ul>

## Independent Auditors' Report (Cont'd)

To the members of Mentiga Corporation Berhad  
(Incorporated in Malaysia)

### Key audit matters (Continued)

Key Audit Matters	How our audit addressed the key audit matters
<p><b>b) Biological assets</b></p> <p>Biological assets are measured at fair value less costs to sell, with any change therein recognised in profit or loss. Cost to sell include all costs that would be necessary to sell the assets, including transportation cost.</p> <p>As at 31 December 2022, the biological assets were revalued by the management's expert at Group and at the Company amounting to RM4,282,723 and RM3,606,534 respectively which resulted in net gain of fair value changes for the financial year at Group and at Company amounting to RM1,218,304 and RM1,641,233 respectively.</p> <p>Due to the significance of long-term leasehold land, oil palm plantations and biological assets ("collectively referred as plantation assets") balances and involvement of judgement and estimates in the impairment assessment and the valuation of these plantation assets, we considered this is a key audit matter.</p> <p>Please refer to Note 3 (b) Significant Accounting Estimates and Judgements and disclosure of long-term leasehold land &amp; oil palm plantations and biological assets in Note 4 and Note 11 to the financial statements.</p>	<p>In relation to the impairment in accordance MFRS 136 on long term leasehold land and oil palm plantations, we have performed the following:</p> <ul style="list-style-type: none"> <li>• Considered the appropriateness of impairment assessment on the existence of the impairment indicator for plantation assets;</li> <li>• Reviewed and assessed the historical yield trend from previous years up to current year for the assessment on the existence of impairment indicator;</li> <li>• Obtained, analysed and reviewed the reasonableness the key assumptions of the cash flow projections which comprise of projected revenue growth, growth rates and discounted rate.</li> </ul>

### Information other than the financial statements and auditors' report thereon

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

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

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

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

### Responsibilities of the directors for the financial statements

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

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

### Auditors' Responsibilities for the Audit of the Financial Statements

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

***Independent Auditors' Report (Cont'd)******To the members of Mentiga Corporation Berhad  
(Incorporated in Malaysia)*****Auditors' Responsibilities for the Audit of the Financial Statements (Continued)**

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

**Other matters**

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

**AL JAFREE SALIHIN KUZAIMI PLT**  
201506002872 (LLP0006652-LCA) & AF 1522  
CHARTERED ACCOUNTANTS

**AHMAD SYHAZAN BIN YAACOB**  
NO. 03696/10/2024 J  
CHARTERED ACCOUNTANT

Dated: 17 April 2023

Selangor, Malaysia



## Statements of Financial Positions

As at 31 December 2022

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
<b>Non-current Assets</b>					
Property, plant and equipment	4	242,685,883	257,029,407	152,463,486	151,837,233
Investment properties	5	3,300,000	-	-	-
Right-of-use assets	6	7,891,677	48,676	7,775,429	25,476
Investment in subsidiaries	7	-	-	27,876,379	27,876,379
Investment in associates	8	10,671	16,914	10,671	16,914
Land held for development	9	858,077	858,077	858,077	858,077
		254,746,308	257,953,074	188,984,042	180,614,079
<b>Current Assets</b>					
Inventories	10	783,833	103,182	676,773	38,654
Biological assets	11	4,282,723	3,064,419	3,606,534	1,965,301
Receivables, deposits and prepayment	12	1,819,093	4,656,259	1,271,632	950,980
Amount due from subsidiaries	13	-	-	1,099,740	253,577
Tax recoverable		16,361	12,798	14,306	11,702
Cash and bank balances	14	1,094,373	1,291,271	776,731	992,224
		7,996,383	9,127,929	7,445,716	4,212,438
Assets classified as held for sale	15	12,701,254	12,701,254	12,701,254	12,701,254
		20,697,637	21,829,183	20,146,970	16,913,692
<b>Total Assets</b>		275,443,945	279,782,257	209,131,012	197,527,771
<b>Equity</b>					
Share capital	16	71,789,377	71,789,377	71,789,377	71,789,377
Revaluation reserves	17	129,353,661	135,213,710	65,651,293	65,651,293
(Accumulated losses)/Retained earnings		(21,688,379)	(13,178,043)	8,805,647	7,319,201
Equity attributable to equity holders of the Company		179,454,659	193,825,044	146,246,317	144,759,871
Non-controlling interests		(15,525)	(11,787)	-	-
		179,439,134	193,813,257	146,246,317	144,759,871
<b>Non-current Liabilities</b>					
Borrowings	18	26,134,133	25,652,367	21,295,492	18,742,456
Lease liabilities	19	7,844,298	3,903	7,751,744	-
Deferred tax liabilities	20	31,050,127	35,532,254	15,267,770	16,097,170
		65,028,558	61,188,524	44,315,006	34,839,626
<b>Current Liabilities</b>					
Payables and accruals	21	25,544,696	21,030,057	10,334,100	11,640,347
Amount due to subsidiaries	22	-	-	7,041,409	5,268,517
Borrowings	18	4,462,045	2,150,380	984,824	989,151
Lease liabilities	19	233,421	48,371	209,356	30,259
Bank overdraft	14	736,091	712,922	-	-
Tax liabilities		-	838,746	-	-
		30,976,253	24,780,476	18,569,689	17,928,274
<b>Total Liabilities</b>		96,004,811	85,969,000	62,884,695	52,767,900
<b>Total Equity and Liabilities</b>		275,443,945	279,782,257	209,131,012	197,527,771

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

**Statements of Profit or Loss and Other Comprehensive Income**  
For the Financial Year Ended 31 December 2022

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Revenue	23	14,760,512	11,183,763	10,579,033	7,947,311
Cost of sales		(12,154,803)	(8,055,792)	(7,594,394)	(4,718,664)
<b>Gross profit</b>		<b>2,605,709</b>	<b>3,127,971</b>	<b>2,984,639</b>	<b>3,228,647</b>
Other operating income	24	809,321	179,541	3,228,696	65,869
Net gain arising from changes in fair value of biological assets		1,218,304	564,562	1,641,233	615,368
Administrative expenses		(21,953,551)	(22,474,781)	(6,386,325)	(9,385,393)
<b>(Loss)/Profit from operations</b>		<b>(17,320,217)</b>	<b>(18,602,707)</b>	<b>1,468,243</b>	<b>(5,475,509)</b>
Finance expenses		(1,538,276)	(134,589)	(809,687)	(4,066)
Share of result of associates		(1,510)	(1,523)	(1,510)	(1,523)
<b>(Loss)/Profit before tax</b>	25	<b>(18,860,003)</b>	<b>(18,738,819)</b>	<b>657,046</b>	<b>(5,481,098)</b>
Tax credit	28	812,856	876,589	829,400	456,192
<b>(Loss)/Profit for the year</b>		<b>(18,047,147)</b>	<b>(17,862,230)</b>	<b>1,486,446</b>	<b>(5,024,906)</b>
Other comprehensive income:					
Items that will be not reclassified subsequently to profit or loss:					
Revaluation surplus of property, plant and equipment		-	24,423,061	-	20,019,104
Reversal of deferred tax liabilities		3,673,024	-	-	-
<b>Total comprehensive income for the year</b>		<b>(14,374,123)</b>	<b>6,560,831</b>	<b>1,486,446</b>	<b>14,994,198</b>
<b>Loss for the financial year</b>					
attributable to:					
Equity holders of the Company		(18,043,409)	(17,859,980)		
Non-controlling interests		(3,738)	(2,250)		
		<b>(18,047,147)</b>	<b>(17,862,230)</b>		
<b>Total comprehensive (loss)/income for the financial year attributable to:</b>					
Equity holders of the Company		(14,370,385)	6,563,081		
Non-controlling interests		(3,738)	(2,250)		
		<b>(14,374,123)</b>	<b>6,560,831</b>		
<b>Basic/Diluted loss per share to equity holders of the Company (Sen)</b>	29	<b>(25.13)</b>	<b>(24.88)</b>		

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

## Statements of Changes in Equity

For the Financial Year Ended 31 December 2022

Group	Attributable to equity holders of the Company				Non-controlling interests	Total
	Non-distributable			Total		
	Share capital (Note 16)	Revaluation reserves (Note 17)	Accumulated loss			
	RM	RM	RM			
At 1 January 2021	71,789,377	110,790,649	4,681,937	187,261,963	(9,537)	187,252,426
Other comprehensive income	-	24,423,061	-	24,423,061	-	24,423,061
Loss for the year	-	-	(17,859,980)	(17,859,980)	(2,250)	(17,862,230)
At 31 December 2021	71,789,377	135,213,710	(13,178,043)	193,825,044	(11,787)	193,813,257
Other comprehensive income	-	3,673,024	-	3,673,024	-	3,673,024
Loss for the year	-	-	(18,043,409)	(18,043,409)	(3,738)	(18,047,147)
	-	3,673,024	(18,043,409)	(14,370,385)	(3,738)	(14,374,123)
Realisation of revaluation reserve upon write off	-	(9,533,073)	9,533,073	-	-	-
At 31 December 2022	71,789,377	129,353,661	(21,688,379)	179,454,659	(15,525)	179,439,134

Company	Non-distributable		Retained earnings	Total
	Share capital (Note 16)	Revaluation reserves (Note 17)		
	RM	RM	RM	RM
	RM	RM	RM	RM
At 1 January 2021	71,789,377	45,632,189	12,344,107	129,765,673
Other comprehensive income	-	20,019,104	-	20,019,104
Loss for the year	-	-	(5,024,906)	(5,024,906)
At 31 December 2021	71,789,377	65,651,293	7,319,201	144,759,871
Profit for the year	-	-	1,486,446	1,486,446
At 31 December 2022	71,789,377	65,651,293	8,805,647	146,246,317

**Statements of Cash Flows**  
For the Financial Year Ended 31 December 2022

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>Cash Flows from Operating Activities</b>				
(Loss)/Profit before tax	(18,860,003)	(18,738,819)	657,046	(5,481,098)
Adjustments for:				
Depreciation of property, plant and equipment	5,996,296	3,576,222	2,795,832	1,455,147
Depreciation of right-of-use assets	422,756	52,851	404,107	25,476
Gain on disposal of property, plant and equipment	(5,499)	(53,998)	(5,499)	-
Loss on disposal of investment in associate	1	-	1	-
Write off of plantation assets	12,875,926	-	-	-
Impairment of property, plant and equipment	13,965	17,373,309	4,161	-
Reversal impairment of property, plant and equipment	-	(3,745,501)	-	-
Impairment of investment in associates	4,732	9,865	4,732	9,865
Reversal impairment of amount due from subsidiaries	-	-	(2,445,011)	-
Reversal impairment of receivables	(300)	-	-	-
Fair value gain of biological assets	(1,218,304)	(564,562)	(1,641,233)	(615,368)
Allowance for impairment losses on receivables	36,800	864,400	14,400	864,400
Write off of deposits	5,139	-	-	-
Allowance for impairment losses on amount due from subsidiaries	-	-	-	2,445,011
Interest income	-	(791)	-	(773)
Interest expense	1,538,276	134,589	809,687	4,066
Share of result of associates	1,510	1,523	1,510	1,523
Zakat	862	-	-	-
Operating profit/(loss) before working capital changes	812,157	(1,090,912)	599,733	(1,291,751)
Changes in working capital				
Inventories	(680,651)	410,774	(638,119)	389,380
Receivables, deposits and prepayments	(513,354)	2,778,663	(335,052)	1,293,044
Payables and accruals	8,006,219	2,123,698	2,176,452	2,671,887
Cash inflows from operations	7,624,370	4,222,223	1,803,014	3,062,560
Interest paid	(1,537,732)	(127,680)	(809,687)	(7,579)
Interest received	-	791	-	773
Zakat paid	(862)	-	-	-
Taxes paid	(838,556)	(836,082)	(2,604)	-
Net cash inflows from operating activities	5,247,220	3,259,252	990,723	3,055,754
<b>Cash Flows from Investing Activities</b>				
Acquisition of property, plant and equipment	(1,285,087)	(964,692)	(657,056)	(805,148)
Plantation development expenditures incurred	(3,254,886)	(4,661,270)	(2,769,191)	(3,856,697)
Proceed from disposal of property, plant and equipment	5,500	54,000	5,500	-
Advances from subsidiaries	-	-	3,371,740	(83,868)
Net cash outflows from investing activities	(4,534,473)	(5,571,962)	(49,007)	(4,745,713)
<b>Cash Flows from Financing Activities</b>				
Proceeds from term loan	390,000	1,631,723	-	1,631,723
Repayments of hire purchase liabilities	(78,102)	(36,822)	(71,526)	(26,446)
Repayments of lease liabilities	(243,003)	(55,321)	(223,219)	(24,076)
Repayments of term loan	(1,001,709)	-	(862,464)	-
Net cash (outflows)/inflows from financing activities	(932,814)	1,539,580	(1,157,209)	1,581,201
<b>Net decrease in cash and cash equivalents</b>	(220,067)	(773,130)	(215,493)	(108,758)
<b>Cash and cash equivalents at beginning of year</b>	578,349	1,351,479	992,224	1,100,982
<b>Cash and cash equivalents at end of year (Note 14)</b>	358,282	578,349	776,731	992,224

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



## Notes to the Financial Statements

31 December 2022

### 1. CORPORATE INFORMATION

The Company, Mentiga Corporation Berhad, is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activities of the Company are investment holding, timber extraction and trading in timber related products, mining and oil palm plantation activities. The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements. There has been no significant change in the nature of this activity during the financial year.

