The salient terms of the SSAs are set out below:-

(i) Due diligence exercise

(a) DBE shall, forthwith after the execution of the SSAs, embark on the due diligence exercise at its own costs and expenses whereby DBE shall examine and verify the legal affairs, share capital and structure (including rights to cumulative dividends), financial affairs, business, assets, liabilities (including actual and contingent liabilities), commitments, contracts and other affairs of Blossom, Rantau and Yik Wang respectively as may be reasonably required by DBE and the Vendors shall–

(1) extend all reasonable assistance to cooperate with and assist DBE in carrying out the due diligence; and

(2) procure that DBE and its agents, representatives, accountants and solicitors are given on request all such facilities, access and information regarding the business, assets, liabilities, licences, documents of title and other evidence of ownership of assets, contracts and affairs of Blossom, Rantau and Yik Wang respectively as may be required for the purposes of the due diligence.

(b) The Vendors must procure that representatives of DBE and/or any of its authorised agents are allowed access to the premises of Blossom, Rantau and Yik Wang respectively and the employees and agents of Blossom, Rantau and Yik Wang respectively shall allow access to such premises during the usual business hours of Blossom, Rantau and Yik Wang respectively for the purpose of the due diligence.

(ii) Conditions precedent

The obligations of the parties set out in the SSAs are conditional upon the following conditions precedent being obtained/fulfilled or waived (as the case may be) within SSA Cut-Off Date:-

(a) the completion of the due diligence exercises conducted on Blossom, Rantau and Yik Wang and the results thereof being reasonably satisfactory to DBE (based on the due diligence exercise carried out on the Target Companies up to 31 May 2020, there have been no material adverse findings noted and as such, this condition has been deemed as met);

(b) DBE applying for and obtaining the approval of the Shareholders at an EGM to be convened for amongst others, the Proposed Acquisitions, the Proposed Amendments, the Proposed Exemption, the Proposed Share Consolidation and the Proposed Private Placement;

(c) the Vendors applying for and obtaining the approval of the SC in respect of the Proposed Exemption;

(d) DBE applying for and obtaining the approval of Bursa Securities for the listing of and quotation for new DBE Shares to be issued pursuant to the Proposed Acquisitions, including the Consideration Shares, the Settlement Shares, the new DBE Shares arising from the conversion of the Consideration RCPS and the Placement Shares on the Main Market of Bursa Securities, where required (based on Bursa Securities approval vide its letter dated 29 May 2020, this condition has been deemed met);

(e) DBE applying for and obtaining the approval of Bursa Securities in respect of the Proposed Share Consolidation (based on Bursa Securities approval vide its letter dated 29 May 2020, this condition has been deemed met);

(f) the Vendors applying for and obtaining the approval or consent of the financiers/creditors of Blossom, Rantau and Yik Wang respectively for, *inter alia*, the sale and transfer of the Blossom Sale Shares, the Rantau Sale Shares and the Yik Wang Sale Shares respectively in favour of DBE, upon the terms and subject to the conditions of the SSAs, where required;

(g) the Vendors applying for and obtaining the approval or consent of any other party which has entered into any subsisting arrangement, contract or undertaking or guarantee with or involving Blossom, Rantau and Yik Wang respectively, where required, in each case to the extent that the same remain to be completed or performed or remain in force;

(h) all conditions precedent as stipulated in the respective SSAs having been fulfilled or obtained in accordance with the terms and conditions contained in the SSAs;

(i) DBE applying for and obtaining the amendments of the constitution/articles of association of DBE to incorporate the terms of the SSAs and the rights, privileges and restrictions of the Consideration RCPS as set out in Appendix III of this Circular and the lodgement of the requisite forms with the Registrar of Companies in relation to such amendments of the constitution/articles of association of DBE, where required;

(j) DBE being satisfied that no force majeure event has occurred; and

(k) any other approvals, waivers or consents of any authorities or parties as may be required by law or regulation or deemed necessary by the parties.

