



**D.B.E. GURNEY RESOURCES BERHAD**  
COMPANY NO. : 200101000008 (535763-A)



**NEW VISION, NEW FUTURE**

Annual Report **2019**

## NEW VISION, NEW FUTURE

D.B.E. Gurney Resources Berhad sets a new vision focused towards the property development industry, with the aim of growing towards a greater future. We aim to be a long term sustainable developer, while offering affordable and quality homes to everyday people. This aspiration and our focus on achieving our vision & mission will allow us to advance further in the property development market, ensuring a robust future for all stakeholders.



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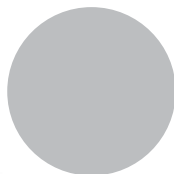
# OUR VISION AND MISSION

## VISION

Making home ownership affordable for all Malaysians. One Malaysian, One Home

## MISSION

- To provide a quality lifestyle via self-sustainable townships encompassing a comprehensive and practical array of community-based facilities and public amenities
- To be one of the largest and most reputable affordable home developer in Malaysia
- To be a builder of homes that are economical and affordable to the masses
- To be a long-term sustainable developer in Malaysia
- To adopt and implement cutting-edge construction techniques to ensure cost efficiency in order to deliver quality and innovative properties



# CORPORATE INFORMATION



## BOARD OF DIRECTORS

**Dato' Doh Tee Leong**  
(Non-Independent Non-Executive Chairman)

**Dato' Doh Jee Ming**  
(Managing Director)

**Dato' Doh Jee Chai**  
(Non-Independent Non-Executive Director)

**Looi Sze Shing**  
(Independent Non-Executive Director)

**Mohamad Ali Bin Ariffin**  
(Independent Non-Executive Director)

### AUDIT AND RISK COMMITTEE

Looi Sze Shing (Chairperson)  
Mohamad Ali Bin Ariffin  
Dato' Doh Tee Leong

### NOMINATION COMMITTEE

Looi Sze Shing (Chairperson)  
Mohamad Ali Bin Ariffin  
Dato' Doh Tee Leong

### REMUNERATION COMMITTEE

Looi Sze Shing (Chairperson)  
Mohamad Ali Bin Ariffin  
Dato' Doh Jee Ming

### COMPANY SECRETARIES

Jesslyn Ong Bee Fang (MAICSA 7020672)  
Eric Toh Chee Seong (MAICSA 7016178)

### PRINCIPAL PLACE OF BUSINESS

Level 4, No. 131  
Persiaran PM2/1,  
Pusat Bandar Seri Manjung Seksyen 2,  
32040 Seri Manjung,  
Perak Darul Ridzuan

Tel : 05-6887179  
Fax : 05-6882222

### REGISTERED OFFICE

No. 54-4-8, Wisma Sri Mata  
Jalan Van Praagh  
11600 Penang

Tel : 04-2824605  
Fax : 04-2824605

### SHARE REGISTRAR

Insurban Corporate Services Sdn. Bhd.  
No. 149, Jalan Aminuddin Baki  
Taman Tun Dr. Ismail  
60000 Kuala Lumpur

Tel : 03-77295529  
Fax : 03-77285948

### AUDITORS

MOORE STEPHENS ASSOCIATES PLT  
(LLP 400963-LCA & AF002096)  
Chartered Accountants  
Unit 3.3A, 3rd Floor, Surian Tower  
No. 1, Jalan PJU7/3, Mutiara Damansara  
47810 Petaling Jaya  
Selangor

Tel : 03-77241033  
Fax : 03-77331033

### PRINCIPAL BANKERS

CIMB Bank Berhad  
AmBank (M) Berhad

### STOCK EXCHANGE LISTING

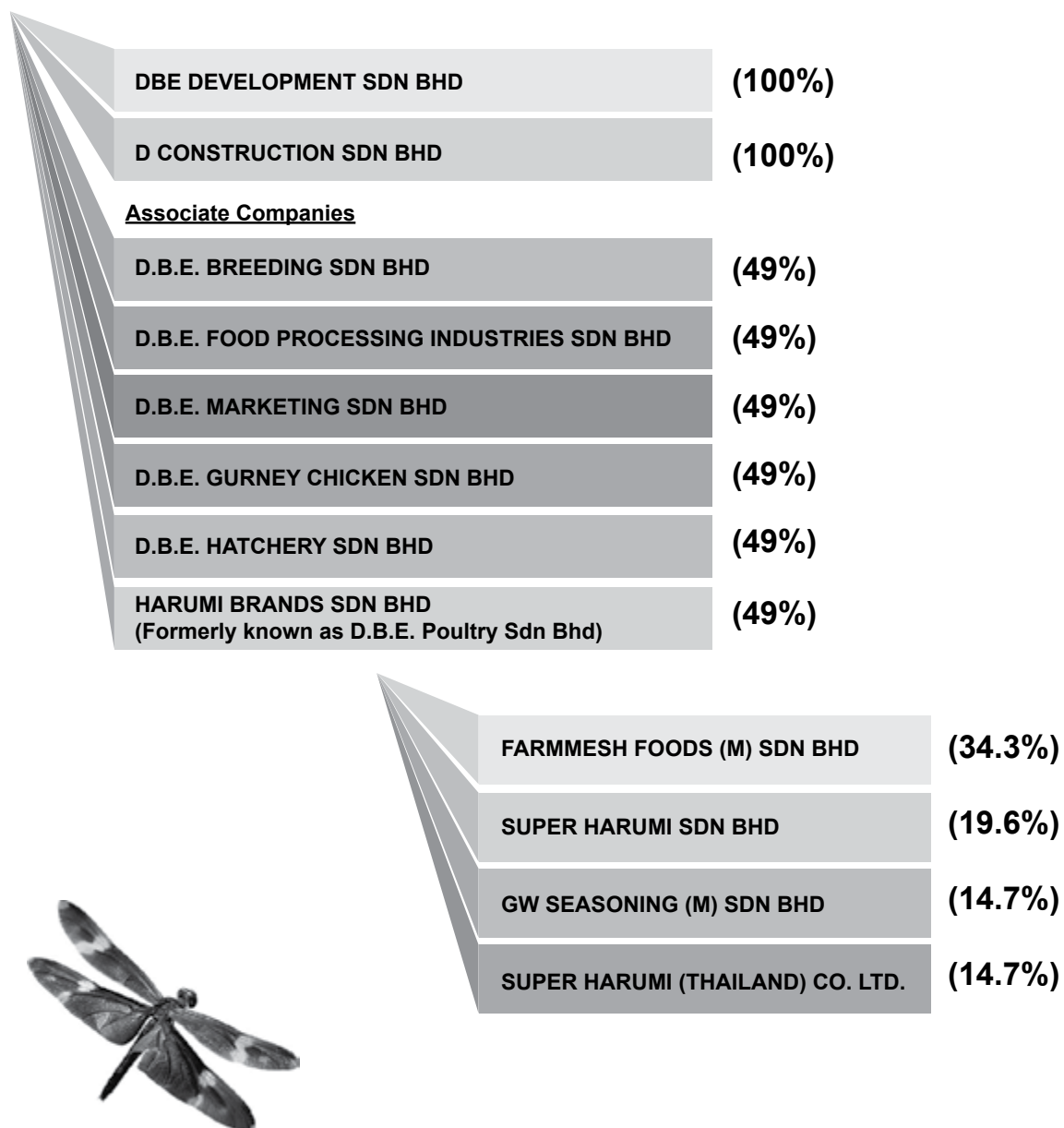
Bursa Malaysia Securities Berhad  
Stock Code : 7179  
Stock Name : DBE

# CORPORATE STRUCTURE



**D.B.E. GURNEY  
RESOURCES BERHAD**

Registration No. 200101000008 (535763-A)



# PROFILE OF DIRECTORS



## Dato' Doh Tee Leong

Non-Independent Non-Executive Chairman

• Male • Malaysian • 45

Dato' Doh Tee Leong ("DDTL") was appointed as a Non-Independent Non-Executive Director of the Company on 20 December 2017. He was re-designated as the Chairman of the Board on 26 October 2018. He is also a member of the Audit & Risk Committee and Nomination Committee of the Company.

He obtained his Bachelor of Science (Hons) in Civil Engineering from The Ohio State University in 1998.

DDTL started his career when he joined Pangkor Coral Bay Resort as a Marketing Manager in 1998. Subsequently he left in 2003 and started venturing into property development as well as construction related businesses. In 2016, he invested in the healthcare industry and sits on the board of various medical centre companies as well as several private companies in the business of housing and property development, provision of hotel & mall services, food and beverages, interior services, etc.

He is the brother of Dato' Doh Jee Chai and Dato' Doh Jee Ming. Dato' Doh Jee Chai is a Non-Independent Non-Executive Director and a major shareholder of the Company whilst Dato' Doh Jee Ming is the Managing Director and also a major shareholder of the Company.

DDTL is also a major shareholder of the Company and he holds 939,280,220 ordinary shares indirectly via his indirect interest in Doh Properties Holdings Sdn Bhd through Setia Awan Plantation Sdn Bhd, both major shareholders of the Company.

Save as disclosed herein, he does not have any family relationship with any director and/or major shareholder of the Company, nor any conflict of interest with the Company. He also does not hold any directorship in any other public or public listed company and has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

## Dato' Doh Jee Ming

Managing Director

• Male • Malaysian • 40

Dato' Doh Jee Ming ("DDJM") was appointed as a Non-Independent Non-Executive Director of the Company on 20 December 2017. He was re-designated to Executive Director on 16 January 2018. Subsequently, he was re-designated to Managing Director on 1 January 2020. He is also a member of the Remuneration Committee of the Company.

DDJM holds a Masters of Business Administration from the International Teaching University of Georgia in 2017 and has vast experience in the property development and construction business sectors. DDJM also owns and is a director in several private limited companies that are involved in the business of housing and property development, provision of hotel & mall services, food and beverage, and education services. He is also a life corporate member of the Perak Chinese Chamber of Commerce and Industry.

He is the brother of Dato' Doh Jee Chai and Dato' Doh Tee Leong. Dato' Doh Jee Chai is a Non-Independent Non-Executive Director and a major shareholder of the Company whilst Dato' Doh Tee Leong is the Non-Independent Non-Executive Chairman and also a major shareholder of the Company.

DDJM is also a major shareholder of the Company and he holds 57,520,000 ordinary shares directly and 939,280,220 ordinary shares indirectly via his indirect interest in Doh Properties Holdings Sdn Bhd through Setia Awan Plantation Sdn Bhd, both major shareholders of the Company.

Save as disclosed herein, he does not have any family relationship with any director and/or major shareholder of the Company, nor any conflict of interest with the Company. He also does not hold any directorship in any other public or public listed company and has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

# PROFILE OF DIRECTORS (Cont'd)

## **Dato' Doh Jee Chai**

Non-Independent Non-Executive Director

• Male • Malaysian • 48

Dato' Doh Jee Chai ("DDJC") was appointed as a Non-Independent Non-Executive Director of the Company on 11 February 2020.

DDJC obtained a Bachelor of Science in Econometrics from the University of Bath, United Kingdom in 1997.

DDJC has vast experience and extensive knowledge in the following industries: oil palm plantation, property development, construction and provision of hotel & mall services. Currently, he is the Managing Director of Great Home Development Sdn Bhd, a company that focuses on property development.

He is the brother of Dato' Doh Tee Leong and Dato' Doh Jee Ming. Dato' Doh Tee Leong is a Non-Independent Non-Executive Chairman and a major shareholder of the Company whilst Dato' Doh Jee Ming is the Managing Director and also a major shareholder of the Company.

DDJC is also a major shareholder of the Company and he holds 939,280,220 ordinary shares indirectly via his indirect interest in Doh Properties Holdings Sdn Bhd through Setia Awan Plantation Sdn Bhd, both major shareholders of the Company.

Save as disclosed herein, he does not have any family relationship with any director and/or major shareholder of the Company, nor any conflict of interest with the Company. He also does not hold any directorship in any other public or public listed company and has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

## **Ms. Looi Sze Shing**

Independent Non-Executive Director

• Female • Malaysian • 43

Ms. Looi Sze Shing ("Ms. Looi") was appointed as an Independent Non-Executive Director of the Company on 28 June 2019. She is also the Chairperson for the Audit and Risk Committee, Nomination and Remuneration Committees.

Ms. Looi is an accountant by profession and graduated from Sunway University. She is a Fellow member of the Association of Chartered Certified Accountants, member of Malaysia Institute of Accountants and ASEAN Chartered Professional Accountants.

She is currently the Finance Director of Mechmar Boilers Sdn Bhd. Prior to this, she was Audit Manager at H L Hong & Co. from 2003 till 2009.

She does not have any family relationship with any director and/or major shareholder of the Company, nor any conflict of interest with the Company. She also does not hold any directorship in any other public or public listed company and has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

She does not hold any shares in the Company.

# PROFILE OF DIRECTORS (Cont'd)



## **Mohamad Ali Bin Ariffin**

Independent Non-Executive Director

• Male • Malaysian • 46

Encik Mohamad Ali bin Ariffin (“En. Mohamad Ali”) was appointed as an Independent Non-Executive Director of the Company on 28 June 2019. He is also a member of the Audit & Risk Committee, Nomination and Remuneration Committees.

He graduated from University Teknologi Mara with Degree in Urban and Regional Planning in 2008.

En. Mohamad Ali was involved in the Rural & Town Planning of Manjung Municipal Council since year 1998. He was appointed as the Head of Rural & Town Planning Department from November 2012 to January 2019. During his tenure in the Manjung Municipal Council, he was responsible for the market survey, feasibility studies, scheduling, costing, research and planning jobs. Currently he is the Director of Agenda Integrasi Sdn Bhd and Alib Holding Sdn Bhd. He is also actively involved in the operation of Koperasi Jalinan Manjung Berhad and Koperasi Keluarga Bersatu Manjung Perak Berhad, both being non-governmental organisations.

He does not have any family relationship with any director and/or major shareholder of the Company, nor any conflict of interest with the Company. He also does not hold any directorship in any other public or public listed company and has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

He does not hold any shares in the Company.



# PROFILE OF KEY SENIOR MANAGEMENT

## **Dato' Doh Jee Ming**

*Managing Director*

• Male • Malaysian • 40

Dato' Doh Jee Ming ("DDJM") was re-designated as Managing Director of the Company on 1 January 2020. Having vast experience in property development and construction related business, he brought with him a robust knowledge of the industry to our Group. At present, he plays multiple roles in envisioning, implementing and completing property development projects. He is in charge of exploring business opportunities in the property business and currently, he oversees the management and operations of property development division of our Group.

Further profile of DDJM is set out in this Annual Report under Profile of Directors.

## **Ngu Ung Ha**

*Chief Financial Officer*

• Male • Malaysian • 56

Mr Ngu Ung Ha ("Mr Ngu") was appointed as Chief Financial Officer of the Company on 1 June 2018. He is a Chartered Accountant with the Malaysian Institute of Accountants (MIA) since year 1995 and is also an associate member of The Chartered Institute of Management Accountants.

Prior to joining the Company, Mr Ngu was attached to Setia Awan Holdings Sdn Bhd ("Setia Awan"), one of the major developers in Perak, focusing on affordable home development. In Setia Awan, he was responsible for the treasury and risk management of the Company and was also a team member of the strategic business unit. He has extensive experience of more than 31 years in accounting and finance. At present, he is responsible for the overall accounting and financial management of DBE Group.

He does not have any family relationship with any director and/or major shareholder of the Company, nor any conflict of interest with the Company. He has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

He does not hold any shares in the Company.

# MANAGEMENT DISCUSSION AND ANALYSIS

Financial Year 2019



## Main Highlights of 2019

The year 2019 marked a brand-new dawn in D.B.E. Gurney Resources Berhad (“D.B.E. Gurney” or “the Company”) and its subsidiaries’ (“the Group”) journey in terms of direction and approach to our main business activity. As many of our shareholders know, the Group embarked on a business model transformation since 2018 from the poultry business to focus on property development and the Group is happy to note that these efforts have borne fruit since our diversification.

On behalf of the Management, I would like to thank our shareholders for their belief in us as we announce robust financial earnings from top to bottom line. In financial year ended 2019 (FY2019), the Group recorded a gross profit of RM21.63 million on the back of revenue amounting to RM71.82 million, achieving a gross profit growth of approximately 3.7 times year-on-year.

This in turn translated into a healthy profit before tax (“PBT”) sum of RM13.71 million solely attributed to property development. The profit after tax and minority interests (“PATMI”) for the year under review stands at RM7.69 million after factoring in losses of RM2.09 million attributable to the discontinued poultry business. This represents a significant turnaround from last year, where we recorded a net loss of RM27.85 million, which is due to the successful execution of the business model transformation.

Fresh off the poultry business disposal, the Group stands in a strong cash position with no additional bank borrowings made in FY2019 and funded its property development projects through internally generated funds. At the end of FY2019, shareholders fund stood at RM62.87 million.

Early in 2020, the Group had announced its intention to raise approximately RM8.04 million via the private placement of up to 10% of its share capital, of which the Group has raised approximately RM4.3 million. This was before the Board of Directors decided not to continue with the private placement during the Group’s multiple proposals announcement on 26 February 2020.

In line with this, the shareholders will enjoy basic earnings of 0.29 sen per share after adjusting for an 0.08 sen loss from discontinued poultry operations.

## Business Model Transformation

Since our inception in 2001, D.B.E. Gurney’s main business activity has been the poultry business. The Management realised that the operating environment for the Group’s poultry business has been challenging due to stiff competition from other operators and thinning margins.

A downtrend of revenue over the last five (5) years on the back of ten (10) years of losses (with the exception of FY2016 attributable to the Group securing more poultry sales contracts that year) meant that a shake up was required. Hence, on 5 February 2018, the Group decided to diversify into the property development business by entering into a joint development agreement with Misi Jutari Sdn Bhd, to develop Taman Desa Harmoni, allowing the Group to reduce its dependence on the poultry business. This flagship project precipitated the Group’s expansion into property development via joint ventures.

Where the poultry business was bleeding cash, the property development business was stemming the flow, becoming the Group’s sole profit contributor for FY2018, recording a PBT of RM4.52 million in that year. Due to the dire straits of the poultry business and wanting to effectively end the drag on the Company’s financial performance, the immediate ex-Managing Director, Dato’ Ding Seng Huat, offered to acquire the poultry business of D.B.E. Gurney. After deliberation by the non-interested board members of the Group, the Group chose to divest its stake in the loss-making poultry business and refocused its resources on the profit-making property development business instead.

Hence, on 2 October 2019, the Group entered into a conditional share sale agreement (“SSA”) with Dato’ Ding Seng Huat to dispose of 51% equity interest in companies involved in the poultry division. The SSA was successfully completed on 31 December 2019.

This disposal marks the start of D.B.E. Gurney’s intention of unlocking value from its poultry business, with a one-off gain of approximately RM1.36 million arising pursuant to the disposal. Further to this, the Group retains the option of disposing the remaining 49% to Dato’ Ding Seng Huat at a pre-determined fixed price, which will allow the Group to completely exit the poultry business when it deems fit.

# MANAGEMENT DISCUSSION AND ANALYSIS

Financial Year 2019 (Cont'd)

## A Property Developer to the Masses

As part of the Group's decision to venture into the property development business, the Management of D.B.E. Gurney came to an agreement to be a developer that focuses on the main core expertise of developing affordable housing that meets the needs of the majority of Malaysian home buyers that fall into the B40 and the M40 income group.

This is primarily fuelled by the pent-up demand from these groups that is met by a shortfall of completed residential units for the young and growing demographic. Within the stable of projects, it is expected that the main revenue and profit contributor in the coming year (FY2020) will be Taman Bemban Indah and Pengkalan Prisma. This is due to the fact the Pangsapuri Seri Iskandar and Taman Desa Harmoni are projects which are near completion.

The main review to operations for each of the Group's developments are:

### (a) Taman Desa Harmoni

This joint venture between D.B.E. Development Sdn Bhd and Misi Jutari Sdn Bhd to develop 10 units of single-storey semi-detached houses, 85 units of single-storey terrace houses and 19 single-storey shop houses was announced by the Company in February 2018. This development is completed and is targeted for delivery of vacant possession in 2020.

### (b) Pangsapuri Seri Iskandar

This fully sold development comprises of 780 units of apartments, spread through blocks of 8-storey building. Blocks A and C comprises of 358 units, while Blocks B and D comprises of 422 units respectively. The development is supported by amenities such as a multipurpose hall, prayer room, toilets, swimming pool and a kindergarten.

### (c) Pengkalan Prisma

This mixed affordable housing development comprises of 268 units of single-storey terrace houses, 177 units of double-storey terrace houses and 37 units of double-storey shop houses and is situated in Mukim Sungai Terap, Daerah Kinta, Perak Darul Ridzuan. This development is approximately 35% completed as at 31 March 2020. The remaining Gross Development Value ("GDV") stands at RM63.5 million.

### (d) Taman Bemban Indah

This mixed affordable housing development comprises of 237 units of single-storey terrace houses, 50 units of single-storey semi-detached houses and 5 units of single-storey detached houses (bungalows). The development was launched in June 2019 and is 44% completed as at 31 March 2020. The remaining GDV is RM49.50 million.

## Projects in the Pipeline

As the first two developments reach maturity, the Group reaffirms its focus to expand and continuously increase market presence in the affordable housing segment through a mix of identifying viable land banks, existing property projects and inorganic growth.

With this in mind, on 26 February 2020, the Group had announced various conditional share sale agreements that will see the Group acquire various ongoing property development projects and land banks ("Proposed Acquisitions"). Among the Proposed Acquisitions are two notable affordable housing township development projects which are:

- Bandar Baru Setia Awan Perdana in Sitiawan, Perak, a 1,012 acres affordable housing township development which was won the iProperty Development Excellence Awards (iDEA) in 2019;
- Lagenda Teluk Intan, a 1,158 acres of affordable housing development located in Teluk Intan Perak in Teluk Intan, Perak.

For further details of the Proposed Acquisitions, please refer to the announcement made by the Company on 26 February 2020. At this juncture, the Proposed Acquisitions is pending the approval from the Company's shareholders in an Extraordinary General Meeting to be convened later on.

The Proposed Acquisitions is in tandem with D.B.E. Gurney's long-term strategic outlook to continue growing its presence as a trusted affordable housing developer, spurring the growth of the Group's property development business going forward.

# MANAGEMENT DISCUSSION AND ANALYSIS

Financial Year 2019 (Cont'd)



## Industry Outlook & Discussion

As a new player in the property development sector, one of the main upside is the ability to cast a fresh eye on the needs and requirements of the current batch of home buyers. Although the overall outlook for the property market has been facing strong external headwinds causing a visible softening to the property market as a whole, we believe that there is significant pent-up demand for well-designed affordable housing.

Hence, our decision to enter the affordable market segment, catering mainly to first time home buyers that are on the lookout for a house for their own needs and not necessarily for investment purposes. Therefore, the Group's focus on affordable housing allows us to provide for a majority home buyers that are hampered from home ownership due to unaffordable property prices.

In our endeavour to become a full-fledged property developer, we keep a close eye on our fundraising exercises which are buoyed by the Group's strong fundamentals. We hope to offer unique yet affordable products that will allow us to bridge the gap between the income levels of most Malaysians and their ability to own a home.

As part of our Proposed Acquisitions announcement on 26 February 2020, we are looking at the entire real estate development value chain and have announced the acquisition of, amongst others, a construction company and a trading company, which in turn enables us to turn around and construct our own projects as well as source and procure our own building materials to ensure cost efficiency, timeliness and quality of build without the dependence on external parties.

With the Proposed Acquisitions announced, we are also proposing a private placement to raise approximately RM108 million post completion of acquisitions for working capital to cover development costs arising.

It is hoped that with all these measures in place, the Group's property development business will continue to strengthen and by extension, enhance our strong fundamentals going forward.

We hope to bring to our shareholders consistent results and strengthen their confidence in the Group.

Dato' Doh Jee Ming  
Managing Director

# SUSTAINABILITY STATEMENT

## ABOUT THIS STATEMENT

This is the second sustainability statement that D.B.E. Gurney Resources Berhad (“DBE” or the “Group”) has published. It comprises disclosures that demonstrate the Group’s economic, environmental and social (“EES”) performance from 1 January 2019 to 31 December 2019, unless otherwise stated.

This statement expresses the approach we employ to govern and manage EES matters arising from our business activities. For the past two years, we have been transitioning from poultry-based operations to property development, involving affordable housing.

DBE divested its poultry business in November 2019 and has advanced into the property development sector. Amid this transition, we were unable to capture sufficient quantitative data of our sustainability performance for this reporting. As such, few sections of this statement contain both qualitative and quantitative information while the rest disclose qualitative information (management approaches) only.

Quantitative data for Poultry Division is available in Energy Efficiency, Diversity and Inclusion and Market Presence sections. For Property Development division, quantitative data is disclosed in Market Presence, Supply Chain Management, Quality and Customer Satisfaction, Diversity and Inclusion and Occupational Health and Safety sections.

For reporting in next year onwards, the Poultry Division disclosures will be excluded from our statement due to its divestment and will only cover information for Property Development Division.

## SCOPE AND REPORTING BOUNDARY

Entities	Activities	Reporting Boundary
D.B.E Gurney Resources Berhad	Investment Holding Company	January to December 2019
DBE Development Sdn Bhd (DBED)	Property Development: <ul style="list-style-type: none"> <li>i. Taman Desa Harmoni, Mukim Bota, Daerah Perak Tengah, Perak</li> <li>ii. Pangsapuri Seri Iskandar, Bandar Seri Iskandar, Mukim Bota, Daerah Perak Tengah, Perak</li> <li>iii. Taman Bemban Indah, Mukim Sungai Terap, Daerah Kinta, Perak</li> <li>iv. Pengkalan Prisma, Mukim Sungai Terap, Daerah Kinta, Perak</li> </ul>	January to December 2019
D Construction Sdn Bhd	Dormant	Not Applicable

*\*\*For further details, please refer to Management Discussion and Analysis on page 10*

## REPORTING FRAMEWORK

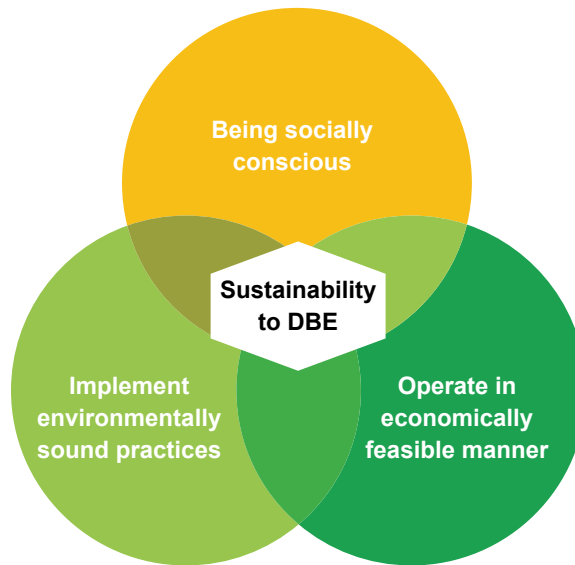
This statement has been prepared in line with Bursa Malaysia’s Main Market Listing Requirements and Sustainability Reporting Guide (2<sup>nd</sup> Edition). The EES disclosures in this statement are based on the Global Reporting Initiative (GRI) Standards indicators.

# SUSTAINABILITY STATEMENT (Cont'd)



## SUSTAINABILITY STRATEGY

We consider our current business transformation to be an opportunity to see sustainability through a more expansive lens of growth. We re-evaluated the list of material sustainability issues and identified new matters relevant to property development. Our approach still stands at ensuring a feasible economy, to be cognisant of environmentally sound practices, and to have a positive social impact on the community. However, the main focus of our approach is to address sustainability risks that can impact property development.



## ALIGNMENT WITH UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS





As a responsible corporate citizen, we strive to create values that incorporate well with the direction set by the United Nations. In line with our business transition, we have re-evaluated our focus areas of the Sustainable Development Goals (SDGs) to mainly reflect our property development activities which resulted in the exclusion of SDG 2: Zero Hunger as this goal is related to the Poultry Division. Our SDG focus areas have now expanded to include SDG 11: Sustainable Cities and Communities and SDG 16: Peace, Justice and Strong Institutions (as shown below).



# SUSTAINABILITY STATEMENT (Cont'd)

## ALIGNMENT WITH UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (Cont'd)

By aligning our corporate values, policies and practices with the four SDGs, we are able to demonstrate our commitment in our long-term sustainability journey.

SDG	SDG Target	Our Approach	Major Activities
 <p><b>8</b> DECENT WORK AND ECONOMIC GROWTH</p>	<p>8.5 By 2030, achieve full and productive employment and decent work for all women and men, including young people and persons with disabilities, and equal pay for work of equal value</p>	<p>Provide a meaningful, decent work whilst promoting diversity and inclusivity among our employees.</p> <p>Secondly, promote sustained and inclusive economic growth.</p>	<ul style="list-style-type: none"> <li>• Code of Conduct</li> <li>• Continuous employee engagement via training and get-together lunch</li> <li>• Provision of employee benefits such as paternity leave</li> </ul>
 <p><b>11</b> SUSTAINABLE CITIES AND COMMUNITIES</p>	<p>11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services; upgrade slums</p>	<p>Provide adequate housing, safe, resilient and sustainable township for the communities.</p>	<ul style="list-style-type: none"> <li>• Construction of four affordable housing developments; Pangsapuri Seri Iskandar, Taman Desa Harmoni, Taman Bemban Indah and Pengkalan Prisma</li> </ul>
 <p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>12.2 By 2030, achieve the sustainable management and efficient use of natural resources</p> <p>12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse</p>	<p>Provide sustainable development for valued stakeholders through responsible consumption of materials.</p> <p>Secondly, be a responsible developer by minimising negative impacts and monitoring our environmental footprint.</p>	<ul style="list-style-type: none"> <li>• Our properties promote natural lighting and ventilation</li> <li>• Encourage the practice of recycling at project sites and workers' quarters. At project sites and workers' quarters, we encourage the practice of recycling</li> <li>• Leverage on the use of IBS and pre-fabricated material at all our property development sites</li> </ul>
 <p><b>16</b> PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<p>16.5 Substantially reduce all forms of corruption and bribery.</p> <p>16.6 Develop effective, accountable and transparent institutions at all levels</p>	<p>Provide access to justice for all and build effective and transparent communication.</p>	<ul style="list-style-type: none"> <li>• Strict adherence to the Group's Code of Conduct</li> <li>• The Group's Whistleblowing Policy</li> </ul>

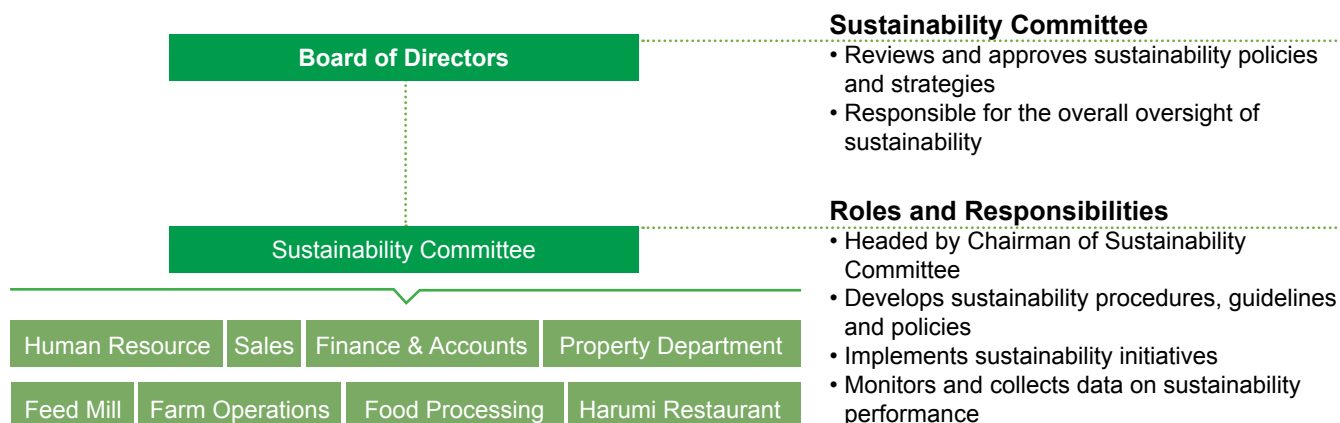
# SUSTAINABILITY STATEMENT (Cont'd)



## SUSTAINABILITY LEADERSHIP




One of the key steps to ensuring sustainability incorporation into DBE is through the role of a strong sustainability leadership. In FY2019, our sustainability governance structure comprised representatives from both Poultry and Property Development divisions. However, in the next reporting cycle, the structure will only be covering Property Development division. Led by the Group's highest governance body, the Board of Directors (BOD), we strive to practise sustainability across our poultry and property development divisions.

The BOD is supported by the Sustainability Committee (SC) helmed by the Chairman of SC. The SC comprises of heads of division across the Group who are responsible for updating the BOD on the sustainability agenda and progress.



## STAKEHOLDER ENGAGEMENT

Regular and effective communication with stakeholders has always been a priority for the Group. Through various platforms and engagement methods which have been mentioned in the table below, we engage and address the interests and concerns of different stakeholder groups.