The Company's registered office is located at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, W.P Kuala Lumpur Malaysia.

The Company's principal place of business is located at No. 26 & 26A, Jalan Putra Square 1, Putra Square, 25200 Kuantan, Pahang Darul Makmur.

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors, in accordance with a resolution of the directors on 17 April 2023.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysia Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company have also been prepared on a historical cost basis, except for financial instruments that has been measured at their fair values.

The financial statements are presented in Ringgit Malaysia ("RM").

The preparation of financial statements in conformity with MFRSs requires the use of certain accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements, and reported amounts of revenue and expenses during the reported financial period. It also requires directors' best knowledge of current events and action, and therefore actual results may differ.

During the financial year ended 31 December 2022, the Group incurred net loss of RM18,047,147 and as at that date, the Group's current liabilities exceeded its current assets by RM10,278,616. These conditions indicate the existence of an uncertainty which cast doubt about the Group's ability to continue as a going concern.

The appropriateness of preparing the financial statements to continue as a going concern is dependent on the ability of the Group to generate adequate positive cash flow and profits from their future operations. The directors are confident that the Profit and Cash Flows Forecasts are achievable and will allow the Group to fulfill its obligations and continue to operate under normal circumstances as and when they arise.

Accordingly, the financial statements for the financial year ended 31 December 2022 have been prepared on a going concern basis.

#### 2.2 Changes in accounting policies

On 1 January 2022, the Group and the Company adopted the following pronouncements mandatory for annual financial periods beginning on or after 1 January 2022:

Amendments to MFRSs contained in the document entitled Annual Improvements to MFRS Standards 2018–2020

Amendments to MFRS 3 Business Combinations (Reference to the Conceptual Framework)

Amendments to MFRS 116 Property, Plant and Equipment (Proceeds before Intended Use)

Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts–Cost of Fulfilling a Contract)

The adoption of amendments listed above did not have any material impact on the current financial year or any prior financial year and is not likely to affect future financial years significantly.

**Notes to the Financial Statements (Cont'd)**  
31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Standards issued but not yet effective

The following pronouncements that have been issued by the Malaysian Accounting Standards Board will become effective in future financial reporting periods and have not been adopted by the Group and the Company in these financial statements:

#### Effective for annual periods beginning on or after 1 January 2023

Amendments to MFRSs contained in the document entitled Annual Improvements to MFRS Standards 2018–2020

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9- Comparative Information
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Presentation of Financial Statements (Disclosure of Accounting Policies)
Amendments to MFRS 108	Accounting Policies Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)
Amendments to MFRS 112	Income Taxes (Deferred Tax related to Assets and Liabilities arising from a Single Transaction)

#### Effective for annual periods beginning on or after 1 January 2024

Amendments to MFRS 16	Leases (Lease Liability in a Sales and Leaseback)
Amendments to MFRS 101	Presentation of Financial Statements (Non-current liabilities with Covenants)

#### Effective for a date yet to be confirmed

Amendments to MFRS 10 and MFRS 128	Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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The Group and the Company are expected to apply the abovementioned pronouncements beginning from the respective dates the pronouncements become effective. The initial application of the abovementioned pronouncements is not expected to have any material impacts to the financial statements of the Group and the Company.

### 2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2022. Control is achieved when the Group is 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:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable return from its involvement with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

When 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 arrangements; and
- (c) The Group's voting rights and potential voting rights.

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statements of financial position and statements of comprehensive income from the date Group gains control until the date the Group ceases to control the subsidiary.

**Notes to the Financial Statements (Cont'd)**

31 December 2022

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.4 Basis of consolidation (Continued)**

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parents of the Group and to the non-controlling interest, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

**(a) Business combinations**

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

**(b) Acquisitions of non-controlling interests**

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

**(c) Loss of control**

Upon the loss of control of subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as a financial asset depending on the level of influence retained.

**(d) Non-controlling interests**

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

**(e) Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

**2.5 Property, plant and equipment and depreciation**

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment other than leasehold land and oil palm plantations are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognised such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

**Notes to the Financial Statements (Cont'd)**  
31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 Property, plant and equipment and depreciation (Continued)

Leasehold land and oil palm plantations are measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. Valuations are performed by professional independent valuer with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value at the reporting date.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Long term leasehold land is amortised in equal instalments over the period of the leases ranging from 60 to 99 years. All other property, plant and equipment are depreciated on the straight line basis to write off the cost of the assets or their revalued amounts to their residual values over their estimated useful lives at the followings annual rates and useful life:

Oil palm plantation (mature)	25 years
Buildings	3 to 50 years
Plant and machinery	5 to 20 years
Motor vehicles, equipment and fixtures	4 to 10 years

Work in progress is not depreciated until such time when the asset is available for use.

Immature oil palm plantation is not depreciated until such time when the plantations achieved maturity.

The residual values, useful lives and depreciation method of assets are reviewed at each financial year end, and adjusted prospectively, if appropriate.

At each reporting date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

### 2.6 Planting expenditure - New planting

Planting expenditure of new oil palm plantations have been capitalised as immature plantation cost and shown as property, plant and equipment. As and when the new oil palm plantation matures the capitalisation of expenses will cease.

Interest costs on borrowings to finance the immature plantations are capitalised as part of the cost of the plantations until the plantations achieved maturity. The cost of matured plantations is amortised over the economic useful life of 25 years commencing from the year of maturity. Amortisation on immature plantations commences when the plantations achieved maturity.

### 2.7 Investment properties

Investment properties are held for long-term rental yields or for capital appreciation or both, and are not occupied by the Company. Investment property is measured initially at its cost, including related transaction costs and borrowing costs if the investment property meets the definition of qualifying asset.

After initial recognition, investment property is stated at cost less any accumulated depreciation and impairment losses. All investment properties are depreciated on a straight line basis to allocate the cost of each asset to their residual values over their estimated useful lives as follows:

	<u>Estimated useful lives (years)</u>
Buildings	50



**Notes to the Financial Statements (Cont'd)**

31 December 2022

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.8 Biological assets**

Biological assets are measured at fair value less costs to sell, with any change therein recognised in profit or loss. Cost to sell include all costs that would be necessary to sell the assets, including transportation cost.

**2.9 Impairment of assets***Impairment of financial assets*

All financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the assets. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instrument, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

*Impairment of non-financial assets*

The carrying value of assets, other than those to which MFRS 136 – Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discontinued future cash flow.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalue amount. Any impairment loss of a revalue asset is treated as revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

When there is change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalue amount. A reversal of an impairment loss on revalue asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalue asset was previously recognised as an expense in the statements of comprehensive income, a reversal of that impairment loss is recognised as income in the statements of comprehensive income.

**2.10 Financial instruments****(a) Financial assets – classification and measurement***Classification*

The Company classifies its financial assets in the following measurement categories:

- (i) those to be measured subsequently at fair value (either through other comprehensive income ('OCI') or through profit or loss), and
- (ii) those to be measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

*Notes to the Financial Statements (Cont'd)*  
31 December 2022

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.10 Financial instruments (Continued)**

**(a) Financial assets – classification and measurement (Continued)**

*Classification (Continued)*

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

*Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade- date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

*Measurement*

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ('FVTPL'), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest (SPPI).

**(b) Debt instruments**

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset.

*Amortised cost*

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/ (losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

**(c) Impairment of financial assets and financial guarantee contracts**

Impairment for debt instruments and financial guarantee contracts.

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

*Impairment for debt instruments and financial guarantee contracts*

The Company assesses on a forward-looking basis the ECL associated with its debt instruments carried at amortised cost and at FVOCI and financial guarantee contracts issued. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company has a type of financial instruments that is subjected to the ECL model, which is trade receivables.

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

**Notes to the Financial Statements (Cont'd)**

31 December 2022

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.10 Financial instruments (Continued)****(c) Impairment of financial assets and financial guarantee contracts (Continued)***Impairment for debt instruments and financial guarantee contracts*

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

- (i) General 3-stage approach for other receivables, loans to subsidiaries and financial guarantee contracts issued.

At each reporting date, the Company measures ECL through loss allowance at an amount equal to 12 months ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

- (ii) Simplified approach for trade receivables, contract assets and lease receivables.

The Company applies the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets.

*Significant increase in credit risk*

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the operating results of the debtor
- significant increases in credit risk on other financial instruments of the same debtor
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the group and changes in the operating results of the debtor.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

*Notes to the Financial Statements (Cont'd)*  
31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Financial instruments (Continued)

#### (c) Impairment of financial assets and financial guarantee contracts (Continued)

##### *Definition of default and credit-impaired financial assets*

The Company defines a financial instrument as default, which is fully aligned with the definition of credit impaired, when it meets one or more of the following criteria:

##### (i) Quantitative criteria

The Company defines a financial instrument as default, when the counterparty fails to make contractual payment within 90 days of when they fall due.

##### (ii) Qualitative criteria

The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Company considers the following instances:

- the debtor is in breach of financial covenants
- concessions have been made by the lender relating to the debtor's financial difficulty
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- the debtor is insolvent

Financial instruments that are credit-impaired are assessed on individual basis.

##### *Write off*

##### (i) Trade receivables

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

##### (ii) Other receivables

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

#### (d) Financial liabilities

Financial liabilities are recognised on the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities comprise trade and other payables and amounts due to related parties.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transactions costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective finance method except for the derivatives in a loss position which are measured at fair value through profit or loss at the end of each reporting period.



**Notes to the Financial Statements (Cont'd)**

31 December 2022

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.10 Financial instruments (Continued)****(d) Financial liabilities (Continued)**

For financial liabilities other than the derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Foreign exchange differences are capitalised to the extent of the capitalisation of the related borrowing costs.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Borrowings measured at amortised cost is modified without this resulting in derecognition, any gain or loss, being the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate, shall be recognised immediately in profit or loss in finance cost.

**2.11 Inventories**

Inventories are valued at the lower of cost and net realisable value on the weighted average cost basis. Cost of raw materials comprised the cost of purchase plus the cost of bringing the inventories to their present location and condition. For finished goods and work-in-progress cost consist of raw materials, direct labour and an appropriate proportion of production overheads.

**2.12 Cash and cash equivalents**

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 months or less, and are used by the Group and the Company in the management of their short-term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

**2.13 Leases**

The Group and the Company assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For a contract that contains a lease component and non-lease components, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative standalone prices.