(iii) Termination in the event any conditions precedent is not fulfilled

If –

(a) on the expiry of a SSA Cut-Off Date, any of the conditions precedent shall have been refused and appeal or appeals to the relevant authorities or persons against such refusal have not been successful;

(b) on the expiry of a SSA Cut-Off Date, any of the conditions precedent have not been obtained or fulfilled or waived (as the case may be);

(c) at any time prior to the expiry of a SSA Cut-Off Date, any of the conditions precedent shall have been granted subject to terms and conditions which are not acceptable to DBE being terms and conditions which affect DBE, and further representations to the relevant authorities or persons to vary such terms and conditions have not been successful, and DBE is not willing to accept such terms and conditions then imposed by the relevant authorities or persons; or

(d) at any time prior to the expiry of a SSA Cut-Off Date, DBE has notified the Vendors in writing that it is not satisfied in respect of any part of the results of the due diligence exercise,

then any party shall be entitled to terminate the respective SSAs by giving notice in writing to the other party, whereupon the parties shall not have any further rights under the respective SSAs except in respect of –

(1) any obligation under the SSAs respectively which is expressed to apply after the termination of the SSAs respectively; and

(2) any rights or obligations which have accrued in respect of any breach of any of the provisions of the SSAs respectively to either party prior to such termination.

(iv) Conditions of the properties

DBE agrees that in respect of the properties held by the Blossom Group, Rantau and Yik Wang respectively, such properties shall be acquired and delivered subject to all restrictions in interest and conditions of title and on an "as is where is" basis.

(v) Purchase consideration

In respect of the Blossom SSA -

(a) The Blossom Purchase Consideration shall be satisfied by DBE in the following manner:-

(1) By DBE –

(A) allotting and issuing the 89,508,542 Consideration Shares to Lagenda at the Issue Price on the Blossom Completion Date; and

(B) allotting and issuing the 639,641,716 Consideration RCPS to Lagenda at the Issue Price on the Blossom Completion Date;

(2) By DBE allotting and issuing 3,559,529 Consideration RCPS to Lagenda at the Issue Price, within 30 business days from the Blossom Completion Date or the date of completion of the sale and purchase of 4 plots of agricultural lands forming part of the Phase 1 of the Teluk Intan Land whichever is later, provided that the sale and purchase of the aforesaid land is completed in accordance with the terms and conditions of the Teluk Intan SPA within one year from the Blossom Completion Date;

(3) By DBE allotting and issuing 42,360,247 Consideration RCPS to Lagenda at the Issue Price, within 30 business days from the Blossom Completion Date or the date of completion of the sale and purchase of the Phase 2 of the Teluk Intan Land whichever is later, provided that the sale and purchase of the aforesaid land is completed in accordance with the terms and conditions of the Teluk Intan SPA within one year from the Blossom Completion Date; and

(4) By DBE allotting and issuing 30,630,796 Consideration RCPS to Lagenda at the Issue Price, within 30 business days from the Blossom Completion Date or the date of completion of the sale and purchase of Phase 3a of the Teluk Intan Land whichever is later, provided that the sale and purchase of the aforesaid land is completed in accordance with the terms and conditions of the Teluk Intan SPA within one year from the Blossom Completion Date.

(b) In the event that the open market value of the properties held by the Blossom Group (which constitutes a computation item to the sale and purchase consideration) shall be varied/adjusted pursuant to any comments provided by the relevant authorities on the respective valuation reports, the relevant computation item shall be adjusted accordingly ("**Adjustment**"). The Blossom Purchase Consideration and the aggregate nominal value of the Consideration RCPS and the Consideration Shares to be allotted and issued by DBE to Doh Properties pursuant to the terms of the Blossom SSA, shall be deemed to be the sum as adjusted in accordance with this paragraph, provided always that the Adjustment pursuant to this provision shall amount to a sum of more than 1% of the Blossom Purchase Consideration.

(c) Notwithstanding the foregoing provisions and any other provision of the Blossom SSA, if the Adjustment pursuant to the foregoing provisions shall amount to more than 10% of the Blossom Purchase Consideration, either party of the Blossom SSA shall be entitled to give notice to the other party immediately terminating the Blossom SSA.

In respect of the Yik Wang SSA -

(a) The Yik Wang Purchase Consideration shall be satisfied by DBE in the following manner:-

(1) By DBE –

(A) paying the Yik Wang Tranche 1 Cash Consideration to Lagenda on the Yik Wang Completion Date; and

(B) allotting and issuing the 19,225,322 Consideration Shares to Lagenda at the Issue Price on the Yik Wang Completion Date;

(2) By DBE, within 15 business days from the date of approval of the special audit certificate issued by the auditor of Yik Wang or, at the option of DBE, any reputable accounting firm in Malaysia selected by DBE, by the Board in respect of confirming the cumulative PAT of Yik Wang for the Guaranteed Years and subject to Yik Wang having achieved the Profit Guarantee, paying the Yik Wang Tranche 2 Payment to Lagenda.

In respect of the Rantau SSA -

The Rantau Purchase Consideration shall be satisfied by DBE paying a fixed sum of RM148,269,909.00 to Lagenda on the Rantau Completion Date.