Stakeholders	Area of interest	Our Strategy	Method of Engagement	Frequency of Engagement
 Shareholders	<ul style="list-style-type: none"> <li>• Group performance</li> <li>• Business Strategy</li> <li>• Business Ethics</li> </ul>	<ul style="list-style-type: none"> <li>• Profitable returns</li> <li>• Reinforce transparency</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholders meeting</li> <li>• Annual general meeting</li> <li>• Extraordinary general meeting</li> <li>• Annual report</li> <li>• Financial Results</li> </ul>	<ul style="list-style-type: none"> <li>• As and when necessary</li> <li>• Annually</li> <li>• As and when necessary</li> <li>• Annually</li> <li>• Quarterly</li> </ul>
 Employees	<ul style="list-style-type: none"> <li>• Career development</li> <li>• Training competency</li> <li>• Safe workplace</li> </ul>	<ul style="list-style-type: none"> <li>• Manage work environment</li> <li>• Ensure employee benefits</li> <li>• Benefits harmonisation</li> </ul>	<ul style="list-style-type: none"> <li>• Training programme</li> <li>• Occasional get-together lunch</li> <li>• Team building</li> </ul>	<ul style="list-style-type: none"> <li>• As and when necessary</li> <li>• Quarterly</li> <li>• Annually</li> </ul>
 Regulatory Bodies	<ul style="list-style-type: none"> <li>• Regulatory compliance</li> <li>• Standards and certification</li> </ul>	<ul style="list-style-type: none"> <li>• Comply with laws and regulations</li> <li>• Gather audit findings and reports from the regulatory bodies</li> </ul>	<ul style="list-style-type: none"> <li>• Inspection by local authority</li> <li>• Meeting with regulatory bodies</li> </ul>	<ul style="list-style-type: none"> <li>• Ad hoc</li> <li>• As an when necessary</li> </ul>



# SUSTAINABILITY STATEMENT (Cont'd)

## STAKEHOLDER ENGAGEMENT (Cont'd)

Stakeholders	Area of interest	Our Strategy	Method of Engagement	Frequency of Engagement
 <p>Customers</p>	<ul style="list-style-type: none"> <li>Product safety</li> <li>Customer satisfaction</li> <li>Health, safety and environmental compliance</li> </ul>	<ul style="list-style-type: none"> <li>Gather feedback and comments</li> <li>Strengthen our quality and management system</li> </ul>	<ul style="list-style-type: none"> <li>Customer satisfaction survey</li> <li>Company's official website</li> <li>Open day Registration / Launching new projects</li> </ul>	<ul style="list-style-type: none"> <li>As and when necessary</li> </ul>
 <p>Suppliers</p>	<ul style="list-style-type: none"> <li>Transparent procurement practices</li> <li>Timely payouts</li> </ul>	<ul style="list-style-type: none"> <li>Promote transparent and fair price deal</li> </ul>	<ul style="list-style-type: none"> <li>Evaluation and performance review (every 6 months)</li> <li>Contract negotiation</li> <li>Suppliers registration</li> <li>Establishment of tender committee</li> </ul>	<ul style="list-style-type: none"> <li>Biannually</li> <li>As and when necessary</li> <li>As and when necessary</li> <li>As and when necessary</li> </ul>
 <p>Communities</p>	<ul style="list-style-type: none"> <li>Social issues</li> <li>Environmental impacts</li> </ul>	<ul style="list-style-type: none"> <li>Support social events</li> <li>Conduct charity events</li> </ul>	<ul style="list-style-type: none"> <li>Community engagement</li> <li>CSR programme</li> </ul>	<ul style="list-style-type: none"> <li>As and when necessary</li> <li>Annually</li> </ul>

## MATERIAL SUSTAINABILITY MATTERS

Our journey is a process of continual improvement. Given the business transition in FY2019, we reviewed the list of 14 material matters which were identified in FY2018. This resulted in removal of two material matters from FY2018, namely, Animal Health and Welfare and Food Safety; and addition of four new material matters namely, Business Performance, Supply Chain Management, Water Management and Affordable Housing. Three material matters in FY2018 namely, Diversity and Inclusion, Employee Benefits and Protecting Labour Rights were combined into one material matter, Diversity and Inclusion, for FY2019. Below is the summary of our material matters from FY2018 to FY2019 based on the four themes of Governance, Economic, Environmental and Social.

THEME	MATERIAL MATTERS 2018	MATERIAL MATTERS 2019
Governance	<ul style="list-style-type: none"> <li>Business Ethics</li> <li>Regulatory Compliance</li> </ul>	<ul style="list-style-type: none"> <li>Business Ethics</li> <li>Regulatory Compliance</li> </ul>
Economic	<ul style="list-style-type: none"> <li>Market Presence</li> </ul>	<ul style="list-style-type: none"> <li>Business Performance</li> <li>Market Presence</li> <li>Supply Chain Management</li> </ul>
Environmental	<ul style="list-style-type: none"> <li>Energy Efficiency</li> <li>Effluents and Waste</li> <li>Animal Health and Welfare</li> </ul>	<ul style="list-style-type: none"> <li>Energy Efficiency</li> <li>Waste Management</li> <li>Waste Management</li> </ul>
Social	<ul style="list-style-type: none"> <li>Food Safety</li> <li>Customer Satisfaction</li> <li>Occupational Health and Safety</li> <li>Diversity and Development</li> <li>Employee Benefits</li> <li>Protecting Labour Rights</li> <li>Community Engagement</li> </ul>	<ul style="list-style-type: none"> <li>Affordable Housing</li> <li>Quality and Customer Satisfaction</li> <li>Occupational Health and Safety</li> <li>Diversity and Inclusion</li> <li>Training and Development</li> <li>Community Engagement</li> </ul>

# SUSTAINABILITY STATEMENT (Cont'd)



## MATERIAL SUSTAINABILITY MATTERS (Cont'd)

Our materiality process for this year is illustrated as below. The list of Material Sustainability Matters was subsequently approved by the Senior Management of DBE.



Moving forward, we will conduct a materiality assessment to priorities these material matters based on its importance to stakeholders and the Group.

To represent a cohesive narrative of our approach to strengthen sustainability, we have mapped the 14 material matters to the relevant stakeholder groups, corresponding GRI indicators and the SDGs.

Material Matters	Relevant Stakeholders	Corresponding GRI Indicators	SDG
<b>Governance</b>			
<b>Business Ethics</b>	<ul style="list-style-type: none"> <li>Shareholders</li> <li>Regulatory Bodies</li> <li>Employees</li> <li>Customers</li> </ul>	102: General Disclosure 103: Management Approach	
<b>Regulatory Compliance</b>	<ul style="list-style-type: none"> <li>Regulatory Bodies</li> <li>Shareholders</li> <li>Employees</li> <li>Communities</li> </ul>	307: Environmental Compliance	
<b>Economy</b>			
<b>Business Performance</b>	<ul style="list-style-type: none"> <li>Shareholders</li> <li>Employees</li> </ul>	103: Management Approach	
<b>Market Presence</b>	<ul style="list-style-type: none"> <li>Shareholders</li> <li>Employees</li> </ul>	202: Market Presence	
<b>Supply Chain Management</b>	<ul style="list-style-type: none"> <li>Suppliers</li> <li>Customers</li> </ul>	204: Procurement Practices	

# SUSTAINABILITY STATEMENT (Cont'd)

## MATERIAL SUSTAINABILITY MATTERS (Cont'd)

Material Matters	Relevant Stakeholders	Corresponding GRI Indicators	SDG
<b>Environmental</b>			
<b>Energy Efficiency</b>	<ul style="list-style-type: none"> <li>Regulatory Bodies</li> <li>Shareholders</li> <li>Employees</li> <li>Customers</li> <li>Communities</li> </ul>	302: Energy	<b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b> 
<b>Waste Management</b>		103: Management Approach	
<b>Water Management</b>			
<b>Social</b>			
<b>Affordable Housing</b>	<ul style="list-style-type: none"> <li>Regulatory Bodies</li> <li>Customers</li> <li>Communities</li> </ul>	103: Management Approach	<b>8 DECENT WORK AND ECONOMIC GROWTH</b> <b>11 SUSTAINABLE CITIES AND COMMUNITIES</b> 
<b>Quality and Customer Satisfaction</b>	<ul style="list-style-type: none"> <li>Customers</li> <li>Employees</li> </ul>	103: Management Approach 416: Customer Health and Safety	<b>11 SUSTAINABLE CITIES AND COMMUNITIES</b> 
<b>Occupational Health and Safety</b>	<ul style="list-style-type: none"> <li>Regulatory Bodies</li> <li>Employees</li> </ul>	403: Occupational Health & Safety	<b>8 DECENT WORK AND ECONOMIC GROWTH</b> 
<b>Diversity and Inclusion</b>	<ul style="list-style-type: none"> <li>Employees</li> </ul>	405: Diversity and Equal Opportunity 401: Employment	
<b>Training and Development</b>		404: Training and Education	
<b>Community Engagement</b>	<ul style="list-style-type: none"> <li>Communities</li> <li>Employees</li> </ul>	413: Local Communities	<b>11 SUSTAINABLE CITIES AND COMMUNITIES</b> <b>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</b> 

## GOVERNANCE

We acknowledge that in order to incorporate sustainable practices into our operations, corporate governance plays a vital role. A robust governance framework, supported by policy, procedures and effective management, is a key factor to create accountability throughout the organisation towards building a sustainable business.

### Business Ethics

Our Code of Conduct (CoC) demonstrates the basic standards and principles that the Group expects its employees to adopt to promote honest business practices and to deter any wrongdoings. This CoC acts as a guide for all our employees and directors of DBE.

### Whistleblowing Policy

Our Whistleblowing Policy provides a platform for staff to report suspicions of misconduct; anything that is not in line with the Group's values and policies. In line with the emphasis we place on being transparent and accountable, this Policy is a fundamental provision for every employee and it is stated in the contract of employment. In FY2019, there was no whistleblowing case reported.

# SUSTAINABILITY STATEMENT (Cont'd)

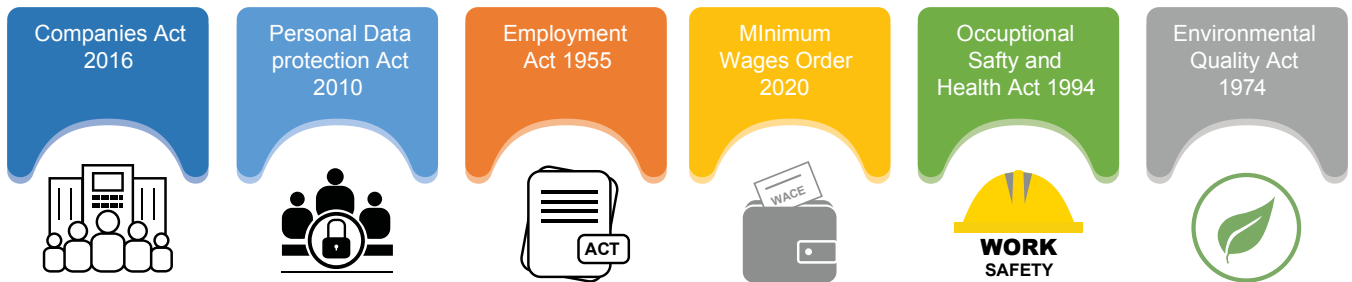


## GOVERNANCE (Cont'd)

### Regulatory Compliance

The Department of Veterinary Services Malaysia, the Ministry of Health Malaysia, the Department of Occupational Health and Safety, Department of Environment and Construction Industry Development Board (CIDB) are key regulatory bodies that influence our operations. Both the poultry and property development operations of DBE are diligent in their efforts to comply with legislation and standards stipulated by regulators. In FY2019, there was zero incidence of non-compliance case reported.

Some of the key local regulations and compliance requirements that DBE abides by are:



## ECONOMIC

### Business Performance

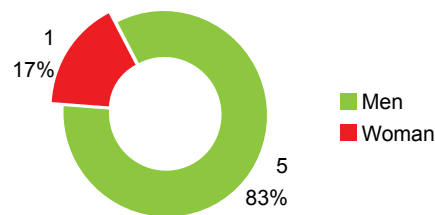
In FY2019, we experienced various challenges such as rising production costs and higher commodity prices of feed for broilers in the DBE poultry division. With these challenges, the Group subsequently divested its poultry division in November 2019.

Now, with the focus on the property sector, we look forward to contributing meaningful and inclusive growth especially in the state of Perak. In view of the increase in housing price, we aim to respond to the demand for affordable homes by venturing into more affordable housing projects and acquire landbank suitable for affordable housing projects.

### Market Presence

We continue to promote local talent throughout the Group as we believe that local employees understand better the local requirements towards our businesses and directly will contribute towards developing socioeconomic level of our local people. As of 2019, all DBE Senior Managers are local and constitute 17% woman.

Composition of Senior Management



### Supply Chain Management

The Group aspires to raise awareness on the importance of sustainable development among employees and throughout our supply chain. We expect our suppliers to be socially conscious and to adopt environmentally sound practices.

At DBE, our procurement processes are governed by the standard operating procedures (SOP) of the Group. Selection of contractors, suppliers and vendors are based on merit, pricing and adherence to laws and regulations.

In pursuit of the continuous improvement of the Group, we conduct regular meetings to gather feedback from all our suppliers and contractors. Note that, the suppliers and contractors that we engaged with in FY2019 are 100% local, which is in-line with our endeavour towards providing employment opportunities for local businesses and subsequently reducing transportation cost and its associated carbon emissions.

# SUSTAINABILITY STATEMENT (Cont'd)

## ENVIRONMENTAL

We continue with our initiatives to reduce the environmental footprint across all our operations by covering focal areas such as energy, waste and water. As such, we strive to incorporate green initiatives wherever we can, especially in our property division.

### Energy Efficiency

#### Poultry Division

The Group acknowledges that by reducing energy consumption, we indirectly reduce energy costs and carbon footprint. With the installation of the new cold room in 2018, our energy intensity was only 566.12 kWh/MT which was 78% less than the energy intensity prior to the installation (2,529.60 kWh/MT). The substantial decrease in energy intensity demonstrates the efficiency of our cold room in support of our journey towards sustainable operations.

#### Property Division

At our Property division, we aim to introduce green features into our buildings such as energy efficient design and features. We focus on improving our developments, by promoting high-ceiling structures to facilitate natural ventilation and lighting. Our apartment's common areas such as corridor and staircase are equipped with LED lighting.

### Waste Management

#### Property Division

Our environmental impact can be significant with regard to resource consumption and waste generation, if they are not managed responsibly. In order to reduce construction waste, we utilise prefabricated materials at all our property development sites. The durability and fast installation of prefabricated material are other reasons for this method of choice.

We practice waste segregation of recyclables and non-recyclables at construction sites and workers' quarters to minimise amount of waste sent to landfill. Recyclable waste is sold to a licensed recycling company.

#### Poultry Division

Before the divestment of the poultry division, we ensure maximum reuse of waste at farms, hatcheries, meat processor and other food production processes. We maintain an effective waste management practices to prevent environmental contamination. For example, poultry manure is recycled and turned into organic fertilisers for agricultural use and it is used to substitute the chemical fertiliser. The table below describes our approach in managing solid waste in our Poultry division:

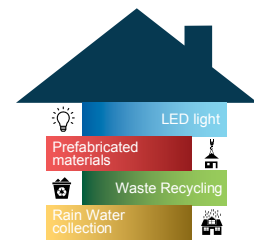
By-products or waste	Approach
Chicken manure	Agricultural use
Feathers	Feather meal
Internal organs	Feed for fish farms
Skin, gizzard, liver	Wet market
Poultry's feed packaging	Reuse for chicken manure packaging

### Water Management

Sustainable supply of water is vital to meet the growing demand of today and to counter the effect of extreme climate change such as dry hot weather.

#### Property Division

We integrated rainwater collection and utilisation system (SPA) in the planning and design of our semi-detached (semi-D) and bungalow houses. This initiative aims to utilise rainwater as an alternative water source to combat future water problems. Some of our property designs have water conservation features such as dual flush water closet and we aim to install this feature in all our future projects. We also assure all construction sites practice reuse of water such as for washing of vehicle tyres before leaving the sites to minimise pollution in surrounding areas.



# SUSTAINABILITY STATEMENT (Cont'd)



## ENVIRONMENTAL (Cont'd)

### Water management (Cont'd)

#### Poultry Division

It is our responsibility to ensure that the wastewater generated during our processing activities is in accordance with Standard B of the Environmental Quality (Industrial Effluent) Regulations 2009, enforced by the Department of Environment (DOE). The samples of the wastewater are sent to a certified laboratory for biochemical oxygen demand and chemical oxygen demand tests. In FY2019, the results of wastewater tests met the regulatory limits.

## SOCIAL

### Affordable Housing

As a property developer, our aim is to increase the number of home owners in Perak. We offer affordable housing to cater the needs of low-to-medium income earners via our practical design and cost-effective construction system.

#### Current Project Developments



Pangsapuri Seri Iskandar



Taman Desa Harmoni

This fully sold Pangsapuri Seri Iskandar is located at Bandar Seri Iskandar, Perak Tengah. This project includes 4 blocks of 8 storey-building comprising of 781 units, furnished with facilities such as a multipurpose hall, prayer room, toilets, a kindergarten and swimming pool.

Taman Desa Harmoni in Bota Besar, Perak Tengah consists of 10 units of Semi-D houses, 85 units of single-storey terrace houses and 19 commercial units. This development is completed and is targeted for delivering of vacant possession in 2020.



Pengkalan Prisma



Taman Bemban Indah

Taman Bemban Indah, Mukim Sungai Terap in Daerah Kinta consists of 237 units of single-storey terrace houses, 50 units of single-storey semi detached houses and 5 units of single-storey detached houses (bungalows) with an overall project completion of 44% (as of 31 March 2020).

The other project in Daerah Kinta, which is Pengkalan Prisma, Mukim Sungai Terap consists of 445 residential units of single-storey and double-storey terrace houses, and 37 commercial units, with an overall project completion of 35% (as of 31 March 2020).

# SUSTAINABILITY STATEMENT (Cont'd)

## SOCIAL (Cont'd)

### Quality and Customer Satisfaction

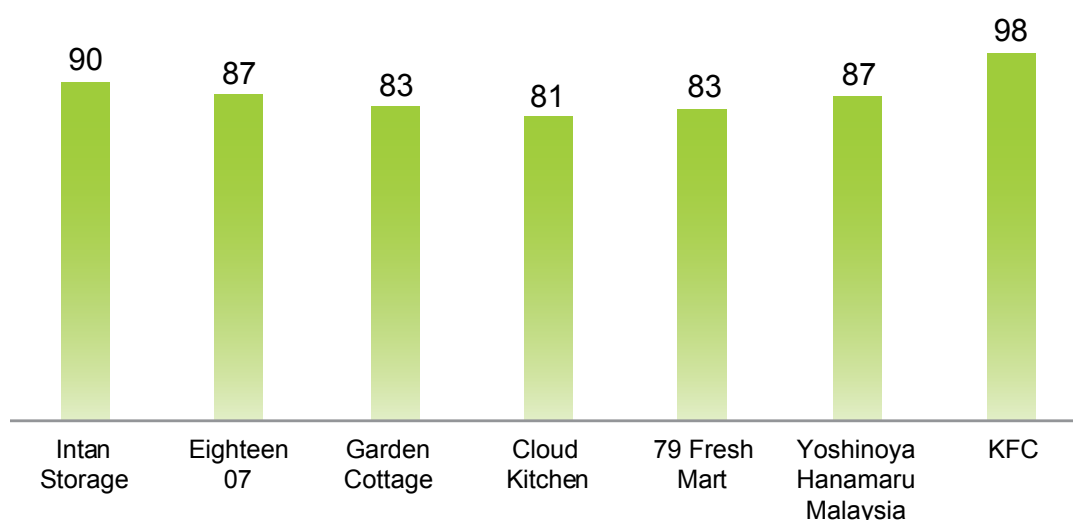
#### Poultry Division

Product quality is guided by our food safety objectives that involve various departments, especially Production, Sales and Marketing, Quality Assurance and Logistics. These departments ensure product quality and that it is safe for consumption.

The safety and quality of our products are further validated through Good Manufacturing Practice (GMP) and Malaysian Good Agricultural Practice (MyGAP) certifications by the Ministry of Health Malaysia. Other certifications include the Hazard Analysis and Critical Control Point (HACCP) and HALAL certification by Jabatan Kemajuan Islam Malaysia.

We believe that our product quality and services are reflected in our customer satisfaction levels. Therefore, we conduct annual customer satisfaction surveys to gauge customer satisfaction levels of both our products and services. The survey is based on criteria such as responsiveness to customer needs, communication with customer, timeliness and reliability of delivery and quality and safety of products. For FY2019, our average score for customer satisfaction was 87% which was above the target score of 85% and an increment of 7% from FY2018. The bar graph below shows customer satisfaction score for FY2019.

### Customer Satisfaction Score (%)



#### Property Division

Our property development division adheres to the Quality Assessment System in Construction Work (QLASSIC) standard, where QLASSIC measures and evaluates the workmanship quality of our building construction. DBE properties fulfil the relevant statutory and regulatory requirements and operate beyond compliance to meet customer expectations.

In our efforts to improve the quality of workmanship, all our employees are required to attend related work seminars and workshops on a biannual basis. We adhere to our SOPs and have inspectors on site to assess quality of our properties prior to handing over to purchasers and to ensure complaints concerning defects are addressed. In FY2019, we received 255 complaints for Apartment Seri Iskandar and 55 complaints for Taman Desa Harmoni. 100% of the Apartment Seri Iskandar complaints and 80% of the Taman Desa Harmoni complaints were rectified within 30 days as stipulated in the sale and purchase agreement.

# SUSTAINABILITY STATEMENT (Cont'd)

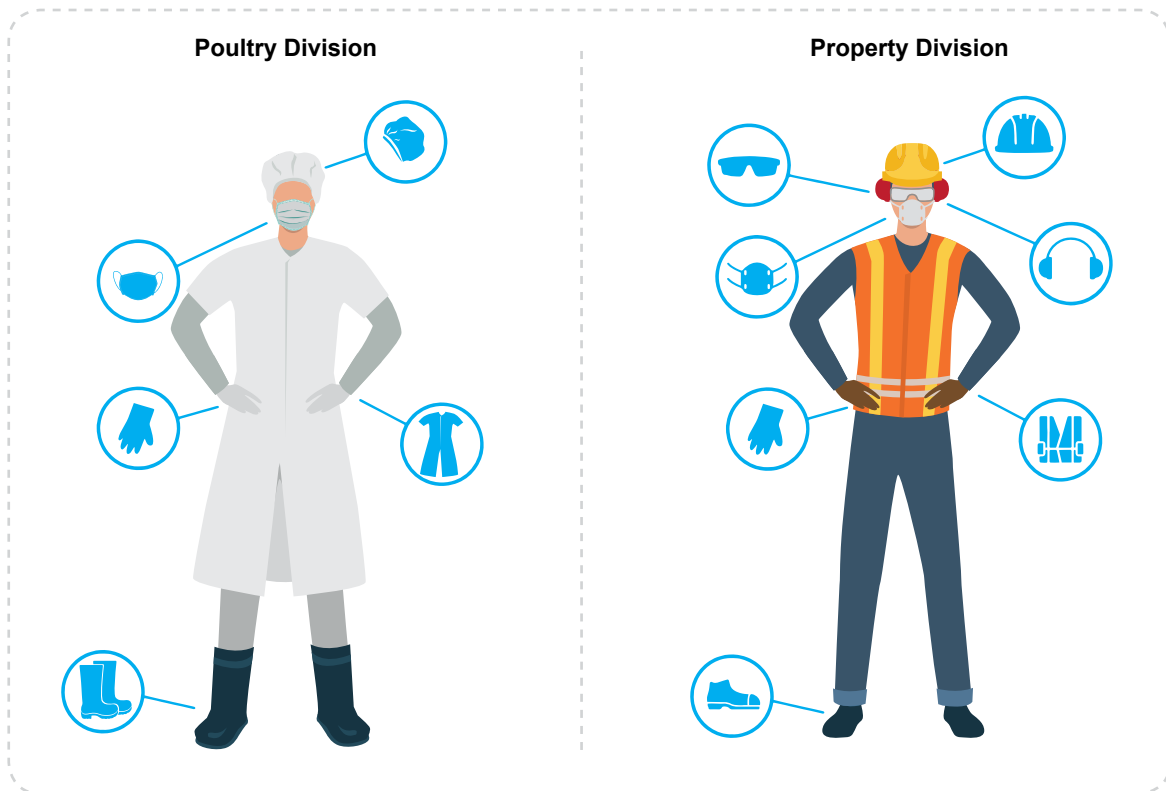


## SOCIAL (Cont'd)

### Occupational Health and Safety

We have Occupational Safety and Health (OSH) Committees both for our poultry and property divisions. The OSH committees monitor health and safety matters at the workplace to keep them in check and reduce the risk of accidents. The OSH Committees are led by a Chairman and comprise employer and employee representatives. The respective OSH officers conduct regular safety training programmes and inspections of the processing and production units of the poultry division and construction sites of the property division.

To ensure safety of employees and reduce workplace hazards, we provide adequate personal protective equipment (PPE) and safety work instructions.



For our Property division, we conduct regular induction training, site inspections and inspections on the condition of the cranes, scaffolding, fire extinguishers, first aid supplies and rubbish chute.

Key health and safety activities undertaken by the property division include:



This year, we recorded 352,014 total working hours with 29 recorded work-related injuries at our project sites. However, no major incident was recorded. We regularly conduct health and safety briefing and toolbox meetings to communicate safety and health issues and measures to minimise hazards and potential accidents.



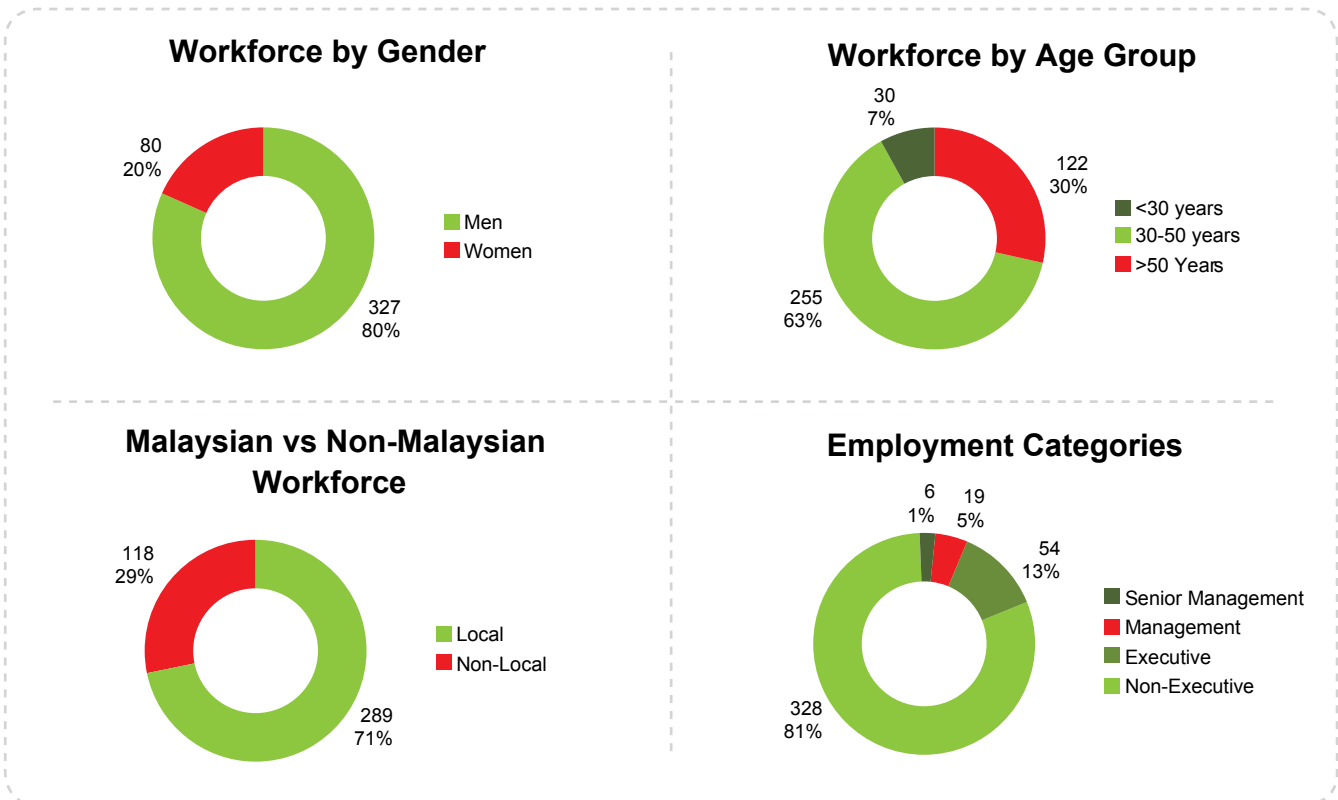
# SUSTAINABILITY STATEMENT (Cont'd)

## SOCIAL (Cont'd)

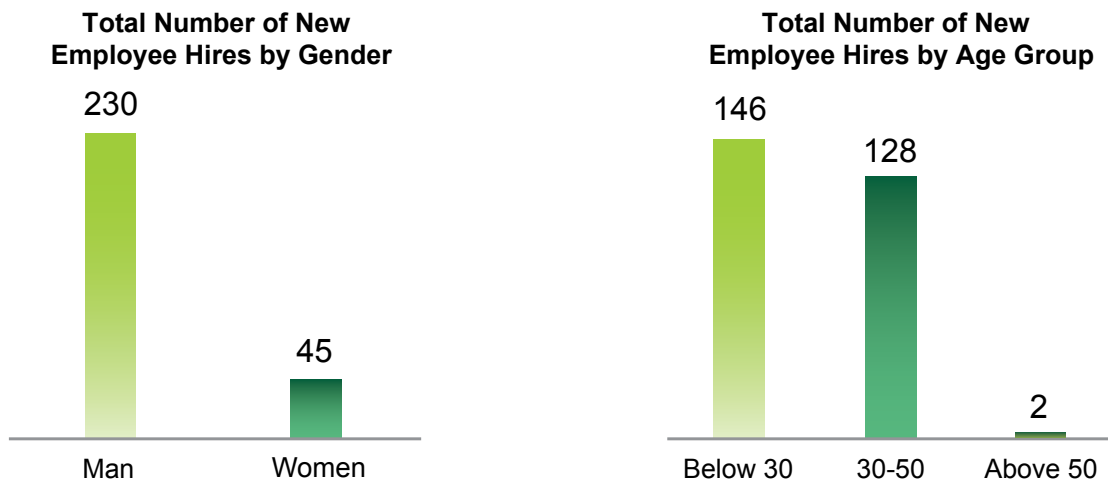
### Diversity and Inclusion

The Group continues to promote diversity and inclusivity. This year, the strength of our workforce was 407 which was a 26% increase from FY2018. At DBE, our definition of diversity and inclusion includes providing equal career opportunities regardless of gender, age and nationality.

Male employees dominate our workforce by 80% due to the nature of our businesses in property development and poultry. In terms of age group, the majority of our employees are from the 30 to 50 age brackets, followed by below 30 and the least are from above 50 years. We prioritise experienced talents, however we also encourage young talents to join the company as we believe that this group is able to bring in fresh and innovative ideas. The figures below depict DBE employee breakdown by gender, age, nationality and employment category.



In FY2019, we recorded a total of 276 new hires, of which the hires of men constituted the majority. In terms of age group, the new hires below 30 are the majority. Below is the gender and age distribution of new employee hires in FY2019.



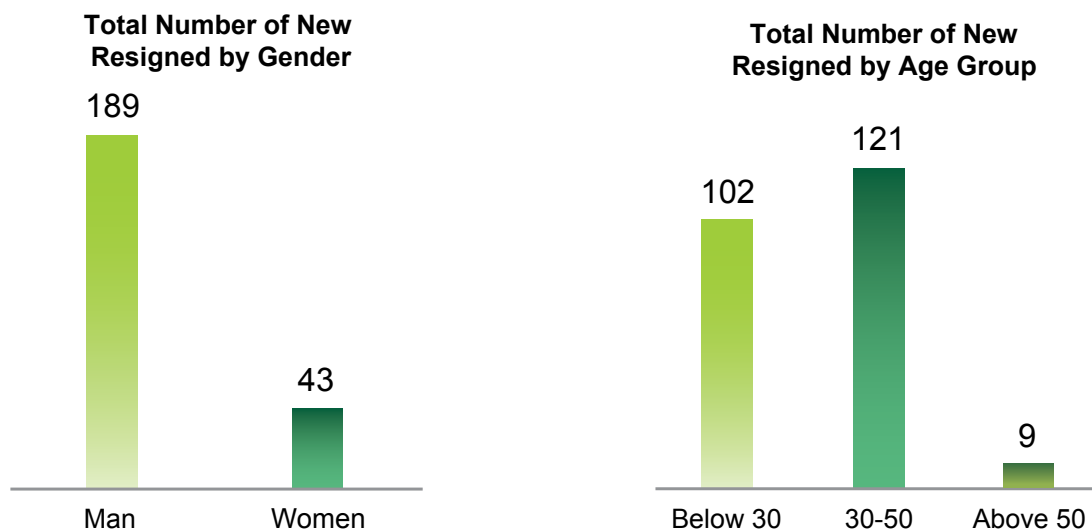
# SUSTAINABILITY STATEMENT (Cont'd)



## SOCIAL (Cont'd)

### Diversity and Inclusion (Cont'd)

In FY2019, 232 employees left the Group, with majority of men resigning. In terms of age group, majority of employees who resigned came from group 30-50. Below is the summary of employee turnover based on gender and age group.



### Summary of Social Performance Data

	2018	2019
<b>Diversity and Inclusion</b>		
<b>Gender</b>		
Men	254	327
Women	68	80
<b>Age Group</b>		
Below 30 years	131	122
30-50 years	160	255
Above 50 years	31	30
<b>Locality</b>		
Local	175	289
Non-Local	147	118
<b>Employment Categories</b>		
Senior Management	9	6
Management	22	19
Executive	64	54
Non-Executive	227	328

# SUSTAINABILITY STATEMENT (Cont'd)

## SOCIAL (Cont'd)

### Summary of Social Performance Data (Cont'd)

	2018	2019
<b>Total Number of Employee New Hires</b>	116	276
<b>Gender</b>		
Men	81	230
Women	35	46
<b>Age Group</b>		
Below 30 years	76	146
30-50 years	25	128
Above 50 years	15	2

	2018	2019
<b>Total Number of Employee Turnover</b>	163	232
<b>Gender</b>		
Men	117	189
Women	46	43
<b>Age Group</b>		
Below 30 years	107	102
30-50 years	49	121
Above 50 years	7	9

In FY2019, eight employees took parental leave with all of them returning to work when the parental leave ended. Below is a summary of maternity and paternity leave taken in FY2019.

Maternity leave in 2019	Number	Paternity leave in 2019	Number
Number of women who took maternity leave	5	Number of men who took paternity leave	3
Number of employees that returned to work after maternity leave ended	5	Number of employees that returned to work after paternity leave ended	3

### Employee Engagement and Benefits

By actively engaging our employees and providing them opportunities for career growth, DBE is an attractive employer. The Group provides benefits such as paternity leave, compassionate leave, marriage leave and ensures the safety and health of our employees by providing panel clinic and reimbursing medical claims.

Our property division conducts various engagement activities such as annual team building activities, birthday celebrations, staff lunches, annual department trips and annual dinners to strengthen trust and communication across different departments.

# SUSTAINABILITY STATEMENT (Cont'd)



## SOCIAL (Cont'd)

### Training and Development

DBE believes that by providing training to employees, it sets the path for long-term success both for the employee and the Group as a whole. We plan annual training programmes and provide our employees with both internal and external training opportunities.