**As a lessee**

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Company recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**(i) Right-of-use assets**

The Group and the Company recognise right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group and the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

***Notes to the Financial Statements (Cont'd)***  
***31 December 2022***

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.13 Leases (Continued)**

**As a lessee (Continued)**

**(ii) Lease liabilities**

At the commencement date of the lease, the Group and the Company recognise lease liabilities measured at the present value of lease payments to be made over the lease term.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Company and payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group and the Company use its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

**(iii) Short-term leases and leases of low-value assets**

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group and the Company recognise the lease payments associated with these leases as an expense over the lease term.

**(iv) Extension option**

The Group and the Company, in applying their judgement, determine the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group and the Company apply judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group and the Company reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

**As a lessor**

Leases in which the Group and the Company do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

**2.14 Interest-bearing borrowings**

Interest-bearing bank borrowings are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition of property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use. All other borrowing costs are charged to the statement of comprehensive income as an expense in the period in which they are incurred.

**Notes to the Financial Statements (Cont'd)**

31 December 2022

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.15 Equity Instruments**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax from proceeds.

**2.16 Share Capital**

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. Cost incurred directly attributable to the issuance of the shares are accounted for as a deduction from share premium, otherwise it is charged to the statement of comprehensive income.

Dividends to shareholders are recognised in equity in the period in which they are declared or approved by shareholders at general meeting.

**2.17 Provision**

Provisions are recognised when the Company has present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risk specific to the liability and the present value of the expenditure expected to be required to settle the obligation.

**2.18 Related Parties**

A party is related to an entity if:

- (i) directly or indirectly through one or more intermediaries, the party:
  - controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
  - has an interest in the entity that gives it significant influence over the entity; or
  - has joint control over the entity
- (ii) directly the party is an associate of the entity
- (iii) the party is a joint venture in which the entity is venture,
- (iv) the party is a member of the key management personnel of the entity or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is related party of the entity.

**2.19 Taxation**

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payables in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the reporting date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

***Notes to the Financial Statements (Cont'd)***  
***31 December 2022***

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.20 Employee benefits**

**(i) Short term benefits**

Wages, salaries, bonus and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

**(ii) Defined contribution plan**

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF") and Employment Insurance System ("EIS"). Such contributions are recognised as an expense in the profit or loss as incurred.

**2.21 Revenue**

Revenue is recognised to the extent that it is probable the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

Revenue from sales of oil palm fresh fruit bunches are recognised net of discount and taxes collected on behalf at the point in time control of the goods has transferred to the customer. Depending on the term of the contract with the customer, control transfers either upon delivery of the goods to allocation specified by the customer and acceptance of the goods by the customer.

Sales of timbers and mining are recognised at invoiced price upon delivery of products and customer acceptance.

Interest, rental and other income are recognised on accrual basis.

**2.22 Non-Current assets classified as held for disposal**

The Group classifies non-current assets and disposal groups as held for disposal if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for disposal are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn.

Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification. Property, plant and equipment, right-of-use assets and intangible assets are not depreciated or amortised once classified as held for disposal.

Assets and liabilities classified as held for disposal are presented separately as current items in the statement of financial position.

**Notes to the Financial Statements (Cont'd)**

31 December 2022

**3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of financial statements in conformity with Malaysia Financial Reporting Standards requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires Directors to exercise their judgements in the process of applying the Group's accounting policies. The estimates and judgements that effect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:

**(a) Judgements made in applying the Group's accounting policies**

In the process of applying the Company's accounting policies, which are described in Note 2.4-2.22 above, management in of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

**(b) Key sources of estimation uncertainty**

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

*Useful lives of property, plant and equipment*

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of property, plant and equipment are based on the internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timings of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets. The estimate useful lives for mature plantation is 25 years.

*Impairment of loans and receivables*

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's receivable at the reporting date is disclosed in Note 12.

*Deferred tax*

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.



***Notes to the Financial Statements (Cont'd)***  
***31 December 2022***

**3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)**

**(b) Key sources of estimation uncertainty (Continued)**

*Deferred tax (Continued)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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 they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

*Fair value of biological assets*

Biological assets represent the produce growing on oil palms. Fresh fruit bunches ("FFB") are harvested from the oil palms. The growing produce are essentially FFB prior to harvesting.

An oil palm fruit typically starts to develop oil from approximately 22 weeks from pollination to reach maximum oil content to be ready for harvesting. The value of each FFB at each point of the FFB production cycle will vary based on the cumulative oil content in each fruit.

In determining the fair values of FFB, management has considered the oil content of all unripe FFB from the week after pollination to the week prior to harvest. As the oil content accrues exponentially in the 2 weeks prior to harvest, the FFB prior to two weeks before harvesting are excluded in the valuation as the fair values are considered negligible.

Further details on biological assets may be found at Note 11 to the financial statements.

*Fair value of leasehold land and oil palm plantations*

The Group and the Company recognised its long-term leasehold land and oil palm plantations at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. In addition, any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the revaluation reserve. The Group and the Company have engaged independent valuers to determine fair value in the previous financial year. For long term leasehold land and oil palm plantations the valuers used a valuation technique based on comparison approach with adjustments for differences.

Further details on long term leasehold land and oil palm plantations may be found at Note 4 to the financial statements.

*Fair value of investment properties*

The Group has initially recognised its investment properties at fair value on the date of the acquisition. The Group have engaged independent valuers to determine fair value of investment properties. For investment properties, the valuers used a valuation technique based on comparison approach with adjustments for differences.

Further details on investment properties may be found at Note 5 to the financial statements.

**Notes to the Financial Statements (Cont'd)**

31 December 2022

**4. PROPERTY, PLANT AND EQUIPMENT**

Group	At revaluation			At cost				Total RM
	Long term leasehold land RM	Oil palm plantation (Immature) RM	Oil palm plantation (Mature) RM	Buildings RM	Plant and machinery RM	Motor vehicles, equipment and fixtures RM	Work in progress RM	
<b>2022</b>								
<b>Cost/Valuation</b>								
At 1 January 2022	171,000,000	76,307,233	39,823,212	2,882,174	349,286	3,262,833	124,815	293,749,553
Adjustments	-	(377,701)	(3,439,626)	-	-	-	-	(3,817,327)
Additions	-	3,254,886	-	35,000	-	795,396	454,691	4,539,973
Transfers	-	(23,900,301)	23,900,301	-	-	-	-	-
Write off	-	(36,415,227)	(6,528,276)	-	-	-	-	(42,943,503)
Disposal	-	-	-	-	-	(265,000)	-	(265,000)
At 31 December 2022	171,000,000	18,868,890	53,755,611	2,917,174	349,286	3,793,229	579,506	251,263,696
<b>Accumulated depreciation</b>								
At 1 January 2022	-	-	2,484,379	1,185,464	328,843	2,671,390	-	6,670,076
Adjustments	-	-	(2,425,064)	(2,691)	-	-	-	(2,427,755)
Additions	2,152,313	-	3,586,658	57,222	7,572	192,531	-	5,996,296
Write off	-	-	(1,409,770)	-	-	-	-	(1,409,770)
Disposal	-	-	-	-	-	(264,999)	-	(264,999)
At 31 December 2022	2,152,313	-	2,236,203	1,239,995	336,415	2,598,922	-	8,563,848
<b>Accumulated impairment</b>								
At 1 January 2022	-	27,377,892	2,672,178	-	-	-	-	30,050,070
Adjustments	-	(377,701)	(1,014,562)	-	-	-	-	(1,392,263)
Charge for the year	-	-	-	747	11	13,207	-	13,965
Reversal of impairment	-	(27,000,191)	(1,657,616)	-	-	-	-	(28,657,807)
At 31 December 2022	-	-	-	747	11	13,207	-	13,965
<b>Carrying amounts</b>								
At 31 December 2022	168,847,687	18,868,890	51,519,408	1,676,432	12,860	1,181,100	579,506	242,685,883

*Notes to the Financial Statements (Cont'd)*  
31 December 2022

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	At revaluation			At cost				Total RM
	Long term leasehold land RM	Oil palm plantation (Immature) RM	Oil palm plantation (Mature) RM	Buildings RM	Plant and machinery RM	Motor vehicles, equipment and fixtures RM	Work in progress RM	
<b>2021</b>								
<b>Cost/Valuation</b>								
At 1 January 2021	172,544,000	69,500,933	27,459,306	2,418,186	337,286	3,037,470	412,490	275,709,671
Additions	-	5,153,907	-	61,450	-	346,059	238,169	5,799,585
Revaluation	9,800,000	4,183,117	11,770,995	-	-	-	-	25,754,112
Transfers	-	(592,911)	592,911	402,538	12,000	111,306	(525,844)	-
Reclass to assets classified as held for sale	(11,000,000)	(1,937,813)	-	-	-	-	-	(12,937,813)
Disposal	-	-	-	-	-	(232,002)	-	(232,002)
At 31 December 2021	171,344,000	76,307,233	39,823,212	2,882,174	349,286	3,262,833	124,815	294,093,553
<b>Accumulated depreciation</b>								
At 1 January 2021	3,810,620	-	2,288,817	1,131,787	319,997	2,737,930	-	10,289,151
Additions	2,001,115	-	1,347,124	53,677	8,846	165,460	-	3,576,222
Revaluation	(5,231,176)	-	(1,151,562)	-	-	-	-	(6,382,738)
Reclass to assets classified as held for sale	(236,559)	-	-	-	-	-	-	(236,559)
Disposal	-	-	-	-	-	(232,000)	-	(232,000)
At 31 December 2021	344,000	-	2,484,379	1,185,464	328,843	2,671,390	-	7,014,076
<b>Accumulated impairment</b>								
At 1 January 2021	-	10,004,583	6,417,679	-	-	-	-	16,422,262
Charge for the year	-	17,373,309	-	-	-	-	-	17,373,309
Reversal of impairment	-	-	(3,745,501)	-	-	-	-	(3,745,501)
At 31 December 2021	-	27,377,892	2,672,178	-	-	-	-	30,050,070
<b>Carrying amounts</b>								
At 31 December 2021	171,000,000	48,929,341	34,666,655	1,696,710	20,443	591,443	124,815	257,029,407

**Notes to the Financial Statements (Cont'd)**

31 December 2022

**4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

Company	At revaluation			At cost			Total RM
	Long term leasehold land RM	Oil palm plantation (Immature) RM	Oil palm plantation (Mature) RM	Buildings RM	Motor vehicles, equipment and fixtures RM	Work in progress RM	
<b>2022</b>							
<b>Cost/Valuation</b>							
At 1 January 2022	88,400,000	40,000,000	21,200,000	2,017,694	2,072,566	124,813	153,815,073
Additions	-	2,769,191	-	-	202,365	454,691	3,426,247
Transfers	-	(23,900,301)	23,900,301	-	-	-	-
Disposal	-	-	-	-	(265,000)	-	(265,000)
At 31 December 2022	88,400,000	18,868,890	45,100,301	2,017,694	2,009,931	579,504	156,976,320
<b>Accumulated depreciation</b>							
At 1 January 2022	-	-	-	348,696	1,629,144	-	1,977,840
Additions	971,963	-	1,648,288	45,905	129,676	-	2,795,832
Disposal	-	-	-	-	(264,999)	-	(264,999)
At 31 December 2022	971,963	-	1,648,288	394,601	1,493,821	-	4,508,673
<b>Accumulated impairment</b>							
At 1 January 2022	-	-	-	-	-	-	-
Charge for the year	-	-	-	-	4,161	-	4,161
At 31 December 2022	-	-	-	-	4,161	-	4,161
<b>Carrying amounts</b>							
At 31 December 2022	87,428,037	18,868,890	43,452,013	1,623,093	511,949	579,504	152,463,486
<b>2021</b>							
<b>Cost/Valuation</b>							
At 1 January 2021	89,800,000	33,945,444	11,487,092	1,578,404	1,738,045	412,490	138,961,475
Additions	-	4,349,335	-	36,751	223,215	238,168	4,847,469
Revaluation	9,600,000	4,183,117	9,172,825	-	-	-	22,955,942
Transfers	-	(540,083)	540,083	402,539	111,306	(525,845)	(12,000)
Reclass to assets classified as held for sale	(11,000,000)	(1,937,813)	-	-	-	-	(12,937,813)
At 31 December 2021	88,400,000	40,000,000	21,200,000	2,017,694	2,072,566	124,813	153,815,073
<b>Accumulated depreciation</b>							
At 1 January 2021	1,593,800	-	734,575	304,751	1,512,355	-	4,145,481
Additions	877,426	-	416,987	43,945	116,789	-	1,455,147
Revaluation	(2,234,667)	-	(1,151,562)	-	-	-	(3,386,229)
Reclass to assets classified as held for sale	(236,559)	-	-	-	-	-	(236,559)
At 31 December 2021	-	-	-	348,696	1,629,144	-	1,977,840
<b>Carrying amounts</b>							
At 31 December 2021	88,400,000	40,000,000	21,200,000	1,668,998	443,422	124,813	151,837,233

**Notes to the Financial Statements (Cont'd)**  
31 December 2022

**4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

Included in the property, plant and equipment of the Group and of the Company are long term leasehold land reclassified as right-of-use assets following the adoption of MFRS 16.