(vi) Termination of the SSAs

(a) Each party to a SSA shall be entitled to issue a notice of termination to the other party, if, at any time prior to the completion of the SSA, the other party commits any continuing or material breach of any of its obligations under the respective SSAs which is incapable of remedy or if capable of remedy, is not remedied within 14 days of it being given notice to do so, or *inter alia*, a winding up or insolvency event occurs.

(b) If any one of the SSAs are terminated by DBE and DBE elects not to pursue the remedy of specific performance, following the giving of a notice of termination by DBE–

(1) the Vendors shall, within 14 days after receipt of the notice of termination–

(A) return to DBE all documents, if any, delivered to any of them by or on behalf of DBE;

(B) procure Blossom, Rantau or Yik Wang respectively to return to DBE all such documents, if any;

(C) return, refund and repay to DBE any and all moneys received by them towards account of the purchase consideration of the SSAs and the Blossom Related Party Advances, the Rantau Related Party Advances or the Yik Wang Related Party Advances respectively, together with any interest accrued thereon (if any); and

(D) return and surrender for cancellation any Consideration Shares, Consideration RCPS and Settlement Shares received by them towards account of the purchase consideration for the SSAs and the Blossom Related Party Advances, the Rantau Related Party Advances or the Yik Wang Related Party Advances respectively or held by or on behalf of the Vendors pursuant to the terms of the SSAs; and

(2) DBE shall, in exchange for the performance by the Vendors of their aforesaid obligations, return to the Vendors all documents, if any, delivered to them by or on behalf of Blossom, Rantau or Yik Wang respectively or the Vendors.

(c) If any one of the SSAs are terminated by the Vendors and following the giving of a notice of termination by the Vendors –

(1) the Vendors shall, within 14 days after the notice of termination, return, refund and repay to DBE any and all moneys received by them towards account of the purchase consideration of the SSAs and the Blossom Related Party Advances, the Rantau Related Party Advances or the Yik Wang Related Party Advances respectively, together with any interest accrued thereon (if any) and return and surrender for cancellation any Consideration Shares, Consideration RCPS and Settlement Shares received by them towards account of the purchase consideration of the SSAs and the Blossom Related Party Advances, the Rantau Related Party Advances or the Yik Wang Related Party Advances respectively or held by or on behalf of the Vendors pursuant to the terms of the SSAs;

(2) DBE shall, within 14 days after its receipt of the notice of termination, return to the vendors all documents, if any, delivered to it by or on behalf of Blossom, Rantau or Yik Wang respectively or the Vendors; and

(3) the Vendors shall in exchange for the performance by DBE of its obligations under sub-paragraph (2) above, return to DBE all documents, if any, delivered to them by or on behalf of DBE.

(d) DBE shall be at liberty to take such action in law as may be necessary to compel the Vendors by way of specific performance to complete the transaction contemplated in the SSAs (in which respect the alternative remedy of monetary compensation shall not be regarded as compensation or sufficient compensation for any default of a party in the performance of the terms and conditions in the SSAs) or to claim damages for the breach of the Vendors.

In respect of the Yik Wang SSA:-

(vii) Profit Guarantee

(a) The Vendors hereby irrevocably and unconditionally guarantee, jointly and severally, to DBE that the actual cumulative PAT of Yik Wang for the Guaranteed Years ("**Actual Aggregate PAT**") shall collectively be not less than the Profit Guarantee.

(b) The Actual Aggregate PAT shall be determined:-

(1) in accordance with the requirements of all applicable laws and generally accepted accounting principles applicable in Malaysia;

(2) with proper provisions having been made for all liabilities and losses;

(3) excluding any extraordinary items;

(4) excluding any sales / revenue derived from transactions with any other companies which are subsidiaries of DBE during the Guaranteed Years and the corresponding expenses relating thereto;

(5) excluding profits or losses of a capital nature arising *inter alia* from the disposal of fixed assets, investments, plant and equipment or any other assets or which are not in the ordinary course of business made on realization of shares, intellectual property, goodwill or real property, and profits and losses attributable to businesses, if any, acquired after the execution of the Yik Wang SSA; and

(6) after including any financial grants, rebates and/or tax incentives received from the relevant authorities.

(c) For the purposes of determining the Actual Aggregate PAT, DBE and the vendors shall procure and cause the auditors of Yik Wang or, at the option of DBE, any reputable accounting firm in Malaysia selected by DBE, to –

(1) complete their special audit in respect of the accounts of Yik Wang not later than 3 months from the last day of the FYE 31 December 2021 to determine the Actual Aggregate PAT; and

(2) issue a certificate confirming the Actual Aggregate PAT for the Guaranteed Years to the parties within 4 months following the lapse of the Guaranteed Years, and the said certificate which is approved by the Board shall, in the absence of manifest error, be conclusive, final and binding and shall not, for the avoidance of doubt, require the prior approval of the shareholders of DBE or Yik Wang in general meeting.