The Group's total training hours for this year amounted to 96 hours, with an average 7 training hours per employee. Training programmes provided for employees working in DBE's poultry division include:



For our Property division, we conducted training about *Understanding Financial Statements in Relation to MBRS Reports and its Hands-on Application and Health and Safety training.*

### Community Engagement

We engage in programmes and activities that define our efforts to give back to the community, especially those groups that are vulnerable and less fortunate. To have a positive social impact, we recognise the importance of dedicating time and resources to support vulnerable communities who are less fortunate, especially children.

### “WE CARE ABOUT THE COMMUNITY”



#### Majlis Berbuka Puasa Bersama Anak-Anak Yatim Tahfiz

30 May 2019

32 orphans between 13 and 14 years of age from Maahad Tahfiz Bayt Al Ikhlas, Lumut, Perak were celebrated during the holy month.

Objective: To share the celebration of holy month of Ramadan with the orphans.

# SUSTAINABILITY STATEMENT (Cont'd)

## SOCIAL (Cont'd)

### Community Engagement (Cont'd)



#### **Celebrating Children's Day at SRJK (C) Simpang Lima, Sitiawan** 17 October 2019

In conjunction with Children's day, we provided Harumi meals to the SRJK (C) Simpang Lima students.

Objective: To bring great pleasure and joy to the kids



#### **Back-to-School 2020** 24 December 2019

Sponsored back-to-school items such as school bags, shoes and uniforms worth RM 5,000 was distributed to 100 students in the District Manjung, Perak.

Objective: To provide underprivileged students the support they need for their studies.



## CONCLUSION

Though we are still in the process of business acclimatisation, we look forward to enhance and strengthen our EES performances. Following the re-assessment of the 14 material matters and the 4 SGDs, concurrently, we are realigning our business practices with our sustainability commitments.

With the exclusion of poultry division in the next reporting cycle, we are devoted to further strengthen the Group's presence in the property industry by strategising the Group's key action areas, while meeting our stakeholders' expectations.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT



The Board of Directors (Board) of D.B.E. Gurney Resources Berhad (Company) recognises the importance of practicing and maintaining good corporate governance towards the success of the Company and its subsidiaries (Group) whilst pursuing its corporate objectives.

The Board remains committed to subscribe to the principles of good corporate governance that is central to the effective operation of the Group and to ensure the highest standards of accountability and transparency. The Board supports the Corporate Governance Framework and continues to improve existing practices and achieve the objectives of the Group.

The Board is pleased to set out below the manner in which the Group has applied the three main principles in the Malaysian Code on Corporate Governance (MCCG 2017) known as Board Leadership and Effectiveness (Principal A), Effective Audit and Risk Management (Principal B) and Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders (Principal C) throughout the financial year ended 31 December 2019.

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

### I. Board Responsibilities

**Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.**

The Board takes full responsibility for the oversight and overall performance of the Group and provides leadership within a framework of prudent and effective controls which enables risk to be appropriately assessed and managed. The Board sets the strategic direction, managing the business and affairs of the Group including ensuring achieving its strategic goals and realising long-term shareholders' values.

The Group is led and controlled by an effective and experienced Board with the right mix of skills and balance to contribute to the achievement of the Group's objectives. The directors collectively, with their different background and specialisation, bring with them a diverse wealth of experience and expertise in areas such as business, finance, property development and construction, regulatory and operations which are relevant to the Group.

The overall principal roles and responsibilities of the Board are as follows:

- (i) Determine and develop the Group's strategic direction and business plans;
- (ii) Oversee the conduct and proper management of the Group's businesses;
- (iii) Provide clear objectives and policies to management for operations;
- (iv) Identifying principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;
- (v) Ensure establishment of appropriate risk management and internal control framework and risk strategy as well as adequate management information and internal control system of the Company;
- (vi) Ensure the Group's strategies promote sustainability, with attention given to environmental, social and governance aspects of business;
- (vii) Review and approve the Group's annual budget and business plan;
- (viii) Review and approve the Related Party Transactions (RPT) and Recurrent RPT;
- (ix) Carrying out periodic review of the Group's financial performance and operating results and major capital commitments;
- (x) Review and approve any major corporate proposals, new business ventures or joint ventures of the Group subject to shareholders' approval where necessary;
- (xi) Review the adequacy and soundness of the Group's financial system, internal control systems and management information system and ensure that they are in compliance with the applicable standards, laws and regulations; and
- (xii) Oversee the development and implementation of a shareholder communications policy, including an investor relations programme for the Company.

The Board plays an active role in reviewing and monitoring the Group's overall strategic and financial plans. The Board reviews and approves on a yearly basis the proposed business plan and budget of the Group as well as the capital expenditure at the Board Meetings.

The Board reviews the performance and results of the business divisions on a regular basis at its quarterly meetings by monitoring the Group's financial results against the budget and the preceding quarter's result. The Board members are updated on a regular basis on financial, operational, corporate, regulatory, business development and audit matters for the decisions to be made to effectively discharge the Board's responsibilities.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### I. Board Responsibilities (Cont'd)

The Board also deliberates and evaluates the feasibility of business propositions and corporate proposals as well as the principal risks that may have a significant impact on the Group's business.

Key matters such as approval of annual and quarterly results, financial statements, major acquisitions and disposals, major investments, appointment of Directors are discussed and decided by the Board.

External advisers are invited to attend meetings to provide insights and professional views, advice and explanation on specific items on the meeting agenda, when required.

The Board sets the risk tolerance levels, objectives, performance targets and policies to manage the key risks faced by the Group. The Management and the Board also discuss and resolve risk management and sustainability-related issues, in particular, on business development, costing, environment and social aspects.

The Board has delegated certain functions to the Audit and Risk Committee, Remuneration Committee and Nomination Committee (Committees or Board Committees) with each operating within its clearly defined Terms of Reference (TOR) to ensure the effective discharge of its duties. Deliberation and decisions at the Committee level are recorded. The Committee Chairman / Chairperson will report to the Board on the outcome of the Committees' meetings and the minutes of meetings are circulated to the Board. The Board reviews the Committees' authority and TOR from time to time to ensure its relevance and efficacy. The Board retains full responsibility for the direction and control of the Company and the Group. The ultimate decision on all matters lies with the Board.

During the financial year under review, for the day-to-day operations, the Board has delegated its authorities and responsibilities to the Management team led by the Group Managing Director and Executive Director, representing the Management from poultry division and property development division respectively. The functions delegated to the Management team by the Board are, inter alia, as follows:

- implementation of strategies and business, policies and procedures approved by the Board;
- managing the daily conduct of the business and affairs of the Group;
- communicating matters of concern to the Board for information and/or decision; and
- representing the Group in its dealing with the government authorities and other external parties.

### Directors' Responsibilities in relation to the Financial Statements

The Board aims to provide and present a clear, balanced and comprehensive assessment of the Group's financial performance and prospects, primarily through the annual and quarterly financial statements to Shareholders as well as the Management Discussion and Analysis in this Annual Report. The Board is assisted by the Audit and Risk Committee to oversee the Group's financial reporting processes, ensures its compliance with applicable financial reporting standards and regulatory requirements as well as the quality of its financial reporting. The financial statements are reviewed by the Audit and Risk Committee prior to recommending them to the Board for relevant announcement and issuance to shareholders. The Board ensures the integrity of the Group's financial reporting and fully recognises that accountability in financial disclosure forms an integral part of good corporate governance practices.

The Directors have ensured that the financial statements of the Group and of the Company are drawn up in accordance with the requirements of the applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board and the provisions of the Companies Act, 2016. In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgement and estimates.

### Separation of Position of Chairman and Managing Director

The Non-Executive Chairman is responsible for the conduct of Board meetings and ensures that Board discussions are conducted in a manner that all views are taken into account before a decision is made. The Managing Director has the general responsibility for day-to-day running of the Group's business, implementation of Board policies and making of operational decisions duly assisted by the Management team. The Managing Director is also responsible for the development of corporate goals and objectives and the setting of strategies to achieve them. The positions of the Non-Executive Chairman and the Managing Director are held by different individuals. The Company currently has no Executive Director.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)



## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### I. Board Responsibilities (Cont'd)

#### Company Secretaries

The Company is supported by 2 qualified named Company Secretaries who possess the requisite qualification and are qualified to act as Company Secretaries under section 235(2) of the Companies Act 2016. They play a supportive role by ensuring adherence to the Company's Constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations from time to time. The Company Secretaries monitor corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations.

The Company Secretary is present at meetings to record deliberations, issues discussed and conclusions in discharging her duties and responsibilities and also provide a central source of guidance and advice to the Board, on matters of ethics and good corporate governance and assist in determining board agenda, formulating governance, coordinates board assessment process and other board-related matters.

The Company Secretaries ensures that all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are recorded and maintained in the statutory register of the Company.

#### Access to Information and Advice

The Board meets on a quarterly basis, with additional meetings convened as and when necessary. The notices of Board and Board Committee meetings are sent out to the Directors via email at least 7 days prior to the meetings. The Board papers are circulated on a timely basis, at least 5 days in advance of the meeting to enable the members to have sufficient time to review the papers prepared. This is to allow time for the Directors to review the Board papers and to facilitate full discussion at the Board and Board Committee meetings. The Board papers are comprehensive and encompass both quantitative and qualitative factors so that informed decisions can be made.

All proceedings from the Board and Board Committee meetings are recorded and confirmed by the Chairman or Chairperson of the meetings. The minutes of Board and Board Committee meetings are circulated to all Directors for their perusal prior to confirmation of the minutes to be done at the commencement of the following Board and Board Committee meetings.

Meeting papers on issues or corporate proposals which are deemed confidential and sensitive would only be presented to the Directors during the meeting itself. Verbal explanations and briefings are also provided by the Managing Director, Management and external consultants to enhance understanding of matters in relation to the Group's business and operations.

All Directors have access to the advice and service of the Company Secretaries. The Board of Directors, whether as a full board or in their individual capacity, may upon approval of the Board of Directors, seek independent professional advice if required, in furtherance of their duties, at the Group's expense.

#### Board Charter

The Company has adopted a Board Charter (Charter) which sets out the role, duties, functions and responsibilities of the Board, Board Committees and Management so that there is a structured guide with regards to the various responsibilities including the need for Directors to carry out their leadership and supervisory role and in discharging their duties towards the Group and the Board. The demarcation of roles established in the Charter is the reference point (in relation to the Directors and Board's roles, powers, duties and functions) to guide Board activities and help to reinforce the supervisory role of the Board.

The Board will review the Charter from time to time to ensure its compliance with relevant rules and regulations and remains relevant and effective. The Charter is made available on the Company's website at [www.dbegurney.com](http://www.dbegurney.com).



# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### I. Board Responsibilities (Cont'd)

#### Code of Conduct and Ethics and Whistle Blowing Policy

The Group's Handbook for Employees (Handbook) continues to govern the standard of ethics and good conduct expected of Directors and employees. In addition, the Company has also formalised a Code of Conduct and Ethics for the Group. The objective of the Code of Conduct and Ethics is to set out the ethical standards to all Directors and employees in their dealings with fellow colleagues, customers, shareholders, suppliers, competitors, the wider community and the environment. Every employee must display and behave in a manner which is consistent with the Group's philosophy and core values.

Through the Code of Conduct and Ethics and also the Handbook, the Board sets the tone for proper ethical behavior expected of the Board members and the employees. The Board will periodically review the Code of Conduct and Ethics to ensure it remains relevant and appropriate. Details of the Code of Conduct and Ethics are available for reference at the Company's website at [www.dbegurney.com](http://www.dbegurney.com).

The Board has put in place a Whistle-Blowing Policy to provide an avenue for employees and stakeholders to report genuine concerns about unethical behavior, malpractices and illegal acts on failure to comply with regulatory requirements without fear of reprisal. All cases shall be independently investigated and appropriate actions taken where required.

Included in the policy are the procedures and the independent person to which report on any suspected wrongdoing maybe reported for further investigation. The whistle-blower can address his/her complaints to the Chairperson of the Audit and Risk Committee.

The Board will periodically review the Whistle-Blowing Policy to ensure it remains relevant and appropriate. The details of the Whistle-Blowing Policy are available for reference at the Company's website at [www.dbegurney.com](http://www.dbegurney.com).

#### Time Commitment, Board Meetings and Directors' Training

A full year meeting schedule which sets out the dates for Board meetings, Board Committee meetings and Annual General Meeting is prepared and circulated to the Directors before the start of each calendar year to allow the Directors to plan ahead in attending such meetings.

Board Meetings are scheduled every quarter with additional meetings to be convened as and when required. Urgent and important matters are resolved by way of written resolutions and clarifications are provided to the Directors where necessary. During the financial year under review, the Board met a total of 8 times. The attendance of the Directors who held office during the financial year is set out below:

Directors	Attendance
Dato' Doh Tee Leong	7/8
Dato' Doh Jee Ming	6/8
Dato' Ding Seng Huat ( <i>resigned on 1 Jan 2020</i> )	7/8
YM Ungku A Razak bin Ungku A Rahman ( <i>resigned on 14 Feb 2020</i> )	8/8
Mr. Sandeep Singh A/L Gurbachan Singh ( <i>resigned on 14 Feb 2020</i> )	8/8
Ms. Foo Kwai Kheng ( <i>resigned on 28 June 2019</i> )	4/4
Ms. Looi Sze Shing ( <i>appointed on 28 June 2019</i> )	4/4
En. Mohamad Ali bin Ariffin ( <i>appointed on 28 June 2019</i> )	4/4
Dato' Doh Jee Chai ( <i>appointed on 11 February 2020</i> )	-

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)



## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### I. Board Responsibilities (Cont'd)

#### Time Commitment, Board Meetings and Directors' Training (Cont'd)

The Board is satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. All the Directors have complied with the minimum 50% attendance requirement in respect of Board meeting as stipulated in the Main Market Listing Requirements (MMLR).

All Directors of the Company do not hold more than 5 directorships in listed companies pursuant to Paragraph 15.06 of the MMLR.

Although the Board does not have a policy requiring each Director to attend a specific number and types of training sessions each year, the Directors are encouraged to attend various external professional programs deemed necessary to ensure that they are kept abreast with industry developments and trends and also on various issues facing the changing business environment within which the Group operates, in order to fulfil their duties as Directors. Any Director appointed to the Board is required to complete the Mandatory Accreditation Programme (MAP) as required under the MMLR.

During the financial year under review, the Directors during their tenure of office had participated in the following training programs:

Directors	Seminars / Workshops / Courses	Date
Dato' Doh Jee Ming	National Achievers Congress 2019	16-17 May 2019
Dato' Doh Tee Leong	Business Foresight Forum (BFF) 2019	19 Sept 2019
Mr. Sandeep Singh A/L Gurbachan Singh	Risk Management in Islamic Finance	20 Nov 2019
YM Ungku A Razak bin Ungku A Rahman	Securities Commission Audit Oversight Board Conversation with Audit Committees	8 Nov 2019
Looi Sze Shing	The Mandatory Accreditation Programme (MAP) Raising Defences : Section 17A MACC ACT	30-31 Oct 2019 8 Jan 2020
Mohamad Ali bin Ariffin	The Mandatory Accreditation Programme (MAP)	23-24 Sept 2019

Note :

Dato' Doh Jee Chai who was appointed as Non-Independent Non-Executive Director of the Company on 11 Feb 2020 will be attending the Mandatory Accreditation Programme (MAP) within 4 months from his appointment date.

### II. Board Composition

**Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights.**

The Board currently has 5 members, comprising 2 Independent Non-Executive Directors and 3 Non-Independent Non-Executive Directors. The Chairman of the Board is a Non-Independent Non-Executive Director. The current composition of the Board is in compliance with Paragraph 15.02 of the MMLR of Bursa Securities. Brief profile of each Board member is presented in this Annual Report under Profile of Directors.

With its diversity of qualifications and skills, and the governance structure of the Board and its Committees, the Board has been able to provide clear and effective collective leadership to the Group and has delivered informed and independent judgment to the Group's strategy and performance to ensure that the highest standards of conduct and integrity are always at the core of the Group's undertakings.

The Independent Non-Executive Directors (INED) do not participate in the day-to-day management as well as the daily business of the Company. In staying clear of any potential conflict of interest situation, the Independent Directors remain in a position to fulfill their responsibility to provide a check and balance to the Board. They provide independent and objective views, advice and judgment which take into account the interests of the Group as well as shareholders and investors.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### II. Board Composition (Cont'd)

#### Board Committees

The Board is supported by relevant Board Committees, i.e Audit and Risk Committee (ARC), Nomination Committee (NC) and Remuneration Committee (RC). These Committees play a significant part in reviewing matters within each Committee's TOR, and facilitating the Board's discharge of its duties and responsibilities. Each of these Committees have specific TOR, scope and specific authorities to review matters tabled before the Committees prior to decisions by the Board as a whole. The ARC, NC and RC comprise a majority of INEDs.

#### Nomination Committee

The NC which was established by the Board consists entirely of Non-Executive Directors, a majority of whom are independent. The composition, duties and responsibilities of the NC together with its activities during the financial year ended 31 December 2019 are presented in the Nomination Committee Report herein.

The NC operates within defined TOR that has been drawn up in accordance with the best practices prescribed by the MCCG 2017. The details of the terms of reference of NC are available for reference at the Company's website at [www.dbegurney.com](http://www.dbegurney.com).

Having regard to the operations of the Group and composition of the Board, the Board has dispensed with the formality of appointing a senior INED from amongst the Board Members. Any concerns from the shareholders can be conveyed to any of the INED of the Board.

#### Board Appointment

The Board appoints its members through a formal and transparent selection process, which is consistent with the Company's Constitution. This process has been reviewed, approved and adopted by the Board. New appointees will be considered and evaluated by the NC. The NC will then recommend the candidates to be approved and appointed by the Board. The Company Secretaries will ensure all appointments are properly made and that legal and regulatory requirements are met.

The appointment process of a new Director is summarised as follows:

- (a) The candidate identified upon the recommendations from the Directors and Management or their contacts in the related industries, finance accounting, legal professions and/or major shareholders;
- (b) In evaluating the suitability of candidates to the Board, the NC considers, inter-alia, the required mix of skills, expertise, experience, time commitment and contribution of the candidates can bring to the Board. In the case of candidates proposed for appointment as INEDs, the candidate's independency will be considered;
- (c) Recommendation to be made by NC to the Board. This also includes recommendation for appointment as a member of the various Board Committees, where necessary; and
- (d) Decision to be made by the Board on the proposed new appointment including appointment to the various Board Committees.

Clause 95 of the Company's Constitution provides that 1/3 of the directors for the time being shall retire from office by rotation every year. Clause 102 of the Company's Constitution further provides that any newly appointed director shall hold office only until the next following AGM of the Company and shall be eligible for re-election but shall not be taken into account in determining the retirement of directors by rotation at such meeting.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)



## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### II. Board Composition (Cont'd)

#### Board Appointment (Cont'd)

The following Directors are up for retirement at the forthcoming AGM of the Company and have offered themselves for re-election at the said AGM:

(i)	Dato' Doh Tee Leong	Retiring pursuant to Clause 95
(ii)	Dato' Doh Jee Chai	Retiring pursuant to Clause 102
(iii)	Looi Sze Shing	Retiring pursuant to Clause 102
(iv)	Mohamad Ali bin Ariffin	Retiring pursuant to Clause 102

#### Gender Diversity Policy

The Board acknowledges the recommendations of the MCCG 2017 on the establishment of a gender diversity policy. The Board does not plan to implement a gender diversity policy or target, as the Board adheres to the practice of non-discrimination of any form, whether based on age, race, religion or gender, throughout the Group. This includes the selection of Board members. The Company believes in, and provides equal opportunity to candidates with merit. The NC and Board regularly review the composition of the Board to ensure proper discharge of its functions and obligations.

The Board is of the view that the suitability of a candidate for the Board is dependent on the candidate's qualifications, competencies, professionalism, skills, experience, expertise, character, time commitment, integrity and other qualities in meeting the needs of the Company, regardless of gender, ethnicity and age. There is currently one female Director on the Board, in line with the gender diversity recommended by MCCG 2017.

#### Board Evaluation and Assessment

The Board, through the NC conducted the annual assessment on the effectiveness of the Board, Board Committees and individual Directors of the Company internally by way of a set of self-assessment questionnaires.

The evaluation process is carried out by the NC and guided by the Corporate Governance Guide - Towards Boardroom Excellence. The individual Directors and Committee members are required to complete the separate evaluation questionnaires regarding the processes of the Board and its Committees, their effectiveness and where improvements could be considered. The Board Committees carried out their evaluation with the view to maximise the performance of the individual committees in the interest of the Company. The evaluation process also involved a peer and self-review assessment, where Directors will assess their own performance and that of their fellow Directors. All assessments and evaluations carried out by the NC in the discharge of all its functions are documented. The assessment and comments are summarised and discussed at Nomination Committee meeting before it is presented to the Board.

#### Tenure of Independent Directors

The Board, via NC, has developed the criteria to assess independence and formalised the current independence assessment practice. The assessment of the independence of each of its INED is undertaken annually according to set criteria as prescribed by the MMLR. As recommended by the MCCG 2017, the tenure of directorship of not more than 9 years form part of the assessment criteria for independence of a Director, where specific tenures of the Directors were duly reviewed and confirmed for suitability by the NC and the Board.

As for the term limit for INED, the Board has adopted Practice 4.2 of the MCCG 2017 to seek shareholders' approval in the event the Board desires to retain as an INED, a person who has served in that capacity for more than 9 years. If the Board continues to retain the INED after the 12th year, the Board must seek shareholders' approval annually through a 2-tier voting process. None of the INED has served for a cumulative term of more than 9 years as at the end of the financial year under review.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### III. Remuneration

The level and composition of remuneration of directors and senior management take into account the Company's desire to attract and retain the right talent in the Board and senior management to drive the Company's long-term objectives. The remuneration policies and decisions are made through a transparent and independent process.

The RC which was established by the Board comprises mainly of INEDs and its composition is as follows:

#### Chairperson

Ms. Looi Sze Shing

#### Members

En. Mohamad Ali bin Ariffin

Dato' Doh Jee Ming

The RC held 2 meetings during the financial year to carry out its function as stated within the terms of reference. The details of the TOR of RC are available for reference at the Company's website at [www.dbegurney.com](http://www.dbegurney.com).

The primary function of the RC is to set up and review the policy and procedures of remuneration framework and recommend to the Board the remuneration packages of all the Directors and senior management according to the Group's financial performance, the skills, level of responsibilities, experience and performance of the Directors and senior management.

The RC reviews the remuneration of the Board and senior management from time to time with a view to ensuring the Company offers fair compensation and is able to attract and retain talent who can add value to the Company. Fees paid to Non-Executive Directors are tabled at the Company's AGM for approval. Individual Director is not allowed to participate in discussion of his/her own remuneration.

Details of the aggregate remuneration of the Directors of the Company (comprising remuneration received and/or receivable from the Company and its subsidiaries) during FYE 2019 are categorised as follows:

#### Company

	Salaries (RM)	Fees (RM)	Other Emoluments (RM)	Allowance (RM)	Total (RM)
<b>Non-Executive Directors</b>					
Dato' Doh Tee Leong	-	30,000	-	5,500	35,500
Looi Sze Shing	-	15,000	-	4,500	19,500
Mohamad Ali bin Ariffin	-	15,000	-	3,000	18,000
Foo Kwai Kheng*	-	15,000	-	5,000	20,000
YM Ungku A Razak bin Ungku A Rahman*	-	30,000	-	9,500	39,500
Sandeep Singh A/L Gurbachan Singh*	-	30,000	-	9,500	39,500
<b>Executive Directors</b>					
Dato' Doh Jee Ming	-	-	120,000	5,000	125,000
Dato' Ding Seng Huat*	-	-	-	5,500	5,500
<b>Total</b>	<b>-</b>	<b>135,000</b>	<b>120,000</b>	<b>47,500</b>	<b>302,500</b>

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)



## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### III. Remuneration (Cont'd)

#### Group

	Salaries (RM)	Fees (RM)	Other Emoluments (RM)	Allowance (RM)	Total (RM)
<b>Non-Executive Directors</b>					
Dato' Doh Tee Leong	-	30,000	-	5,500	35,500
Looi Sze Shing	-	15,000	-	4,500	19,500
Mohamad Ali bin Ariffin	-	15,000	-	3,000	18,000
Foo Kwai Kheng*	-	15,000	-	5,000	20,000
YM Ungku A Razak bin Ungku A Rahman*	-	30,000	-	9,500	39,500
Sandeep Singh A/L Gurbachan Singh*	-	30,000	-	9,500	39,500
<b>Executive Directors</b>					
Dato' Doh Jee Ming	-	-	120,000	5,000	125,000
Dato' Ding Seng Huat*	672,924	-	20,541	5,500	698,965
Dato' Ding Chong Chow*	636,593	-	13,695	-	650,288
<b>Total</b>	<b>1,309,517</b>	<b>135,000</b>	<b>154,236</b>	<b>47,500</b>	<b>1,646,253</b>

\* These individuals had resigned as Directors of the Company

The Company has not disclosed on a named basis for the top senior management's remuneration components in bands of RM50,000.

The Company acknowledges the need for corporate transparency in the remuneration of its key senior management's remuneration. In view of the highly competitive industry conditions in which the Company is operating, the Company is of the view that the disclosing of the remuneration of senior management would be a disadvantage to the Group and may be detrimental to the Company's business interests given the challenges faced by the Company in talent management and retention.

The Company's remuneration policy for Directors and senior management has alternatively explained how the senior management is rewarded. The policy is available at the Company's website at [www.dbegurney.com](http://www.dbegurney.com).

## PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

### I. Audit and Risk Committee

**There is an effective and independent audit committee. The board is able to objectively review the audit committee's findings and recommendations. The Company's financial statements is a reliable source of information.**

The ARC of the Company currently comprises two (2) Independent Non-Executive Directors and a Non-Independent Non-Executive Director. The ARC is chaired by an Independent Non-Executive Director, Ms. Looi Sze Shing with appropriate professional qualifications including accounting and related financial management expertise, and other members of the ARC include Dato' Doh Tee Leong and En. Mohamad Ali bin Ariffin. The ARC oversees the integrity of the financial statements, compliance with relevant accounting standards and the Group's risk management and internal controls.

The ARC Report is set out separately in this Annual Report. Its composition and performance are reviewed by the NC annually and recommended to the Board for its approval. Full details of the ARC's duties and responsibilities are stated in its TOR which is available on the Company's website at [www.dbegurney.com](http://www.dbegurney.com).

The Company complied with Practice 8.1 of the MCGG 2017 which stipulates that the Chairman of the ARC is not the Chairman of the Board. The ARC also requires a former key audit partner to observe a cooling-off period of at least 2 years before being appointed as a member of the ARC and such practice was formalised and incorporated in the TOR of the ARC.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (Cont'd)

### I. Audit and Risk Committee (Cont'd)

#### Compliance with applicable financial reporting standards

The Directors aim to present a fair assessment of the Group's financial performance, position and prospects primarily through the quarterly reports to Bursa Securities as well as the Annual Report to shareholders.

The Board aims to ensure that it fulfills its responsibility in the area of financial reporting by appointing a suitably qualified Chief Financial Officer (CFO) to oversee the financial reporting function. The Board is also assisted by the ARC to oversee the Group's financial reporting process and the quality of its financial reporting. Towards this end, the ARC meets to discuss and review the quarterly results and the year-end financial statements together with the CFO and the external auditors where applicable before the financial reports are recommended to the Board for approval and public release.

#### Suitability, objectivity and independence of external auditors

The external auditors fulfill an essential role in giving assurance to the shareholders and other parties of the reliability of the financial statements of the Company. The Company has always maintained a formal and transparent relationship with the external auditors in ensuring the Company's compliance with applicable approved accounting standards and statutory requirements.

The ARC is responsible for recommending the appointment or re-appointment of external auditors. In assessing the suitability of external auditors, the ARC will ensure that only firms which have experience in the audit of listed companies and are registered with the Audit Oversight Board will be considered.

The ARC recognises that the regular provision of non-audit services by the external auditors may lead to impairment of the external auditors' independence and objectivity. The external auditors are therefore not normally engaged for non-audit related services. However, the external auditors may be engaged for services related to corporate exercises carried out by the Group from time to time, which are not regular in nature, for which the engagement of the external auditors may be deemed to be more effective for the Group. The external auditors have affirmed that members of their engagement team and the firm have complied with the relevant ethical requirements regarding independence in the conduct of their audit engagement.

The ARC had assessed the performance and independence of the external auditors for the financial year under review. The Board of Directors approved the ARC's recommendation to seek shareholders' approval for the re-appointment of the external auditors at the forthcoming Annual General Meeting of the Company.

### II. Risk Management and Internal Control Framework

**Company makes informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives. The Board is provided with a reasonable assurance that adverse impact arising from a foreseeable future event or situation on the Company's objectives is mitigated and managed.**

The Board has ultimate responsibility for reviewing the Group's risks, approving the risk management framework and policy and overseeing the Group's strategic risk management and internal control framework to achieve its objectives within an acceptable risk profile as well as safeguarding the interest of stakeholders and shareholders and the Group's assets. The internal control system is designed to identify the risks to which the Group is exposed and mitigate the impacts thereof to meet the particular needs of the Group.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)



## PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

### II. Risk Management and Internal Control Framework (Cont'd)

The Board had established both Risk Management Committee (RMC) and Sustainability Committee (SC) headed by the Managing Director and assisted by members of key management team. The RMC oversees and manages the Group's operational risks whilst the SC oversees the overall sustainability strategies and initiatives of the Group. Both committees shall report to the ARC and the Board respectively on a regular basis. The responsibilities and purposes of the RMC and SC are:

- (a) to assist the ARC in fulfilling its responsibility with respect to identifying, evaluating, controlling, reviewing and monitoring the Group's risk management framework and activities on an on-going basis. The RMC reports to the ARC regarding the Group's risk exposures, including review risk assessment model used to monitor the risk exposures and Management's view on the acceptable and appropriate level of risks faced by the Group; and
- (b) to establish and implement the sustainability framework, review of the adequacy of the sustainability processes, ensuring effectiveness in identification, management and reporting of the Material Sustainability Matters in Economic, Environmental and Social aspects of the Group, monitoring and overseeing all sustainable strategies and initiatives of the Group.

**Company has an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such framework.**

The Group has established an internal audit function within the Group which is currently outsourced to an independent internal audit consulting firm, CAS Consulting Services Sdn Bhd which reports directly to the ARC. The outsourcing of the internal audit function coupled with the fact that the Internal Auditors report directly to the ARC helps to ensure that internal audit is carried out objectively and is independent from the management of the Company and the functions which it audits. The personnel who carry out internal audit work are free from any relationships or conflict of interest which could impair their objectivity and independence.

The Board is cognisant of the fact that they are responsible for the adequacy and effectiveness of the Group's risk management and internal control system. The Board recognises the importance of good corporate governance and is committed to maintaining a sound system of internal controls and risk management. This includes the establishment of an appropriate control environment and risk management framework, processes and structures, and a continuous review of the adequacy and integrity of the said systems.

The Board is pleased to provide the Statement on Risk Management and Internal Control furnished separately in this Annual Report, providing an overview on the state of internal controls within the Group during the year, in an effort to manage risk.

The Audit and Risk Committee Report set out separately in this Annual Report provides a summary of the internal audit function and the internal audit activities carried out during the financial year.

## PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

### I. Communication with Stakeholders

**There is continuous communication between the Company and stakeholders to facilitate mutual understanding of each other's objectives and expectations. Stakeholders are able to make informed decisions with respect to the business of the Company, its policies on governance, the environment and social responsibility.**

The Board believes that a constructive and effective investor relationship is essential in enhancing shareholder value and recognises the importance of timely dissemination of information to shareholders or stakeholders.

The Board monitors all price sensitive information potentially required to be released to Bursa Securities and makes material announcements to Bursa Malaysia in a timely manner. In line with best practices, the Board strives to disclose price sensitive information to the public as soon as practicable through Bursa Securities, the media and the Company's website.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (Cont'd)

### I. Communication with Stakeholders (Cont'd)

All Board members and parties who are insiders are aware of the provisions of the Capital Markets and Services Act 2007 and the Companies Act, 2016 with regards to prohibition of trading in the securities of the Company on the basis of material information which is not known to the public. In addition, affected persons are notified of the restrictions in dealing in the Company's securities while in possession of price-sensitive information and during closed periods unless the procedures for dealings during closed periods as set out in the Listing Requirements have been complied with.

The policy of the Company is to maintain an active dialogue with its shareholders with the intention of giving its shareholders as clear as possible complete information of the Group's business position, financial performance and major developments. Such information is communicated through the Annual Report, the various disclosures and announcements to Bursa Securities, including quarterly and annual results.

#### Use of information technology to disseminate information

Shareholders and investors are kept informed of all major development within the Group by way of announcements via the BURSA LINK. Announcements are also made of the Company's quarterly results, Annual Reports and other circulars to shareholders, where appropriate, and all these announcements are available to shareholders electronically at Bursa Securities's website. Shareholders can also access the Company's website at [www.dbegurney.com](http://www.dbegurney.com) for up to date information about the Company and its business as well as announcements made to Bursa Securities.

### II. Conduct of General Meetings

**Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at general meetings.**

The Annual General Meeting (AGM) is the principal forum for dialogue with shareholders. Notice of AGM and Annual Reports are sent to shareholders at least 28 days before the meeting. During the AGM, shareholders are given opportunities to enquire and comment on matters relating to the Group's business. The shareholders are encouraged to participate in the open question and answer session in the AGM pertaining to the resolutions being proposed at the meeting and the financial performance and business operation in general. The Chairman and Board members, with the assistance of senior management and external auditors, where appropriate, are responsible to respond and provide explanations on matters raised.

In addition, Extraordinary General Meetings (EGMs) are held as and when needed to obtain shareholders' approval on certain business or corporate proposals. Adequate notice of EGM, in compliance with regulatory requirements, are sent to shareholders together with comprehensive Circulars/Statements setting out details and explaining the rationale with regards to the matters for which shareholders' approval are being sought.

All resolutions set out in the notice of general meetings will be carried out by poll voting. The Chairman will make an announcement of the detailed results showing the number of votes cast for and against each resolution at general meetings for shareholders' information.

This Corporate Governance Overview Statement was approved by the Board of Directors on 22 April 2020.