The long term leasehold land and oil palm plantation of the Group and of the Company were revalued in January 2022 for balances as at prior year's reporting date, 31 December 2021 by registered valuers, Rahim & Co, based on the present market value basis at an amount of RM254,200,000 and RM149,600,000 respectively.

Surplus arising from valuation was credited to revaluation reserve.

The carrying amounts of revalued long-term leasehold land and oil palm plantation had these assets been carried at cost model as at 31 December 2022 are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2022 RM</b>	<b>2021 RM</b>	<b>2022 RM</b>	<b>2021 RM</b>
Long term leasehold land	28,816,195	29,147,339	25,645,751	25,931,666
Oil palm plantation	81,803,778	94,995,405	49,219,951	48,099,048
	<b>110,619,973</b>	<b>124,142,744</b>	<b>74,865,702</b>	<b>74,030,714</b>

The carrying amounts of long term leasehold land of the Group and of the Company amounted to RM140,311,667 (2021: RM142,100,000) and RM65,958,889 (2021: RM66,700,000) respectively pledged as security for bank overdraft facilities (Note 14) which are at the subsidiary and term loan facilities (Note 18).

Details of assets under hire purchase plans for motor vehicles are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2022 RM</b>	<b>2021 RM</b>	<b>2022 RM</b>	<b>2021 RM</b>
Net book value at financial year end	503,007	318,311	86,981	210,173
Cash payment made during the year	78,102	36,822	71,526	26,446

**5. INVESTMENT PROPERTIES**

	<b>Buildings RM</b>	<b>Group Total RM</b>
<b>2022</b>		
<b>Cost</b>		
At 1 January 2022	-	-
Addition	3,300,000	3,300,000
At 31 December 2022	<b>3,300,000</b>	<b>3,300,000</b>
<b>Accumulated depreciation</b>		
At 1 January 2022	-	-
Charge during the year	-	-
At 31 December 2022	<b>-</b>	<b>-</b>
<b>Carrying amounts</b>		
At 31 December 2022	<b>3,300,000</b>	<b>3,300,000</b>

The fair value of the investment properties above as at 31 December 2022 is recognised as deemed cost and estimated at RM3,300,000 for the subsidiary of the Group, Mentiga Development & Construction Sdn Bhd based on independent valuations carried out by registered professional valuers using the comparison method by reference to recent transactions involving other similar properties in the vicinity. The valuation is a Level 3 fair value estimation.

No rental income or direct operating expenses arising from investment properties that generate rental income have been recognised in profit or loss.



**Notes to the Financial Statements (Cont'd)**

31 December 2022

**6. RIGHT-OF-USE ASSETS**

The Group and the Company has lease contracts for office with contract terms of 2 to 5 years and lease contract between Mentiga Corporation Berhad and state Government of Pahang with contract terms of 25-30 years stated clause which lease term payment effective from completion of reforestation by stage of completion upon annual approval of State Forest Department and the lease contracts do not contain variable lease payments.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
At 1 January	48,676	85,920	25,476	50,952
Adjustments (Note 4)	(2,691)	-	-	-
Addition	8,268,448	15,607	8,154,060	-
Depreciation (Note 25)	(422,756)	(52,851)	(404,107)	(25,476)
At 31 December	7,891,677	48,676	7,775,429	25,476

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
At 1 January	52,274	93,349	30,259	54,335
Right-of-use assets recognised	8,268,448	12,916	8,154,060	-
Accretion of interest	493,540	6,509	491,324	3,424
Payment	(736,543)	(60,500)	(714,543)	(27,500)
At 31 December	8,077,719	52,274	7,961,100	30,259

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Current	233,421	48,371	209,356	305,259
Non-current	7,844,298	3,903	7,751,744	-
	8,077,719	52,274	7,961,100	305,259

The maturity analysis of lease liabilities are disclosed in Note 19.

The following are the amounts recognised in profit or loss:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Depreciation expense of right-of-use assets	422,756	52,581	404,107	25,476
Interest expense on lease liabilities	493,540	6,509	491,324	3,424
	916,296	59,090	895,431	28,900

The Group and the Company have several lease contracts that include extension option. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's and the Company's business needs. Management exercises judgement in determining whether these extension option are reasonably certain to be exercised.

*Notes to the Financial Statements (Cont'd)*  
31 December 2022

**7. INVESTMENT IN SUBSIDIARIES**

	Company	
	2022 RM	2021 RM
Unquoted shares, at cost		
At 1 January	34,842,343	34,842,343
Accumulated impairment losses	(6,965,964)	(6,965,964)
At 31 December	27,876,379	27,876,379

The details of the subsidiaries are as follows:

Name of Subsidiaries	Place of incorporation	Effective Interest		Principal Activities
		2022 %	2021 %	
<u>Direct subsidiaries</u>				
Mentiga Plantation Sdn Bhd	Malaysia	100	100	Oil palm plantation
Mentiga Mining Sdn Bhd	Malaysia	100	100	Mineral ores mining
Mentiga Development & Construction Sdn Bhd	Malaysia	100	100	General construction and developer
Lesong Forest Products Sdn Bhd	Malaysia	100	100	Logging and oil palm plantation
<b>Held through subsidiary, Mentiga Mining Sdn Bhd</b>				
Mentiga Venture Minerals Sdn Bhd	Malaysia	60	60	Dormant

The summarised financial information of the subsidiary, not adjusted for proportion of ownership interest held by the Group, is as follows:

	2022 RM	2021 RM
<b>Assets and liabilities</b>		
Total assets	2,681	2,691
Total liabilities	(41,491)	32,157
<b>Results</b>		
Revenue	-	-
Net loss for the year	(9,344)	(5,625)

**8. INVESTMENT IN ASSOCIATES**

	Group/Company	
	2022 RM	2021 RM
Unquoted shares, at cost	30,001	30,001
Share of post-acquisition reserves	(4,732)	(3,222)
Accumulated impairment losses	(14,597)	(9,865)
Disposed off during the year	(1)	-
	10,671	16,914

## Notes to the Financial Statements (Cont'd)

31 December 2022

### 8. INVESTMENT IN ASSOCIATES (CONTINUED)

The details of the associates are as follows:

Name of Associates	Place of incorporation	Effective Interest		Principal Activities
		2022 %	2021 %	
<u>Direct associates</u>				
Mega Elite Development Sdn Bhd*	Malaysia	30	30	Dormant
Aim Innovations Sdn Bhd <sup>#</sup>	Malaysia	-	30	Information technology services and general trading
<b>Held through subsidiary, Mentiga Mining Sdn Bhd</b>				
Mentiga Valuable Earth Mining Sdn Bhd^	Malaysia	-	40	Mining, extraction, exploration and trading of minerals ores and related products

\* Audited by firms other than Al Jafree Salihin Kuzaimi PLT (AF 1522).

# Audited by Al Jafree Salihin Kuzaimi PLT (AF 1522).

<sup>^</sup> Strike off during the year.

<sup>“</sup> Disposed off during the year.

The summarised financial information of the associates, not adjusted for proportion of ownership interest held by the Group, is as follows:

	2022 RM	2021 RM
<b>Assets and liabilities</b>		
Total assets	52,192	2,049,563
Total liabilities	850	2,035,599
<b>Results</b>		
Revenue	-	1,950,835
Net loss for the year	(5,034)	(113,179)

### 9. LAND HELD FOR DEVELOPMENT

	Group/Company	
	2022 RM	2021 RM
Leasehold land, at cost	723,401	723,401
Development expenditure	134,676	134,676
	858,077	858,077
At beginning/end of year	858,077	858,077

### 10. INVENTORIES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
At cost:				
Fertilisers and chemicals	757,557	57,117	676,773	37,030
Store, spares and consumable supplies	26,276	46,065	-	1,624
	783,833	103,182	676,773	38,654

*Notes to the Financial Statements (Cont'd)*  
31 December 2022

## 11. BIOLOGICAL ASSETS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
At 1 January	3,064,419	2,499,857	1,965,301	1,349,933
Fair value changes	1,218,304	564,562	1,641,233	615,368
At 31 December	4,282,723	3,064,419	3,606,534	1,965,301

Oil palm represents the fresh fruit bunches ("FFB") of up to two weeks prior to harvest for use in the Group's and the Company's palm product operations.

The Group and the Company attribute a fair value less cost to sell on the fresh fruit bunches ("FFB") prior to harvest at each statement of financial position date as required under MFRS 141 "Agriculture". FFB are production of oil palm trees and are harvested continuously throughout the financial year to be used in the production of crude palm oil ("CPO"). Each FFB takes approximately 22 weeks from pollination to reach maximum oil content to be ready for harvesting. The value of each FFB at each point of the FFB production cycle will vary based on the cumulative oil content in each fruit.

In determining the fair values of FFB, management has considered the oil content of all unripe FFB from the week after pollination to the week prior to harvest. As the oil content accrues exponentially in the 2 weeks prior to harvest, the FFB prior to two weeks before harvesting are excluded in the valuation as the fair values are considered negligible.

The summarised information on the area of palm oil plantation and number of metric ton unit sold are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Areas (hectares)	3,553	2,761	1,702	910
Metric ton (MT)	12,977	10,068	9,857	7,664

## 12. RECEIVABLES, DEPOSITS AND PREPAYMENT

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Trade receivables, gross	2,326,252	5,482,282	1,784,200	1,776,916
Allowance for impairment loss	(1,260,464)	(1,223,964)	(1,218,864)	(1,204,464)
Trade receivables, net	1,065,788	4,258,318	565,336	572,452
Other receivables	9,179	-	-	-
Deposits	226,362	213,901	206,162	196,163
Prepayments	517,764	650,449	500,134	648,774
Allowance for impairment loss	-	(466,409)	-	(466,409)
	517,764	184,040	500,134	182,365
	1,819,093	4,656,259	1,271,632	950,980

### (a) Trade receivables

The Group and the Company's normal trade credit term of 30 days (2021: 30 days). Other credit terms are assessed and approved on a case by case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

## Notes to the Financial Statements (Cont'd)

31 December 2022

### 12. RECEIVABLES, DEPOSITS AND PREPAYMENT (CONTINUED)

#### (a) Trade receivables (Continued)

The ageing analysis of the Group and the Company's trade receivables is as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Current	699,130	477,801	398,678	315,794
30 to 60 days	2,200	12,588	2,200	2,200
61 to 90 days	2,200	2,200	2,200	2,200
More than 90 days	362,258	3,765,729	162,258	252,258
	1,065,788	4,258,318	565,336	572,452
Impaired	1,260,464	1,223,964	1,218,864	1,204,464
Trade receivables, gross	2,326,252	5,482,282	1,784,200	1,776,916

#### (b) Other receivables

These balances are mainly unsecured, non-interest bearing and repayable on demand.