(d) In the event that Yik Wang achieves the Profit Guarantee, DBE shall make the Yik Wang Tranche 2 Payment to Lagenda.

(viii) Shortfall or Surplus of Profit Guarantee

(a) In the event that Yik Wang fails to achieve the Profit Guarantee, DBE shall be discharged from its obligation to pay Lagenda the Yik Wang Tranche 2 Payment. Consequently, the Yik Wang Purchase Consideration shall be adjusted to RM17,062,286, which shall be fully satisfied by DBE making the Yik Wang Tranche 1 Cash Consideration.

(b) For the avoidance of doubt, in the event that the Actual Aggregate PAT is higher than the Profit Guarantee, the Yik Wang Purchase Consideration shall remain at RM32,500,000.

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APPENDIX III – SALIENT TERMS OF THE CONSIDERATION RCPS

Issuer	:	D.B.E. Gurney Resources Berhad
Subscriber	:	Lagenda Land Sdn Bhd
Issue Price	:	RM0.7975 each (similar price to Consideration Shares, post Proposed Share Consolidation of every 25 ordinary share in DBE into 1 DBE Share)
Issue Amount	:	Up to 716,192,288 redeemable convertible preference shares in DBE
Issue Date	:	Date of issuance of the DBE RCPS
Total Value	:	up to RM571,163,350
Transferability	:	Not transferable without the consent of the Issuer.
Maturity Date	:	The eighth (8th) anniversary of the Issue Date.
Tenure (i)	:	Eight (8) years commencing from and inclusive of the Issue Date.
Dividend Rate (ii)	:	The DBE RCPS carry the right to receive a cumulative preferential dividend out of the distributable profits of the Issuer at a fixed rate of 4% per annum, compounded annually, based on the Issue Price, payable annually in arrears. The right to receive dividends shall cease once the RCPS are converted into DBE Shares or redeemed by DBE, provided that all accrued and unpaid dividend shall be paid on the date of conversion or the date of redemption, as the case may be.
Ranking	:	In the event of liquidation, dissolution or winding up, the DBE RCPS shall rank in priority to any other unsecured securities or shares of the Issuer. The DBE RCPS shall constitute direct, unconditional, unsecured and unsubordinated obligations of DBE and shall upon allotment and issue, rank *pari passu* without any preference or priority among themselves and in priority to other redeemable convertible preference shares that may be created in future, but shall rank behind all secured and unsecured obligations of DBE. The DBE RCPS shall rank in priority to the ordinary shares with regard to dividend payment.
Voting Rights	:	The DBE RCPS shall carry no right to vote at any general meeting of the ordinary shareholders except with regards to any proposal to reduce the capital of the Issuer, to dispose of the whole of the Issuer's property, business and/or undertakings, to wind-up the Issuer and at any time during the winding-up of the Issuer. The DBE RCPS holders shall be entitled to vote at any class meeting of the holders of the DBE RCPS in relation to any proposal by the Issuer to vary or abrogate the rights of the DBE RCPS as stated in the Constitution of the Issuer. Every holder of the DBE RCPS who is present in person at such class meeting will have one vote on a show of hands and/or on a poll; every holder of DBE RCPS who is present in person or by proxy will have one vote for every DBE RCPS of which he is the holder.