# NOMINATION COMMITTEE REPORT



## COMPOSITION

The Nomination Committee comprises wholly of Non-Executive Directors, the majority of whom are Independent Directors as follows:

Ms Looi Sze Shing (Chairperson) (*appointed on 14 Feb 2020*)  
En Mohamad Ali bin Ariffin (Member) (*appointed on 28 June 2019*)  
Dato' Doh Tee Leong (Member)

The Nomination Committee held two (2) meetings during the financial year ended 31 December 2019 that were attended by all members.

## RESPONSIBILITIES OF NOMINATION COMMITTEE

The responsibilities of the Nomination Committee are as follows:

- (i) To review regularly the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary.
- (ii) To recommend for appointment to the Board of Directors, candidates for all directorships to be filled by the shareholders or the Board, taking into consideration the candidates':
  - skills, knowledge, expertise and experience;
  - professionalism;
  - integrity; and
  - in the case of candidates for the position of Independent Non-Executive Directors, the Nomination Committee will also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors.
- (iii) To encourage and seek suitable women candidates based on the candidates' competency, experiences and knowledge to bring value and expertise to the Board as part of its recruitment exercise.
- (iv) To assess Directors on an on-going basis, the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director.
- (v) To recommend to the Board, Directors to fill the seats on Board Committees.
- (vi) To review annually the Board's mix of skills and experience and other qualities including core competencies which Non-Executive Directors should bring to the Board.
- (vii) To recommend to the Board for continuation (or not) in service of Executive Director(s) and Directors who are due for retirement by rotation.
- (viii) To orientate and educate new Directors on the nature of the business, current issues within the Company and the corporate strategy, the expectations of the Company concerning input from the Directors and the general responsibilities of Directors.

# NOMINATION COMMITTEE REPORT (Cont'd)

## ACTIVITIES OF THE NOMINATION COMMITTEE

During the financial year ended 31 December 2019, the Nomination Committee, in discharging its functions and duties, carried out the following activities:

- Considered the nomination of new membership of the Board;
- Reviewed the size and composition of the Board and Board Committees (mix of skills, experience, boardroom diversity, current and future needs, soft attributes);
- Discussed and recommended the changes in composition of the Board, Audit & Risk Committee, Nomination Committee and Remuneration Committee;
- Assessed the effectiveness of the Board as a whole, the Board Committees and the Directors (Directors' Evaluation, Self & Peer Assessments, Effectiveness of the Board & Board Committees, Term of Office and Performance of the Audit & Risk Committee and each of its members);
- Nominating the Directors who are due for retirement and are eligible to stand for re-election at AGM;
- Assessed the independence of the Independent Non-Executive Directors; and
- Identified and reviewed the training needs of the Directors.

The Nomination Committee upon its annual assessment carried out for financial year 2019, was satisfied that:

- The size and composition of the Board is optimum with appropriate mix of knowledge, skills, attribute and core competencies;
- The Board has been able to discharge its duties professionally and effectively;
- All the Directors continue to uphold the highest governance standards in discharging their duties and responsibilities;
- All members of the Board are well qualified to hold their positions as Directors of the Company in view of their respective working experience, academic and professional qualifications, depth of knowledge, skills and experience and their personal qualities;
- The Independent Directors are demonstrably independent;
- The Directors are able to devote sufficient time and commitment to their roles and responsibilities as evidenced by their attendance records; and
- All the Directors have received relevant trainings during the financial year ended 31 December 2019 and could serve to enhance their effectiveness in the Board.



# DIRECTORS' RESPONSIBILITY STATEMENT

for preparing the Audited Financial Statements

Directors are legally responsible to prepare financial statements for each financial year which gives a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year.

In preparing those financial statements, the Directors ensured that:

- they complied with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and Companies Act 2016 (“the Act”);
- appropriate accounting policies are used and applied consistently;
- the going concern basis used in preparation of the financial statements are appropriate; and
- where judgements and estimates are made, they are reasonable and prudent.

The Directors are responsible to ensure that proper accounting records are kept and disclosed with reasonable accuracy at any time the financial position of the Group and of the Company and to ensure that the financial statements comply with MFRSs, IFRSs, the Act and the Main Market Listing Requirements of Bursa Securities.

The Directors have a general responsibility for taking such steps as are reasonably available to them to manage risks associated to the business of the Group, safeguard the Group’s assets, to prevent and detect fraud and other irregularities.

This Statement was approved by the Board of Directors on 22 April 2020.

# ADDITIONAL COMPLIANCE INFORMATION

## Utilisation of Proceeds from Corporate Exercise

### (i) Issuance of Redeemable Convertible Notes

As at 31 December 2019, all the remaining proceeds of RM12.56 million raised from the issuance of Redeemable Convertible Notes has been fully utilised.

### (ii) Private Placement

On 30 January 2020, the Company had announced the private placement of up to 267,822,930 new ordinary shares in the Company ("DBE Share(s)") ("Placement Shares"), representing up to 10.0% of the Company's existing issued ordinary share capital and had obtained the approval from Bursa Malaysia Securities Berhad ("Bursa Securities") on the listing and quotation of up to 267,822,930 Placement Shares on 3 February 2020 ("Private Placement").

On 18 February 2020, the Company had announced that the listing and quotation of 159,000,000 Placement Shares on the Main Market of Bursa Securities has been completed and the Company had raised RM4.29 million from the Private Placement. Subsequently, the Private Placement was deemed completed on 26 February 2020.

The status on the utilisation of the proceeds of RM4.29 million raised via the Private Placement is as follows:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000	Intended Timeframe for Utilisation #
Property development activities	4,093	4,093	0	Within 12 months
Estimated expenses for the Private Placement	200	200	0	Within 1 month
<b>Total</b>	<b>4,293</b>	<b>4,293</b>	<b>0</b>	

Note :

# The intended timeframe for utilisation is from the deemed completion date, i.e. 26 February 2020

## Audit and Non-Audit Fees

The amount of audit and non-audit fees incurred for services rendered to the Group and to the Company by the external auditors and its affiliates in Malaysia for the financial year are as follows:

	Group (RM)	Company (RM)
Audit Fees	169,000	60,000
Non-Audit Fees	59,000	59,000

# ADDITIONAL COMPLIANCE INFORMATION (Cont'd)



## Material Contracts Involving Directors and Major Shareholders

Save as disclosed below, the Company and its subsidiaries do not have any material contracts involving the interest of its Directors and major shareholders, either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year:

- (i) On 31 May 2019, DBE Development Sdn Bhd (“DBE Development”), a wholly-owned subsidiary of the Company, had entered into a conditional joint development agreement (“JDA”) with Silver Homes Development Sdn Bhd (“Silver Homes”) to jointly develop 499 pieces of leasehold land, measuring in aggregate 17.23 acres located in Mukim Sungai Terap, Daerah Kinta, Perak Darul Ridzuan into a mixed development project, comprising 268 units of single-storey terrace house, 177 units of double-storey terrace house and 37 units of double-storey shop house (“Development Project”).

Pursuant to the JDA, Silver Homes shall be entitled to 25.0% share of the net Gross Development Value (“GDV”) of the Development Project while DBE Development shall be entitled to the remaining 75.0% of the net GDV of the Development Project. The JDA became unconditional on 12 September 2019.

Dato’ Doh Jee Ming (“DDJM”) and Dato’ Doh Tee Leong (“DDTL”) are directors of the Company, DBE Development and Silver Homes. DDJM and DDTL are brothers of Dato’ Doh Jee Chai (“DDJC”), another major shareholder of the Company and all of them have interest in Silver Homes.

- (ii) On 2 October 2019, the Company had entered into a conditional share sale agreement (“SSA”) with Dato’ Ding Seng Huat (“DDSH”) for the disposal of 51% equity interest in the following disposal companies:

- (i) D.B.E. Poultry Sdn Bhd (“DBE Poultry”);
- (ii) D.B.E. Breeding Sdn Bhd;
- (iii) D.B.E. Hatchery Sdn Bhd;
- (iv) D.B.E. Marketing Sdn Bhd;
- (v) D.B.E. Food Processing Industries Sdn Bhd; and
- (vi) D.B.E. Gurney Chicken Sdn Bhd

for a total cash consideration of RM32,583,608, comprising:

- (i) disposal consideration of RM10,200,000; and
- (ii) settlement of an amount owing from DBE Poultry to the Company of RM22,383,608 as at the date of completion of the said disposal.

Pursuant to the SSA, DDSH has granted a put option to the Company to sell all or part of the remaining 49% equity interest held by the Company in the above disposal companies (“Option Shares”) at a total exercise price of up to RM9,800,000 (“Exercise Price”) (“Put Option”) and the Company has granted a call option to DDSH to acquire all or part of the Option Shares at the Exercise Price (“Call Option”). Upon completion, the above disposal companies will cease to be subsidiaries of the Company and will become 49% associated companies. If the Put Option and/or Call Option granted under the SSA are fully exercised, the Company will no longer be involved in poultry related businesses.

DDSH was the Group Managing Director and shareholder of the Company. He resigned as Director on 1 January 2020 and ceased to be shareholder of the Company.

The SSA became unconditional on 18 December 2019 and the disposal has completed on 31 December 2019.

- (iii) On 26 February 2020, the Company had entered into the following conditional share sale agreements with:
- (i) Doh Properties Holdings Sdn Bhd (“Doh Properties”) for the proposed acquisition of the entire equity interest in Blossom Eastland Sdn Bhd (“Blossom”) for a purchase consideration of RM642,546,412 (“Proposed Blossom Acquisition”);
  - (ii) DDJM, DDTL and DDJC for the proposed acquisition of the entire equity interest in Rantau Urusan (M) Sdn Bhd (“Rantau”) for a purchase consideration of RM148,269,909 (“Proposed Rantau Acquisition”); and

# ADDITIONAL COMPLIANCE INFORMATION (Cont'd)

## Material Contracts Involving Directors and Major Shareholders (Cont'd)

- (iii) DDJM, DDTL, DDJC, Dato' Doh Neng Chiong ("DDNC") and Datin Lee Hong King ("DLHK") for the proposed acquisition of the entire equity interest in Yik Wang Trading Sdn Bhd ("Yik Wang") for a purchase consideration of RM32,500,000 ("Proposed Yik Wang Acquisition").

The Proposed Blossom Acquisition will be satisfied in the following manner:

- (i) RM71.39 million via the issuance of 89,508,542 consolidated shares ("Consideration Shares") at an issue price of RM0.7975 per Consideration Share to Lagenda Land Sdn Bhd ("Lagenda"). Lagenda is a company controlled by DDJM, DDTL and DDJC and nominated by the vendors to receive the purchase consideration arising from the above proposed acquisitions and the settlement shares thereof; and
- (ii) up to RM571.16 million via the issuance of up to 716,192,288 redeemable convertible preference shares in the Company ("RCPS") at an issue price of RM0.7975 per RCPS to Lagenda.

The Proposed Rantau Acquisition will be fully settled via cash and to be funded through bank borrowings.

The Proposed Yik Wang Acquisition will be settled in the following manner:

Tranche	Mode of Settlement		Total RM'million	Timing of Settlement
	Cash Consideration RM'million	Consideration Share RM'million		
Tranche 1	1.73	15.33	17.06	To be settled on the completion date of the conditional share sale agreement
Tranche 2	15.44	-	15.44	To be settled upon achieving the profit guarantee as stated in the conditional share sale agreement
<b>Total</b>	<b>17.17</b>	<b>15.33</b>	<b>32.50</b>	

DDJM, DDTL and DDJC are directors and major shareholders of the Company via their indirect shareholdings in Doh Properties. DDJM and DDTL are major shareholders and directors of Blossom, Rantau and Yik Wang whilst DDJC is a major shareholder of Blossom, Rantau and Yik Wang. DDJM, DDTL and DDJC are also the directors and major shareholders of Doh Properties and they are the sons of DDNC and DLHK.

Proposed Blossom Acquisition, Proposed Rantau Acquisition and Proposed Yik Wang Acquisition will be subject to the approval of the shareholders at an Extraordinary General Meeting of the Company to be convened at a later date.

## Contract Relating to Loans

During the year, there were no contracts relating to loans entered into by the Company and its subsidiaries involving the interests of major shareholders and/or Directors.

## Recurrent Related Party Transactions of a Revenue or Trading Nature

The Group does not have any recurrent related party transactions of revenue or trading nature during the financial year.

# AUDIT AND RISK COMMITTEE REPORT



The Board of Directors is pleased to present the report on the Audit and Risk Committee (“ARC”) for the financial year ended 31 December 2019, pursuant to Paragraph 15.15 of the Main Market Listing Requirements (Listing Requirements) of Bursa Malaysia Securities Berhad (Bursa Securities).

## 1. COMPOSITION AND MEETINGS OF THE AUDIT AND RISK COMMITTEE

Details of the membership of the ARC are:

Ms. Looi Sze Shing - Chairperson  
(Independent, Non-Executive Director)

En. Mohamad Ali bin Ariffin - Member  
(Independent, Non-Executive Director)

Dato’ Doh Tee Leong - Member  
(Non-Independent, Non-Executive Director)

Ms. Looi Sze Shing, being a member of The Association of Chartered Certified Accountants and Malaysian Institute of Accountants, fulfils the requirement of Paragraph 15.09(1)(c) of the Listing Requirements of Bursa Securities.

The ARC held seven (7) meetings during the financial year ended 31 December 2019. Details of attendance of the ARC members are as follows:

Name of Members	Total Meetings Attended
Ms. Foo Kwai Kheng ( <i>resigned on 28 June 2019</i> )	4/4
YM Ungku A Razak bin Ungku A Rahman ( <i>resigned on 14 Feb 2020</i> )	7/7
Mr. Sandeep Singh A/L Gurbachan Singh ( <i>resigned on 14 Feb 2020</i> )	7/7
Ms. Looi Sze Shing ( <i>appointed on 28 June 2019</i> )	3/3
En. Mohamad Ali bin Ariffin ( <i>appointed on 14 Feb 2020</i> )	-
Dato’ Doh Tee Leong ( <i>appointed on 14 Feb 2020</i> )	-

At the invitation of the ARC, the Managing Director, relevant Management Team members, External and Internal Auditors attended the ARC meetings and presented their reports on financial results, audit findings and other matters for the information and/or approval of the ARC.

The Company Secretary acts as Secretary to the ARC and shall circulate the minutes of meetings of the ARC to all members of the Board. Detailed audit reports by the Internal Auditors and the respective Management response are circulated to members of the ARC before each Meeting at which the said reports are tabled. The ARC Chairperson later tabled to the Board relevant and salient issues with the recommendation(s) of the ARC for Board’s consideration and approval.

## 2. SUMMARY OF KEY SCOPE OF RESPONSIBILITIES

The ARC assists and supports the Board’s responsibility to oversee the Company’s operations in the following manner:

- Overseeing the financial reporting process and integrity of the Company’s financial statements.
- Evaluating the independence of the External Auditors.
- Assessing the performance and process of the Company’s Internal Audit function effectiveness.
- Reviewing the Company’s practices, processes and effectiveness of the risk management system.
- Examining all related party transactions and conflict of interest situations.
- Conducting annual assessment on the performance of the Company’s External Auditors.
- Reviewing any significant reporting judgements made by management and how these matters are addressed.



# AUDIT AND RISK COMMITTEE REPORT (Cont'd)

## 3. TERMS OF REFERENCE

The terms of reference of the ARC is made available on the Company's website at [www.dbegurney.com](http://www.dbegurney.com).

The Board is satisfied that the ARC and its members have discharged their responsibilities during the financial year in accordance with the terms of reference of the ARC.

## 4. SUMMARY OF WORK OF AUDIT AND RISK COMMITTEE

The ARC met at scheduled times during the year, with due notices of meetings issued, and with agendas planned and itemised so that matters were deliberated and discussed in a focused and detailed manner. Apart from the scheduled meetings, adhoc meetings were also called at the discretion of the ARC. The minutes of each meeting held were distributed to each member of the Board at subsequent Board Meetings. The ARC Chairperson reported on each meeting to members of the Board.

The key activities carried out by the ARC during the financial year are as follows:

### **Financial Reporting**

- In overseeing the Group's financial reporting processes, ARC reviewed and discussed the Group's unaudited quarterly financial results and final draft audited financial statements with the management and external auditors at the ARC meetings, to ensure compliance with the applicable financial reporting standards and relevant regulatory requirements, as well as discussing the performance of the Group, before presentation to the Board for consideration and approval.
- ARC reviewed and deliberated on the impact of any changes/adoption of new accounting standards, auditing and regulatory issues to ensure compliance with Main Market Listing Requirements, Malaysian Financial Reporting Standards (MFRS), Companies Act 2016 and other relevant legal and regulatory requirements with regards to the quarterly and year-end financial statements.
- ARC also reviewed the external auditors' audit planning memorandum, annual and interim audit reports and considered the key audit matters that were of more significance in the audit of the financial statements of the Group and of the Company and how those matters were addressed in the context of the audit.
- ARC also reviewed the going concern basis for preparing the Company's financial statements, including the assumptions underlying the going concern statement and the period of assessment.

### **External Auditors**

- Reviewed and discussed with the external auditors, prior to the commencement of audit, the audit planning memorandum which include matters pertaining to the audit service team, scope of the work, significant risks and areas of key audit focus, basis in which the external auditors assess materiality, internal control plan, technical updates, independent policies and procedures, timeline, fraud responsibilities etc.
- Reviewed and discussed with external auditors major audit findings arising from the external audit, including key audit matters raised by the external auditors in their auditors' report. The ARC considered the key audit matters that were of more significance in the audit of the financial statements of the Group and of the Company and how those matters were addressed in the context of the audit.
- Met with the external auditors twice without the presence of management to provide the external auditors with an avenue to express any concerns they may have.
- Reviewed the extent of assistance rendered by management in the course of the audit and based on feedback from the external auditors, the ARC was satisfied that management had co-operated fully and the external auditors were able to obtain information requested to carry out their work. The external auditors also reported that based on the audit work performed the auditors have not identified any other major matters to highlight to the ARC.
- Reviewed the performance, suitability and independence of the external auditors for reappointment as auditors of the Company for the ensuing year and their audit fees. Pursuant thereto, ARC has recommended to the Board for the re-appointment of Moore Stephens Associates PLT as external auditors of the Company at the forthcoming Annual General Meeting based on the suitability, performance, objectivity, professionalism and independence of the external auditors.

# AUDIT AND RISK COMMITTEE REPORT (Cont'd)



## 4. SUMMARY OF WORK OF AUDIT AND RISK COMMITTEE (Cont'd)

### Internal Auditors

- ARC reviewed and approved the internal audit plan for year 2019 from the outsourced internal auditors to ensure that the scope and coverage of the internal audit on the operations of the Group is adequate and major risk areas are audited accordingly in line with the latest development of the Group and the business environment.
- Reviewed all internal audit reports issued by the internal auditors and considered the findings highlighted by the internal auditors and the responses from management. There were no major controls weaknesses noted from the internal audit reports.
- Relevant management members including the Managing Director were invited to attend the ARC meetings to provide insight and clarification on specific matters raised in the internal audit reports and their views on internal audit recommendations. The internal auditors also provided status updates to the ARC in respect of implementation of management action plans or agreed course of action on the findings reported in previous audit cycles to ensure that issues that have been highlighted are resolved satisfactorily.
- Met with the internal auditors without the presence of management to provide the internal auditors with an avenue to express any concern they may have.

### Risk Management

- Assisted the Board to oversee the implementation of the Group's enterprise risk management policy and framework, by reviewing the adequacy and effectiveness of the Group's risk management process including the process in identifying, evaluating, approving and reporting risk.
- ARC was briefed at a quarterly interval by management on the activities carried out by the Risk Management Committee and discussed the reports on the Group's risk profile and the mitigation controls implemented to manage identified risks in the Group.
- Reviewed operational and financial performance of the Group to ensure that appropriate measures were taken to address any significant risks highlighted by the internal auditors.
- ARC reviewed thoroughly on the Group's enterprise risk especially on the issues of concern identified under strategic risks, operational risks, IT risks, financial risks and human resource risks. The ARC followed up closely on the progress of mitigating actions taken by the management to reduce the risks identified.
- ARC also appraised the adequacy and effectiveness of management response in resolving the key risk issues reported and assessed the overall effectiveness of the system of internal controls within the Group.

### Related Party Transaction and Conflict of Interest

- The ARC reviewed, considered and took note of all related party transactions of the Company and its Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- During the year, the ARC had reviewed numerous related party transactions and conflict of interest situations presented by the management prior to the Company entering into such transactions. The ARC also ensured that adequate oversight over the controls and monitoring conflict of interest situations and transactions and the key consideration to be taken in reviewing the related party transactions or conflict of interest situation.

### Other Matters

- Reviewed the following prior to recommending to the Board for approval for inclusion in the Company's Annual Report:
  - a) Statement on the Risk Management and Internal Control;
  - b) Audit and Risk Committee Report; and
  - c) Corporate Governance Overview Statement.

# AUDIT AND RISK COMMITTEE REPORT (Cont'd)

## 5. INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to CAS Consulting Services Sdn Bhd, an independent professional firm engaged in risk advisory and internal audit services. The primary responsibility of the internal audit function is to provide independent, objective assessment on the adequacy and effectiveness of governance, risk and processes implemented by the management. The internal auditor adopts a risk-based approach to plan and prioritise audit work on high risk auditable areas.

The internal auditor is authorised with unrestricted access to any and all of the Company's records, physical properties, to carrying out any internal audit work. The internal auditor reports directly to the ARC at least twice a year by presenting their audit reports which included their findings and recommendations for improvements to the ARC for review and deliberation. The ARC evaluated the adequacy of the responses, actions and measures taken by the management within the required timeframe in resolving the audit issues reported. The internal auditors also carried out follow-up reviews to monitor the implementation of the said actions plans and measures reported to the ARC. The ARC Chairperson then briefed the Board on the internal audit reports on any major findings.

The total cost incurred for the Group's internal audit function for the financial year ended 31 December 2019 amounted to approximately RM28,000.

### **SUMMARY OF WORK OF THE INTERNAL AUDITORS**

During the financial year ended 31 December 2019, internal audit activities have been carried out according to the internal audit plan, which has been approved by the ARC. The internal audit activities involved the Group's operations management covering existence of policies and procedures, operation planning procedures, feedmill production, processing monitoring, broiler management, operation effectiveness and efficiency, pricing and costing review and machinery maintenance. The internal auditors also reviewed implementation of corrective action plans or agreed course of action on the findings reported in previous audit cycles. The findings and recommendations were highlighted to management for their comments and further action. Internal audit reports were then presented to the ARC and also reported to the Board.

## 6. ANNUAL REVIEW AND PERFORMANCE EVALUATION

The evaluation of the term of office and performance of the ARC and each of its members are carried out annually by the Nominating Committee and presented to the Board for information. The Board is satisfied that the ARC and each of its members have discharged their functions, duties and responsibilities in accordance with the terms of reference and supported the Board in ensuring the Group upholds appropriate Corporate Governance standards.

The ARC also conducted an annual review and evaluation in an effort to enhance and improve its processes of the control environment. The ARC was assessed based on five (5) key areas, namely composition and charter, committee process, external auditors, internal audit, financial statements and quarterly results.

The ARC's responsibility is to monitor and review the practices and processes performed by management and the external auditors. It is not the ARC's duty or responsibility to conduct auditing or accounting reviews. The ARC members are not employees of the Company. Therefore, the ARC has relied, without independent verification, on management's representation that the financial statements have been prepared with integrity and objectivity, in conformity with approved accounting principles and on the representations of the external auditor included in its reports on the Company's financial statements and internal control over financial reporting.

This Audit and Risk Committee Report was approved by the Board of Directors on 22 April 2020.



# STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors is pleased to present the Statement on Risk Management and Internal Control (“SORMIC”) for the financial year ended 31 December 2019, which has been prepared in compliance with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Principle B of the Malaysian Code on Corporate Governance 2017, with guidance from the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“SRMICG”). This statement outlines the nature and state of the internal controls of the Group.

## BOARD RESPONSIBILITIES

The Board affirms its overall responsibility over the Group’s system of risk management and internal controls, which includes the existence of an appropriate control environment and framework, and the review of its effectiveness and adequacy to ensure that the Group’s assets and shareholders’ interests are safeguarded. The system of internal control covers governance, risk management, financial strategy, organisational, operational, regulatory and compliance control matters. The Board recognises that this system is designed to manage rather than eliminate risks that may impede the achievement of the Group’s policies and corporate objective.

Accordingly, the Board, which are true to the best of knowledge and belief, there exists an ongoing process, within the Group for identifying, evaluating and managing the significant risks faced by the Group and has been regularly reviewed by the Board. The ongoing process, in accordance with the SRMICG has been in place for the year under review and up to the date of the SORMIC for inclusion in the annual report. Therefore, such a systems can only provide reasonable and not absolute assurance against any material misstatement or loss, contingencies, fraud or irregularities.

## RISK MANAGEMENT

In providing oversight of risk management framework and policies of the Group, the Board is assisted by the Audit and Risk Committee (“ARC”) and Risk Management Committee to:

- Ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders’ interests and the Group’s assets; and
- Ascertain the nature and extent of principal risks that may impact the Group’s strategic objectives.

The Group has appointed external consultant to put in place an Enterprise Risk Management framework (“ERM”) which comprises the following elements:

- Communicate and disseminate across the organisation the vision, role and direction of the Group;
- Provide guiding principles and approach towards risk management;
- Process of identification, assessment, evaluation and management of the various principal risks which affect the Group’s business;
- Creation of a risk-awareness culture and risk ownership for more effective management of risks;
- Regularly reviewing, tracking and reporting on key risks identified and corresponding mitigation procedures;
- Regularly reviewing on the effectiveness of the system of internal control.

The framework would be applied throughout the financial year to determine, evaluate and manage principal risks of the Group. This would be complemented by the system of internal control that is integrated into the Group’s operations and processes.

Notwithstanding this, risk management principles, policies, procedures and practices would also be updated regularly to ensure relevance and compliance with current/applicable laws and regulations, and are made available to all employees.

# STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

## INTERNAL AUDIT FUNCTION

The Group has appointed an outsourced internal audit service provider, namely CAS Consulting Services Sdn Bhd to carry out the internal audit function, which provides the Board with a reasonable assurance and adequacy of the scope, function and resources of the internal audit function.

The ARC assess the adequacy and integrity of the internal control system and its compliance with the Group's policies and procedures through independent reviews performed by the outsourced internal audit function. The results of the internal audit reviews including action plans to be taken by management to address the weaknesses noted and identified enhancement opportunities are then reported to the ARC, who in turn reports these matters to the Board.

During the financial year ended 2019, internal audits were carried out in accordance with the risk based internal audit plan which has been reviewed and approved by the ARC on 19 November 2018.

The results of the audit reviews were discussed with Senior Management and subsequently, the audit findings, including the recommendations for improvement were reported to the ARC at the quarterly meetings. Based on the internal audit reviews conducted, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this Annual Report.

## KEY ELEMENTS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

- **Control Environment**

The Board is committed towards maintaining a strong control structure and environment for the proper conduct of the Group's business operations and towards achieving a sound system of internal control.

Management has established, with board oversight, structures, reporting lines and appropriate authorities and responsibilities, in pursuit of objectives. There is a defined organisational structure with scope of responsibility lines of reporting, and appropriate levels of delegated authority, including proper approval and authorisation limits. This is reinforced by a process of hierarchical reporting which provides for a documented and auditable trail of accountability.

It is also important to provide a control management that includes written communication of company values, the expected code of conduct, policies and procedures, management's philosophy, risk attitude (consistent with the risk appetite or criteria approved by the Board) and operating style.

- **Risk Assessment**

With the setting up of a risk management framework, which would be embedded in the Group's management system, it defines the authority and accountability in implementing the risk management process and internal control system.

The management of each business unit, in establishing its business objectives, would be required to identify and document all possible risks that can affect their achievement upon taking into consideration the effectiveness of controls that are capable of mitigating such risks. By this process, each business unit's identified risks, the controls and processes for managing them are tabulated in a risk assessment report. Significant risks of business units are presented to ARC and Risk Management Working Group for their attention and deliberation.

- **Control Activities**

The Group has standard operating procedures and controls to ensure regular and comprehensive information is provided to management, covering financial and operational performance and key business indicators, for effective monitoring and decision making. The procedures are designed to mitigate risks to acceptable levels of risk.

- **Information and Communication**

The Board communicates and disseminates across the organisation the vision, role and direction of the Group. Management communicated key policies and procedures to the operating staff for their guidance and implementation.

The Board has a preset agenda of items to ensure that all pertinent issues and relevant information are bring to its attention for discussion and deliberation.

# STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)



## KEY ELEMENTS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS (Cont'd)

- **Monitoring Activities**

The Group's operating procedures are designed to facilitate tracking and evaluation to ascertain that the main components of internal controls are intact.

There would be a formal approach to risk management review and monitoring, with the key risk factors identified together with the risk mitigation procedures, as well as the establishment of a comprehensive risk register to facilitate tracking of risks. Risk criteria, risk policies and risk management procedures are reviewed annually or sooner, if necessary.

Financial and other results and performance are reviewed and tracked. There is close monitoring of results against budget, with major variances being followed up and management action taken, where necessary.

The monitoring activities are further supported by the outsourced internal audit functions performing the audit visits, based on the Audit Plan approved by the ARC, to key business operations areas every quarter. The outsourced internal audit function performs systematic review of the effectiveness of internal controls of the key operations areas and report accordingly to the ARC.

The Board continues to review and implement measures to strengthen the internal control environment of the Group.

## ASSURANCE

The Board has also received assurance from the Managing Director that the Group's risk management and internal control system are in place for the financial year ended 2019 and is operating effectively in all material aspects.

## REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the Bursa Malaysia Main Market Listing Requirements, the external auditors have reviewed this Statement of Risk Management and Internal Control for inclusion in the Annual Report of the Group for the financial year ended 2019 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is intended to be included in the Annual Report of the Group, in all material aspects, has not been prepared in accordance with the disclosure required by the paragraph 41 and 42 of the "Statements on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers", nor is the statements factually inaccurate.

## CONCLUSION

The Board is of the view that the risk management and internal control systems are satisfactory and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report. The Board continues to take pertinent measures to sustain and, where required, to improve the Group's risk management and internal control systems in meeting the Group's strategic objectives.

This Statement on Risk Management and Internal Control was approved by the Board of Directors on 22 April 2020.



## **DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

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# DIRECTORS' REPORT



The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries are disclosed in Note 9 to the financial statements.

There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year except for the Group has disposed its poultry-related subsidiaries.

## RESULTS

	Group RM	Company RM
Net profit for the financial year	<u>7,691,387</u>	<u>35,320,328</u>

## RESERVES AND PROVISIONS

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

## ISSUANCE OF SHARES AND DEBENTURES

The Company has not issued any shares or debentures during the financial year.

## OPTIONS GRANTED OVER UNISSUED SHARES

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

## DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any dividend in respect of the current financial year.

## DIRECTORS OF THE COMPANY

The Directors in office since the beginning of the financial year to the date of this report are:

Dato' Doh Jee Ming	
Dato' Doh Tee Leong	
Looi Sze Shing	Appointed on 28 June 2019
Mohamad Ali Bin Ariffin	Appointed on 28 June 2019
Dato' Doh Jee Chai	Appointed on 11 February 2020
Foo Kwai Kheng	Resigned on 28 June 2019
Dato' Ding Seng Huat, DSAP	Resigned on 1 January 2020
YM Ungku A Razak Bin Ungku A Rahman	Resigned on 14 February 2020
Sandeep Singh A/L Gurbachan Singh	Resigned on 14 February 2020

## DIRECTORS OF SUBSIDIARIES OF THE COMPANY

Pursuant to Section 253(2) of the Companies Act 2016, the Directors who served in the subsidiaries (including Directors who are also Directors of the Company) since the beginning of the financial year to the date of this report are as follows:

Dato' Doh Jee Ming  
Dato' Doh Tee Leong



# DIRECTORS' REPORT (Cont'd)

## DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interest of Directors in office at the end of financial year in shares of the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares			Amount		
	At 1.1.2019 Unit	Bought Unit	Sold Unit	At 31.12.2019 Unit	At 1.1.2019 RM	At 31.12.2019 RM
<b>Name of Directors</b>						
<i>Ordinary shares in the Company</i>						
Direct interest:						
- Dato' Doh Jee Ming	57,520,000	-	-	57,520,000	1,725,600	1,725,600
Indirect interest:						
- Dato' Doh Jee Ming *	939,280,220	-	-	939,280,220	28,178,407	28,178,407
- Dato' Doh Tee Leong *	939,280,220	-	-	939,280,220	28,178,407	28,178,407
- Dato' Doh Jee Chai *	939,280,220	-	-	939,280,220	28,178,407	28,178,407

\* *Indirect interest pursuant to Section 8(4) of the Companies Act, 2016 via Setia Awan Plantation Sdn. Bhd., which in turn holds 100% equity interest in Doh Properties Holdings Sdn. Bhd.*

Dato' Doh Jee Ming, Dato' Doh Tee Leong and Dato' Doh Jee Chai are deemed to have interest in the shares held by the Company in its subsidiaries by virtue of their substantial interest in shares via Setia Awan Plantation Sdn. Bhd., which in turn holds 100% equity interest in Doh Properties Holdings Sdn. Bhd.

None of the other Directors in office at the end of the financial year had any interest in the ordinary shares of the Company or its related corporations during the financial year.

## DIRECTORS' REMUNERATION AND BENEFITS

The amount of fees and other benefits paid to or receivable by the Directors or past Directors of the Company and the estimated money value of any other benefits received or receivable by them otherwise than in cash from the Company and its subsidiaries for their services to the Company and its subsidiaries were as follows:

	Company RM	Subsidiaries RM
Fee	272,500	-
Salary, allowances and bonus	-	1,221,800
Contributions to defined contribution plan	-	108,000
Others	-	13,952
<b>Total fees and other benefits</b>	<b>272,500</b>	<b>1,343,752</b>

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than Directors' emoluments received or due and receivable as disclosed in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a Company in which the Director has a substantial financial interest, other than those as disclosed in Note 28 to the financial statements.

There were no arrangements during or at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

# DIRECTORS' REPORT (Cont'd)



## OTHER STATUTORY INFORMATION

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision 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 their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent;
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading;
  - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
  - (iv) not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements misleading.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
- (i) no contingent or other liability has become enforceable, or likely to become enforceable, within the period of twelve months after the end of the financial year, which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
  - (ii) the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and
  - (iii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.
- (e) The total amount paid to or receivable by the auditors as remuneration for their services as auditors for the financial year from the Company and its subsidiaries as set out in Note 5 to the financial statements.
- (f) There was no amount paid to or receivable by any third party in respect of the services provided to the Company or any of its subsidiaries by any Director or past Director of the Company.
- (g) There was no indemnity given to or insurance effected for any Director, officer or auditor of the Group and of the Company.