#### (c) Movement of allowances for impairment losses

The Group's receivables, deposits and prepayment that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
At 1 January	1,690,373	825,973	1,670,873	806,473
Impairment losses	36,800	864,400	14,400	864,400
Reversal	(300)	-	-	-
Reversal of impairment on prepayment *	(466,409)	-	(466,409)	-
At 31 December	1,260,464	1,690,373	1,218,864	1,670,873

\* The amount of impairment of prepayment which have been reversed during the financial year was written off at gross.

The total allowance for impairment losses consists of:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Trade receivables	1,260,464	1,223,964	1,218,864	1,204,464
Prepayments	-	466,409	-	466,409
	1,260,464	1,690,373	1,218,864	1,670,873

### 13. AMOUNT DUE FROM SUBSIDIARIES

	Company	
	2022 RM	2021 RM
Amount due from subsidiaries, gross	1,099,740	2,698,588
Allowance for impairment loss	-	(2,445,011)
Amount due from subsidiaries, net	1,099,740	253,577

The amount due from subsidiaries are advances which are unsecured, interest free and repayable on demand.



**Notes to the Financial Statements (Cont'd)**  
31 December 2022

**13. AMOUNT DUE FROM SUBSIDIARIES (CONTINUED)**

**Movement of allowances for impairment losses**

The amount due from subsidiaries that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Company 2022 RM	2021 RM
At 1 January	2,445,011	-
Impairment losses	-	2,445,011
Reversal of impairment loss	(2,445,011)	-
At 31 December	-	2,445,011

**14. CASH AND CASH EQUIVALENTS**

	Group 2022 RM	2021 RM	Company 2022 RM	2021 RM
Cash in hand	7,082	6,332	4,940	4,276
Cash at banks	1,087,291	1,284,939	771,791	987,948
Cash and cash equivalents as presented in statement of financial position	1,094,373	1,291,271	776,731	992,224
Bank overdraft (secured)	(736,091)	(712,922)	-	-
Cash and cash equivalents as presented in statement of cash flows	358,282	578,349	776,731	992,224

The weighted average effective interest rate per annum of bank overdraft at the end of the year is 7.47% (2021: 6.47%).

**15. ASSETS CLASSIFIED AS HELD FOR SALE**

Group/Company	Long term leasehold land RM	Oil palm plantation (Immature) RM	Total RM
<b>Cost</b>			
At 1 January 2022/ At 31 December 2022	11,000,000	1,937,813	12,937,813
<b>Accumulated depreciation</b>			
At 1 January 2022/ At 31 December 2022	236,559	-	236,559
<b>Carrying amounts</b>			
At 31 December 2022/ At 31 December 2021	10,763,441	1,937,813	12,701,254

The assets classified as held for disposal which is included under the long term leasehold land that is expected to be completed in the next 12 months.

On 20th August 2021, the Company has entered into Sale and Purchase Agreement with a buyer to dispose the long term leasehold land and oil palm plantation with a cash consideration of RM18,560,000. As at the reporting date, the sale of land has yet to be completed as the consent from the State Authority for the transfer of the Land has yet to be granted.

**Notes to the Financial Statements (Cont'd)**

31 December 2022

**16. SHARE CAPITAL**

	Group/Company			
	2022 Units	2021 Units	2022 RM	2021 RM
<b>Issued and fully paid :</b>				
At 1 January/31 December	70,000,000	70,000,000	71,789,377	71,789,377

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

**17. REVALUATION RESERVES**

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
At 1 January	135,213,710	110,790,649	65,651,293	45,632,189
<b>Other comprehensive income:</b>				
Revaluation surplus of property, plant and equipment	-	32,136,850	-	26,342,171
Deferred tax liabilities (Note 20)	3,673,024	(7,713,789)	-	(6,323,067)
	3,673,024	24,423,061	-	20,019,104
<b>Realisation upon write off</b>	(9,533,073)	-	-	-
At 31 December	129,353,661	135,213,710	65,651,293	65,651,293

Revaluation reserve represents surplus arising from revaluation of the long-term leasehold land and oil palm plantations of the Group and of the Company and is not distributable by way of the dividend.

**18. BORROWINGS**

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>Non current (Secured)</b>				
Term loans	25,762,407	25,540,944	21,252,497	18,632,262
Hire purchase liabilities	371,726	111,423	42,995	110,194
	26,134,133	25,652,367	21,295,492	18,742,456
<b>Current (Secured)</b>				
Term loans	4,340,216	2,079,299	918,070	918,070
Hire purchase liabilities	121,829	71,081	66,754	71,081
	4,462,045	2,150,380	984,824	989,151
<b>Total</b>				
Term loans	30,102,623	27,620,243	22,170,567	19,550,332
Hire purchase liabilities	493,555	182,504	109,749	181,275
	30,596,178	27,802,747	22,280,316	19,731,607

**Term loans**

The average effective interest rate of the Group and the Company on the term loans for the year ranging from 4.97% to 5.72% (2021: 4.97% to 5.40%). The term loans of the Company and the subsidiary company bear interest at Base Financing Rate (BFR) -0.5% per annum and repayment is due on August 2026 and November 2024 respectively. These loans are secured by legal charges over certain long-term leasehold land of the Company and a subsidiary company (Note 4).

As of 31 March 2023, the Group had successfully paid RM4.0 million as a partial settlement of the Business Financing-I financing facilities for Mentiga Plantation Sdn. Bhd.

*Notes to the Financial Statements (Cont'd)*  
31 December 2022

**18. BORROWINGS (CONTINUED)**

**Hire purchase liabilities**

The average effective interest rate on the hire purchase for the year ranging from 2.88% to 3.05% (2021: 2.62% to 3.45%). The interest rate is fixed at the inception of the lease liabilities arrangements.

Minimum hire purchase payments:

	<b>Group</b>		<b>Company</b>	
	<b>2022 RM</b>	<b>2021 RM</b>	<b>2022 RM</b>	<b>2021 RM</b>
- not later than 1 year	146,436	79,219	70,920	77,990
- later than 1 year and not later than 5 years	424,311	114,469	43,844	114,469
	570,747	193,688	114,764	192,459
<b>Future finance charges</b>	(77,192)	(11,184)	(5,015)	(11,184)
<b>Present value</b>	493,555	182,504	109,749	181,275

Present value of hire purchase liabilities:

	<b>Group</b>		<b>Company</b>	
	<b>2022 RM</b>	<b>2021 RM</b>	<b>2022 RM</b>	<b>2021 RM</b>
- not later than 1 year	121,829	71,081	66,754	71,081
- later than 1 year and not later than 5 years	371,726	111,423	42,995	110,194
	493,555	182,504	109,749	181,275

**19. LEASE LIABILITIES**

	<b>2022 RM</b>	<b>2021 RM</b>
<b>Group</b>		
<b>Non current</b>		
Obligation under right-of-use assets (Note 35)	7,844,298	3,903
	7,844,298	3,903
<b>Current</b>		
Obligation under right-of-use assets (Note 35)	233,421	48,371
	233,421	48,371
Total lease liabilities	8,077,719	52,274
<b>Company</b>		
<b>Non current</b>		
Obligation under right-of-use assets (Note 35)	7,751,744	-
	7,751,744	-
<b>Current</b>		
Obligation under right-of-use assets (Note 35)	209,356	30,259
	209,356	30,259
Total lease liabilities	7,961,100	30,259

## Notes to the Financial Statements (Cont'd)

31 December 2022

### 19. LEASE LIABILITIES (CONTINUED)

The remaining maturities of lease liability as at 31 December 2022 are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Within one year	233,421	48,371	209,356	30,259
More than 1 year and less than 5 years	92,554	3,903	-	-
More than 5 years and less than 30 years	7,751,744	-	7,751,744	-
	8,077,719	52,274	7,961,100	30,259

### 20. DEFERRED TAX LIABILITIES

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 taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Deferred taxation	(31,050,127)	(35,532,254)	(15,267,770)	(16,097,170)
At 1 January	(35,532,254)	(28,709,250)	(16,097,170)	(10,230,295)
<b>(Charged)/Credited to profit or loss:</b>				
Property, plant and equipment	8,911,071	343,482	240,580	351,285
Revaluation reserve	-	(922,926)	-	(1,358,826)
Unabsorbed capital allowances	(407,408)	308,680	391,938	308,556
Unutilised tax losses	(7,694,560)	1,161,549	196,882	1,155,177
	809,103	890,785	829,400	456,192
Charged to other comprehensive income (Note 17)	3,673,024	(7,713,789)	-	(6,323,067)
At 31 December	(31,050,127)	(35,532,254)	(15,267,770)	(16,097,170)

Deferred tax liabilities provided in the financial statements are in respect of the tax effects of the following:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Deferred tax asset (before offsetting):				
Unabsorbed capital allowances	6,062,533	14,873,912	5,684,797	6,604,791
Unutilised tax losses	7,388,164	6,809,560	6,996,729	5,487,915
	13,450,697	21,683,472	12,681,526	12,092,706
	(13,450,697)	(21,683,472)	(12,681,526)	(12,092,706)
Deferred tax asset (after offsetting)	-	-	-	-
Deferred tax liabilities (before offsetting):				
Property, plant and equipment	(18,116,542)	(27,158,370)	(18,021,576)	(18,262,156)
Revaluation of property, plant and equipment	(26,384,282)	(30,057,356)	(9,927,720)	(9,927,720)
	(44,500,824)	(57,215,726)	(27,949,296)	(28,189,876)
	13,450,697	21,683,472	12,681,526	12,092,706
Deferred tax liabilities (after offsetting)	(31,050,127)	(35,532,254)	(15,267,770)	(16,097,170)

## Notes to the Financial Statements (Cont'd)

31 December 2022

### 21. PAYABLES AND ACCRUALS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>Trade</b>				
Third party	6,252,534	8,182,170	3,186,000	5,111,507
<b>Non-trade</b>				
Other payables	2,360,086	2,413,262	1,510,082	1,535,461
Accruals	3,363,176	2,404,688	2,143,247	1,608,763
Advances	3,385,332	1,935,333	235,333	785,333
Deposits	10,183,568	6,094,604	3,259,438	2,599,283
	19,292,162	12,847,887	7,148,100	6,528,840
	25,544,696	21,030,057	10,334,100	11,640,347

Credit terms of payables of the Group and of the Company range from 30 to 60 days (2021: 30 to 60 days).

Included in the deposits received of the Group are:

- (a) An amount of RM4,078,810 (2021: RM1,500,000) being deposits received from the customers for secured Durian Sungai Lembing Project.
- (b) An amount of RM1,856,000 (2021: RM1,856,000) being deposits received from Dimensi Mutiara Sdn Bhd for sale of long term leasehold land and oil palm plantation as per Note 15.

### 22. AMOUNT DUE TO SUBSIDIARIES

	Company	
	2022 RM	2021 RM
<b>Non-trade related balances</b>		
Holding company	7,041,409	5,268,517

The amount owing to subsidiaries is unsecured, interest free and repayable on demand.

### 23. REVENUE

Revenue represents the invoice value of goods sold and services rendered less trade discounts and returns.