Conversion Rights and Mandatory Conversion on Maturity Date	:	The holder of DBE RCPS shall be entitled to convert each RCPS held into such number of DBE Share(s) in accordance with the Conversion Ratio during the Conversion Period. Unless previously redeemed or converted or purchased and cancelled, all outstanding DBE RCPS will be mandatorily converted into new DBE Shares on the Maturity Date.
Conversion Ratio	:	The conversion ratio shall be one DBE RCPS to one DBE Share, subject to adjustments from time to time at the determination of the board of directors of DBE in the event of any alteration to DBE's share capital, whether by way of rights issue, capitalisation issue, consolidation of shares, subdivision of shares or reduction of capital howsoever being effected, in accordance with the provisions of the Constitution of DBE.
Conversion Period	:	The DBE RCPS shall be convertible into new DBE Shares on any market day at any time during the tenure of the DBE RCPS commencing on and including the Issue Date up to and including the Maturity Date.
Ranking of New DBE Shares	:	The new DBE Shares to be issued pursuant to the conversion of the DBE RCPS shall, upon allotment and issue, rank *pari passu* in all respects with the then existing shares of the Issuer, save and except that they will not be entitled to any dividends or distribution made prior to the date of allotment of such new DBE Shares
Redemption	:	Unless previously redeemed or converted or purchased and cancelled, the DBE RCPS may at the option of DBE (acting through the Audit and Risk Committee of DBE) be redeemed, in whole or in part, at any time during the tenure of the DBE RCPS at the Redemption Price. DBE shall give not less than 30 days prior written notice to the RCPS holders of the redemption of the DBE RCPS. All DBE RCPS which are redeemed or purchased by DBE shall be cancelled immediately and cannot be resold.
Redemption Price	:	Equivalent to the Issue Price.
Listing	:	The DBE RCPS will not be listed, quoted or traded on Bursa Securities or any other stock exchange.
Modification of Rights	:	Any variation, modification or abrogation of the rights and privileges attached to the DBE RCPS shall require the sanction of a special resolution of the holders of the DBE RCPS holding or representing not less than 75% of the outstanding DBE RCPS.
Governing Law	:	Laws of Malaysia.

Notes:-

(i) The tenure for the Consideration RCPS of eight (8) years was commercially negotiated after taking into consideration of the funds required for Blossom Group's two main projects, namely BBSAP and LTI which is expected to last until 2028 and 2027 respectively. The tenure of eight (8) years will also allow the Company flexibility in planning it's cashflows for future land-banking purposes as well as to undertake any investment opportunities as and when it arises.

(ii) The Consideration RCPS represents a debt owing by DBE to the Vendors as it forms part of the purchase consideration that is not immediately settled via shares and cash upon completion of the Proposed Acquisitions. Additionally, it should be noted that until such Consideration RCPS are redeemed or converted into DBE Shares, the Consideration RCPS are not listed, transferable nor tradable and hence the Vendors are not able to crystalise the value of the Consideration RCPS unlike ordinary shares of DBE and/or cash.

In this respect, the dividend rate of 4% was negotiated between DBE and the Vendors to account for the interest forgone by the Vendors vis-à-vis if a higher percentage of the purchase consideration were to be settled via cash as at the completion date. Such dividend rate is also very likely to be a cheaper alternative for DBE as compared to funding the Consideration RCPS amount via bank borrowings. The Vendors have agreed to a lower upfront cash settlement amount after taking into consideration the Group's cashflows as well as the arrangement to be settled via the issuance of Consideration RCPS in order for the Company to continue to adhere to the public shareholding spread requirements.

DBE has not declared dividends to its shareholders for its previous financial years as the Company had been loss making. However, the Proposed Acquisitions are expected to contribute positively to the earnings of the enlarged DBE Group as depicted under Section 10.3 of Part A of this Circular.

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PRIVATE & CONFIDENTIAL

D.B.E. Gurney Resources Berhad
Plot 138, Kawasan Perindustrian Pelabuhan Lumut
Kampung Acheh, 32000 Sitiawan
Perak Darul Ridzuan

Date: 29th May 2020

Reference: V/COR/19/0118(A) – (E) & (H) – (K)

Dear Sir / Madam,

VALUATION CERTIFICATE OF THE VARIOUS PROPERTIES OWNED BY BLOSSOM EASTLAND SDN BHD AND ITS SUBSIDIARIES

We were instructed by **D.B.E. Gurney Resources Berhad** (hereinafter referred to as the Client) to ascertain the Market Value of the respective legal interests in the properties listed overleaf (hereinafter referred to as the Subject Properties).

This Valuation Certificate is prepared for the inclusion in the circular to shareholders of DBE in relation to the proposed acquisition of the entire equity interest in Blossom Eastland.

The Valuation was prepared in conformity with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards published by the Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia.

This Valuation Certificate is prepared in accordance with the general principles adopted and limiting conditions as enclosed at the end of our formal Valuation Reports. For all intents and purposes, this Valuation Certificate should be read in conjunction with our formal Valuation Reports.

We have conducted the site inspection on various occasions; being the latest on 31st December 2019. We have been specifically instructed by the client to ascertain the Market Value of the Subject Properties as of **31st December 2019** as the material date of valuation.

In light of the current COVID-19 outbreak, including the MCO imposed in Malaysia, the economy of Malaysia for the year 2020 is expected to contract, whilst the property market in Malaysia will also be affected. Notwithstanding the above, after taking into consideration the available evidences as of the date of valuation, past historical economic cycles vis-à-vis the property market performance, the profile of Blossom Group, the type and product range offered, pricing, location of the properties, buyer's profile and the demand for such properties offered by Blossom Group, we are of the opinion that our valuation is still valid as at the date of this letter.