# **DIRECTORS' REPORT** (Cont'd)

## **SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

Details of significant events during the financial year are disclosed in Note 34 to the financial statements.

## **EVENT SUBSEQUENT TO THE END OF FINANCIAL YEAR**

Details of significant event subsequent to the end of financial year are disclosed in Note 35 to the financial statements.

## **AUDITORS**

The auditors, Messrs. Moore Stephens Associates PLT, have expressed their willingness to continue in office.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 26 February 2020.

Dato' Doh Tee Leong

Dato' Doh Jee Ming

# STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016



We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements as set out on page 63 to 132 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act 2016 in Malaysia, so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and of their financial performance and cash flows for the financial year then ended.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 26 February 2020.

Dato' Doh Tee Leong

Dato' Doh Jee Ming

# STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act 2016

I, Ngu Ung Ha (MIA No.: 9773), being the Officer primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on page 63 to 132 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the  
abovenamed  
at Kuala Lumpur in the Federal Territory  
on 26 February 2020

Ngu Ung Ha

Before me,  
Tan Kim Chooi  
No. W 661  
Commissioner For Oaths  
Kuala Lumpur, Malaysia

# INDEPENDENT AUDITORS' REPORT

to the members of D.B.E. GURNEY RESOURCES BERHAD

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of D.B.E. Gurney Resources Berhad, which comprise the statements of financial position as at 31 December 2019 and the statements of 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 page 63 to 132.

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 2019, and of their financial performance and their cash flows for the year then ended in accordance with 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 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' *Code of Ethics for Professional Accountants ("IESBA Code")*, and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and IESBA Code.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of the 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	Our audit performed and responses thereon
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#### Revenue and cost recognition

Revenue from property development activity recognised during the year as disclosed in Note 4 to the financial statements amounted to RM71.82 million.

Property development revenue is recognised over the period of the project by reference to the progress towards complete satisfaction of the performance obligation. The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the property development costs incurred to date as a percentage of the estimated total costs of development of the project).

Judgement is required in determining the progress of property development towards the complete satisfaction of the performance obligation, which include relying on past experience and continuous monitoring of the budgeting process. These management estimates and judgements affect the cost-based input method computations and the amount of revenue and profit recognised during the year.

We have performed the following audit procedures to assess the revenue and cost recognition:

- Reviewed the terms and conditions of the major agreements to determine that the revenue recognised conforms with the Group's policies and requirements of MFRS 15 "Revenue from contracts with customers";
- Agreeing to the contracted selling price of the property development units and multiplied with their respective stage of completion;
- Tested the operating effectiveness of the key controls in respect of the review and approval of project cost budgets to assess the reliability of these budgets and the determination of the extent of costs incurred to date;
- Verified the costs incurred to supporting documentation such as the sub-contractors' claim certificates and invoices from vendors on sample basis;

# INDEPENDENT AUDITORS' REPORT

to the members of D.B.E. GURNEY RESOURCES BERHAD (Cont'd)



## Key Audit Matters (Cont'd)

Key Audit Matters	Our audit performed and responses thereon
<p><b>Revenue and cost recognition (Cont'd)</b></p> <p>We focused on this area because of the magnitude of the revenue and the costs recognised by the Group from these activities, which are based on significant estimates and judgements.</p>	<ul style="list-style-type: none"><li>• Performed site-visits for individually significant on-going projects to arrive at an overall assessment towards stage of completion;</li><li>• Checked reasonableness of the stage of completion based on actual costs incurred to date over the estimated total property development costs with architect certificates;</li><li>• Performed reasonableness test on accrued contractor costs to be incurred by the Group of which invoice/ progress claim has yet to be received;</li><li>• Performed re-computation of percentage of completion and percentage of sales; and</li><li>• Examined material non-standard journal entries and other adjustments posted to revenue and cost of sales accounts.</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 and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the Annual Report 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 Annual Report 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 the Annual Report, we are required to report the fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with 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 of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are also responsible for assessing the Group's and the 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 of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and 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

to the members of D.B.E. GURNEY RESOURCES BERHAD (Cont'd)

## Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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:

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

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

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

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

## Other Matter

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 contents of this report.

MOORE STEPHENS ASSOCIATES PLT  
201304000972 (LLP0000963-LCA)  
Chartered Accountants (AF002096)

STEPHEN WAN YENG LEONG  
02963/07/2021 J  
Chartered Accountant

Petaling Jaya, Selangor  
Date: 26 February 2020

# STATEMENTS OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2019



	Note	Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
<b>Continuing operations</b>					
Revenue	4	71,824,689	12,742,411	-	-
Cost of sales		(50,195,200)	(6,920,760)	-	-
<b>Gross profit</b>		<b>21,629,489</b>	5,821,651	-	-
Other income		81,100	120,417	37,800,227	2,728
Administrative expenses		(3,643,551)	(1,550,658)	(2,399,157)	(1,106,040)
Selling and marketing expenses		(3,235,373)	(973,996)	-	-
Other expenses		(880,291)	(1,070,000)	(80,742)	(67,547,137)
<b>Profit/(Loss) from operations</b>		<b>13,951,374</b>	2,347,414	<b>35,320,328</b>	(68,650,449)
Finance costs	5	(243,582)	-	-	-
Share of result of associates	10	-	(80,722)	-	-
<b>Profit/(Loss) before tax</b>	5	<b>13,707,792</b>	2,266,692	<b>35,320,328</b>	(68,650,449)
Income tax expense	6	(3,930,163)	(1,116,922)	-	-
<b>Profit/(Loss) from continuing operations</b>		<b>9,777,629</b>	1,149,770	<b>35,320,328</b>	(68,650,449)
<b>Discontinued operations</b>					
Loss from discontinued operations, net of tax	9	(2,086,242)	(28,999,427)	-	-
<b>Profit/(Loss) for the year</b>		<b>7,691,387</b>	(27,849,657)	<b>35,320,328</b>	(68,650,449)
<b>Other comprehensive income, net of tax</b>					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Revaluation surplus, net of tax		-	223,250	-	-
<b>Total comprehensive income for the financial year</b>		<b>7,691,387</b>	(27,626,407)	<b>35,320,328</b>	(68,650,449)
<b>Basic earnings/(loss) per ordinary share (sen):</b>					
- from continuing operations	7	0.365	0.043		
- from discontinued operations		(0.078)	(1.083)		
		<b>0.287</b>	(1.040)		

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.



# STATEMENTS OF FINANCIAL POSITION

as at 31 December 2019

	Note	Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	8	4	68,366,565	4	4
Investment in subsidiaries	9	-	-	250,001	250,001
Investment in associates	10	9,800,000	-	9,800,000	-
Investment in unquoted shares	11	-	-	-	-
Amount due from an associate	12	17,598,217	-	17,598,217	-
		<b>27,398,221</b>	68,366,565	<b>27,648,222</b>	250,005
<b>Current assets</b>					
Biological assets	13	-	8,132,542	-	-
Inventories	14	40,007,764	14,316,960	-	-
Trade receivables	15	10,406,787	12,622,377	-	-
Other receivables	16	10,223,485	3,099,875	9,200,000	-
Contract assets	17	31,473,897	4,957,375	-	-
Amounts due from subsidiaries	18	-	-	10,532,784	11,723,361
Tax recoverable		-	8,064	-	-
Fixed deposits with a licensed bank	19	8,013,217	5,367,189	-	-
Cash and bank balances	20	1,843,391	3,136,200	329	382
		<b>101,968,541</b>	51,640,582	<b>19,733,113</b>	11,723,743
<b>TOTAL ASSETS</b>		<b>129,366,762</b>	120,007,147	<b>47,381,335</b>	11,973,748

# STATEMENTS OF FINANCIAL POSITION

as at 31 December 2019 (Cont'd)



	Note	Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	21	56,842,332	56,842,332	56,842,332	56,842,332
Reserves	22	6,034,682	585,374	(9,626,647)	(44,946,975)
<b>Total equity</b>		<b>62,877,014</b>	57,427,706	<b>47,215,685</b>	11,895,357
<b>Non-current liabilities</b>					
Trade payables	23	-	3,081,152	-	-
Borrowings - secured	24	-	6,177,807	-	-
Deferred tax liabilities	25	-	5,354,509	-	-
		-	14,613,468	-	-
<b>Current liabilities</b>					
Trade payables	23	32,283,952	15,811,689	-	-
Other payables	26	32,037,304	13,595,732	165,650	78,391
Amount due to Directors	27	-	12,255,225	-	-
Borrowings - secured	24	-	5,162,092	-	-
Provision for tax		2,168,492	1,141,235	-	-
		66,489,748	47,965,973	165,650	78,391
<b>TOTAL LIABILITIES</b>		<b>66,489,748</b>	62,579,441	<b>165,650</b>	78,391
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>129,366,762</b>	120,007,147	<b>47,381,335</b>	11,973,748

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

# STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2019

Group	Attributable to Owners of the Company					Total Equity RM
	Share Capital RM	Non-Distributable Asset Revaluation Reserve RM	Other Reserve RM	Distributable Retained Earnings/ Losses RM		
<b>At 1 January 2018</b>	56,842,332	19,846,939	38,578,011	(30,213,169)		85,054,113
Loss for the year	-	-	-	(27,849,657)		(27,849,657)
<b>Other comprehensive income</b>						
Asset revaluation reserve, net of tax	-	223,250	-	-		223,250
Realisation of asset revaluation reserve	-	(539,862)	-	539,862		-
	-	(316,612)	-	539,862		223,250
	-	(316,612)	-	(27,309,795)		(27,626,407)
<b>Total comprehensive income for the financial year</b>	-	-	(38,578,011)	38,578,011		-
Capital reduction	56,842,332	19,530,327	-	(18,944,953)		57,427,706
<b>At 31 December 2018</b>	<b>56,842,332</b>	<b>19,530,327</b>	-	<b>(18,944,953)</b>		<b>57,427,706</b>
<b>At 1 January 2019, as previously reported</b>						
Effect on adoption of MFRS 16	-	-	-	(2,242,079)		(2,242,079)
<b>At 1 January 2019, as restated</b>	<b>56,842,332</b>	<b>19,530,327</b>	-	<b>(21,187,032)</b>		<b>55,185,627</b>
Profit for the year	-	-	-	7,691,387		7,691,387
<b>Other comprehensive income</b>						
Realisation of asset revaluation reserve	-	(1,902,514)	-	1,902,514		-
Discontinued operations	-	(17,627,813)	-	17,627,813		-
<b>At 31 December 2019</b>	<b>56,842,332</b>	-	-	<b>6,034,682</b>		<b>62,877,014</b>

# STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2019 (Cont'd)



	Note	Attributable to Owners of the Company			Total Equity RM
		Share Capital RM	Other Reserve RM	Accumulated Losses RM	
<b>Company</b>					
<b>At 1 January 2018</b>		56,842,332	38,578,011	(14,874,537)	80,545,806
Loss for the year		-	-	(68,650,449)	(68,650,449)
Capital reduction	22(b)	-	(38,578,011)	38,578,011	-
<b>At 31 December 2018</b>		56,842,332	-	(44,946,975)	11,895,357
<b>At 1 January 2019</b>		56,842,332	-	(44,946,975)	11,895,357
Profit for the year		-	-	35,320,328	35,320,328
<b>At 31 December 2019</b>		56,842,332	-	(9,626,647)	47,215,685

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

# STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2019

	Note	Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
<b>Cash Flows from operating</b>					
Profit/(Loss) before tax from:					
- continuing operations		<b>13,707,792</b>	2,266,692	<b>35,320,328</b>	(68,650,449)
- discontinued operations	9(a)	<b>740,455</b>	(29,169,910)	-	-
		<b>14,448,247</b>	(26,903,218)	<b>35,320,328</b>	(68,650,449)
Adjustments for:-					
Adjustment on property, plant and equipment		<b>2,056,536</b>	-	-	-
Depreciation of right-of-use assets		<b>2,592,122</b>	-	-	-
Changes in fair value on unquoted shares		-	1,070,000	-	1,070,000
Depreciation of property, plant and equipment		<b>3,866,280</b>	6,393,003	-	-
(Gain)/Loss on disposal of property, plant and equipment		<b>(180,312)</b>	13,710	-	-
Gain on disposal of investment in unquoted shares		<b>(1)</b>	-	<b>(1)</b>	-
Gain on disposal of subsidiaries	9(c)	<b>(1,357,216)</b>	-	<b>(10,200,000)</b>	-
Loss on fair value adjustment on amount due from an associate		<b>4,785,391</b>	-	<b>4,785,391</b>	-
Impairment loss on:					
- amounts due from an associate		<b>205,675</b>	-	-	-
- amounts due from subsidiaries		-	-	-	22,585,617
- investment in associates		<b>52,500</b>	268,251	-	-
- investment in subsidiaries		-	-	-	44,362,928
- property, plant and equipment		-	16,489,175	-	-
- trade receivables		<b>672,316</b>	701,833	-	-
Interest expense		<b>2,439,801</b>	1,128,447	-	-
Interest income		<b>(81,009)</b>	(329,730)	-	(2,728)
Attributable to gain on retained interest as associate		-	-	<b>(9,800,000)</b>	-
Loss on remeasurement of non-current financial liability		<b>799,549</b>	-	-	-
Balance carried forward		<b>30,299,879</b>	(1,168,529)	<b>20,105,718</b>	(634,632)

# STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2019 (Cont'd)



	Note	Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
<b>Cash flows from Operating Activities (Cont'd)</b>					
Balance brought forward		30,299,879	(1,168,529)	20,105,718	(634,632)
Adjustments for:-					
Reversal of impairment loss					
- amounts due from subsidiaries		-	-	(22,585,617)	(471,408)
- trade receivables		(701,833)	(3,361,925)	-	-
- other receivables		(3,069,572)	(2,834,819)	-	-
Share of result of associates		-	80,722	-	-
Written off on:					
- amount due from an associate		80,742	-	80,742	-
- deposit		-	8,990	-	-
- property, plant and equipment		1	419,984	-	-
- trade receivables		110,543	-	-	-
- other receivables		216,000	-	-	-
<b>Operating profit/(loss) before changes in working capital</b>		<b>26,935,760</b>	<b>(6,855,577)</b>	<b>(2,399,157)</b>	<b>(1,106,040)</b>
Biological assets		(457,394)	974,940	-	-
Inventories		(34,265,499)	(9,208,284)	-	-
Contract assets		(26,652,986)	(4,957,375)	-	-
Receivables		(6,109,783)	11,349,047	1	-
Payables		58,329,926	8,356,936	87,259	(73,075)
<b>Cash generated from/ (used in) operations</b>		<b>17,780,024</b>	<b>(340,313)</b>	<b>(2,311,897)</b>	<b>(1,179,115)</b>
Interest received		81,009	329,730	-	2,728
Interest paid		(2,196,219)	(1,128,447)	-	-
Income tax refunded		8,064	-	-	-
Income tax paid		(2,878,593)	(1,101)	-	-
<b>Net cash from/(used in) operating activities</b>		<b>12,794,285</b>	<b>(1,140,131)</b>	<b>(2,311,897)</b>	<b>(1,176,387)</b>

# STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2019 (Cont'd)

	Note	Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
<b>Cash Flows from Investing Activities</b>					
Advances to associates		(205,675)	-	-	-
Acquisition of associate		(52,500)	(137,926)	-	-
Acquisition of subsidiaries		-	-	-	(250,001)
Acquisition of unquoted shares		-	(1,070,000)	-	(1,070,000)
Purchase of property, plant and equipment	8(c)	(2,048,913)	(10,976,645)	-	-
Proceeds from disposal property, plant and equipment		330,193	7,800	-	-
Proceeds from disposal of subsidiaries		-	-	1,000,000	-
Discontinued operations, net of cash and cash equivalents disposed off	9(c)	(882,754)	-	-	-
<b>Net cash (used in)/from investing activities</b>		<b>(2,859,649)</b>	<b>(12,176,771)</b>	<b>1,000,000</b>	<b>(1,320,001)</b>
<b>Cash Flows from Financing Activities</b>					
Repayment from former subsidiary		-	-	121,267	-
Repayment from subsidiaries		-	-	1,190,577	536,579
Payment for the principal portion of lease liabilities		(2,673,269)	-	-	-
Uplift of fixed deposits pledged		-	1,334,366	-	-
(Repayment to)/Advances from Directors		(2,298,646)	12,147,782	-	-
Repayment of borrowings		(611,030)	(6,892,743)	-	-
<b>Net cash (used in)/from financing activities</b>		<b>(5,582,945)</b>	<b>6,589,405</b>	<b>1,311,844</b>	<b>536,579</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>4,351,691</b>	<b>(6,727,497)</b>	<b>(53)</b>	<b>(1,959,809)</b>
Cash and cash equivalents at beginning of the year		5,504,917	12,232,414	382	1,960,191
<b>Cash and cash equivalents at end of the year</b>	(i)	<b>9,856,608</b>	<b>5,504,917</b>	<b>329</b>	<b>382</b>

# STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2019 (Cont'd)



(i) Cash and cash equivalents comprise the following:

	Note	Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
Cash and bank balances		1,843,391	3,136,200	329	382
Fixed deposits with licensed banks	19	8,013,217	5,367,189	-	-
		<b>9,856,608</b>	<b>8,503,389</b>	<b>329</b>	<b>382</b>
Less: Cashline-i	24	-	(2,998,467)	-	-
Bank overdraft	24	-	(5)	-	-
		<b>9,856,608</b>	<b>5,504,917</b>	<b>329</b>	<b>382</b>

(ii) Cash outflows for leases as a lease are as follow:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
<b>Included in net cash from operating activities:</b>				
Interest paid in relation to lease liabilities	1,331,131	-	-	-
<b>Included in net cash from financing activities:</b>				
Payment for the principal portion of lease liabilities	2,673,269	-	-	-
	<b>4,004,400</b>	<b>-</b>	<b>-</b>	<b>-</b>

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

## 1. CORPORATE INFORMATION

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

The registered office of the Company is located at No. 54-4-8, Wisma Sri Mata, Jalan Van Praagh, 11600, Jelutong, Penang.

The principal place of business of the Company is located at Plot 138 Kawasan Perindustrian Pelabuhan Lumut, Kampung Aceh, 32000 Sitiawan, Perak Darul Ridzuan.

The Company is principally engaged in investment holdings. The principal activity of the subsidiaries is disclosed in Note 9. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year except for the Group has disposed its poultry-related subsidiaries.

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 26 February 2020.

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

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

### **New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int**

#### (i) Adoption of New MFRS and Amendments/Improvements to MFRSs and IC Int

MFRS 16	Leases
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
IC Interpretations 23	Uncertainty over Income Tax Treatments
Annual Improvements to MFRSs 2015-2017 Cycle	

The adoption of the Amendments/Improvements to MFRSs and IC Int did not have any significant effect on the financial statements of the Group and of the Company except as described below:

#### **MFRS 16 Leases**

The Group has applied MFRS 16 Leases for the first time for the financial year beginning on 1 January 2019.

MFRS 16 replaced MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance lease under MFRS 117. The Group has a number of operating leases for assets which includes properties and other equipment.

The Group applied the modified retrospective transition approach which measures the lease liabilities based on the present value of future lease payments calculated using incremental borrowing rate at date of transition. Lease payments would be split into principal and interest payments, using the effective interest method.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019



## 2. BASIS OF PREPARATION (Cont'd)

### (a) Statement of compliance (Cont'd)

#### New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int (Cont'd)

#### (i) Adoption of New MFRS and Amendments/Improvements to MFRSs and IC Int (Cont'd)

##### MFRS 16 Leases (Cont'd)

Correspondingly, the right-of-use ("ROU") assets will be the present value of the liability at the commencement date of the lease, adding any directly attributable costs. The ROU asset will be depreciated on a straight-line basis over the shorter of the lease term and useful life of the leased asset.

The following practical expedients as permitted by the standards have been adopted:

- leases of less than 12 months duration and leases for low value items are excluded. Rental payments associated with these leases will be recognised in the statement of comprehensive income on a straight-line basis over the life of the lease;
- initial direct costs incurred on leases are excluded from the measurement of the ROU assets at the date of initial application; and
- applying a single discount rate (5.35%) to a portfolio of leases with reasonably similar characteristics.

The adoption of MFRS 16 required the Group to make judgment on the discount rates used on transition to discount future lease payments (i.e. the Group's incremental borrowing rates). These rates have been calculated to reflect the underlying lease terms and observable inputs. The risk-free rate component has been based on Base Lending Rate over the same term as the lease and has been adjusted for credit risk.

The Group applied the modified retrospective approach which requires the impact of the adoption to be included in the opening retained earnings on 1 January 2019. As such, comparative information was not restated and continues to be reported under MFRS 117 and related interpretations.

The effects arising from initial application of MFRS 16 is as follows:

	1.1.2019 RM
<b>Asset</b>	
Right-of-use assets	8,080,149
<b>Liabilities</b>	
Lease liabilities	(9,888,277)
Deferred tax liabilities	(433,951)
Net impact on retained earnings	<u>(2,242,079)</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 2. BASIS OF PREPARATION (Cont'd)

### (a) Statement of compliance (Cont'd)

**New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int (Cont'd)**

#### (i) Adoption of New MFRS and Amendments/Improvements to MFRSs and IC Int (Cont'd)

##### MFRS 16 Leases (Cont'd)

As disclosed in Note 9(c), the right-of-use assets and lease liabilities have been derecognised and the movement during the year are as follows:

	1.1.2019 RM
<b>Right-of-use assets</b>	
<b>Cost</b>	
At 1 January, previously stated	-
Effect of adoption on MFRS 16	8,080,149
Additions	4,123,785
Disposal of discontinued operations	<u>(12,203,934)</u>
At 31 December	<u>-</u>
<b>Accumulated depreciation</b>	
At 1 January	-
Charge for the year	2,592,122
Disposal of discontinued operations	<u>(2,592,122)</u>
At 31 December	<u>-</u>
<b>Net carrying amount</b>	
At 31 December	<u>-</u>

The expenses charged to profit or loss during the financial year as per below:

	RM
Interest expenses on lease liabilities	<u>1,331,131</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 2. BASIS OF PREPARATION (Cont'd)

### (a) Statement of compliance (Cont'd)

#### **New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations (“IC Int”) and Amendments to IC Int (Cont'd)**

#### **(ii) New MFRSs, Amendments/Improvements to MFRSs and IC Int that are issued but not yet effective and have not been early adopted**

The Group and the Company have not adopted the following new MFRSs and Amendments/Improvements to MFRSs and IC Int that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and for the Company:

#### ***Effective for financial periods beginning on or after 1 January 2020***

Amendments to MFRS 2	Share-Based Payment
Amendments to MFRS 3	Business Combinations
Amendments to MFRS 6	Exploration for and Evaluation of Mineral Resources
Amendments to MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 101	Presentation of Financial Statements
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to MFRS 134	Interim Financial Reporting
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendments to MFRS 138	Intangible Assets
Amendments to MFRS 9 and MFRS 7	Interest Rate Benchmark Reform
Amendments to IC Interpretation 12	Service Concession Arrangements
Amendments to IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to IC Interpretation 132	Intangible Assets-Web Site Costs

#### ***Effective for financial periods beginning on or after 1 January 2021***

MFRS17	Insurance Contracts
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#### ***Effective date to be announced***

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 will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Group and of the Company upon their initial applications.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 2. BASIS OF PREPARATION (Cont'd)

### (b) Basis of Measurement

The financial statements of the Group and of the Company have been prepared on the historical cost convention except for those as disclosed in the accounting policy notes.

### (c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency.

### (d) Significant accounting estimates and judgements

The summary of accounting policies as described in Note 3 are essential to understand the Group's result of operations, financial position, cash flows and other disclosures. Certain of these accounting policies require critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Directors exercise their judgement in the process of applying the Group's accounting policies.

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

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

#### (i) Biological assets

The fair value of biological assets was determined based on valuations performed by an independent professional valuer.

In measuring the fair value of biological assets, estimates and judgements are required which include the market price, expected quantity of eggs to be produced over the life of the breeders, value of eggs produced by breeders, mortality rate, feed consumption rate, feed costs and other direct costs. Changes to any of these assumptions would affect the fair value of the biological assets.

The key assumptions used in the valuation methods are disclosed in Note 13.

#### (ii) Property development

Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (i.e. by reference to the property development costs incurred to date as a percentage of the estimated total costs of development of the contract). In making the estimate, management relies on opinion/service of experts, past experience and a continuous monitoring mechanism.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

### (a) Basis of consolidation

#### Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances. The Company controls an investee if and only if the Company has all the following:

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

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

- (i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) Potential voting rights held by the Company, other vote holders or other parties;
- (iii) Rights arising from other contractual arrangements; and
- (iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When control ceases, the disposal proceeds and the fair value of any retained investment are compared to the Group's share of the net assets disposed. The difference together with the carrying amount of allocated goodwill and the exchange reserve that relate to the subsidiary is recognised as gain or loss on disposal.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (a) Basis of consolidation (Cont'd)

#### Business combination

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction cost incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 9 either in profit or loss or a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

#### Subsidiaries

In the Company's separate financial statements, investment in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the profit or loss.

#### Associates

Associates are entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the associate's operations or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in profit or loss.

When the Group's interest in an associate decrease but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (a) Basis of consolidation (Cont'd)

#### Transactions eliminated on consolidation

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

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### (b) Revenue and other income recognition

#### (i) Revenue from contracts with customers

##### Continuing operations

The Group is in the business of property development.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, net of indirect taxes.

##### Property development revenue

The Group recognises revenue from property development over time if it creates an asset with no alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (i.e. by reference to the property development costs incurred to date as a percentage of the estimated total costs of development of the contract).

##### Incremental costs of obtaining a contract with a customer

The Group pays sales commissions to external sales agent and employees as an incentive for sales of each unit of on-going property development to the customers. Sales commissions have been determined to be an incremental cost of obtaining a contract and are capitalised as contract costs when the Group expects these costs to be recovered over a period of more than one year.

Contract costs are amortised over the revenue recognition by reference to the progress towards complete satisfaction of the performance obligation. For contract costs with an amortisation period of less than one year, the Group has elected to apply the practical expedient to recognise as an expense when incurred. Amortisation of contract costs are included as part of selling and distribution expenses in the profit or loss, based on the nature of commission costs, and not under amortisation expenses.

##### Contract assets and contract liabilities

Contract asset is the right to consideration in exchange for goods or services transferred to the customers. The Group's contract asset is the excess of cumulative revenue earned over the billings to-date.

When there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (b) Revenue and other income recognition (Cont'd)

#### (i) Revenue from contracts with customers (Cont'd)

##### Continuing operations (Cont'd)

##### Contract assets and contract liabilities (Cont'd)

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customer. The Group's contract liability is the excess of the billings to-date over the cumulative revenue earned. Contract liabilities are recognised as revenue when the Group performs its obligation under the contract.

##### Discontinued operations

The discontinued operations is in the business of trading of live broiler and other farm related products, processed chicken and operator of restaurants.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customers at an amount that reflects the consideration to which the discontinued operations expects to be entitled in exchange for those goods or services, net of indirect taxes.

##### Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, usually on delivery and acceptance of the goods.

#### (ii) Interest income

Interest income is recognised on a time proportion basis that reflects the effective yield on asset.

#### (iii) Rental income

Rental income is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease.

### (c) Employee benefits

#### (i) Short term employee benefits

Wages, salaries, social security contributions and bonuses are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group. 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 absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

#### (ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense as incurred. Once the contributions have been paid, the Group has no further payment obligations.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (d) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Interest incurred on borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset related to property development activities or construction of assets are capitalised as part of the cost of the asset during the period of time require to complete and prepare the asset for its intended use. Capitalisation of borrowing costs ceased when the assets are ready for their intended use or sale whereby the assets are no longer qualifying asset.

### (e) Income taxes

#### Current tax

Tax expense represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the financial year, using tax rates enacted or substantively enacted by the reporting date, and any adjustments recognised for prior years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

#### Deferred tax

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same taxation authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will be available for the assets to be utilised.

Deferred tax assets relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from business combination is adjusted against goodwill on acquisition or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the acquisition cost.

### (f) Leases

#### *Current financial year*

#### **As a lessee**

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets and lease liabilities are presented as a separate line in the statement of financial position.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (f) Leases (Cont'd)

#### *Current financial year (Cont'd)*

##### **As a lessee (Cont'd)**

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment as follows:

Farm premises	6 to 10 years, or over the lease term, if shorter
Hostel premises	2 to 10 years, or over the lease term, if shorter

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The Group applies MFRS 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 3(n)(ii).

The lease liability is initially measured at the present value of the future lease payments at the commencement date, discounted using the Group's incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group is reasonably certain to exercise.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if the Group changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less. Low value assets are those assets valued at less than RM20,000 each when purchased new.

#### *Previous financial year*

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

### (i) Finance Lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (f) Leases (Cont'd)

#### *Previous financial year (Cont'd)*

#### (ii) Operating Lease

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which is in substance is an operating lease is classified as prepaid lease payments and amortised on a straight-line basis over the lease period as disclosed in the notes to the financial statements.

### (g) Discontinued operation

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, whichever is earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

### (h) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares, which comprise free warrants granted to shareholders.

### (i) Property, plant and equipment

Property, plant and equipment are measured at cost/valuation less accumulated depreciation and accumulated impairment losses.

#### (i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (i) Property, plant and equipment (Cont'd)

#### (i) Recognition and measurement (Cont'd)

The Group revalues its properties comprising land and building every 3 to 5 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value. Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

#### (ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

#### (iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in the profit or loss on straight line basis over its estimated useful lives of each component of an item of property, plant and equipment at the following annual rates:

Long leasehold lands	Over remaining leasehold period
Buildings	50 years
Cold room, installation, and plant and machineries	6 – 20 years
Motor vehicles	10 years
Signboard, furniture and fittings, and office equipment	5 – 10 years

Freehold lands have an indefinite useful life and therefore is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

### (j) Biological assets

Biological assets comprise breeders and broilers are measured at fair value less cost to sell.

The fair value of breeders is determined using income approach based on the expected number of eggs produced by each breeder and after allowing for feed costs, contributory asset charges for the land and farm houses owned by the entity and other costs incurred in getting the breeders to maturity.

The fair value of broilers is determined using comparison approach by entails analysing recent transactions, asking price and sector benchmarks of similar biological assets in and around the locality for comparison purposes with adjustments made for age, size, weight and market condition.

Costs to sell include the incremental selling costs, exclude finance costs and income taxes.

Changes in fair value of biological assets are recognised in the statement of profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (k) Inventories

Inventories are measured at the lower of cost and net realisable value. The inventories of the Group are made up of poultry related inventories and relevant cost of land and development expenditure.

#### (i) Poultry related inventories

The cost of inventories is measured based on weighted average cost method and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition, are accounted for as follows:

- cost of raw materials and packaging materials comprise cost of purchase and are stated on a standard cost basis (which approximates average actual cost).
- cost of finished goods includes raw materials, labour and an appropriate proportion of production overheads.

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

#### (ii) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defect liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

### (l) Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and on hand and fixed deposits with licensed banks that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts, cashline-i and pledged deposits, if any.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (m) Financial instruments

#### (i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

#### (ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

##### **Financial assets**

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group and the Company change their business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

##### *Amortised cost*

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets.

All financial assets, are subject to impairment assessment under Note 3(n)(i).

##### **Financial liabilities**

The category of financial liabilities at initial recognition is as follows:

##### *Amortised cost*

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (m) Financial instruments (Cont'd)

#### (iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group and the Company currently have a legally enforceable right to set off the amounts and they intend either to settle them on a net basis or to realise the asset and liability simultaneously.

#### (iv) Regular way purchase or sale of financial assets

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

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date; and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

#### (v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

### (n) Impairment of assets

#### (i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost and contract assets. Expected credit losses are a probability-weighted estimate of credit losses.

Loss allowance of the Group and of the Company are measured on either of the following bases:

- (a) 12-month ECLs - represents the ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- (b) Lifetime ECLs - represents the ECLs that will result from all possible default events over the expected life of a financial instrument or contract asset.

The impairment methodology applied depends on whether there has been a significant increase in credit risk.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (n) Impairment of assets (Cont'd)

#### (i) Financial assets (Cont'd)

##### Simplified approach - trade receivables and contract assets

The Group and the Company apply the simplified approach to provide ECLs for all trade receivables and contract assets as permitted by MFRS 9. The simplified approach required expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group and the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where applicable.

##### General approach - other financial instruments

The Group and the Company apply the general approach to provide for ECLs on all other financial instruments, which requires the loss allowance to be measured at an amount equal to 12-months ECLs at initial recognition.

At each reporting date, the Group and the Company assess whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs. In assessing whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward looking information, where available.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group and the Company consider the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group and the Company in full, without recourse by the Group and the Company to actions such as realising security (if any is held); or
- The financial asset is more than 1 year past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group and the Company are exposed to credit risk.

##### Credit Impaired financial assets

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost is credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event (e.g being more than 1 year past due);
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower or a concession that the lender would not otherwise consider (e.g the restructuring of a loan or advance by the Group and the Company on terms that the Group and the Company would not consider otherwise);
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for security because of financial difficulties.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (n) Impairment of assets (Cont'd)

#### (i) Financial assets (Cont'd)

##### Write-off policy

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery amounts due. Any recoveries made are recognised in profit or loss.

#### (ii) Non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus of the assets to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flow that largely are independent from other assets and groups.

The recoverable amount of an asset or cash-generating units is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risks specific to the asset.