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>Revenue recognised at point in time:</b>				
Sales of iron ore	1,141,656	918,005	-	-
Sales of oil palm fresh fruit bunches	13,318,856	10,015,758	10,279,033	7,697,311
Rental income from reforestation	300,000	250,000	300,000	250,000
	14,760,512	11,183,763	10,579,033	7,947,311

### 24. OTHER OPERATING INCOME

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Gain on write back on payables	-	216	-	216
Gain on disposal of property, plant and equipment	5,499	-	5,499	-
Rental income	26,400	26,400	26,400	26,400
Reversal impairment of amount due from subsidiaries	-	-	2,445,011	-
Sales from scout harvesting oil palm fresh fruit bunches	229,613	34,192	229,613	22,977
Sundries	547,809	118,733	522,173	16,276
	809,321	179,541	3,228,696	65,869



**Notes to the Financial Statements (Cont'd)**

31 December 2022

**25. (LOSS)/PROFIT BEFORE TAX**

(Loss)/Profit before taxation has been arrived after (crediting)/charging:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>After (crediting)/charging:</b>				
Auditors' remunerations				
- statutory audits	190,000	109,100	120,000	85,000
- other services	40,000	20,000	40,000	20,000
Property, plant and equipment				
- depreciation	5,996,296	3,576,222	2,795,832	1,455,147
- impairment	13,965	17,373,309	4,161	-
- write-off	12,875,926	-	-	-
Right-of-use assets				
- depreciation	422,756	52,851	404,107	25,476
Directors' remuneration (Note 26)				
- executive directors	896,387	1,066,750	824,387	1,005,730
- non-executive directors	945,500	862,575	567,500	572,500
Employee benefits cost (Note 27)	2,613,871	2,723,039	1,835,747	2,240,808
Finance expense	1,538,276	134,589	809,687	4,066
- hire purchase	121,183	2,906	212	642
- lease liabilities	493,540	6,509	491,324	3,424
- term loan	923,553	125,174	318,151	-

**26. DIRECTORS' REMUNERATION**

The aggregate amount of emoluments received and receivable by directors of the Group and Company during the financial year are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Executive Directors:</b>				
Fees	120,000	102,000	48,000	48,000
Salaries and other emoluments	602,400	829,416	602,400	829,416
Bonus	90,000	45,000	90,000	45,000
Defined contribution plan	83,987	90,334	83,987	83,314
	896,387	1,066,750	824,387	1,005,730
<b>Non-Executive Directors:</b>				
Fees	744,000	631,500	384,000	384,000
Other emoluments	201,500	205,500	183,500	188,500
Defined contribution plan	-	25,575	-	-
	945,500	862,575	567,500	572,500

**27. EMPLOYEES BENEFITS COST**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Salaries, bonus and other benefits	2,329,125	2,345,138	1,661,282	1,945,152
Defined contribution plan	284,746	377,901	174,465	295,656
	2,613,871	2,723,039	1,835,747	2,240,808

Included in this amount is key management personnel compensation as disclosed in Note 30.2.

*Notes to the Financial Statements (Cont'd)*  
31 December 2022

**28. TAX CREDIT**

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Income tax expenses				
- current year	-	14,854	-	-
- over provision in prior year	(3,753)	(658)	-	-
Deferred tax				
- current year	(683,051)	(884,687)	(703,405)	(475,883)
- over provision in prior year	(126,052)	(6,098)	(125,995)	19,691
Tax credit	(812,856)	(876,589)	(829,400)	(456,192)

The significant differences between the tax credit and accounting profit multiplied by statutory tax rate are due to the tax affects arising from the following items:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
(Loss)/Profit before tax	(18,860,003)	(18,738,819)	657,046	(5,481,098)
Tax at the statutory income tax rate 24% (2021: 24%)	(4,526,401)	(4,497,317)	157,691	(1,315,463)
Expenses not deductible for tax purposes	3,530,885	3,953,678	116,147	987,320
Income not taxable	(390,440)	(146,629)	(977,243)	(147,740)
Recognition of deferred tax assets				
previously not recognised	-	(179,565)	-	-
Utilisation of previously unrecognised tax losses	(195,313)	-	-	-
Deferred tax assets not recognised	898,218	-	-	-
Over provision of income tax in prior year	(3,753)	(658)	-	-
Over provision of deferred tax in prior year	(126,052)	(6,098)	(125,995)	19,691
At 31 December	(812,856)	(876,589)	(829,400)	(456,192)

Subject to agreement with tax authorities, the unutilised tax losses (subject to time limit of utilisation 7 years and other deductible temporary differences (for which there is no expiry date) of the Group and of the company available at the end of the reporting date for which no deferred tax assets are recognised are as follows:

	Group	
	2022 RM	2021 RM
Unutilised capital allowances	32,670,231	32,463,589
Unutilised tax losses	6,609,340	3,887,211
	39,279,571	36,350,800

**29. EARNINGS PER SHARE**

The calculation of earnings per share as at 31 December 2022 was based on the profit/(loss) for the financial year attributable to owners of the Company and a weighted average number of ordinary shares outstanding calculated as follows:

	Group	
	2022	2021
Loss for the year attributable to owners of the Company (RM)	(18,043,409)	(17,859,980)
Weighted average number of ordinary shares in issue	71,789,377	71,789,377
Basic/Diluted loss per share (sen)	(25.13)	(24.88)

The Company does not have any outstanding convertible equity instrument as at the reporting date. Accordingly, the diluted earnings per share is presented as equal to the basic earnings per share.

**Notes to the Financial Statements (Cont'd)**

31 December 2022

**30. RELATED PARTY DISCLOSURES****30.1 Control Relationship**

The subsidiaries of the company are disclosed in Note 7 to the financial statements.

Key management personnel comprise of members of the senior management team who are directly responsible for the financial and operating policies and decision of the Group and of the Company.

**30.2 Key Management Personnel Compensation**

Key management personnel's remuneration and emoluments excluding Directors:

	<b>Group/Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Salaries and short term employee benefits	692,582	852,021
Defined contribution plan	83,323	102,087

Directors' remuneration and emoluments are disclosed in Note 26 to the financial statements.

**31. FINANCIAL INSTRUMENTS**

The carrying amounts of the financial assets and liabilities of the Group and Company at the reporting date approximated their fair values.

**(a) Classification of financial instruments**

Financial assets and financial liabilities are measured on an on-going basis either at fair value or at amortised cost. The principal accounting policies in Note 2 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	<b>Loans and receivables/ Amortised cost RM</b>	<b>Financial liabilities at amortised cost RM</b>	<b>Total RM</b>
<b>Group</b>			
<b>2022</b>			
<b>Financial assets</b>			
Receivables and deposits (excluded prepayment)	1,301,329	-	1,301,329
Cash and bank balances	1,094,373	-	1,094,373
Total financial assets	2,395,702	-	2,395,702
<b>Financial liabilities</b>			
Payables	-	25,544,696	25,544,696
Bank overdraft	-	736,091	736,091
Borrowings (interest bearing)	-	30,596,178	30,596,178
Total financial liabilities	-	56,876,965	56,876,965
<b>2021</b>			
<b>Financial assets</b>			
Receivables and deposits (excluded prepayment)	4,472,219	-	4,472,219
Cash and bank balances	1,291,271	-	1,291,271
Total financial assets	5,763,490	-	5,763,490

**Notes to the Financial Statements (Cont'd)**  
31 December 2022

**31. FINANCIAL INSTRUMENTS (CONTINUED)**

**(a) Classification of financial instruments (Continued)**

	Loans and receivables/ Amortised cost RM	Financial liabilities at amortised cost RM	Total RM
<b>Group</b>			
<b>2021</b>			
<b>Financial liabilities</b>			
Payables	-	21,030,057	21,030,057
Bank overdraft	-	712,922	712,922
Borrowings (interest bearing)	-	27,802,747	27,802,747
Total financial liabilities	-	49,545,726	49,545,726
<b>Company</b>			
<b>2022</b>			
<b>Financial assets</b>			
Receivables and deposits (excluded prepayment)	771,498	-	771,498
Amount due from subsidiaries	1,099,740	-	1,099,740
Cash and bank balances	776,731	-	776,731
Total financial assets	2,647,969	-	2,647,969
<b>Financial liabilities</b>			
Payables	-	10,334,100	10,334,100
Borrowings (interest bearing)	-	22,280,316	22,280,316
Total financial liabilities	-	32,614,416	32,614,416
<b>2021</b>			
<b>Financial assets</b>			
Receivables and deposits (excluded prepayment)	768,615	-	768,615
Amount due from subsidiaries	253,577	-	253,577
Cash and bank balances	992,224	-	992,224
Total financial assets	2,014,416	-	2,014,416
<b>Financial liabilities</b>			
Payables	-	11,640,347	11,640,347
Borrowings (interest bearing)	-	19,731,607	19,731,607
Total financial liabilities	-	31,371,954	31,371,954

**(b) Fair value of financial instruments carried at amortised cost and cost**

The carrying amounts of the financial assets and financial liabilities are recognised at their fair values, except for the following financial assets and financial liabilities which are initially recognised at cost and amortised after initial recognition. However, the directors are of the opinion that the carrying amounts do not materially differ from their values:

	2022	2022	2021	2021
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
<b>Group</b>				
<b>Financial assets</b>				
<b>Loan and receivables:</b>				
Receivables and deposits	1,301,329	1,301,329	4,472,219	4,472,219
Cash and bank balances	1,094,373	1,094,373	1,291,271	1,291,271

**Notes to the Financial Statements (Cont'd)**

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**31. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Fair value of financial instruments carried at amortised cost and cost (Continued)**

	2022		2021	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
<b>Group</b>				
<b>Financial liabilities</b>				
<b>Other financial liabilities:</b>				
Payables	25,544,696	25,544,696	21,030,057	21,030,057
Bank overdraft	736,091	736,091	712,922	712,922
Borrowings	30,596,178	26,951,645	27,802,747	26,775,548
<hr/>				
<b>Company</b>				
<b>Financial assets</b>				
<b>Loan and receivables:</b>				
Receivables and deposits	771,498	771,498	768,615	768,615
Amount due from subsidiaries	1,099,740	1,099,740	253,577	253,577
Cash and bank balances	776,731	776,731	992,224	992,224
<hr/>				
<b>Financial liabilities</b>				
<b>Other financial liabilities:</b>				
Payables	10,334,100	10,334,100	11,640,347	11,640,347
Borrowings	22,280,316	17,797,818	19,731,607	19,002,604
<hr/>				

The following methods and assumptions are used to estimate the fair value of each item of financial instruments:

**(i) Cash and bank balances and other short term receivables**

The carrying amounts approximated their fair values due to the relatively short term maturity of these instruments.

**(ii) Short term bank borrowings and other current liabilities**

The carrying amounts approximated their fair values because of the short period to maturity of these instruments.

**(iii) Long term borrowings**

The carrying amounts approximated the fair value as this instrument bears interest at variables and fixed rates.

**(iv) Hire purchase obligations**

The fair value of hire purchase payables are determined by discounting the relevant cash flows using current interest rates similar types of instruments. There is no material difference between their fair values and the carrying values of these liabilities as at the statement of financial position.

**(v) Amount due from subsidiaries**

The Company does not anticipate the carrying amount recorded at the balance sheet date to be significantly different from the value that would eventually be paid or settled.



*Notes to the Financial Statements (Cont'd)*  
31 December 2022

## 32. FINANCIAL RISK MANAGEMENT AND POLICIES

### Financial risk management objectives and policies

The operations of the Group and Company are subject to a variety of financial risks, including foreign currency risk, interest rate risk, credit risk, liquidity risk and cash flow risk. The Group and Company does not have any written risk management policies and guidelines, in managing the above risks. The directors monitor these financial risks based on past practices and believe the risks associated with these instruments are minimal.

### Interest rate risk

The Group and Company's primary exposure to interest rate risk arises from its hire purchase from a licensed financial institution (financial liability) which is subject to fixed interest rate.

### Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company.

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amounts of each class of financial assets recognised in the statements of financial position after deducting any impairment allowance.

#### (i) Receivables

##### *Exposure to credit risk*

Majority of the Group and Company's receivables represents trade balances, of which these are regular customers that the Company has trading activities with and their outstanding balances are monitored on an ongoing basis, to ensure that the Company's exposure to bad debts is not significant. The Company only trades with recognised and creditworthy third parties. Credit period is extended to customers based upon careful evaluation of the customer's financial condition and credit history. The average credit of 30 days.