The basis of valuation adopted is the **Market Value** which is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Knight Frank Malaysia Sdn Bhd (Co. No.585479-A) (VE (1) 0141)

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For the purpose of this Valuation, we have adopted the **Comparison Approach, Income Approach by Residual Method** and **Cost Approach** of Valuation. The Comparison Approach of Valuation will be adopted for Inventory properties, vacant lands, development lands intended for future development (with master planning approval has been obtained without detailed development plans and components) whilst where detailed development approvals have been obtained but no contract has been awarded for the construction of the development as yet, we have adopted the Market Value derived from the Income Approach by Residual Method supported by the Market Value derived from the Comparison Approach. For on-going developments which are under construction, the primary method adopted will be the Income Approach by Residual Method.

Brief details of the methodology adopted are defined below.

a) **Comparison Approach**

This approach considers the sales of similar or substitute properties and related market data, and establishes a value estimate by processes involving comparison. In general, a property being valued is compared with sales of similar properties that have been transacted in the open market. Listings and offerings may also be considered.

In arriving at the Market Value of development lands intended for future development, we have considered the Comparison Method of Valuation as the primary and most reliable and appropriate method of valuation after having noted sufficient comparable properties in the locality. Without proper detailed development plans, the Residual Method of Valuation may not be appropriate as it requires many assumptions and estimations regarding the hypothetical improvements that the end-result is very much speculative and subjective. In absence of definite, detailed and approved development plans, the Residual Method of Valuation is very much a theoretical methodology where the finer details of the hypothetical end product and estimated construction costs are much more difficult to determine with precision. Merely relying on master planning, proposed developments, zoning or other planning controls are theoretical in nature as reliability of the Residual Method of Valuation depends on the confidence placed on the Gross Development Value and Gross Development Cost computations.

Henceforth, in valuing development land where development approvals are obtained but no contract was awarded for the construction of the development as yet, we have adopted the Market Value derived from the Residual Method supported by the Market Value derived from the Comparison Method of Valuation.

b) Income Approach by Residual Method

This approach is based on the premise that the price which a purchaser can pay for a property is the present value of the surplus amount or residual value after deducting out the full cost of development (Gross Development Cost) and profit from the sales proceeds (Gross Development Value) of the completed development, which is then discounted at an appropriate rate to reflect the inherent risk and holding cost for the period of development to arrive at the current Market Value.

In arriving at the Gross Development Value ("GDV"), we have used the Comparison Approach which defined herein before. The authority requirements pertaining *Bumiputra* discount are reflected either based on prevailing authority requirements or specific reduction quota as consented by the authorities.

In arriving at the Gross Development Cost, we have made reference to the total awarded contract sum, client's proposed costing as well as the industry average costing as derived from analysis of other awarded contracts of similar projects and average building costs of similar type of properties published by JUBM and Arcadis Construction Cost Handbook Malaysia 2019.

In general, we have anticipated a 100% take-up rate within development period of up to about 3 - 5 years for development projects which have yet to be launched / sold as reasonable after having considered the current and past sales performance of the development, demand, take-up rates and sales performance of other similar developments, construction progress of the development, the type and intensity of the development as well as the product features being offered.

Overall, we have adopted a discount rate of 8.25%. Present value (discount rate) adopted is defined as the value on a given date of a future payment or series of future payments, discounted to adequately reflect and adjust for both risk and time value of money. In accordance to the Malaysian Valuation Standards, the discount rate used in the valuation should be market derived.

c) **Cost Approach**

The cost approach provides an indication of value using the economic principle that a buyer will not pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or construction, unless undue time, inconvenience, risk or other factors are involved. This cost approach by summation method is founded on the economic principle of substitution and expressed in methodology as the value of the land plus the depreciated building value.

In practice, the estimate of the land value component is arrived at principally by the Comparison Approach. The adjustment and reconciliation of adjusted values along with the selection of relevant comparables are made judgmentally based on our professional experience.

The building value component is arrived at by Depreciated Replacement Cost Method; whereby an estimate is made of the replacement cost new and then allowing for depreciation based on physical deterioration, functional obsolescence and economic obsolescence. In arriving at the replacement cost new, we have referred to the industry average costing as derived from analysis of other awarded contracts of similar development and the average building costs of similar type of properties published by JUBM and Arcadis Construction Cost Handbook Malaysia 2019.