Previously recognised impairment losses are assessed at the end of each reporting period whether there is any indication that the loss has decreased or no longer exist. An impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the assets does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for assets in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

### (o) Equity instrument

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

##### Ordinary shares

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

### (p) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (q) Operating segments

Operating segments are defined as components of the Group that:

- (a) engage in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);
- (b) whose operating results are regularly reviewed by the chief operating decision maker of the Group in making decisions about resources to be allocated to the segment and assessing its performance; and
- (c) for which discrete financial information is available.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

- (a) its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments.
- (b) the absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount of:
  - (i) the combined reported profit of all operating segments that did not report a loss; and
  - (ii) the combined reported loss of all operating segments that reported a loss.
- (c) Its assets are 10% or more of the combined segments that reported a loss.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least 75% of the revenue of the Group. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

### (r) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 4. REVENUE

	Group	
	2019 RM	2018 RM
<b>Continuing operations</b>		
<i>Revenue with contract customers</i>		
Property development revenue, net	<u>71,824,689</u>	<u>12,742,411</u>
<b>Discontinued operations</b>		
Sale of poultry-related goods	<u>102,582,935</u>	<u>95,489,919</u>
<b>Timing of revenue recognition:</b>		
Point in time	<u>102,582,935</u>	95,489,919
Over time	<u>71,824,689</u>	<u>12,742,411</u>
	<u>174,407,624</u>	<u>108,232,330</u>

### Unsatisfied long-term contracts

The following table shows unsatisfied performance obligations resulting from property development revenue:

	Group	
	2019 RM	2018 RM
Total contract revenue, net	131,435,417	21,872,000
Less: Cumulative property development revenue recognised, net	<u>(84,567,100)</u>	<u>(12,742,411)</u>
Aggregate amount of the transaction price allocated to property development revenue that are partially or fully unsatisfied as at 31 December	<u>46,868,317</u>	<u>9,129,589</u>

The remaining unsatisfied performance obligations are expected to be recognised as below:

	Group	
	2019 RM	2018 RM
Within 1 year	28,880,772	8,775,770
Between 1 to 2 years	<u>17,987,545</u>	<u>353,819</u>
	<u>46,868,317</u>	<u>9,129,589</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 5. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax is arrived at after charging/(crediting):

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Auditors' remuneration				
- Statutory audit	<b>169,000</b>	125,000	<b>60,000</b>	40,000
- Other services	<b>59,000</b>	5,000	<b>59,000</b>	5,000
Adjustment on property, plant and equipment (Note 8(i))	<b>2,056,536</b>	-	-	-
Depreciation of right-of-use assets	<b>2,592,122</b>	-	-	-
Changes in fair value on unquoted shares	-	1,070,000	-	1,070,000
Depreciation of property, plant and equipment	<b>3,866,280</b>	6,393,003	-	-
Directors' remuneration (Note a)	<b>1,616,252</b>	1,596,889	<b>272,500</b>	258,000
Employee benefits expense (Note b)	<b>14,517,159</b>	14,290,761	-	-
Loss on fair value adjustment on amount due from an associate	<b>4,785,391</b>	-	<b>4,785,391</b>	-
(Gain)/Loss on disposal of property, plant and equipment	<b>(180,312)</b>	13,710	-	-
Gain on disposal of investment in unquoted shares	<b>(1)</b>	-	<b>(1)</b>	-
Gain on disposal of subsidiaries	<b>(1,357,216)</b>	-	<b>(10,200,000)</b>	-
Impairment loss on:				
- amounts due from an associate	<b>205,675</b>	-	-	-
- amounts due from subsidiaries	-	-	-	22,585,617
- investment in associates	<b>52,500</b>	268,251	-	-
- investment in subsidiaries	-	-	-	44,362,928
- property, plant and equipment	-	16,489,175	-	-
- trade receivables	<b>672,316</b>	701,833	-	-
Interest expense:				
- accretion of interest	<b>243,582</b>	-	-	-
- banker's acceptance	<b>137,092</b>	7,333	-	-
- bank overdraft	-	977	-	-
- Bai' Bithman Ajil Facility	<b>453,448</b>	736,725	-	-
- Finance lease	<b>58,460</b>	366,852	-	-
- Cashline-i	<b>216,088</b>	16,560	-	-
- Lease liabilities	<b>1,331,131</b>	-	-	-
Interest income	<b>(81,009)</b>	(329,730)	-	(2,728)
Gain on retained interest as associate	-	-	<b>(9,800,000)</b>	-
Loss on remeasurement of non- current financial liability	<b>799,549</b>	-	-	-

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 5. PROFIT/(LOSS) BEFORE TAX (Cont'd)

Profit/(Loss) before tax is arrived at after charging/(crediting) (Cont'd):

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Reversal of impairment loss on:				
- amounts due from subsidiaries	-	-	(22,585,617)	(471,408)
- trade receivables	(701,833)	(3,361,925)	-	-
- other receivables	(3,069,572)	(2,834,819)	-	-
Rental of:				
- coldroom	1,065	207,680	-	-
- crane and forklift	39,060	22,730	-	-
- equipment	60,136	59,247	-	-
- farm	-	3,987,000	-	-
- hostel	323,593	713,223	-	-
- motor vehicle	720,000	652,500	-	-
Rental income	(430,328)	(119,846)	-	-
Realised loss on foreign exchange	916	3,911	-	-
Written of on:				
- amount due from an associate	80,742	-	80,742	-
- deposit	-	8,990	-	-
- property, plant and equipment	1	419,984	-	-
- trade receivables	110,543	-	-	-
- other receivables	216,000	-	-	-

### (a) Directors' remuneration:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Fee	272,500	90,000	272,500	90,000
Salary, allowances and bonus	1,221,800	1,392,465	-	168,000
Contributions to defined contribution plan	108,000	108,000	-	-
Others	13,952	6,424	-	-
	<b>1,616,252</b>	<b>1,596,889</b>	<b>272,500</b>	<b>258,000</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 5. PROFIT/(LOSS) BEFORE TAX (Cont'd)

### (a) Directors' remuneration (Cont'd):

The number of Directors of the Group and of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Group		Company	
	2019	No. of Directors 2018	2019	2018
<b>Executive Directors:</b>				
RM100,001 - RM150,000	1	1	1	1
RM600,001 - RM650,000	2	2	-	-
<b>Non-Executive Directors:</b>				
Below RM50,000	<u>6</u>	<u>4</u>	<u>6</u>	<u>6</u>

### (b) Employee benefits expense:

	Group	
	2019 RM	2018 RM
Salary, allowances and bonus	12,815,410	12,133,118
Contributions to defined contribution plan	60,334	631,226
Others	<u>1,641,415</u>	<u>1,526,417</u>
	<u>14,517,159</u>	<u>14,290,761</u>

## 6. INCOME TAX EXPENSE

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
<b>Current tax:</b>				
<i>Continuing operation</i>				
- Current year provision	3,922,800	1,116,922	-	-
- Underprovision in prior year	<u>7,363</u>	-	-	-
	<u>3,930,163</u>	1,116,922	-	-
<i>Discontinued operations</i>				
- Overprovision in prior year	<u>(24,313)</u>	-	-	-
	<u>3,905,850</u>	<u>1,116,922</u>	-	-

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 6. INCOME TAX EXPENSE (Cont'd)

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
<b>Deferred tax (Note 25):</b>				
<i>Discontinued operation</i>				
- Current year	23,629	-	-	-
- Realisation of deferred tax liability arising from depreciable revaluation reserve	(600,794)	(170,483)	-	-
	<u>(577,165)</u>	<u>(170,483)</u>	<u>-</u>	<u>-</u>
<b>Income tax expense for the financial year:</b>				
- continuing operations	3,930,163	1,116,922	-	-
- discontinued operations	(601,478)	(170,483)	-	-
	<u>3,328,685</u>	<u>946,439</u>	<u>-</u>	<u>-</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 24%) of the estimated assessable profit for the year.

The reconciliations from the tax amount at statutory income tax rate to the Group's and to the Company's tax expense are as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit/(Loss) before tax:				
- continuing operations	13,707,792	2,266,692	35,320,328	(68,650,449)
- discontinued operations	740,455	(29,169,910)	-	-
	<u>14,448,247</u>	<u>(26,903,218)</u>	<u>35,320,328</u>	<u>(68,650,449)</u>
Tax at the Malaysian statutory income tax rate of 24%	3,467,580	(6,456,773)	8,476,879	(16,476,108)
Income not subject to tax	(2,008,441)	(1,487,220)	(9,072,054)	(113,138)
Tax effect on non-deductible expenses	2,487,290	936,768	595,175	16,589,246
Tax effect on share of result of associates	-	19,373	-	-
Deferred tax assets not recognised	-	8,104,774	-	-
Realisation of deferred tax liability arising from depreciable revaluation reserve	(600,794)	(170,483)	-	-
Overprovision of income tax in prior year	(16,950)	-	-	-
	<u>3,328,685</u>	<u>946,439</u>	<u>-</u>	<u>-</u>



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 6. INCOME TAX EXPENSE (Cont'd)

The Group has the following estimated items available for set-off against future taxable profits:

	Group	
	2019 RM	2018 RM
Unutilised tax losses	-	57,337,430
Unabsorbed capital allowances	-	59,870,969
Unutilised reinvestment allowances	-	47,428,883
	<u>-</u>	<u>164,637,282</u>

The availability of tax losses, capital allowances and reinvestment allowances will be subject to Inland Revenue Board discretion and approval to offset against future taxable profit.

With effect from Year of Assessment ("YA") 2019, the unutilised tax losses in a YA of the Group can only be carried forward for a maximum period of 7 consecutive YAs to be utilised against income from any business source.

## 7. EARNINGS/(LOSS) PER ORDINARY SHARE

### Basic earnings/(loss) per ordinary share

Basic earnings/(loss) per ordinary share for the financial year is calculated by dividing the profit/(loss) after tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2019	2018
Profit/(loss) after tax attributable to the Owners of the Company (RM):		
- from continuing operations	<b>9,777,629</b>	1,149,770
- from discontinued operations	<b>(2,086,242)</b>	(28,999,427)
	<u><b>7,691,387</b></u>	<u>(27,849,657)</u>
Number of ordinary shares at beginning/end of the year	<u><b>2,678,229,306</b></u>	<u>2,678,229,306</u>
Basic earnings/(loss) per ordinary share (sen):		
- from continuing operations	<b>0.365</b>	0.043
- from discontinued operations	<b>(0.078)</b>	(1.083)
	<u><b>0.287</b></u>	<u>(1.040)</u>

The Group has no dilution in its earnings/(loss) per ordinary share as the exercise price of the warrants have exceeded the average market price of ordinary shares during the financial year. The warrants do not have any dilution effect on the weighted average number of ordinary shares.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 8. PROPERTY, PLANT AND EQUIPMENT

Group	At valuation				At cost			Total RM
	Freehold lands RM	Long leasehold lands RM	Buildings RM	Cold room, installation, plant and machineries RM	Motor vehicles RM	Signboard, furniture and fittings, and office equipment RM		
<b>2019</b>								
<b>Cost/Valuation</b>								
At 1 January	5,760,000	14,600,000	49,966,013	56,875,475	10,110,179	5,110,388	142,422,055	
Additions	-	-	-	1,263,259	1,252,546	227,258	2,743,063	
Adjustment	-	-	(2,056,536)	-	-	-	(2,056,536)	
Disposals	-	-	-	(38,000)	(1,249,758)	(26,730)	(1,314,488)	
Written off	-	-	-	(18,500)	-	-	(18,500)	
Discontinued operations	(5,760,000)	(14,600,000)	(47,909,477)	(58,082,234)	(10,112,967)	(5,268,759)	(141,733,437)	
At 31 December	-	-	-	-	-	42,157	42,157	
<b>Accumulated depreciation</b>								
At 1 January	-	250,266	4,330,796	43,549,055	7,354,799	1,957,627	57,442,543	
Charge for the financial year	-	165,596	2,970,254	103,454	602,682	24,294	3,866,280	
Disposals	-	-	-	(29,133)	(1,126,149)	(9,325)	(1,164,607)	
Written off	-	-	-	(18,499)	-	-	(18,499)	
Discontinued operations	-	(415,862)	(7,301,050)	(43,604,877)	(6,831,332)	(1,930,443)	(60,083,564)	
At 31 December	-	-	-	-	-	42,153	42,153	

Note:

(i) Adjustment relates to credit note received from supplier during the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 8. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	At valuation		At cost			Total RM
	Freehold lands RM	Long leasehold lands RM	Buildings RM	Cold room, installation, plant and machineries RM	Motor vehicles RM	
<b>Group (Cont'd)</b>						
<b>2019</b>						
<b>Accumulated impairment loss</b>						
At 1 January	10,000	-	123,772	13,326,419	-	16,612,947
Discontinued operations	(10,000)	-	(123,772)	(13,326,419)	-	(16,612,947)
At 31 December	-	-	-	-	-	-
<b>Net carrying amount</b>	-	-	-	-	-	4
At 31 December	-	-	-	-	-	4

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 8. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Group	At valuation		At cost			Total RM
	Freehold lands RM	Long leasehold lands RM	Buildings RM	Cold room, installation, plant and machineries RM	Motor vehicles RM	
<b>2018</b>						
<b>Cost/Valuation</b>						
At 1 January	5,525,000	14,600,000	40,623,015	57,293,723	9,483,840	132,169,246
Additions	-	-	9,342,998	665,333	626,339	11,491,789
Disposals	-	-	-	(47,800)	-	(47,800)
Written off	-	-	-	(1,035,781)	-	(1,426,180)
Revaluation surplus	235,000	-	-	-	-	235,000
At 31 December	5,760,000	14,600,000	49,966,013	56,875,475	10,110,179	142,422,055
<b>Accumulated depreciation</b>						
At 1 January	-	84,670	1,430,243	42,159,893	6,908,375	52,082,026
Charge for the financial year	-	165,596	2,900,553	2,385,946	446,424	6,393,003
Disposals	-	-	-	(26,290)	-	(26,290)
Written off	-	-	-	(970,494)	-	(1,006,196)
At 31 December	-	250,266	4,330,796	43,549,055	7,354,799	57,442,543

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 8. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	At valuation		At cost			Total RM
	Freehold lands RM	Long leasehold lands RM	Buildings RM	Cold room, installation, plant and machineries RM	Motor vehicles RM	
<b>Group (Cont'd)</b>						
<b>2018</b>						
<b>Accumulated impairment loss</b>						
At 1 January	-	-	123,772	-	-	123,772
Addition	10,000	-	-	13,326,419	-	16,489,175
At 31 December	10,000	-	123,772	13,326,419	-	16,612,947
<b>Net carrying amount</b>						
At 31 December	5,750,000	14,349,734	45,511,445	1	2,755,380	68,366,565

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 8. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Office equipment, furniture and fittings and renovation RM
<b>Company</b>	
<b>2019</b>	
<b>Cost</b>	
As at 1 January/31 December	42,157
<b>Accumulated depreciation</b>	
As at 1 January/31 December	42,153
<b>Net carrying amount - At 31 December</b>	<b>4</b>
<b>2018</b>	
<b>Cost</b>	
As at 1 January/31 December	42,157
<b>Accumulated depreciation</b>	
As at 1 January/31 December	42,153
<b>Net carrying amount - At 31 December</b>	<b>4</b>
(a) Assets held under finance lease arrangements	

	Group	
	2019	2018
<b>Net carrying amount</b>		
Motor vehicles	-	1,856,522

### (b) Assets pledged as security

In addition to assets held under finance lease arrangements, the freehold land, leasehold land and buildings with a total carrying amount of RM Nil (2018: RM17,072,807) have been pledged to licensed bank as securities for credit facilities granted to the Group as disclosed in Note 24.

### (c) Acquisitions of property, plant and equipment

	Group	
	2019	2018
Cash purchase	2,048,913	10,976,645
Financed through finance lease arrangement	694,150	515,144
<b>Total acquisition of property, plant and equipment</b>	<b>2,743,063</b>	<b>11,491,789</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 8. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

### (d) Assets held in trust

Included property, plant and equipment of the Group is a motor vehicle with net carrying amount of RM Nil (2018: RM48,004) held in trust by a Director of the Group.

### (e) Revaluation of freehold land, leasehold land and buildings

Freehold lands, leasehold lands and buildings were revalued on 13 July 2018, 21 February 2017 and 9 March 2017 respectively. Their fair values were arrived at by reference to market evidence of transaction prices for similar properties and were performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

The fair values of the freehold and leasehold lands were determined based on comparison method with similar lands that have been sold recently and those that are currently being offered for sale in the vicinity with appropriate adjustments made to reflect improvements and other dissimilarities and to arrive at the value of the subject lands.

The fair values of the buildings were determined based on replacement cost model less the amount of accrued physical depreciation as evidenced by the observed condition and assuming the continued use of the installed property for the designed purpose as part of a going concern but without specific relation to earnings.

The fair values of the freehold lands, leasehold lands and buildings are categorised at Level 3 of the fair value hierarchy and were estimated using observable inputs for the properties.

If the freehold lands, leasehold lands and buildings currently carried at valuation were measured using the cost model, the carrying amounts would have been as follows:

	Group	
	2019	2018
<b>At historical cost:</b>		
Freehold lands	-	2,508,152
Long leasehold lands	-	3,090,243
Buildings	-	36,128,896
	-	41,727,291

### (f) Impairment of plant and equipment

In prior year, the Group carried out a review of the recoverable amount of its property, plant and equipment (except properties) in the poultry operating segment due to its continuously loss-making and significant accumulated losses position. An impairment loss of RM16,489,175 representing the impairment of the plant and equipment to the recoverable amount was recognised as "other expenses" line item of the statements of comprehensive income for the financial year ended 31 December 2018.

The recoverable amount of the plant and equipment was derived based on value-in-use calculation using cash flows projections derived from the most recent financial forecast approved by the Directors covering a five-years period.

The estimate of value-in-use was determined using a pre-tax discount rate of 9.8%.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 9. INVESTMENT IN SUBSIDIARIES

	Group	
	2019	2018
<b>Unquoted shares</b>		
<b>At cost</b>		
At beginning of the year	111,832,277	111,582,276
Additions	-	250,001
Disposal of discontinued operations	<b>(111,582,276)</b>	-
At end of the year	<b>250,001</b>	111,832,277
<b>Less: Accumulated impairment loss</b>		
At beginning of the year	<b>(111,582,276)</b>	(67,219,348)
Additions	-	(44,362,928)
Disposal of discontinued operations	<b>111,582,276</b>	-
At end of the year	-	(111,582,276)
<b>At end of the year</b>	<b>250,001</b>	250,001

Details of the subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Principal Activities	Effective Equity Interest	
			2019	2018
			%	%
DBE Development Sdn. Bhd.	Malaysia	Property development	100	100
D Construction Sdn. Bhd.	Malaysia	Dormant	100	100
D.B.E. Poultry Sdn. Bhd.#^	Malaysia	Operating broiler farms, feeds processing activities and trading in related farm products and materials and operator of restaurants	-	100
D.B.E. Breeding Sdn. Bhd. *^	Malaysia	Dormant	-	100
D.B.E. Hatchery Sdn. Bhd. *^	Malaysia	Dormant	-	100
D.B.E. Marketing Sdn. Bhd. *^	Malaysia	Dormant	-	100
D.B.E. Food Processing Industries Sdn. Bhd. *^	Malaysia	Dormant	-	100
D.B.E. Gurney Chicken Sdn. Bhd. *^	Malaysia	Dormant	-	100

^ Poultry-related companies



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 9. INVESTMENT IN SUBSIDIARIES (Cont'd)

### Disposal of subsidiaries

On 31 December 2019, the Group disposed 51% of poultry-related companies ("Disposed Subsidiaries" or "Discontinued Operations") which represented its entire Poultry operating segment as disclosed in Note 34(iv). The Disposed Subsidiaries were not a discontinued operation or classified as held for sale as at 31 December 2018 and the comparative consolidated statement of comprehensive income has been re-presented to show the discontinued operations separately from continuing operations. The Management decided to dispose the Disposed Subsidiaries due to the decision to focus on property development segment during the financial year. Upon completion of the disposal, the Disposed Subsidiaries became associates of the Group.

(a) Profit/(Loss) attributable to the discontinued operations was as follows:

		Group	
	Note	2019 RM	2018 RM
Revenue	4	102,582,935	95,489,919
Expenses		<u>(101,842,480)</u>	<u>(124,659,829)</u>
<b>Results from operating activities</b>		<b>740,455</b>	<b>(29,169,910)</b>
Tax credit	6	<u>601,478</u>	<u>170,483</u>
<b>Results from operating activities, net of tax</b>		<b>1,341,933</b>	<b>(28,999,427)</b>
Gain on sale of discontinued operations		<b>1,357,216</b>	-
Loss on fair value adjustment on amount due from an associate		<u>(4,785,391)</u>	<u>-</u>
<b>Loss for the year</b>		<b><u>(2,086,242)</u></b>	<b><u>(28,999,427)</u></b>

The loss from discontinued operations of RM2,086,242 (2018: RM28,999,427) is attributable entirely to the Owners of the Company.

(b) The net cash flows incurred by the discontinued operations was as follows:

		Group	
		2019 RM	2018 RM
<b>Cash flows from/(used in) discontinued operations</b>			
Net cash from operating activities		<b>6,148,613</b>	6,437,970
Net cash used in investing activities		<b>(1,976,895)</b>	(11,106,771)
Net cash used in financing activities		<u>(3,670,706)</u>	<u>(5,962,536)</u>
		<b><u>501,012</u></b>	<b><u>(10,631,337)</u></b>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 9. INVESTMENT IN SUBSIDIARIES (Cont'd)

### Disposal of subsidiaries (Cont'd)

(c) The summary of the effect of the disposal of subsidiaries on the financial position of the Group was as follows:

	Group 2019 RM
Property, plant and equipment	65,036,926
Right-of-use assets	9,611,812
Biological assets	8,589,936
Inventories	8,711,159
Trade receivables	9,920,681
Other receivables	3,307,813
Cash and cash equivalents	1,882,754
Lease liabilities	(8,793,245)
Borrowings	(11,906,255)
Amount due to corporate shareholder	(22,464,349)
Deferred tax liabilities	(5,211,295)
Trade payables	(15,403,630)
Other payables	(12,136,744)
Lease liability	(2,545,548)
Amount due to Directors	(9,955,579)
Amounts due to associates	(1,652)
<b>Net assets of disposed subsidiaries</b>	<b>18,642,784</b>
Attributable to gain on retained interest as associate	(9,800,000)
Gain on disposal of subsidiaries	1,357,216
Total sales proceeds	10,200,000
Less: Consideration receivable through deferred payment within 1 year	(9,200,000)
<b>Consideration received, satisfied in cash</b>	<b>1,000,000</b>
Cash and cash equivalent disposed	(1,882,754)
<b>Net cash outflow</b>	<b>(882,754)</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 9. INVESTMENT IN SUBSIDIARIES (Cont'd)

### Disposal of subsidiaries (Cont'd)

(d) The disposal of subsidiaries had the following effect on the financial position of the Company:

	Company 2019 RM
Total sales proceeds	10,200,000
Less: Cost of investment of Disposed Subsidiaries, net of impairment	-
Gain on disposal of subsidiaries	10,200,000
Add: Attributable to gain on retained interest as associate	9,800,000
	<u>20,000,000</u>

(e) At the reporting date, the fair value of the put option granted to dispose the remaining 49% shareholding in the Disposed Companies as disclosed in Note 34(iv) is Nil.

Fair value of the put option is derived using option pricing model together with the inputs, which include underlying asset value, dividend yield, volatility of underlying asset and remaining period of the option.

The fair values of the put option is categorised at Level 3 of the fair value hierarchy and was estimated using observable inputs for the assets.

### Impairment loss

#### *# D.B.E. Poultry Sdn. Bhd.*

The Group carried out a review of the recoverable amount of its investment in subsidiaries, namely D.B.E. Poultry Sdn. Bhd. ("DBEP") due to its continuously loss-making and significant accumulated losses position. The investment in DBEP was fully impaired in prior year and an additional impairment loss of RM36,937,409 was recognised as "other expenses" line item of the statements of comprehensive income for the financial year ended 31 December 2018. The recoverable amount was derived based on value-in-use calculation using cash flows projections derived from the most recent financial forecast approved by the Directors covering a five-year period. The estimate of value-in-use was determined using a pre-tax discount rate of 9.80%.

#### *\* Poultry-related dormant companies*

The Group carried out a review of the recoverable amount of its investment in subsidiaries on poultry related dormant companies due to its continuously loss-making and significant accumulated losses position after the debt rationalisation exercise as disclosed in Note 28. The investment in poultry-related dormant companies was fully impaired in prior year and an additional impairment loss of RM7,425,519 was recognised as "other expenses" line item of the statements of comprehensive income for the financial year ended 31 December 2018. The recoverable amount was derived based on fair value less costs of disposal which was measured based on adjusted net assets of these subsidiaries.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 10. INVESTMENT IN ASSOCIATES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
<b>Unquoted shares, at cost</b>				
At beginning of the year	377,926	240,000	-	-
Additions	52,500	137,926	-	-
Fair value on retained interest as associates (Note 9(c))	9,800,000	-	9,800,000	-
Discontinued operations	(430,426)	-	-	-
At end of the year	9,800,000	377,926	9,800,000	-
<b>Less: Share of post result</b>				
At beginning of the year	(109,675)	(28,953)	-	-
Additions	-	(80,722)	-	-
Discontinued operations	109,675	-	-	-
At end of the year	-	(109,675)	-	-
<b>Less: Accumulated impairment loss</b>				
At beginning of the year	(268,251)	-	-	-
Additions	(52,500)	(268,251)	-	-
Discontinued operations	320,751	-	-	-
	-	(268,251)	-	-
<b>At end of the year</b>	<b>9,800,000</b>	<b>-</b>	<b>9,800,000</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 10. INVESTMENT IN ASSOCIATES (Cont'd)

(a) Details of the associates are as follows:

Name of associates	Country of Incorporation	Principal Activities	Effective Equity Interest	
			2019 %	2018 %
D.B.E. Poultry Sdn. Bhd. ("DBEP")	Malaysia	Operating broiler farms, feeds processing activities and trading in related farm products and materials and operator of restaurants	49	-
D.B.E. Breeding Sdn. Bhd.	Malaysia	Dormant	49	-
D.B.E. Hatchery Sdn. Bhd.	Malaysia	Dormant	49	-
D.B.E. Marketing Sdn. Bhd.	Malaysia	Dormant	49	-
D.B.E. Food Processing Industries Sdn. Bhd.	Malaysia	Dormant	49	-
D.B.E. Gurney Chicken Sdn. Bhd.	Malaysia	Dormant	49	-
<b><u>Held through</u></b>				
<b><u>D.B.E. Poultry Sdn. Bhd</u></b>				
Super Harumi Sdn. Bhd. *#^	Malaysia	Investment holding company, restaurants and wholesaler of variety of goods without any particular specialisation	19.6	40
Super Harumi (Thailand) Co., Ltd. *#^	Thailand	Quick service restaurant	14.7	30
GW Seasoning (M) Sdn. Bhd. *#^	Malaysia	Seasoning powder manufacturer, wholesaler and distributor	14.7	30
Farmmesh Foods (M) Sdn. Bhd.*#^	Malaysia	Quick service restaurant	34.3	-

\* Not audited by Moore Stephens Associates PLT

# The audited financial statements and auditors' report for the financial year end 31 December 2019 and 2018 were not made available.

^ Effective equity interest for the financial year end 31 December 2019 in respective associates is derived via 49% shareholding in DBEP.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 10. INVESTMENT IN ASSOCIATES (Cont'd)

(a) Details of the associates are as follows (Cont'd):

### **2018**

On 23 May 2018, the Group had entered into a joint venture agreement and incorporated a company, Super Harumi (Thailand) Co., Ltd. ("SHT") of which the Group has subscribed 30% of the equity interest for a total cash consideration of RM38,778.

On 26 September 2018, the Group had invested in GW Seasoning (M) Sdn. Bhd. ("GWSM") by subscribing 30% of the equity interest for a total cash consideration of RM99,148. GWSM has yet to commence its business activity.

### **2019**

On 22 January 2019, the Group had invested additional RM150,000 to maintain 30% of the equity interest in GWSM of which RM97,500 has yet to be settled as at 31 December 2019.

On 26 February 2019, the Group had invested in Farmmesh Foods (M) Sdn. Bhd. ("FMFM") by subscribing 70% of the equity interest, a total cash consideration of RM7,000 has yet to be settled as at 31 December 2019. FMFM has yet to commence its business activity.

(b) The summarised financial information of the associates, not adjusted for the proportion of the ownership interest held by the Group based on management accounts are as follows:

	2019 RM	2018 RM
<b>Assets and liabilities</b>		
Total assets	1,539,402	532,597
Total liabilities	<u>1,559,977</u>	<u>72,493</u>
<b>Results</b>		
Revenue	164,149	254,534
Loss for the financial year	(102,660)	(317,311)
Total comprehensive income	<u>102,660</u>	<u>(317,311)</u>

(c) Impairment on investment in associates

As at 31 December 2019, the Group carried a review of the recoverable amount of its investment in associates due to loss-making position of certain associates and cessation of business during the year. An impairment loss of RM52,500 (2018: RM268,251) representing the impairment of the investment in associates to the recoverable amount was recognised as "other expenses" line item of the statements of comprehensive income for the financial year ended 31 December 2019.

The recoverable amount of the investment in associates was estimated based on fair value less cost of disposal method. The fair value of the investments is categorised at Level 3 of the fair value hierarchy and was estimated using observable inputs for the assets.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 11. INVESTMENT IN UNQUOTED SHARES

	Group and Company	
	2019 RM	2018 RM
<b>At fair value:</b>		
Unquoted shares	1,070,000	1,070,000
Less: Disposal	(1,070,000)	-
	-	1,070,000
Changes in fair value	-	(1,070,000)
	-	-

Changes in fair value are as follows:

	Group and Company	
	2019 RM	2018 RM
At beginning of the year	(1,070,000)	-
Changes in fair value	-	(1,070,000)
Disposal	1,070,000	-
At end of the year	-	(1,070,000)

On 5 February 2018, the Group has incorporated a 98.7% subsidiary, namely, Harumi International Holdings Limited in Taiwan (Republic of China) with a total cash consideration of RM1,070,000.

This investment has not been treated as subsidiary or jointly controlled investment entity given the Group has no control or significant influence over its operating and financing activities of such investment.

This investment does not have a quoted market price in an active market and hence, the fair value was derived based on adjusted net assets. The fair value of the investment is categorised at Level 3 of the fair value hierarchy and was estimated using observable inputs for the assets.

As disclosed in Note 34, the Group had entered into an agreement to dispose the investment for a total consideration of RM1.

## 12. AMOUNT DUE FROM AN ASSOCIATE

This is in respect of receivable from an associate under deferred payment term pursuant to SSA agreement as disclosed in Note 34(iv). This deferred receivable is measured at amortised cost at imputed interest rate of 8.35% per annum.

	Group and Company	
	2019 RM	2018 RM
<b>Future minimum repayments:</b>		
- Repayment within one to three years	22,383,608	-
Less: Fair value adjustment	(4,785,391)	-
<b>Total present value</b>	<b>17,598,217</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 13. BIOLOGICAL ASSETS

	Group	
	2019 RM	2018 RM
<b>At fair value:</b>		
Breeders	-	3,159,290
Broilers	-	4,973,252
	-	8,132,542

Movement of breeders and broilers at fair value can be analysed as follows:

	Group	
	2019 RM	2018 RM
At 1 January	8,132,542	9,107,482
Increase due to purchases	72,397,502	88,057,135
Depopulation	(10,082,271)	(8,807,999)
Change in fair value	838,995	24,450
Sale of biological assets	(62,696,832)	(80,248,526)
Discontinued operations	(8,589,936)	-
At 31 December	-	8,132,542

In measuring the fair value of biological assets, estimates and judgements are required which include the market price, expected quantity of eggs to be produced over the life of the breeders, value of eggs produced by breeders, mortality rate, feed consumption rate, feed costs and other direct costs.

The fair value of breeders is determined using income approach based on the expected number of eggs produced by each breeder and after allowing for feed costs, contributory asset charges for the land and farm houses owned by the entity and other costs incurred in getting the breeders to maturity.

The fair value of broilers is determined using comparison approach which entails analysing recent transactions, asking price and sector benchmarks of similar biological assets in and around the locality for comparison purposes with adjustments made for age, size, weight and market condition.

The fair values of the breeders and broilers are categorised at Level 3 of the fair value hierarchy and were estimated using observable inputs for the assets.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 14. INVENTORIES

	Note	2019 RM	Group 2018 RM
<b>At cost:</b>			
Breeder eggs		-	528,663
Chicken feeds		-	450,430
Chilled and frozen chicken		-	2,264,032
Packing materials		-	254,134
Raw materials		-	1,082,546
Consumables		-	2,571,531
Property development costs	(a)	<u>40,007,764</u>	<u>7,165,624</u>
		<u>40,007,764</u>	<u>14,316,960</u>

The Group recognised inventories as cost of sales from continuing operations amounted to RM50,195,200 (2018: RM6,920,760).

(a) Property development costs

	2019 RM	Group 2018 RM
<b>Cumulative property development costs</b>		
At 1 January		
Land costs	6,476,359	-
Development costs	<u>7,610,024</u>	<u>-</u>
	14,086,383	-
<b>Cost incurred during the financial year</b>		
Land costs	27,184,377	6,476,359
Development costs	55,852,963	7,610,024
	<u>83,037,340</u>	<u>14,086,383</u>
At 31 December	<u>97,123,723</u>	<u>14,086,383</u>
<b>Cummulative cost recognised in statements of comprehensive income</b>		
At 1 January	(6,920,759)	-
Land costs	(7,099,431)	(822,053)
Development costs	(43,095,769)	(6,098,706)
At 31 December	<u>(57,115,959)</u>	<u>(6,920,759)</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 14. INVENTORIES (Cont'd)

(a) Property development costs (Cont'd)

	Group	
	2019 RM	2018 RM
<b>Property development costs at 31 December</b>		
- Land costs	25,739,252	5,654,306
- Development costs	14,268,512	1,511,318
	<u>40,007,764</u>	<u>7,165,624</u>

The title to certain lands under development are in the name of third party with the development right and power of attorney obtained by the Group via business arrangements. The titles to the development lands will be transferred from landowners to the property purchasers.

## 15. TRADE RECEIVABLES

	Group	
	2019 RM	2018 RM
Trade receivables, gross	10,406,787	13,324,210
Less: Allowance for impairment loss	-	(701,833)
Trade receivables, net	<u>10,406,787</u>	<u>12,622,377</u>

The normal credit terms of trade receivables range from 30 to 90 days (2018: 30 to 90 days).