At the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

#### (ii) Cash and cash equivalents

##### *Exposure to credit risk*

Cash and cash equivalents are placed with reputable financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by its carrying amounts in the statement of financial position.

#### (iii) Financial guarantees

The Company provides financial guarantees to bank in respect of banking facilities granted to a subsidiary. The Company monitors on an ongoing basis the results of the subsidiary and repayment made by the subsidiary.

The maximum exposure to credit risk amounts to RM7,932,056 (2021: RM8,069,910) representing banking facilities utilised by the subsidiary as at the end of the financial year.

As at reporting date, there was no indication that the subsidiary would default on repayment. Financial guarantees have not been recognised since the fair value on initial recognition was not material as the probability of the subsidiaries defaulting on its banking facilities is remote.

#### (iv) Intercompany balances

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of its subsidiaries regularly.

As at reporting date, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position as disclosed in Note 13.

Management has taken reasonable steps to ensure that intercompany receivables restated at the realisable values. As at reporting date, there was no indication that the loans and advances extended to the subsidiaries are not recoverable.

**Notes to the Financial Statements (Cont'd)**

31 December 2022

**32. FINANCIAL RISK MANAGEMENT AND POLICIES (CONTINUED)****Liquidity and cash flow risk**

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises principally from its various payables and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure as far as possible, that it will have sufficient liquidity to meet its liability as and when they fall due.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

Group	Cash flows				Carrying amount RM
	On demand or within one year RM	One to five years RM	More than five years RM	Contractual cash flows RM	
At 1 January 2022					
Financial Liabilities					
Payables	25,544,696	-	-	25,544,696	25,544,696
Hire purchase liabilities	146,436	424,311	-	570,747	493,555
Lease liabilities	718,843	108,100	13,402,485	14,229,428	8,077,719
Bank overdraft	736,091	-	-	736,091	736,091
Term loans	6,872,184	26,736,130	49,372,509	82,980,823	30,102,623
Total undiscounted financial liabilities	34,018,250	27,268,541	62,774,994	124,061,785	64,954,684
At 1 January 2021					
Financial Liabilities					
Payables	21,030,057	-	-	21,030,057	21,030,057
Hire purchase liabilities	79,219	114,469	-	193,688	182,504
Lease liabilities	57,523	-	-	57,523	52,274
Bank overdraft	712,922	-	-	712,922	712,922
Term loans	2,489,570	27,905,995	55,753,114	86,148,679	27,620,243
Total undiscounted financial liabilities	24,369,291	28,020,464	55,753,114	108,142,869	49,598,000
Company					
At 1 January 2022					
Financial Liabilities					
Payables	10,334,100	-	-	10,334,100	10,334,100
Lease liabilities	687,043	-	13,402,485	14,089,528	7,961,100
Hire purchase liabilities	70,920	43,844	-	114,764	109,749
Term loans	4,472,184	20,407,937	49,372,509	74,252,630	22,170,567
Total undiscounted financial liabilities	15,564,247	20,451,781	62,774,994	98,791,022	40,575,516
At 1 January 2021					
Financial Liabilities					
Payables	11,640,347	-	-	11,640,347	11,640,347
Lease liabilities	32,500	-	-	32,500	30,259
Hire purchase liabilities	77,990	114,469	-	192,459	181,275
Term loans	1,329,570	19,377,981	55,753,114	76,460,665	19,550,332
Total undiscounted financial liabilities	13,080,407	19,492,450	55,753,114	88,325,971	31,402,213

*Notes to the Financial Statements (Cont'd)*  
31 December 2022

### 32. FINANCIAL RISK MANAGEMENT AND POLICIES (CONTINUED)

#### Finance rate risk

Finance rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market finance rates.

The Group's income and operating cash flows are substantially dependent to changes in market interest rate. The Group's exposure to finance rate risk for relate primarily to the Group's interest-bearing debts which are being monitored regularly. The Group does not use derivative financial instruments to hedge its debts obligation.

If finance rate on floating rate borrowings increase/(decrease) by 10 basis points with all other variables held constant, the profit/(loss) before tax of the Group will decrease/(increase) by approximately RM25,779 and capitalisation of interest cost as immature plantation cost in statement of financial position will increase/(decrease) by approximately RM3,578.

#### Commodity price risk

The Group is exposed to commodity price risk since the prices of fresh fruit bunch ("FFB") and palm kernel ("PK") are determined by crude palm oil price ("CPO") which subject to fluctuations due to unpredictable factors such as weather, changes in global demand and production, crude oil prices and global production of similar and competing crops.

Revenue of the Group is therefore subject to price fluctuations of the commodity market. The Group always negotiate the best oil extraction rate ("OER") rate for the FFB sold to the oil mill.

As at 31 December 2022, sensitivity analysis had been performed based on Group's exposure to commodity prices. A RM100 increase/(decrease) in CPO and PK prices, with all other variables being held constant would increase/(decrease) Group's profit/(loss) before tax by approximately RM311,000 (2021: RM244,000).

### 33. SEGMENTAL REPORTING

For management purposes, the Group's business is organised on the activities, products, and services. For each of the segments, the Managing Directors reviews the internal management reports on a quarterly basis, at least. The following summary describes the operations of each of the Group's segments:

- timber products - timber extraction, trading in related timber products and reforestation project
- plantation - oil palm plantation
- mining - extraction and exploration of mining ores

Inter-segments transaction is based on arm's length basis under term, conditions and policies not materially different from transactions with unrelated parties. These transactions are eliminated on consolidation.

Segment results, assets, and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and liabilities, overheads and deferred tax.

**Notes to the Financial Statements (Cont'd)**

31 December 2022

**33. SEGMENTAL REPORTING (CONTINUED)**

<b>2022</b>	<b>Timber products RM</b>	<b>Plantation RM</b>	<b>Mining RM</b>	<b>Others RM</b>	<b>Elimination RM</b>	<b>Group RM</b>
<b>Revenue</b>						
External revenue	300,000	13,318,856	1,141,656	-	-	14,760,512
	300,000	13,318,856	1,141,656	-	-	14,760,512
<b>Result</b>						
Segment results	-	(12,992,830)	774,369	(5,101,756)	-	(17,320,217)
Finance expenses	-	(724,882)	(3,707)	(809,687)	-	(1,538,276)
Share of result of associates						(1,510)
Profit from ordinary activities before tax						(18,860,003)
Tax credit						812,856
Loss for the financial year						(18,047,147)
<b>Other information</b>						
Segment assets	1,646,658	248,548,250	5,813,456	14,048,099	(8,182,520)	261,873,943
Unallocated assets						13,570,002
						275,443,945
Segment liabilities	10,383,955	19,858,016	3,424,250	53,698	(8,182,520)	25,537,399
Unallocated liabilities						70,467,412
Total liabilities						96,004,811
Capital expenditures on property, plant and equipment and immature oil palm plantation	-	3,254,886	-	-	-	3,254,886
Depreciation	-	5,957,565	20,745	440,742	-	6,419,052
<b>2021</b>						
<b>Revenue</b>						
External revenue	250,000	10,015,758	918,005	-	-	11,183,763
	250,000	10,015,758	918,005	-	-	11,183,763
<b>Result</b>						
Segment results	-	(13,471,406)	744,842	(5,876,143)	-	(18,602,707)
Finance expenses	-	(127,842)	(2,681)	(4,066)	-	(134,589)
Share of result of associates						(1,523)
Profit from ordinary activities before tax						(18,738,819)
Tax expenses						876,589
Loss for the financial year						(17,862,230)
<b>Other information</b>						
Segment assets	3,410,861	260,992,360	2,634,270	7,162,822	(7,994,301)	266,206,012
Unallocated assets						13,576,245
						279,782,257
Segment liabilities	8,329,514	19,387,636	1,270,071	875,882	(7,994,301)	21,868,802
Unallocated liabilities						64,100,198
Total liabilities						85,969,000
Capital expenditures on property, plant and equipment and immature oil palm plantation	-	4,661,270	-	-	-	4,661,270
Depreciation	-	3,515,436	32,584	81,053	-	3,629,073

*Notes to the Financial Statements (Cont'd)*  
31 December 2022

#### 34. CAPITAL COMMITMENT

No capital expenditure of the Group that is not provided for in the financial statements during the financial year.

#### 35. LEASE COMMITMENT

The minimum of lease liability payment as at 31 December 2022 are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Not later than 1 year	718,843	57,523	687,043	32,500
Later than 1 year but not later than 5 years	108,100	-	-	-
Later than 5 years but not later than 30 years	13,402,485	-	13,402,485	-
	14,229,428	57,523	14,089,528	32,500
<i>Future finance charges</i>	(6,151,709)	(5,249)	(6,128,428)	(2,241)
<b>Present value</b>	<b>8,077,719</b>	<b>52,274</b>	<b>7,961,100</b>	<b>30,259</b>

Present value of lease liabilities:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Not later than 1 year	233,421	48,371	209,356	30,259
Later than 1 year but not later than 5 years	92,554	3,903	-	-
Later than 5 years but not later than 30 years	7,751,744	-	7,751,744	-
<b>Present value</b>	<b>8,077,719</b>	<b>52,274</b>	<b>7,961,100</b>	<b>30,259</b>

The Group has entered into rental agreement for building and for project reforestation as disclosed in Note 6. The lease liabilities payable of the Group and the Company bore effective interest rate of 6.88% (2021: 6.88%).

#### 36. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Company's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and determine an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Group manages its capital structure and makes adjustment 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 procedures during the financial years ended 31 December 2022 and 31 December 2021.

	Group	
	2022 RM	2021 RM
Total borrowings	30,596,178	27,802,747
Less: Cash and cash equivalents	(358,282)	(578,349)
Net debt	30,237,896	27,224,398
Total equity	179,439,134	193,813,257
Debt-to-equity ratio (%)	17	14



**Notes to the Financial Statements (Cont'd)**

31 December 2022

**37. SUBSEQUENT EVENT***Proposed surrender of land*

The State Government of Pahang vide its letter dated 22 August 2011 approved the proposed surrender of two (2) parcels of land owned by the Company identified as HS(D) 145 PT 1449 (now known as PN 2490 Lot 1449) and HS(D) 3364 PT 2204 located at Mukim Langgar, District of Pekan, Pahang Darul Makmur ("Pekan Land") to the State Government of Pahang, in accordance with Section 197 of the National Land Code, in consideration of which the State Government of Pahang will compensate the Company with four (4) parcels of land with an aggregate land size of 13,112 acres valued not less than RM20 million ("Proposed Surrender of Pekan Land").

The Proposed Surrender of Pekan Land had been approved by shareholders at the Extraordinary General Meeting held on 15 December 2011. As at reporting date, some of the requisite approvals for the alienation of the consideration land in favour of the Company by the Director of Land and Minerals of Pahang are still pending.

**38. SIGNIFICANT EVENT***Derecognition of plantation asset*

During the year, the subsidiary of the Group, Mentiga Plantation Sdn. Bhd. has derecognised the plantation asset which include the mature and immature bearer plants totalling RM12,875,926 resulted from the commencement of the Durian plantation and change in status of title deeds from "oil palm plantation" to "durian plantation" on 20th June 2022. The revaluation surplus included in equity in respect of an item of property, plant and equipment has been transferred the whole surplus directly to retained earnings as per Note 17 when the asset is derecognised upon retirement or disposal of asset. The effects of taxes on revaluation are recognised and disclosed in accordance with MFRS112 *Income Taxes* as per Note 20.

*Allowance of expected credit losses*

Prior to the financial year end, the subsidiary company, Mentiga Development Sdn. Bhd. has amount due from Topland Resources Sdn. Bhd. amounting RM3,500,000. During the year, Topland Resources Sdn. Bhd. has settled the amount owed by transferring four units of properties in Bandar Tun Razak Business Park, 26400 Jengka, Pahang Darul Makmur at a total consideration of RM3,300,000 as per Note 5. The balance sum of RM200,000 shall be remitted by Topland Resources Sdn. Bhd. within a year.