Generally, the depreciation rate of a building is determined by way of depreciation in terms of physical deterioration, functional and economic obsolescence. In our assessment of the building value(s), we have adopted an annual depreciation rate of about 2.00% per annum as fair and reflective of the existing building condition of the buildings.

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Summary of the Subject Properties are as attached below and overleaf.

No.	Reference No.	Project / Scheme	Identification of Property	Market Value
1.	V/COR/19/0118(A)	Bandar Baru Setia Awan Perdana (BBSAP)	15 subdivided block titles of agricultural and residential lands, 3,076 subdivided individual titles and 6 completed and unsold units forming part of an on-going township development of Bandar Baru Setia Awan Perdana (BBSAP).	RM480,560,000
2.	V/COR/19/0118(B)	Lagenda Teluk Intan	99 block titles of agricultural / development land and 1,997 subdivided individual titles forming part of an on-going township development of Lagenda Teluk Intan	RM269,700,000
3.	V/COR/19/0118(C)	Taman Mulia	254 subdivided individual titles and 30 completed and unsold properties which consists of ten (10) units of townhouse units, four (4) units of single-storey terraced houses and sixteen (16) units of double storey terraced houses, forming part of the township development of Taman Mulia in Sitiawan.	RM64,890,000
4.	V/COR/19/0118(D)	Taman Tronoh Akasia	23 parcels of subdivided commercial terraced plots with the benefit of planning approval for the development of double-storey and three-storey commercial shop-offices (Phase 3) and 15 parcels of subdivided residential detached plots with the benefit of planning approval for the development of single-storey detached houses (Phase 4); all forming part of the mixed development of Taman Tronoh Akasia.	RM1,860,000
5.	V/COR/19/0118(E)	Setia Residence	77 subdivided individual titles and 34 completed and unsold properties which consists of twenty four (24) units of double-storey terraced houses, two (2) units of double-storey detached houses, four (4) units of double-storey semi-detached houses, three (3) units of three (3)-storey terraced shop offices and one (1) unit of double-storey terraced shop office, all forming part of the township development of Setia Residence in Sitiawan	RM34,450,000

For and of behalf of
KNIGHT FRANK MALAYSIA SDN BHD

Knight Frank Malaysia Sdn Bhd 585479-A

JUSTIN CHEE TING HWANG
Registered Valuer, V-774
MRICS, MRISM, MPEPS

Date: 29 MAY 2020

Notes:-

The above valuations are peer reviewed by Senior Executive Director of Knight Frank Malaysia Sdn Bhd (Head Office), Mr. Chong Teck Seng (Registered Valuer, V-331).

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No.	Reference No.	Project / Scheme	Identification of Property	Market Value
6.	V/COR/19/0118(H)	Sungai Wangi	Eight (8) parcels of agricultural land with potential for residential use, all located within Mukim Sitiawan, District of Manjung, Perak Darul Ridzuan	RM5,300,000
7.	V/COR/19/0118(I)	Kampar	Seven (7) contiguous parcels of agricultural land with potential for mixed use, all located within Mukim and District of Kampar, Perak Darul Ridzuan	RM13,000,000
8.	V/COR/19/0118(J)	Teluk Rubiah	Two (2) parcels of agricultural land with potential for residential use, both located within Locality of Pundut, Mukim Lumut, District of Manjung, Perak Darul Ridzuan	RM2,300,000
9.	V/COR/19/0118(K)	Taman Desa 2, Simpang Dua	Three (3) unsold units of double-storey intermediate terraced shop-offices located within Taman Desa 2, Simpang Dua, 32000 Sitiawan, Perak Darul Ridzuan	RM910,000

For and of behalf of
KNIGHT FRANK MALAYSIA SDN BHD

Knight Frank Malaysia Sdn Bhd 585479-A

JUSTIN CHEE TING HWANG
Registered Valuer, V-774
MRICS, MRISM, MPEPS

Date: 29 MAY 2020

Notes:-

The above valuations are peer reviewed by Senior Executive Director of Knight Frank Malaysia Sdn Bhd (Head Office), Mr. Chong Teck Seng (Registered Valuer, V-331).

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1.0 V/COR/19/0118(A) – BANDAR BARU SETIA AWAN PERDANA (BBSAP)

1.1 IDENTIFICATION OF PROPERTY

Project / Scheme Bandar Baru Setia Awan Perdana (BBSAP), Sitiawan, Perak Darul Ridzuan.

Locality Strategically located about 4.5 kilometres off the West Coast Expressway to its west. Geographically, the Sitiawan town centre is located approximately 10 kilometres due west of the Subject Property.