The movement in the impairment losses during the financial year were:

	Group	
	2019 RM	2018 RM
At 1 January	701,833	3,361,925
Additions	672,316	701,833
Reversal	(701,833)	(3,361,925)
Discontinued operations	(672,316)	-
At 31 December	<u>-</u>	<u>701,833</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 16. OTHER RECEIVABLES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Other receivables, gross	<b>9,298,074</b>	5,023,177	<b>9,200,000</b>	-
Less: Allowance for impairment loss (Note 16(a))	-	(3,876,140)	-	-
Other receivables, net (Note 16(c))	<b>9,298,074</b>	1,147,037	<b>9,200,000</b>	-
Deposits	<b>11,911</b>	1,094,271	-	-
Contract costs (Note 16(b))	<b>745,500</b>	685,174	-	-
Prepayments	<b>168,000</b>	173,393	-	-
	<b>10,223,485</b>	3,099,875	<b>9,200,000</b>	-

(a) The movement in the impairment losses on other receivables during the financial year were:

	Group	
	2019 RM	2018 RM
At beginning of the year	<b>3,876,140</b>	6,710,959
Reversal	<b>(3,069,572)</b>	(2,834,819)
Discontinued operations	<b>(806,568)</b>	-
At end of the year	<b>-</b>	<b>3,876,140</b>

(b) Contract costs represent costs to obtain contracts relate to incremental sales person and agent commission for obtaining property sales contracts which are expected to be recovered through revenue recognition by reference to the progress towards complete satisfaction of the performance obligation with contract customers. These costs are subsequently expensed off as selling and marketing expenses by reference to the performance completed to date, consistent with the revenue recognition pattern.

During the financial year, the total costs to obtain contracts recognised by the Group as selling and marketing expenses in profit or loss amounting to RM2,926,173 (2018: RM970,826).

(c) Included in other receivables of the Group and of the Company is an amount of RM9,200,000 which represents deferred consideration to be collectible within next 12 months arising from the disposal of subsidiaries as disclosed in Notes 9(c) and 34(iv).

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 17. CONTRACT ASSETS

Consideration paid/payable to customers are recognised to profit or loss when performance obligations are satisfied for the respective financial years.

	Group	
	2019 RM	2018 RM
At beginning of the year	4,957,375	-
Consideration paid/payable to customers	44,984,773	136,464
Revenue recognised during the year (Note 4)	71,824,689	12,742,411
Progress billing during the year	(90,292,940)	(7,921,500)
At end of the year	<u>31,473,897</u>	<u>4,957,375</u>

## 18. AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2019 RM	2018 RM
Amounts due from subsidiaries, gross	10,532,784	34,308,978
Less: Allowance for impairment loss	-	(22,585,617)
Amounts due from subsidiaries, net	<u>10,532,784</u>	<u>11,723,361</u>

The amounts due from subsidiaries are non-trade in nature, unsecured, interest free advances which are collectible on demand.

The movement in the impairment losses during the financial year were:

	Company	
	2019 RM	2018 RM
At beginning of the year	22,585,617	471,408
Addition	-	22,585,617
Reversal to amount due from an associate	(22,585,617)	(471,408)
At end of the year	<u>-</u>	<u>22,585,617</u>

## 19. FIXED DEPOSITS WITH A LICENSED BANK

The deposit with a licensed bank is 3.95% (2018: 3.83%) per annum. The short-term deposit has maturity period of 1 month (2018: 1 month).

## 20. CASH AND BANK BALANCES

Included in the bank balances is an amount of RM427,333 (2018: RM Nil) placed in Housing Development Accounts ("HDA") in accordance with Section 7(A) of the Housing Development (Control and Licensing) Act, 1966 (Amended 2002). These HDA accounts, which consist of monies received from purchasers, are for the payment of property development costs incurred. The surplus monies in these accounts, if any, will be released to the Group in accordance with the provisions of the Act.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 21. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2019 Unit	2018 Unit	2019 RM	2018 RM

### Issued and fully paid:

At 1 January/31 December	<u>2,678,229,306</u>	2,678,229,306	<u>56,842,332</u>	56,842,332
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The holder of ordinary shares is entitled to receive dividends as and when declared by the Group. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Group's residual assets.

### Warrants

On 27 January 2017, the Group completed the listings of bonus issue of 580,644,468 free warrants on the basis of one (1) warrant for every two (2) existing shares held on the entitlement date. The Group executed the Deed Poll constituting the warrants and the issue price and exercise price of the warrants have been fixed at RM0.05 each respectively.

The warrants may be exercised at any time commencing on the date of issue of warrants on 23 January 2017 but not later than 22 January 2022. Any warrants which have not been exercised at date of maturity will lapse and cease to be valid for any purpose.

The new ordinary shares allotted and issued upon exercised of the warrants shall rank pari passu in all respect with the then existing ordinary shares of the Group, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new ordinary shares arising from exercise of the warrants.

As at 31 December 2019, the total number of warrants that remain unexercised were 580,644,468 (2018: 580,644,468).

## 22. RESERVES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM

### Distributable:

Retained earnings/ (Accumulated losses)	<b>6,034,682</b>	(18,944,953)	<b>(9,626,647)</b>	(44,946,975)
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### Non-distributable:

Asset revaluation reserve	-	19,530,327	-	-
	<u><b>6,034,682</b></u>	<u>585,374</u>	<u><b>(9,626,647)</b></u>	<u>(44,946,975)</u>

#### (a) Asset revaluation reserve

The asset revaluation reserve represents increase in fair value of freehold lands, long leasehold lands and buildings, net of deferred tax. As at 31 December 2019, the asset revaluation reserve was crystallised upon disposal of subsidiaries.

#### (b) In prior year, the Company has transferred the other reserve of RM38,578,011 to accumulated losses to set-off against losses incurred.

These represents excess credit offset the accumulated losses of the Company and credited to other reserve of the Company which shall be applied towards setting off future losses of the Company as permitted by the High Court of Malaya arising from previous capital reduction exercise undertaken by the Company.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 23. TRADE PAYABLES

	Note	2019 RM	Group 2018 RM
<b>Non-current</b>			
Third parties	(a)	-	3,081,152
<b>Current</b>			
Directors' related companies	(b)	7,523,677	-
Third parties	(a)	24,760,275	15,811,689
		<b>32,283,952</b>	<b>15,811,689</b>

The normal credit terms granted to the Group range from 30 to 90 days (2018: 30 to 90 days).

- (a) In prior year, the non-current trade payable of the Group represents the outstanding sum of RM4,093,300 for purchase of a leasehold land for property development purpose which is to be repayable within 5 years. As at 31 December 2019, the Group has remeasured the liability arising from changes in contractual cash flows over the remaining term of the liability from 4 years to 1 year. As such, the remaining outstanding sum of RM2,633,301 has been reclassified from non-current trade payable to current trade payable along with recognition of loss on remeasurement of liability of RM799,549 as "other expenses" line item of the statements of comprehensive income for the financial year ended 31 December 2019.

	2019 RM	Group 2018 RM
<b>Present value of trade payables:</b>		
- Repayable within one year	24,760,275	15,811,689
- Repayable later than one year and not later than five years	-	3,081,152
	<b>24,760,275</b>	<b>18,892,841</b>
<b>Minimum payments:</b>		
- Repayable within one year	24,760,275	15,842,671
- Repayable later than one year and not later than five years	-	4,093,300
	<b>24,760,275</b>	<b>19,935,971</b>
Less: Future accretion interest	-	(1,043,130)
Present value of trade payables	<b>24,760,275</b>	<b>18,892,841</b>

- (b) These amounts are trade in nature, unsecured, interest free and are subject to normal credit term.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 24. BORROWINGS (SECURED)

		2019 RM	Group 2018 RM
<b>Non-current liabilities</b>			
Bai' Bithaman Ajil Facility	(a)	-	4,720,068
Finance lease payables	(b)	-	1,457,739
		<u>-</u>	<u>6,177,807</u>
<b>Current liabilities</b>			
Bai' Bithaman Ajil Facility	(a)	-	1,153,769
Bank overdraft	(c)	-	5
Finance lease payables	(b)	-	1,009,851
Cashline-i	(a)	-	2,998,467
		<u>-</u>	<u>5,162,092</u>
<b>Total borrowings</b>			
Bai' Bithaman Ajil Facility	(a)	-	5,873,837
Bank overdraft	(c)	-	5
Finance lease payables	(b)	-	2,467,590
Cashline-i	(a)	-	2,998,467
		<u>-</u>	<u>11,339,899</u>

In prior year, the effective interest/profit rates per annum on the borrowings of the Group were as follows:-

	2019 %	Group 2018 %
Bai' Bithaman Ajil Facility	-	8.90 - 10.85
Bank overdraft	-	9.10
Cashline-i	-	BFR* + 4%
Finance lease payables	<u>-</u>	<u>4.64 - 7.38</u>

\*BFR – Bank Financing Rate

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 24. BORROWINGS (SECURED) (Cont'd)

### (a) Bai' Bithaman Ajil Facility ("BBA")

	Group	
	2019 RM	2018 RM
BBA	-	5,873,837
<b>Representing:</b>		
Repayable within one year (current)	-	1,153,769
Repayable between one and two years	-	1,217,031
Repayable between two and five years	-	2,637,917
Repayable more than five years	-	865,120
Repayable after one year (non-current)	-	4,720,068
	-	5,873,837

In prior year, the BBA, bankers' acceptance and cashline-i facilities of the Group are secured by the following:

- (i) First legal charge on the freehold land and buildings of the Group as disclosed in Note 8;
- (ii) Corporate guarantee from the Group;
- (iii) Jointly and severally guaranteed by two former Directors of the Group; and
- (iv) Assignment of sale proceeds of 5% into a Designated Escrow account in respect of Supply of Poultry Products Agreement between the Group and Approved Buyers.

### (b) Finance lease payables

	Group	
	2019 RM	2018 RM
<b>Minimum finance lease payments:</b>		
Within 1 year	-	1,132,842
More than 1 year and less than 5 years	-	1,555,690
More than 5 years	-	30,181
	-	2,718,713
Less: Future finance charges	-	(251,123)
Present value of finance lease payables	-	2,467,590
<b>Present value of finance lease payables:</b>		
Within 1 year	-	1,009,851
More than 1 year and less than 5 years	-	1,428,251
More than 5 years	-	29,488
	-	2,467,590



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 24. BORROWINGS (SECURED) (Cont'd)

(c) Bank overdraft

In prior year, the bank overdraft of a former subsidiary is secured jointly and severally by two former Directors of the Group.

## 25. DEFERRED TAX LIABILITIES

	Group	
	2019 RM	2018 RM
At beginning of the year	5,354,509	5,513,242
Effect on adoption of MFRS 16 [Note 2(a)(i)]	433,951	-
Recognised in profit or loss (Note 6)	(577,165)	(170,483)
Recognised in equity	-	11,750
Discontinued operations [Note 9(c)]	(5,211,295)	-
At end of the year	<u>-</u>	<u>5,354,509</u>

The recognised deferred tax (assets)/liabilities before offsetting are as follows:-

	Unabsorbed capital allowances RM	Property, plant and equipment RM	Asset revaluation reserve RM	Right-of-use assets RM	Total RM
<b>Deferred tax (assets)/ liabilities</b>					
1 January 2019	(12,329,622)	12,329,622	5,354,509	-	5,354,509
Effect on adoption of MFRS 16	-	-	-	433,951	433,951
Recognised in profit or loss	-	-	(600,794)	23,629	(577,165)
Discontinued operations	<u>12,329,622</u>	<u>(12,329,622)</u>	<u>(4,753,715)</u>	<u>(457,580)</u>	<u>(5,211,295)</u>
At 31 December 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1 January 2018	(5,848,912)	5,848,912	5,513,242	-	5,513,242
Recognised in profit or loss	(6,480,710)	6,480,710	(170,483)	-	(170,483)
Recognised in equity	-	-	11,750	-	11,750
At 31 December 2018	<u>(12,329,622)</u>	<u>12,329,622</u>	<u>5,354,509</u>	<u>-</u>	<u>5,354,509</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 25. DEFERRED TAX LIABILITIES (Cont'd)

The estimated temporary differences for which no deferred tax assets have been recognised in the financial statements are as follow:

	2019 RM	Group Restated 2018 RM
Unutilised tax losses	-	1,060,800
Unabsorbed capital allowances	-	59,725,846
Unutilised reinvestment allowances	-	47,428,883
	<u>-</u>	<u>108,215,529</u>

The comparative figures have been restated to reflect the actual tax losses carrying forward, capital allowances and reinvestment allowances to the subsidiaries of the Group.

## 26. OTHER PAYABLES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Other payables				
- Directors' related companies (Note 26(a))	868,471	-	-	-
- third parties	31,015	11,054,670	87,552	7,191
Accruals (Note 26(b))	20,968,586	2,283,829	78,098	71,200
Accrued costs to completion of projects	4,098,749	-	-	-
Refundable deposits	-	257,233	-	-
Sales rebates (Note 26(c))	6,070,483	-	-	-
	<u>32,037,304</u>	<u>13,595,732</u>	<u>165,650</u>	<u>78,391</u>

- (a) Amounts due to Directors' related companies are non-trade in nature, unsecured, interest free advances which are repayable on demand.
- (b) Included in the accruals of RM17,674,669 (2018: RM Nil) represents accrued landowner's entitlement yet to be due and payable.
- (c) Sales rebate represents cash rebate offered to the buyers of the units on the property development project which is to be released upon the issuance of Certification of Completion and Compliance.

## 27. AMOUNT DUE TO DIRECTORS

Amount due to Directors is non-trade in nature, unsecured, interest free advances which is repayable on demand.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 28. RELATED PARTY DISCLOSURES

### Identity of related parties

For the purpose of these financial statements, parties are considered to be related to the Group and to the Company if the Group and the Company have the ability to directly control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group and the Company have related party relationships with its subsidiaries, former subsidiary, Directors, Directors' related companies and key management personnel. Directors' related companies refer to companies in which certain Directors of the Company have substantial financial interests and/or are also Directors of the companies. The fellow subsidiary is subsidiary of its holding company.

### Significant related party transactions

Other than disclosed elsewhere in the financial statements, the significant related party transactions between the Group and the Company and their related parties during the financial year are as follows:

	2019 RM	2018 RM
<b>Group</b>		
<b>Directors</b>		
(Repayment to)/Advances from Directors	(291,000)	12,147,782
<b>Directors' related companies</b>		
Construction works	-	6,582,310
Advances from	2,414,815	100,505
Repayments	-	(6,682,815)
Landowner's entitlement	9,669,582	-
Other services	8,380	-
<b>Transactions with parties connected to the former Directors</b>		
Hostel rental	-	12,000
Salaries, allowance and bonus	-	1,079,381

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 28. RELATED PARTY DISCLOSURES (Cont'd)

### Significant related party transactions (Cont'd)

	2019 RM	2018 RM
<b>Company</b>		
<b>Debt rationalisation exercise with former subsidiaries in poultry segment</b>		
Assignment of debts due from D.B.E. Breeding Sdn. Bhd.	-	7,750,755
Assignment of debts due from D.B.E. Food Processing Industries Sdn. Bhd.	-	2,447,027
Assignment of debts due from D.B.E. Gurney Chicken Sdn. Bhd.	-	415,087
Assignment of debts due from D.B.E. Hatchery Sdn. Bhd.	-	2,132,481
Assignment of debts due from D.B.E. Marketing Sdn. Bhd.	-	(574,311)
Assignment of debts due from D.B.E. Poultry Sdn. Bhd.	-	(12,171,039)
<b>Subsidiaries</b>		
Repayment from	<u>1,190,577</u>	<u>536,579</u>
<b>Former subsidiary</b>		
Repayment from	<u>121,267</u>	<u>-</u>

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in Notes 12, 18, 23, 26 and 27 respectively.

### Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel include all the Directors of the Group and of the Company and certain members of senior management of the Company.

The remuneration of the Directors and other members of key management personnel during the financial year were as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Short-term employee benefits	1,716,609	1,556,000	272,500	258,000
Post-employment benefits	<u>149,553</u>	<u>119,760</u>	<u>-</u>	<u>-</u>
	<u>1,866,162</u>	<u>1,675,760</u>	<u>272,500</u>	<u>258,000</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 29. SEGMENT INFORMATION

In prior year, the Group consists of poultry segment and property development segment. During the year, the Group has disposed of its entire poultry segment as disclosed in Note 9. Upon disposal of Disposed Subsidiaries, the Group consists of property development segment only as at 31 December 2019.

Segment revenue and results, assets and liabilities are disclosed in Note 9(a) and 9(c) as discontinued operations.

### (a) Geographical information

All of the segments are operated within Malaysia.

### (b) Major customer information

The Group does not have any major customers during the year. In prior year, the Group has 3 major customers which contributed 30% amounting to RM32,947,328 of the Group's revenue solely from the poultry segment.

## 30. FINANCIAL INSTRUMENTS

### Categories of financial instruments

The Group's and the Company's financial assets and financial liabilities are all categorised at amortised costs, respectively except for investment in unquoted shares which was categorised at fair value through profit and loss.

### Financial Risk Management Objectives and Policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its financial risks, including credit risk, interest risk, commodity price risk and liquidity risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

### (a) Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables (which consist of trade receivables and other receivables). The Company's exposure to credit risk arises principally from amounts due from associates and subsidiaries. There are no significant changes as compared to prior periods.

#### Trade receivables and contract assets

##### Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit risk is minimised and monitored via strictly limiting the Group's associations to business partners with good credit rating. Credit evaluations are performed on all customers requiring credit over a certain amount.

At each reporting date, the Group assesses whether any of the trade receivables and contract assets are credit impaired.

There are no significant changes as compared to previous year.

##### Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk from receivables is represented by the carrying amounts in the statements of financial position.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 30. FINANCIAL INSTRUMENTS (Cont'd)

### Financial Risk Management Objectives and Policies (Cont'd)

#### (a) Credit risk (Cont'd)

##### Trade receivables and contract assets (Cont'd)

##### *Concentration of credit risk*

The Group determines concentration of credit risk by monitoring the profiles of its receivables on an ongoing basis.

The Group has no major concentration of credit risk of its trade receivables as at the end of the reporting date.

In prior year, the Group has significant concentration of credit risk arising from amount owing by 1 customer constituting 24% of the Group's gross trade receivables.

##### *Recognition and measurement of impairment loss*

##### *Continuing operation*

The Group recognises a loss allowance for expected credit losses on a financial asset that is measured as receivable and a contract asset if the credit risk on that financial instrument has increased significantly since initial recognition. The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition as the trade receivable and contract assets are determined to have low credit risk at the reporting date.

For the purposes of measuring expected credit losses, the estimate of expected cash shortfalls shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms and are not recognised separately by the Group. The estimate of expected cash shortfalls on a collateralised financial instrument reflects the amount and timing of cash flows that are expected from foreclosure on the collateral less the costs of obtaining and selling the collateral, irrespective of whether foreclosure is probable (ie the estimate of expected cash flows considers the probability of a foreclosure and the cash flows that would result from it).

The Group has possession of the legal rights to the properties sold and this had served as a collateral and in the event of defaults by the purchaser, the expected cash shortfall from selling the collateral less the cost of obtaining and selling the collateral is immaterial.

##### *Discontinued operations*

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances and to ensure that receivables that are neither past due nor impaired are stated at their realisable values. Any receivables having significant balances past due more than 1 year, which are deemed to have higher credit risk, are monitored individually. The Group has recognised a loss allowance of 100% against all receivables over 1 year past due (credit-impaired) because historical experience has indicated that these receivables are generally not recoverable.

The Group applies the simplified approach to provide for expected credit losses for all its trade receivables. The Group uses a provision matrix to measure the lifetime expected credit losses allowance for trade receivables. In measuring the expected credit losses, trade receivables are grouped based on their shared credit risk characteristics and number of days past due. Loss rates are based on actual credit loss experience over the past three years. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to repay the debts.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 30. FINANCIAL INSTRUMENTS (Cont'd)

### Financial Risk Management Objectives and Policies (Cont'd)

#### (a) Credit risk (Cont'd)

#### Trade receivables and contract assets (Cont'd)

#### Recognition and measurement of impairment loss (Cont'd)

#### Impairment losses

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets as at the reporting date which are grouped together as they are expected to have similar risk nature.

	Gross RM	Group Loss Allowance RM	Net RM
<b>2019</b>			
<b>Collateralised trade receivables</b>			
Not past due	1,146,228	-	1,146,228
Past due but not impaired:			
1 day to 30 days	3,227,806	-	3,227,806
31 days to 120 days	4,735,908	-	4,735,908
More than 120 days	1,296,845	-	1,296,845
	<b>9,260,559</b>	<b>-</b>	<b>9,260,559</b>
	<b>10,406,787</b>	<b>-</b>	<b>10,406,787</b>
Contract assets	31,473,897	-	31,473,897
Total	<b>41,880,684</b>	<b>-</b>	<b>41,880,684</b>
<b>2018</b>			
<b>Non-collateralised trade receivables</b>			
<i>Discontinued operations</i>			
Not past due	6,125,808	(13,619)	6,112,189
Past due but not impaired:			
Less than 30 days	3,345,285	(13,591)	3,331,694
31 days to 120 days	668,213	(47,977)	620,236
More than 120 days	628,776	(626,646)	2,130
	<b>4,642,274</b>	<b>(688,214)</b>	<b>3,954,060</b>
	<b>10,768,082</b>	<b>(701,833)</b>	<b>10,066,249</b>
<b>Collateralised trade receivables</b>			
<i>Continuing operations</i>			
Trade receivables	2,556,128	-	2,556,128
Contract assets	4,957,375	-	4,957,375
	<b>7,513,503</b>	<b>-</b>	<b>7,513,503</b>
Total	<b>18,281,585</b>	<b>(701,833)</b>	<b>17,579,752</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 30. FINANCIAL INSTRUMENTS (Cont'd)

### Financial Risk Management Objectives and Policies (Cont'd)

#### (a) Credit risk (Cont'd)

##### Trade receivables and contract assets (Cont'd)

##### *Recognition and measurement of impairment loss (Cont'd)*

##### Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired comprise property purchasers mostly with end financing facilities from reputable end-financiers whilst the others are creditworthy debtors with good payment records.

##### Receivables that are past due but not impaired

Trade receivables that are past due but not impaired are secured in nature. The Directors are of the opinion that these debts should be realisable in full without material losses in the ordinary course of business.

##### Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. These banks and financial institutions have low credit risks. Hence, a loss allowance is not necessary.

##### Other receivables and deposits

Expected credit loss of other receivables is determined individually after considering the financial strength of the other receivables. As at the end of the reporting period, the maximum exposure to credit risks is represented by their carrying amounts in the statements of financial position. The Group has assessed a debtor which is past due more than 1 year and considered as credit impaired. As such, the Group has provided allowances for expected credit losses on the debtor as disclosed in Note 16.

##### Amounts due from subsidiaries and associates

##### Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to its subsidiaries and associates. The Company monitors the ability of the subsidiaries and associates to repay the loans and advances on an individual basis.

##### Exposure to credit risk, credit quality and collateral

As at the end of the financial year, the maximum exposure to credit risk arising from subsidiaries and associates is represented by the carrying amount in the statements of financial position. Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

##### Recognition and measurement of impairment loss

Generally, the Company considers loans and advances to subsidiaries and associates have low credit risk. The Company assumes that there is a significant increase in credit risk when their financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' and associates' loans and advances when it is payable, the Company considers the subsidiaries' and associates' loan or advance to be credit impaired when they are unlikely to repay the loan or advances to the Company in full given insufficient highly liquid resources when the loan is demanded.

The Company determines the probability of default for these loans and advances individually using internal information available.

At the reporting date, the Company assumes that there is a significant increase in credit risk given the associates financial position has deteriorated significantly which may lead to high probability of default for the advances to the associates. An impairment loss of RM205,675 has been recognised in profit or loss as disclosed in Note 5.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 30. FINANCIAL INSTRUMENTS (Cont'd)

### Financial Risk Management Objectives and Policies (Cont'd)

#### (b) Interest rate risk

	Group	
	2019 RM	2018 RM
<b>Floating rate interest</b>		
Financial assets	8,013,217	5,367,189
Financial liabilities	-	(8,872,309)
	<u>8,013,217</u>	<u>(3,505,120)</u>

The Group is exposed to interest rate risk through the impact of rate changes in floating rate fixed deposits and borrowings. The interest rates of fixed deposits and borrowings are disclosed in Note 19 and Note 24. The changes in interest rates would not have material impact on the profit or loss of the Group.

#### (c) Commodity price risk

The price of agricultural commodities are subject to wide fluctuations due to unpredictable factors such as weather, government policies, changes in global demand resulting from population growth and changes in standards of living, and global production of similar and competitive crops. During its ordinary course of business, the value of the Group's purchases commitments and inventory of raw material changes continuously in line with movements in the prices of the underlying commodities. To the extent that its purchases commitments do not match at the end of each business day, the Group is subject to price fluctuations in the commodities market.

When the Group is exposed to fluctuations in agricultural commodities prices, its policy is to minimise the risks arising from such fluctuations through purchase of the commodity in advance, when appropriate. The changes in commodity price would not have material impact on profit or loss of the Group.

#### (d) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulties in meeting financial obligations due to shortage of funds. The Group's and the Company's exposures to liquidity risk arise primarily from mismatch of financial assets and liabilities. The Group's and the Company's financial liabilities comprise trade payables, other payables and amount due to Directors which are due within one year or payable on demand and borrowings which have fixed terms of repayment. The Group and the Company practice prudent risk management by maintaining sufficient cash balances and availability of funding through use of standby credit facilities.

The Group's and the Company's liquidity risk management policy is to manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. In addition, the Group and the Company maintain sufficient levels of cash and available banking facilities at a reasonable level to their overall debt position to meet their working capital requirement.

All of the Company's liabilities at the reporting date mature within one year or repayable on demand.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 30. FINANCIAL INSTRUMENTS (Cont'd)

### Financial Risk Management Objectives and Policies (Cont'd)

#### (d) Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the financial year based on contractual undiscounted repayment obligations:

Group	Carrying amount RM	Contractual cash flows RM	Contractual cash flows			
			Within one year RM	Between 1 and 2 years RM	Between 2 and 5 years RM	More than 5 years RM
<b>2019</b>						
Trade payables	32,283,952	32,283,952	32,283,952	-	-	-
Other payables	32,037,304	32,037,304	32,037,304	-	-	-
	<b>64,321,256</b>	<b>64,321,256</b>	<b>64,321,256</b>	-	-	-
<b>2018</b>						
Trade payables	18,892,841	19,935,971	15,842,671	480,000	3,613,300	-
Other payables	13,595,732	13,595,732	13,595,732	-	-	-
Borrowings:-						
- Bai' Bithaman Ajil Facility	5,873,837	7,458,835	1,640,000	1,680,000	4,138,835	-
- Bank overdraft	5	5	5	-	-	-
- Finance lease payables	2,467,590	2,718,713	1,132,842	724,561	831,129	30,181
- Cashline-i	2,998,467	3,020,119	3,020,119	-	-	-
Amount due to a Director	12,255,225	12,255,225	12,255,225	-	-	-
	<b>56,083,697</b>	<b>58,984,600</b>	<b>47,486,594</b>	<b>2,884,561</b>	<b>8,583,264</b>	<b>30,181</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 31. FAIR VALUES INFORMATION

### Assets and liabilities carried at fair value

The fair value measurement hierarchies used to measure non-financial assets at fair values in the statements of financial position are disclosed in Notes 8, 9, 10, 11, 12 and 13.

There were no material transfer between Level 1, Level 2 and Level 3 during the financial year.

### Financial instrument other than those carried at fair value

*Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value*

The financial assets and financial liabilities maturing within the next twelve (12) months approximated their fair values due to the relatively short-term maturity of the financial instruments and insignificant impact of discounting.

The carrying amount of long-term receivable approximates its fair value as the market interest rate on initial recognition is approximately the same as the current market interest rate.

The carrying amounts of long-term floating rate loans approximate their fair values as the loans will be re-priced to market interest rate on or near reporting date.

The fair value of finance lease liability was determined by discounting the relevant cash flows using current interest rates for similar instruments as at the end of the reporting period. At the reporting date, the carrying value as compared to fair value of the finance lease liability is not materially different.

## 32. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern. The Group monitors and maintains an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Group monitors capital using net debt-to-equity ratio which is the net debt divided by total capital. Net debt includes loans and borrowings, less cash and cash equivalent whilst total capital is equity attributable to Owners of the Company.

The net debt-to-equity ratios at end of the reporting period are as follows:-

	Group	
	2019 RM	2018 RM
Borrowings	-	11,339,899
Less: Cash and cash equivalents	<u>(9,856,608)</u>	<u>(8,503,389)</u>
Total net debts	<b>(9,856,608)</b>	2,836,510
Total equity	<u><b>62,877,014</b></u>	<u>57,427,706</u>
Debt-to-equity ratio (%)	*	5%

\*Not meaningful

The Group is in compliance with all externally imposed capital requirements.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 33. COMPARATIVE FIGURES

The comparative figures are reclassified to conform with the current year's presentation.

	Group	
	As previously reported RM	As restated RM
<b>Statement of financial position:</b>		
<b>Current assets</b>		
Inventories	15,138,598	14,316,960
Trade receivables	17,443,288	12,622,377
Other receivables	2,414,701	3,099,875
Contract assets	-	4,957,375
<b>Current liabilities</b>		
Other payables	13,620,045	13,595,732
Provision for tax	1,116,922	1,141,235
<b>Statement of cash flows:</b>		
<b>Operating profit/(loss) before changes in working capital:</b>		
Inventories	(8,659,574)	(9,208,284)
Receivables	5,842,962	11,349,047
Contract assets	-	(4,957,375)

## 34. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (i) On 30 November 2018, the Group entered into a Development Rights Agreement ("DRA") to acquire the development right over an on-going development of 780 units of apartment known as Pangsapuri Seri Iskandar and the said DRA has become unconditional on 28 May 2019.
- (ii) On 26 February 2019, the Group has set up a joint venture Group, namely Farmmesh Foods (M) Sdn. Bhd. ("FFM") with Farmmesh Foods Co. Ltd. ("FFCL") by subscribing for 7,000 new ordinary shares in FFM for a total consideration of RM7,000 only, representing 70% of the entire issued share capital of FFM.
- (iii) On 31 May 2019, the Group entered into a Joint Development Agreement ("JDA") with third party to jointly develop a mixed affordable housing development project on 499 pieces of leasehold land, measuring 17.23 acres located in Mukim Sungai Terap, Daerah Kinta, Perak for a consideration of 25% of Net Gross Development Value as landowner's entitlement. The JDA has become unconditional on 12 September 2019.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 34. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (Cont'd)

- (iv) On 2 October 2019, the Company has entered into Share Sale Agreement (“SSA”) with one of its former Director, Dato’ Ding Seng Huat (“Purchaser”) to dispose 51% shareholdings in the following subsidiaries (“Disposed Companies”):

D.B.E. Poultry Sdn Bhd (“DBEP”)  
D.B.E. Breeding Sdn Bhd (“DBEB”)  
D.B.E. Hatchery Sdn Bhd (“DBEH”)  
D.B.E. Marketing Sdn Bhd (“DBEM”)  
D.B.E. Food Processing Industries Sdn Bhd (“DBEFPI”)  
D.B.E. Gurney Chicken Sdn Bhd (“DBEGC”)

The SSA became unconditional on 18 December 2019 and the disposal has completed on 31 December 2019.

The consideration for the 51% shareholdings of the Disposed Companies is RM10,200,000 (“Purchase Consideration”). A sum of RM1,000,000 has been paid upon signing of SSA as deposit and part payment of the Purchase Consideration (“Initial Payment”). The balance of the Purchase Consideration, being RM9,200,000 (“Balance”), shall be paid by the Purchaser to DBE within a period of 1 year from the unconditional date (“Balance Settlement Period”).

The SSA included the following matters:

- (a) The Purchaser undertakes and covenants to procure that D.B.E. Poultry Sdn. Bhd. Shall fully settle all loans and advances of RM22,383,608 owing by D.B.E. Poultry Sdn. Bhd. to the Company within three years from the Unconditional Date.
- (b) The Company was granted a put option and the Purchaser was granted a call option to dispose the remaining 49% shareholding in the Disposed Companies anytime within five years at a total consideration of RM9,800,000.
- (v) On 31 December 2019, the Company entered into a Share Sale Agreement (“SSA 2”) with one of its former Director, Dato’ Ding Seng Huat to dispose the investment in unquoted shares of Harumi International Holdings Limited for a total consideration of RM1.

## 35. EVENT SUBSEQUENT TO THE END OF FINANCIAL YEAR

On 18 February 2020, Bursa Malaysia Securities Berhad approved the Company’s private placement of up to 159,000,000 new ordinary shares at an issue price of 2.70 sen per share. In pursuance thereof, the Company’s issued ordinary share capital was increased from RM56,842,332 to RM61,135,332.

# LIST OF GROUP PROPERTIES



No.	Location	Description/ existing use	Land Area	Tenure	Approximate Age of Building (year)	Date of Acquisition	Net Book Value as at 31.12.2019 (RM)	Date of Last Revaluation
1	H.S.(D) 237603 to 237892, PT No. 42830 to 43119 Mukim of Sungai Terap, District of Kinta, State of Perak and H.S.(D) 237897 PT No. 43124 Mukim of Sungai Terap, District of Kinta, State of Perak	Land Held for Development	11.33 hectares	99 years (expiring on 30.08.2117)	N/A	05.06.2018	5,390,000	N/A

# ANALYSIS OF SHAREHOLDINGS

AS AT 20 MARCH 2020

Total Number of Issued Shares : 2,837,229,306  
 Class of Shares : Ordinary Shares  
 Voting Rights : One vote per Ordinary Share  
 No. of Shareholders : 6,225

## DISTRIBUTION SCHEDULE

Shareholding Category	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Capital
Less than 100	14	0.22	535	0.00
100 to 1,000	787	12.64	696,669	0.02
1,001 to 10,000	1,161	18.65	6,802,923	0.24
10,001 to 100,000	2,554	41.03	140,693,700	4.96
100,001 and below 5%	1,706	27.41	1,749,755,259	61.67
5% and above	3	0.05	939,280,220	33.11
<b>Total</b>	<b>6,225</b>	<b>100.00</b>	<b>2,837,229,306</b>	<b>100.00</b>

## THIRTY (30) LARGEST SHAREHOLDERS

(As per Record of Depositors)

Name of Shareholders	No. of Shares Held	% of Issued Capital
1 Amsec Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account – AmBank Islamic Berhad for Doh Properties Holdings Sdn Bhd	488,014,976	17.20
2 Doh Properties Holdings Sdn Bhd	234,741,784	8.27
3 Doh Properties Holdings Sdn Bhd	216,523,460	7.63
4 Chew Soon Kui	84,317,313	2.97
5 Foo Kwai Kheng	55,500,300	1.96
6 Cimsec Nominees (Tempatan) Sdn Bhd Beneficiary : CIMB Bank for Doh Jee Ming	47,520,000	1.67
7 Ong Yang Ling	46,150,000	1.63
8 Chieng Hock Lay	42,730,000	1.51
9 Public Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account for Chea Jian Kai	38,410,600	1.35
10 Teoh Wei Sheng	37,000,000	1.30
11 Low Kok Yew	35,040,800	1.24
12 Ong Beng Teik	30,000,000	1.06
13 Binari Maju Sdn Bhd	25,757,864	0.91
14 Rising Sun Construction Sdn. Bhd.	25,757,000	0.91
15 Eik Chu Yew	18,500,000	0.65
16 Lavitha A/P M G Segaram	18,500,000	0.65
17 Srisakanda A/L Thamothersam	18,500,000	0.65
18 Chieng Hock Lay	18,000,000	0.63
19 Maybank Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account for Leong Sai Mun	17,000,000	0.60

# ANALYSIS OF SHAREHOLDINGS

AS AT 20 MARCH 2020 (Cont'd)



## THIRTY (30) LARGEST SHAREHOLDERS (Cont'd)

(As per Record of Depositors)

Name of Shareholders	No. of Shares Held	% of Issued Capital
20 Chin Lai Yee	15,000,000	0.53
21 Maybank Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account for Ong Wee Kiang	13,820,000	0.49
22 Leong Siew Ken	13,601,000	0.48
23 Foo Fook Min	13,500,000	0.48
24 Goh Khee Teck	13,000,000	0.46
25 Ng Tze Jac	12,000,000	0.42
26 Ting Kwong Keong	11,250,000	0.40
27 Kenanga Nominees (Tempatan) Sdn Bhd Beneficiary : Chong Mei	11,000,000	0.39
28 Seah Hang Kuan	10,400,000	0.37
29 Alliancegroup Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account for Lim Pang Kiam	10,000,000	0.35
30 Doh Jee Ming	10,000,000	0.35

The thirty largest shareholders refer to the thirty securities account holders having the largest number of securities according to the Record of Depositors (without aggregating the securities from different securities accounts belonging to the same depositor).