*List of Properties*

Landed properties of Mentiga Group as at 31 December 2022 are set out below:

Description/ Location	Usage As at 31.12.2022	Area (Acres)	Date of land valuation	Net Book Value As at 31.12.2022 RM'000	Approximate Age of Building (Year)
<b>1. Mentiga Corporation Berhad</b> Leasehold land known, as Lot					
<b>I. No.PT 12862</b> HS (D) 43797 Mukim of Penor District of Kuantan Pahang, Darul Makmur <b>(Lease for term of 99 years expiring on 20.5.2112)</b>	Agriculture (Oil Palm)	2,631	31.01.2022	31,348	-
<b>II No.PT 4314</b> HS (D) 44434 Mukim of Ulu Lepar District of Kuantan Pahang, Darul Makmur <b>(Lease for term of 99 years expiring on 28.10.2112)</b>	Agriculture (Oil Palm)	4,165	31.01.2022	34,611	-
<b>III. No.PN 22155</b> HS (D) 44400 Mukim of Ulu Lepar District of Kuantan Pahang, Darul Makmur <b>(Lease for term of 99 years expiring on 8.9.2112)</b>	Agriculture (Oil Palm)	1,605	31.01.2022	12,701	-
<b>IV. No.PT 9965</b> HS(D) 5750 Mukim of Hulu Cheka District of Jerantut Pahang, Darul Makmur <b>(Lease for term of 99 years expiring on 09.08.2116)</b>	Agriculture	3,881	31.01.2022	21,469	-
<b>2. Mentiga Plantation Sdn Bhd</b> <b>No.PT 906</b> HS (D) No. 13287 Mukim Ulu Kuantan District of Kuantan Pahang, Darul Makmur <b>(Lease for term of 99 years expiring on 29.8.2094)</b>	Agriculture (Oil Palm) Jungle Land	11,997	31.01.2022	74,353	-
<b>3. Lesong Forest Products Sdn Bhd</b> HS (D) 13 No. PN 25381 District of Rompin Mukim of Rompin Pahang, Darul Makmur <b>(Lease of term 99 years expiring on 3.2.2076)</b>	Agriculture (Oil Palm)	57	31.01.2022	7,067	-

## Analysis of Shareholdings

### SHAREHOLDINGS ANALYSIS AS AT 30 MARCH 2023

Issued share capital : RM71,789,377 comprised of 70,000,000 ordinary shares  
 Class of shares : Ordinary shares  
 Voting Rights : One vote per ordinary share  
 No. of Shareholders : 2,301

### DISTRIBUTION OF SHAREHOLDINGS AS AT 30 MARCH 2023

Size of Shareholding	No. of Shareholders	No. of Shares	% of Shareholding
<100	264	3,707	0.01
100 – 1,000	931	761,521	1.09
1,001 – 10,000	869	3,606,741	5.15
10,001 – 100,000	215	6,160,497	8.80
100,001 – < 5% issued shares	20	7,731,934	11.04
5% and above of issued shares	2	51,735,600	73.91
<b>TOTAL</b>	<b>2,301</b>	<b>70,000,000</b>	<b>100.00</b>

### LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 30 MARCH 2023

Name	No. of shares held			
	Direct Interest	%	Indirect Interest	%
Amanah Saham Pahang Berhad	51,735,600	73.91	-	-
Kerajaan Negeri Pahang Darul Makmur	-	-	51,735,600*	73.91

### DIRECTORS' SHAREHOLDINGS AS AT 30 MARCH 2023

Name	No. of shares held			
	Direct Interest	%	Indirect Interest	%
Tan Sri Dato' Sri DiRaja Haji Adnan bin Haji Yaakob	-	-	-	-
Dato' Haji Hamdan bin Salim	-	-	-	-
Tuan Haji Yaacob bin Sa'rani	-	-	-	-
Dato' Haji Muhammad Nasir bin Puteh	-	-	-	-
Nahmar Bin Jamil	-	-	-	-
Dato' Bahudin bin Mansor	-	-	-	-
Dato' Hazli bin Ibrahim	-	-	-	-

Note:

\* Deemed interested by virtue of holding substantial interest in the shares of Amanah Saham Pahang Berhad.

*Analysis of Shareholdings (Cont'd)***30 LARGEST SHAREHOLDERS AS AT 30 MARCH 2023**

No.	Name of Shareholders	No. of shares	% of shareholdings
1.	AMANAH SAHAM PAHANG BERHAD	39,878,000	56.97
2.	AMANAH SAHAM PAHANG BERHAD	11,857,600	16.94
3.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR YAP YEE PING	1,942,800	2.78
4.	LAI HONG CHOO	1,030,000	1.47
5.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR CHEAM MAY CHOO (E-KTN)	775,166	1.11
6.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR CHEAM HENG CHAI (E-KTN)	750,168	1.07
7.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR CHEAM MAY YOON (E-IMO)	525,900	0.75
8.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. - CIMB FOR FARIDAH BINTI MOHD FUAD STEPHENS (PB)	500,000	0.71
9.	OSPAC GROUP SDN. BHD.	265,000	0.38
10.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR LEE CHER KEAM (E-SRB/KKG)	209,000	0.30
11.	KWAN CHEE TONG	205,500	0.29
12.	CHUA HOCK CHIN	190,000	0.27
13.	KOH ENG HONG	180,000	0.26
14.	ONG BENG TIONG	169,400	0.24
15.	WONG KAM SENG	166,000	0.24
16.	ONG BENG KAI	160,000	0.23
17.	YAP YEE PING	125,200	0.18
18.	AMANAHRAYA TRUSTEES BERHAD - KUMIPA BALANCED FUND	115,000	0.16
19.	TIONG SHEUE YNG	110,600	0.16
20.	YEW AH HAN @ YAU AH HAN	106,000	0.15
21.	ONG YONG HANG	104,100	0.15
22.	LEE TEIK MING	102,100	0.15
23.	LOW MOI SANG @ LOH MOI SUNG	100,000	0.14
24.	LEE MENG ONN	100,000	0.14
25.	RHB NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR TAN GAIK SUAN	91,000	0.13
26.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR TOH KIM HONG (E-TAI)	89,900	0.13
27.	GOH YOKE AIE	85,000	0.12
28.	MOHD ALI HANAFIAH BIN SH RUJI	85,000	0.12
29.	SHEIKH OTHMAN BIN SHEIKH ABDUL RAHMAN	85,000	0.12
30.	QUAH CHENG LIEW	81,000	0.12
<b>TOTAL</b>		<b>60,184,434</b>	<b>85.98</b>

## *Additional Compliance Information*

### **1. UTILISATION OF PROCEEDS FROM CORPORATE EXERCISE**

The Company did not undertake any corporate exercise during the financial year end 31 December 2022 and hence no proceeds were raised therefrom.

### **2. AUDIT AND NON-AUDIT FEES**

- i. The amount of audit fees paid or payable to the Company's external auditors incurred by the Company and the Group are RM120,000 and RM190,000 respectively.
- ii. The amount of non-audit fees paid or payable to the Company's external auditors incurred by the Company and the Group are RM40,000.

### **3. MATERIAL CONTRACTS AND CONTRACTS RELATING TO LOANS**

There were no material contracts entered into by the Company and/or its subsidiaries which involved Directors' or major shareholders' interest (not being contracts entered into in the ordinary course of business) during the financial year ended 31 December 2022.

### **4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND TRADING NATURE**

There were no recurrent related party transactions entered into by the Company and its subsidiaries during the financial year ended 31 December 2022 except for those as disclosed on page 90 of the Annual Report.

### **5. SHARE ISSUANCE SCHEME**

The Company did not implement any share issuance scheme during the financial year ended 31 December 2022.



## PROXY FORM

CDS Account No.

No. of Shares Held.

I/We\* ..... NRIC/Passport/Registration No.\* .....  
(Full name in block)of .....  
(Address)

with email address ..... mobile phone no. ....

being a member/members of **MENTIGA CORPORATION BERHAD** hereby appoint the following person(s): -

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings
		%
Address		
Email Address		
Mobile Phone No.		

and / or\*

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings
		%
Address		
Email Address		
Mobile Phone No.		

or failing him/her, the Chairman of the Meeting as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the Fifty-Second Annual General Meeting ("52<sup>nd</sup> AGM") of the Company to be held at **Zenith 6, Level 3, SAS International Convention Centre & The Zenith Hotel, Jalan Putra Square 6, Putra Square, 25200 Kuantan, Pahang** on **Tuesday, 30 May 2023 at 2.30 p.m.** or at any adjournment thereof. My/our proxy/proxies is/are to vote as indicated below: -

RESOLUTIONS	DESCRIPTION OF RESOLUTIONS	FIRST PROXY		SECOND PROXY	
		For	Against	For	Against
Ordinary Resolution 1	To approve the payment of Directors' Fees, Meeting Allowance and Benefits				
Ordinary Resolution 2	Re-election of Tan Sri Dato' Sri DiRaja Haji Adnan bin Haji Yaakob as Director				
Ordinary Resolution 3	Re-election of Dato' Haji Muhammad Nasir bin Puteh as Director				
Ordinary Resolution 4	Re-election of Encik Nahmar bin Jamil as Director				
Ordinary Resolution 5	To re-appoint Messrs. Al Jafree Salihin Kuzaimi PLT as Auditors of the Company				
Ordinary Resolution 6	Authority to Issue and Allot Shares				

(Please indicate with a "V" or "X" in the appropriate spaces provided how you wish your vote to be cast. If no instruction as to voting is given, the proxy/proxies may vote or abstain from voting at his/her/their discretion).

Dated this..... day of ..... 2023

.....  
Signature of Member(s) /Common Seal

Notes: -

1. Members are to refer to the Administrative Guide for the procedures to register and participate and vote in the Fifty-Second Annual General Meeting ("52<sup>nd</sup> AGM").
2. For the purpose of determining who shall be entitled to participate in this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, the Record of Depositors as at **23 May 2023**. Only a member whose name appears on this Record of Depositors shall be entitled to participate the said meeting or appoint proxies to attend, speak and vote on his/her stead.
3. A member of a Company shall be entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote at meeting of members of the Company. A member may appoint more than one proxy in relation to a meeting, provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company.
4. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. For a member of the Company who is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
6. Where a member or the authorised nominee appoints more than two (2) proxies, or where an exempt authorised nominee appoints more than one (1) proxy in respect of each omnibus account to attend and vote at the same meeting, the appointments shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.
7. The instrument appointing a proxy shall be in writing signed by the appointor or by his attorney who is authorised in writing. In the case of a corporation, the instrument appointing proxy(ies) must be made either under its common seal or signed by an officer or an attorney duly authorised.
8. The instrument appointing a proxy and the power of attorney, if any, under which it is signed or a certified copy thereof must be deposited at the Company's registered office at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur or email to mega-sharereg@megacorp.com.my not less than forty-eight (48) hours before the time set for holding the Meeting or any adjournment thereof.
9. Please ensure ALL the particulars as required in the Proxy Form are completed, signed and dated accordingly.

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STAMP

**THE SHARE REGISTRAR**  
**MENTIGA CORPORATION BERHAD**  
197001001000 (10289-K)  
c/o **Mega Corporate Services Sdn. Bhd.**  
Level 15-2, Bangunan Faber Imperial Court,  
Jalan Sultan Ismail,  
50250 Kuala Lumpur, Malaysia

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# ***MENTIGA***

**MENTIGA CORPORATION BERHAD**  
197001001000 (10289-K)

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Pahang Darul Makmur.

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**Fax** 09 - 517 3709  
**Web** [www.mentiga.com.my](http://www.mentiga.com.my)

Scan Here