## SUBSTANTIAL SHAREHOLDERS AS AT 20 MARCH 2020 (EXCLUDING BARE TRUSTEES)

(As per Register of Substantial Shareholders)

Name of Substantial Shareholders	No. of shares held or beneficially interested in		% of Issued Capital	
	Direct	Indirect	Direct	Indirect
Doh Properties Holdings Sdn Bhd	939,280,220	-	33.11	-
Setia Awan Plantation Sdn Bhd	-	<sup>(2)</sup> 939,280,220	-	33.11
Dato' Doh Jee Ming	<sup>(1)</sup> 57,520,000	<sup>(3)</sup> 939,280,220	2.03	33.11
Dato' Doh Tee Leong	-	<sup>(3)</sup> 939,280,220	-	33.11
Dato' Doh Jee Chai	-	<sup>(3)</sup> 939,280,220	-	33.11

### Notes:

<sup>(1)</sup> 47,520,000 shares held through Cimsec Nominees (Tempatan) Sdn Bhd

<sup>(2)</sup> Deemed interested pursuant to Section 8(4) of the Companies Act 2016 by virtue of its shareholdings in Doh Properties Holdings Sdn Bhd.

<sup>(3)</sup> Deemed interested pursuant to Section 8(4) of the Companies Act 2016 by virtue of their shareholdings in Setia Awan Plantation Sdn Bhd, which in turn holds 100% equity interest in Doh Properties Holdings Sdn Bhd.



# ANALYSIS OF SHAREHOLDINGS

AS AT 20 MARCH 2020 (Cont'd)

## DIRECTORS' SHAREHOLDING AS AT 20 MARCH 2020

(As per Register of Directors' Shareholdings)

Name of Directors	Direct Interest		Indirect Interest	
	Shareholdings	% Shareholdings	Shareholdings	%
Dato' Doh Jee Ming	<sup>(1)</sup> 57,520,000	2.03	<sup>(2)</sup> 939,280,220	33.11
Dato' Doh Tee Leong	-	-	<sup>(2)</sup> 939,280,220	33.11
Dato' Doh Jee Chai	-	-	<sup>(2)</sup> 939,280,220	33.11
Looi Sze Shing	-	-	-	-
Mohamad Ali bin Ariffin	-	-	-	-

### Notes:

<sup>(1)</sup> 47,520,000 shares held through Cimsec Nominees (Tempatan) Sdn Bhd

<sup>(2)</sup> Deemed interested pursuant to Section 8(4) of the Companies Act 2016 by virtue of their shareholdings in Setia Awan Plantation Sdn Bhd, which in turn holds 100% equity interest in Doh Properties Holdings Sdn Bhd.

# ANALYSIS OF WARRANT HOLDINGS

AS AT 20 MARCH 2020



Class of Securities	: Warrants 2017/2022
No. of Warrants Issued	: 580,644,468
Exercise Price of Warrants	: RM0.05
Exercise Period of Warrants	: From 23 January 2017 to 22 January 2022
Expiry Date of Warrants	: 22 January 2022
Voting Rights	: One vote per warrant in respect of a meeting of warrant holders
No. of Warrant holders	: 4,583

## DISTRIBUTION SCHEDULE

Warrant holding Category	No. of Warrant holders	% of Warrant holders	No. of Warrants	% of Issued Warrants
Less than 100	89	1.94	4,197	0.00
100 to 1,000	905	19.75	545,745	0.09
1,001 to 10,000	1,263	27.56	6,651,066	1.15
10,001 to 100,000	1,671	36.46	73,170,310	12.60
100,001 and below 5%	654	14.27	430,968,050	74.22
5% and above	1	0.02	69,305,100	11.94
<b>Total</b>	<b>4,583</b>	<b>100.00</b>	<b>580,644,468</b>	<b>100.00</b>

## THIRTY (30) LARGEST WARRANTHOLDERS

(As per Record of Depositors)

Name of Warrant holders	No. of Warrants Held	% of Issued Warrants
1 Low Kok Yew	69,305,100	11.94
2 Sim Mui Khee	24,000,000	4.13
3 Maybank Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account for Dato' Wong Weng Kung	23,219,500	4.00
4 Public Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account for Chea Jian Kai	22,651,000	3.90
5 Kan Yoon Keong	9,000,000	1.55
6 Wong Wai Hong	6,000,000	1.03
7 Public Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account for Hii Hiong Hung	5,550,100	0.96
8 Ooi Leng Hwa	5,500,000	0.95
9 Noorazmin Bin Salleh	5,000,000	0.86
10 Yacob Bin Md Salleh	4,707,000	0.81
11 HSBC Nominees (Asing) Sdn Bhd Beneficiary : Credit Suisse (Hong Kong) Limited	4,500,000	0.78
12 Teoh Ah King	4,000,000	0.69
13 Mohd Solahuddin Bin Mohd Kenali	3,995,400	0.69
14 Kenanga Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account for Seow Hoon Hin	3,750,000	0.65
15 Liew Kuan Shiong	3,500,000	0.60
16 Mak Mee Fun	3,500,000	0.60
17 Ng Hun Foong	3,400,000	0.59

# ANALYSIS OF WARRANT HOLDINGS

AS AT 20 MARCH 2020 (Cont'd)

## THIRTY (30) LARGEST WARRANTHOLDERS (Cont'd)

(As per Record of Depositors)

Name of Warrantholders	No. of Warrants Held	% of Issued Warrants
18 Fow Chen Yin	3,300,000	0.57
19 I De Builder Sdn Bhd	3,075,000	0.53
20 Fung Cheng Wei	3,000,000	0.52
21 Maybank Securities Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account for H'ng Siew Tuan	3,000,000	0.52
22 Tan Kong Yaw	3,000,000	0.52
23 Khoo Chin Seong	2,840,000	0.49
24 Maybank Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account for Tan Seong Peng	2,665,000	0.46
25 Foo Fook Min	2,500,000	0.43
26 Wong Kon Lim	2,500,000	0.43
27 Teh Cheaw Wah	2,300,000	0.40
28 Chong Hon Hwee	2,250,000	0.39
29 Khor Soik Kein	2,150,000	0.37
30 Tan Soon Heng	2,150,000	0.37

The thirty largest warrant holders refer to the thirty securities account holders having the largest number of securities according to the Record of Depositors (without aggregating the securities from different securities accounts belonging to the same depositor).

## DIRECTORS' WARRANTHOLDING AS AT 20 MARCH 2020

Name of Directors	Warrantholdings	Direct Interest		Indirect Interest	
		%	Warrantholdings	%	
Dato' Doh Tee Leong	-	-	-	-	-
Dato' Doh Jee Ming	-	-	-	-	-
Dato' Doh Jee Chai	-	-	-	-	-
Looi Sze Shing	-	-	-	-	-
Mohamad Ali bin Ariffin	-	-	-	-	-

# NOTICE OF ANNUAL GENERAL MEETING



NOTICE IS HEREBY GIVEN THAT the Nineteenth Annual General Meeting (“19<sup>th</sup> AGM”) of D.B.E. Gurney Resources Berhad will be conducted virtually for the purpose of considering and, if thought fit, passing with or without modifications the resolutions as set out in this notice.

Meeting day and date	: Tuesday, 14 July 2020
Time	: 10.30 a.m.
Broadcast venue	: Level 1, Conference Room, No. 131, Persiaran PM 2/1 Pusat Bandar Seri Manjung Seksyen 2, 32040 Seri Manjung, Perak Darul Ridzuan.
Meeting platform	: <a href="https://web.vote2u.app">https://web.vote2u.app</a>
Mode of communication	: Pose questions via real time submission of typed texts at <a href="https://web.vote2u.app">https://web.vote2u.app</a> during live streaming of the 19 <sup>th</sup> AGM

## AGENDA

### Ordinary Business

- 1 To receive the Audited Financial Statements for the financial year ended 31 December 2019 together with the Reports of the Directors and Auditors thereon. (Refer to Explanatory Note A)
- 2 To approve the Directors’ fees up to an amount of RM150,000 and the payment of such fees to the Non-Executive Directors of the Company for the period from the 19<sup>th</sup> AGM until the next Annual General Meeting of the Company on a monthly basis. **(Ordinary Resolution 1)**
- 3 To approve the payment of Directors’ benefits (excluding Directors’ fees) in accordance with Section 230(1) of the Companies Act 2016 up to an amount of RM60,000 for the period from the 19<sup>th</sup> AGM until the next Annual General Meeting of the Company. **(Ordinary Resolution 2)**
- 4 To re-elect Dato’ Doh Tee Leong who retires by rotation pursuant to Clause 95 of the Constitution of the Company. **(Ordinary Resolution 3)**
- 5 To re-elect Dato’ Doh Jee Chai who was appointed during the year and retire pursuant to Clause 102 of the Constitution of the Company. **(Ordinary Resolution 4)**
- 6 To re-elect Ms. Looi Sze Shing who was appointed during the year and retire pursuant to Clause 102 of the Constitution of the Company. **(Ordinary Resolution 5)**
- 7 To re-elect En. Mohamad Ali bin Ariffin who was appointed during the year and retire pursuant to Clause 102 of the Constitution of the Company. **(Ordinary Resolution 6)**
- 8 To re-appoint Messrs Moore Stephens Associates 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 7)**

### Special Business

To consider and if thought fit, to pass the following resolution:

- 9 **Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016** **(Ordinary Resolution 8)**

“THAT, subject always to the Sections 75 and 76 of the Companies Act 2016 (“the Act”), the Constitution of the Company and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares issued pursuant to this Resolution does not exceed twenty percent (20%) of the total number of issued shares (excluding treasury shares) of the Company for the time being; AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad;

AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until 31 December 2021.”

# NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

10 To transact any other business for which due notice shall have been given.

## By Order of the Board

**JESSLYN ONG BEE FANG** (SSM PC No. 202008002969) (MAICSA 7020672)  
**ERIC TOH CHEE SEONG** (SSM PC No. 202008002884) (MAICSA 7016178)  
Company Secretaries

Penang  
16 June 2020

## NOTES:

1. In light of the COVID-19 outbreak and as part of the safety measures, the 19<sup>th</sup> AGM of the Company will be conducted on a fully virtual basis through live streaming and online remote voting using the Remote Participation and Voting Facilities ("RPV facilities") which are available through an online portal at <https://web.vote2u.app>. Please follow the procedures provided in the Administrative Guide for the 19<sup>th</sup> AGM in order to register, participate and vote remotely via the RPV facilities.
2. The venue of the 19<sup>th</sup> AGM is the Broadcast Venue, strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. **No shareholders/proxies/corporate representatives from the public will be physically present at the Broadcast Venue.**
3. Only members whose names appear on the Record of Depositors on 7 July 2020 ("General Meeting Record of Depositors") shall be entitled to attend, speak and vote at the 19<sup>th</sup> AGM.
4. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his/her stead. A proxy may but need not be a member of the Company.
5. A member shall be entitled to appoint not more than two proxies to attend and vote at the 19<sup>th</sup> AGM. Where a member appoints more than one proxy, the appointment shall be invalid unless the member specifies the proportions of his/her holdings to be represented by each proxy.
6. Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds. An exempt authorized nominee refers to an authorized nominee defined under Securities Industry (Central Depositories) Act, 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
7. The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorized in writing or, if the appointor is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorized in writing.
8. Pursuant to Paragraph 8.29(A) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions at the 19<sup>th</sup> AGM shall be put by way of poll.
9. The Form of Proxy duly completed must be deposited at the Registered Office of the Company at No. 54-4-8, Wisma Sri Mata, Jalan Van Praagh, 11600 Penang not less than 48 hours before the time of holding the AGM or any adjournment thereof. Alternatively, the Form of Proxy may also be deposited electronically through <https://web.vote2u.app> not less than 48 hours before the time of holding the AGM.

## Explanatory Notes

### **Note A - Audited Financial Statements for the financial year ended 31 December 2019**

This Agenda is meant for discussion only as the provision of Section 248(2) and 340(1)(a) of the Act does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

# NOTICE OF ANNUAL GENERAL MEETING (Cont'd)



## **Explanatory Notes (Cont'd)**

### **Ordinary Resolution 1 - Payment of Directors' Fees**

The proposed Ordinary Resolution 1, if passed, will authorise the payment of the Directors' fees on a monthly basis up to the amount of RM150,000 to the Non-Executive Directors ("NEDs") for the period from the 19<sup>th</sup> AGM until the next Annual General Meeting of the Company. The Board is of the view that it is fair and equitable for the NEDs to be paid the Directors' fees on a monthly basis instead of in arrears after every Annual General Meeting given that they have duly discharged their responsibilities and provided their services to the Company throughout the said period.

### **Ordinary Resolution 2 - Payment of Directors' Benefits**

Section 230(1) of the Act provides amongst others, that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

Under Ordinary Resolution 2, the benefits payable to the Directors pursuant to Section 230(1)(b) of the Act has been reviewed by the Board of Directors of the Company, which recognises that the benefits payable are in the best interest of the Company for the applicable period from the date of passing of this resolution up to the conclusion of the next Annual General Meeting. The benefits comprise of Directors Indemnity Insurance and also meeting allowances, which will only be accorded based on actual attendance of meetings by the Directors of the Company.

### **Ordinary Resolution 8 - Authority to Issue Shares Pursuant to Sections 75 and 76 of the Act**

Bursa Securities Malaysia Berhad had vide their letter dated 16 April 2020 given the flexibility for listed issuers to seek a higher general mandate of not more than 20% of the total number of issued shares (excluding treasury shares) for the issuance of new securities.

The proposed Ordinary Resolution 8 would give powers to the Directors to issue up to a maximum 20% of the issued shares of the Company (excluding treasury shares) for the time being for such purposes as the Directors would deem fit ("20% General Mandate"). The Board of Directors of the Company is of the view that it is in the best interest of the Company and its shareholders to have a higher general mandate and to provide flexibility to the Company to issue new shares without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of 20% General Mandate is for possible fund-raising exercises including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or operational expenditure, expeditiously and efficiently, during the crisis of Covid-19 pandemic.

The Company had obtained the 10% general mandate to issue shares in the last Annual General Meeting held on 27 May 2019. The Company had raised RM4.29 million from the previous mandate through placement of shares. The details, purpose and utilisation of proceeds from the general mandate sought are more particularly described on page 44 of the Company's Annual Report 2019.

## **PERSONAL DATA PRIVACY**

By submitting a Form of Proxy or an instrument appointing a representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the Purposes), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

## **Details of persons who are standing for election as Directors (excluding Directors standing for re-election)**

No individual is seeking election as a Director at the 19<sup>th</sup> AGM of the Company.

## **A Statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad**

The proposed Ordinary Resolution 8 for the general mandate for issue of securities is a new mandate. Details of the general mandate for the authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016 are set out in the Explanatory Notes of the Notice of 19<sup>th</sup> AGM of the Company.

# ADMINISTRATIVE GUIDE FOR SHAREHOLDERS



## 19<sup>TH</sup> ANNUAL GENERAL MEETING

<b>Date</b>	: 14 July 2020
<b>Time</b>	: 10.30 a.m.
<b>Broadcast Venue</b>	: Level 1, Conference Room, No. 131, Persiaran PM 2/1 Pusat Bandar Seri Manjung Seksyen 2 32040 Seri Manjung, Perak Darul Ridzuan.
<b>Virtual Meeting accessible at</b>	: <a href="https://web.vote2u.app">https://web.vote2u.app</a>

In light of the coronavirus (COVID-19) outbreak, governmental decrees, and the encouragement of the Securities Commission Malaysia, as well as in the best interest of public health and the health and safety of our Board of Directors, employees and shareholders, the 19<sup>th</sup> Annual General Meeting (“**19<sup>th</sup> AGM**”) of the Company will be held virtually and online remote voting using the Remote Participation and Voting Facilities (“**RPV**”).

We strongly encourage our shareholders whose names appear on the Record of Depositors as at 7 July 2020 and holders of proxy for those shareholders to participate in the virtual AGM and vote remotely at the 19<sup>th</sup> AGM. In line with the Malaysian Code on Corporate Governance Practice 12.3, this virtual 19<sup>th</sup> AGM will facilitate greater shareholder’s participation (including posting questions to the Board of Directors and/or Management of the Company) and vote at the 19<sup>th</sup> AGM without being physically present at the venue. For shareholders who are unable to participate in this virtual 19<sup>th</sup> AGM, you may appoint proxy(ies) or the Chairman of the Meeting as your proxy to attend and vote on your behalf at the 19<sup>th</sup> AGM.

Kindly note that the quality of the live streaming is highly dependent on the bandwidth and stability of the internet connection of the participants (shareholders and proxies). Hence, you are to ensure that internet connectivity throughout the duration of the meeting is maintained while using RPV provided by Agmo Studio Sdn Bhd (“**AGMO**”) via its **Vote2U Online** website at <https://web.vote2u.app>

## PROCEDURES TO PARTICIPATE IN RPV

Please follow the Procedure to Participate in RPV as summarized below:

### **BEFORE AGM DAY**

#### **A: REGISTRATION**

##### **Individual Shareholder**

	<b>Description</b>	<b>Procedure</b>
i.	Shareholders to register with Vote2U online	<p>The registration will open from <b>10.30 am, Tuesday, 16 June 2020 up to 10.30 am, Sunday, 12 July 2020</b></p> <ol style="list-style-type: none"> <li>Access website at <a href="https://web.vote2u.app">https://web.vote2u.app</a></li> <li>Click “<b>Sign Up</b>” to sign up as a user.</li> <li>Read the ‘Privacy Policy’ and ‘Terms &amp; Conditions’ and indicate your acceptance of the ‘Privacy Policy’ and ‘Terms &amp; Conditions’ on a small box •. Then click “<b>Next</b>”.</li> <li>*Fill-in your details (note: create your own password). Then click “<b>Continue</b>”.</li> <li>Upload softcopy of your identification card (MYKAD) (front only) (for Malaysian) or Passport (for non-Malaysian).</li> <li>Log in as user completed.</li> <li>Your registration will be verified and an email notification will be sent to you. Please check your email.</li> </ol> <p><u>Note:</u> If you have registered as a user with Vote2U Online previously, you are not required to register again.</p> <p>*Check your email address is keyed in correctly. *Remember the password you have keyed-in.</p>



# ADMINISTRATIVE GUIDE FOR SHAREHOLDERS (Cont'd)

## B: REGISTER PROXY

### Individual Shareholder

	Description	Procedure
i.	Electronic lodgment of Form of Proxy (e-Proxy)	<p>Registration of Proxy will open from <b>10.30 am, Thursday, 9 July 2020 up to 10.30 am, Sunday, 12 July 2020</b></p> <ol style="list-style-type: none"> <li>Individual shareholder to log in with your email and password.</li> <li>Select the General Meeting event to participate (for example, “_____ AGM”).</li> <li>Scroll down and click “<b>Register a Proxy</b>”.</li> <li>Read the ‘Declarations’ and indicate your acceptance of the ‘Declarations’ on a small box •. Then click “<b>Next</b>”.</li> <li>Select your Central Depository System (“<b>CDS</b>”) account number.</li> <li>Click “<b>Appoint Proxy</b>”.</li> <li>*Fill-in the details of your Proxy(ies).</li> <li>Indicate your voting instruction should you prefer to do so.</li> <li>After you have completed the above procedures, the system will send an email to the registered Proxy(ies) and will be given a temporary password. The Proxy could use the temporary password to log in to Vote2U.</li> </ol> <p><u>Note:</u> You need to register as a shareholder before you can register a Proxy and submit the e-Proxy form. Refers ‘A: Registration’ to register as shareholder.</p> <p>*Check your Proxy’s email address is keyed in correctly.</p>
ii.	Submit Form of Proxy (hardcopy)	<p>The closing time to submit your hardcopy Form of Proxy is at <b>10.30 am, Sunday, 12 July 2020</b></p> <ol style="list-style-type: none"> <li>*Fill-in details on the hardcopy Form of Proxy and ensure to provide the following information: <ul style="list-style-type: none"> <li>● MYKAD (for Malaysian) / Passport (for non-Malaysian) number of the Proxy</li> <li>● *Email address of the Proxy</li> </ul> </li> <li>Submit/Deposit the hardcopy Form of Proxy to No. 54-4-8, Wisma Sri Mata, Jalan Van Praagh, 11600 Penang.</li> </ol> <p><u>Note:</u> After verification, an email notification will be sent to the Proxy and will be given a temporary password. The Proxy could use the temporary password to log in to Vote2U.</p> <p>*Check the email address of Proxy is written down correctly.</p>

### Corporate Shareholder

	Description	Procedure
i.	Corporate Shareholder to submit Form of Proxy (hardcopy)	<p>The closing time to submit your hardcopy Form of Proxy is at <b>10.30 am, Sunday, 12 July 2020</b></p> <ol style="list-style-type: none"> <li>Fill-in details on the hardcopy Form of Proxy and ensure to provide the following information: <ul style="list-style-type: none"> <li>● MYKAD (for Malaysian) / Passport (for non-Malaysian) number of the Corporate Representative</li> <li>● *Email address of the Corporate Representative</li> </ul> </li> <li>Submit/Deposit the hardcopy Form of Proxy to No. 54-4-8, Wisma Sri Mata, Jalan Van Praagh, 11600 Penang with the following documents: <ul style="list-style-type: none"> <li>● A copy of the Certificate of Appointment of Corporate Representative.</li> </ul> </li> </ol> <p><u>Note:</u> After verification, an email notification will be sent to the Proxy (Corporate Representative) and will be given a temporary password. The Proxy could use the temporary password to log in to Vote2U.</p> <p>*Check the email address of Proxy (Corporate Representative) is written down correctly.</p>

# ADMINISTRATIVE GUIDE FOR SHAREHOLDERS (Cont'd)



## B: REGISTER PROXY (Cont'd)

### Nominees Company

	Description	Procedure
i.	Nominees Company to submit Form of Proxy (hardcopy)	<p>The closing time to submit your hardcopy Form of Proxy is at <b>10.30 am, Sunday, 12 July 2020</b></p> <p>a. Fill-in details on the hardcopy Form of Proxy and provide the following information:</p> <ul style="list-style-type: none"> <li>• MYKAD (for Malaysian) / Passport (for non-Malaysian) number of the Beneficial Owner</li> <li>• *Email address of the Beneficial Owner</li> </ul> <p>b. Submit/Deposit the hardcopy Form of Proxy to No. 54-4-8, Wisma Sri Mata, Jalan Van Praagh, 11600 Penang with the following documents:</p> <ul style="list-style-type: none"> <li>• A copy of the Beneficial Owner MYKAD (for Malaysian) (front &amp; back) / Passport (for non-Malaysian).</li> </ul> <p><u>Note:</u> After verification, an email notification will be sent to the Proxy (Beneficial Owner) with a temporary password. The Proxy could use the temporary password to log in to Vote2U.</p> <p>*Check the email address of the Beneficial Owner is written down correctly.</p>

Shareholders who appoint Proxy(ies) via e-Proxy form and/or hardcopy Form of Proxy to participate at the virtual 19<sup>th</sup> AGM must ensure that the e-Proxy form and/or hardcopy Form of Proxy is submitted not less than 48 hours before the time for holding the meeting or any adjourned meeting at which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid. The e-Proxy form and hardcopy Form of Proxy must reach no later than **12 July 2020, Sunday at 10.30 a.m.**

## REVOCATION OF PROXY

### A: REVOKE PROXY

#### Individual Shareholder

	Description	Procedure
i.	Revoke a Proxy	<p>Shareholder who has appointed a Proxy and wish to revoke Proxy may do so.</p> <p>a. Log in to Vote2U online using your email address and password.</p> <p>b. Select the General Meeting event. (for example, “_____ AGM”).</p> <p>c. Scroll down and click “<b>Revoke a Proxy</b>”.</p>

## ON AGM DAY

### A: WATCH LIVE STREAMING

#### Individual Shareholders & Proxies

	Description	Procedures
i.	Login to virtual meeting portal - Vote2U online & watch Live Streaming.	<p>The Vote2U online portal will open for log in starting from <b>9.30 am, Tuesday, 14 July 2020</b>, one (1) hour before the commencement of the 19<sup>th</sup> AGM.</p> <p>a. Login with your email and password</p> <p>b. Select the General Meeting event (for example, “_____ AGM”).</p> <p>c. Check your details.</p> <p>d. Click “<b>Watch Live</b>” button to view the live streaming.</p>

# ADMINISTRATIVE GUIDE FOR SHAREHOLDERS (Cont'd)

## B: ASK QUESTION

### Individual Shareholders & Proxies

	Description	Procedures
i.	Ask Question during AGM (real-time)	<p>Questions submitted online using typed text will be moderated before being forwarded to the Chairman to avoid repetition. Every question and message will be presented with the full name of the shareholder or proxy raising the question.</p> <p>a. Click "<b>Ask Question</b>" button to post question(s). b. Type in your question and click "<b>Submit</b>".</p> <p>The Chairperson / Board of Director will endeavor to respond to questions submitted by remote shareholders and proxies during the 19th AGM. Should there be a time constraint, the responses will be made available on the Company's website within 7 days from the conclusion of the 19th AGM.</p>

## C: VOTING REMOTELY

### Individual Shareholders & Proxies

	Description	Procedures
i.	Online Remote Voting	<p>Once the Chairman announces the opening of remote voting:</p> <p>a. Open a new tab. b. Log in with your email address and password. c. Select the General Meeting event (for example, "_____ AGM"). d. Scroll down and click "<b>Confirm Details &amp; Start Voting</b>". e. To vote, select your voting choice from the options provided. A confirmation screen will appear to show your selected vote. Click "<b>Next</b>" to continue voting for all resolutions. f. To change your vote, click "<b>Back</b>" and select another voting choice.</p>

## D: VIEW RESULTS

### Individual Shareholders & Proxies

	Description	Procedures
i.	View Results	<p>After the closure of voting momentarily, the Chairman will announce the results.</p> <p>a. On the same tab after you have submitted your votes, scroll down and click "<b>View Results</b>".</p>

## E: END OF MEETING

### Individual Shareholders & Proxies

	Description	Procedures
i.	End of RPV	<p>a. Upon the announcement by the Chairperson on the closure of the 19th AGM, the live streaming will end and the "<b>Ask Question</b>" function will be disabled.</p>

# ADMINISTRATIVE GUIDE FOR SHAREHOLDERS (Cont'd)



## ADDITIONAL INFORMATION

### Voting Procedure

Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the 19<sup>th</sup> AGM will be conducted by poll. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.

### Broadcast Venue

Broadcast Venue means the place where the broadcasting is taking place to transmit or air the meeting online. It could be a studio or a meeting room.

Shareholders and proxies are not advisable to go to the broadcast venue as it is only a place where the meeting is broadcast for transmission online in the present of Chairman, Directors, Chief Executive Officer, Auditors, Company Secretary and senior management. No seating and refreshment will be arranged for shareholders and proxies at the broadcast venue when it is a fully virtual meeting.

If shareholders and proxies arrive at the broadcast venue, the management has the right to ask you to leave the broadcast venue in order to comply with the government decrees and S.O.Ps.

### No Door Gift or e-Voucher or Food Voucher

There will be no door gift or e-Voucher or food voucher given at the 19<sup>th</sup> AGM.

### Enquiry

- a. If you have enquiry relating to the 19th AGM Administrative Guide for Shareholders, please email your enquiries or contact our **Investor Relation** during office hours:

Email: [ir@dbegurney.com](mailto:ir@dbegurney.com)  
Tel No: +605 688 7179

- b. If you have enquiry relating to the RPV or encounters issues with the log in, steps to connect to live streaming and online voting, please email your enquiries or contact our **Helpdesk** during office hours:

Email: [vote2u@agmostudio.com](mailto:vote2u@agmostudio.com)  
Tel No: +603 6413 0580

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I/We \_\_\_\_\_  
(Full Name In Block Letters)

of \_\_\_\_\_  
(Address)

being a member/members of D.B.E. Gurney Resources Berhad hereby appoint \_\_\_\_\_  
(Full Name In Block Letters)

of \_\_\_\_\_  
(Address)

NRIC / Passport No. \_\_\_\_\_ Email Address \_\_\_\_\_

or failing him/her \_\_\_\_\_  
(Full Name In Block Letters)

of \_\_\_\_\_  
(Address)

NRIC / Passport No. \_\_\_\_\_ Email Address \_\_\_\_\_

or failing him/her, the Chairman of the Meeting as my/our proxy, to vote for me/us on my/our behalf at the Nineteenth Annual General Meeting ("19<sup>th</sup> AGM") of the Company to be held as a fully virtual meeting at the Broadcast Venue at Level 1, Conference Room, No. 131, Persiaran PM2/1, Pusat Bandar Seri Manjung, Seksyen 2, 32040 Seri Manjung, Perak Darul Ridzuan on Tuesday, 14 July 2020 at 10.30 a.m. and at any adjournment thereof.

*(Please indicate with an "X" in the boxes provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.)*

	<b>Ordinary Resolutions</b>	<b>For</b>	<b>Against</b>
1.	To approve the payment of Directors' fees for the period from the 19 <sup>th</sup> AGM until the next AGM of the Company on a monthly basis.		
2.	To approve the payment of Directors' benefits (excluding Directors' fees) to Directors for the period from the 19 <sup>th</sup> AGM until the next AGM of the Company.		
3.	To re-elect Dato' Doh Tee Leong who is retiring in accordance with Clause 95 of the Company's Constitution.		
4.	To re-elect Dato' Doh Jee Chai who is retiring in accordance with Clause 102 of the Company's Constitution.		
5.	To re-elect Ms. Looi Sze Shing who is retiring in accordance with Clause 102 of the Company's Constitution.		
6.	To re-elect En. Mohamad Ali bin Ariffin who is retiring in accordance with Clause 102 of the Company's Constitution.		
7.	To re-appoint Messrs Moore Stephens Associates PLT as Auditors and to authorise Directors to fix their remuneration.		
8.	To empower Directors pursuant to Sections 75 and 76 of the Companies Act 2016 to allot and issue shares.		

No of Shares Held	
CDS Account No.	
Telephone No.	
Email Address	
<b>If more than one proxy is appointed, please specify below the proportion of your vote in percentage represented by each proxy :</b>	
First Named Proxy	%
Second Named Proxy	%

.....  
Signature(s) of Member(s) / Common Seal

Signed this .....day of ....., 2020.

**Notes :**

- In light of the COVID-19 outbreak and as part of the safety measures, the 19<sup>th</sup> AGM of the Company will be conducted on a fully virtual basis through live streaming and online remote voting using the Remote Participation and Voting Facilities ("RPV facilities") which are available through an online portal at <https://web.vote2u.app>. Please follow the procedures provided in the Administrative Guide for the 19<sup>th</sup> AGM in order to register, participate and vote remotely via the RPV facilities.
- The venue of the 19<sup>th</sup> AGM is the Broadcast Venue, strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. **No shareholders/proxies/corporate representatives from the public will be physically present at the Broadcast Venue.**
- Only members whose names appear on the Record of Depositors on 7 July 2020 ("General Meeting Record of Depositors") shall be entitled to attend, speak and vote at the 19<sup>th</sup> AGM.
- A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his/her stead. A proxy may but need not be a member of the Company.



5. A member shall be entitled to appoint not more than two proxies to attend and vote at the 19<sup>th</sup> AGM. Where a member appoints more than one proxy, the appointment shall be invalid unless the member specifies the proportions of his/her holdings to be represented by each proxy.
6. Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds. An exempt authorized nominee refers to an authorized nominee defined under Securities Industry (Central Depositories) Act, 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
7. The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorized in writing or, if the appointor is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorized in writing.
8. Pursuant to Paragraph 8.29(A) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions at the 19<sup>th</sup> AGM shall be put by way of poll.
9. The Form of Proxy duly completed must be deposited at the Registered Office of the Company at No. 54-4-8, Wisma Sri Mata, Jalan Van Praagh, 11600 Penang not less than 48 hours before the time of holding the AGM or any adjournment thereof. Alternatively, the Form of Proxy may also be deposited electronically through <https://web.vote2u.app> not less than 48 hours before the time of holding the AGM.

**PERSONAL DATA PRIVACY**

By submitting a Form of Proxy or an instrument appointing a representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of 19<sup>th</sup> AGM dated 16 June 2020.

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Affix  
Stamp  
Here

The Company Secretary  
**D.B.E. GURNEY RESOURCES BERHAD**  
No. 54-4-8, Wisma Sri Mata,  
Jalan Van Praagh,  
11600 Penang, Malaysia

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**D.B.E. GURNEY RESOURCES BERHAD**

COMPANY NO. : 200101000008 (535763-A)

Level 4, No. 131, Persiaran PM2/1  
Pusat Bandar Seri Manjung Seksyen 2,  
32040 Seri Manjung, Perak Darul Ridzuan

Tel: 05-6887179 Fax: 05-6882222

[www.dbegurney.com](http://www.dbegurney.com)

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