Type of Property 15 subdivided block titles of agricultural and residential lands, 3,076 subdivided individual titles and 6 completed and unsold units forming part of an on-going township development of Bandar Baru Setia Awan Perdana (BBSAP).

No	Description		Combine Title Land Area (sq m)	Combine Title Land Area (acres)	Property Type / Status	Launch Date / Date of Completion
1	Phase 1A		897.00	0.22	6 units of completed and unsold single–storey terraced house	December 2015 / April 2019
	Total of Completed and Unsold Properties		897.00	0.22		
No	**Phase**		**Subdivided Individual Land Area (sq m)**	**Subdivided Individual Land Area (acres)**	**Property Type / Status**	**Launch Date / Expected Date of Completion**
2	Phase 1C		285,757	70.61	Construction in progress, approved for 1,476 units of single-storey cluster house and 16 units of single-storey detached house; 99% sold (1,473 sold / average sales 506 per annum) with 97% work done	February 2017 / January 2020
3	Phase 1D		211,993	52.38	Construction in progress; approved for 1,555 units of single-storey terraced house, 26 units of double storey terraced shop offices and a commercial plot; 93% sold (1,476 sold / average sales 507 per annum) with 96% work done	February 2017 / January 2020
	Total Subdivided Individual Title Land Area		497,750	122.99		
No	**Title No.**	**Lot No.**	**Title Land Area (sq m)**	**Title Land Area (acres)**	**Property Type**	**Launch Date / Expected Date of Completion**
4	Geran 181974	Lot 75392	913,900	225.83	**Phase 2A & 2C** Construction in progress; approved for the development of 219 units of double-storey shop office, 996 units of single-storey cluster house and 6 units of single-storey semi-detached house, 15 units of single-storey detached house, a commercial plot and a petrol station land.; 71% sold (876 sold / average sales 701 per annum) with 24% work done *Note (1): *Note the remaining 8 units of single-storey detached houses and 219 unit shop office where the launch date is still yet to be determined **Phase 2D** Designated for future development - approved for the development of 1,160 units of single-storey cluster semi-detached houses and 8 units of single-storey detached houses	October 2018 / May 2021 *(Note 1) February 2020 / May 2022
5	Geran 181842	Lot 75261	245,100	60.57	**Phase 2B** Construction in progress; approved for 829 units of single-storey terraced houses; 84% sold (693 sold / average sales 362 per annum) with 73% work done	February 2018 / October 2020
6	HSD 48252	PT 48442	286,910	70.90	**Phase 3B** Construction in progress;1,241 units of single-storey terraced houses and 2 units of single-storey semi-detached house; 50% sold (626 sold / average sales 626 per annum) with 3% work done	January 2019 / August 2021
7	HSD 48253	PT 48443	296,477	73.26	**Phase 3A** Designated for future development	March 2020 / June 2022
8	HSD 48250	PT 48440	75,844	18.74	Residential	-
9	HSD 28251	PT 48441	35,339	6.73		
10	Geran 181972	Lot 75390	3,163	0.78		
11	Geran 181976	Lot 75394	371,200	91 73		
12	HSD 40675	PT 42255	278,411	68.80	Agriculture	-
13	Geran 181837	Lot 75257	260,300.00	64.32		
14	Geran 161838	Lot 75258	265,000.00	65.48		
15	Geran 181840	Lot 75259	261,300.00	64.57		
16	Geran 181841	Lot 75260	222,800.00	55.06		
17	Geran 181895	Lot 75314	41,840.00	10.34		
16	Geran 161896	Lot 75315	40,890.00	10.10		
	Total Block Title Land Area		3,598,474.00	889.21	-	
	GRAND TOTAL		4,097,121.00	1,012.42		

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1.1 IDENTIFICATION OF PROPERTY (CONT'D)

Legal Description

Component	Lot No.	Title No.
Completed and Unsold Properties (Phase 1A)	Lot PT 44357 and 5 others	HSD 44113 and 5 others
Subdivided Individual Titles (Phase 1C and Phase 1D)	Lot PT 46884 and 3,075 others	HSD 46640 and 3,075 others
15 Block Titles*	Lot 75392 and 14 others	Geran 181974 and 14 others

all located within Mukim of Sitiawan, District of Manjung, Perak Darul Ridzuan.

***Note**: 15 block title comprise of Lot 75392 (Phase 2A, 2C and 2D), Phase 2B (Lot 75261), Phase 3B (Lot PT 48442), Phase 3A (Lot PT 48443) together with 4 residential lands and 7 parcel of agricultural lands.

Tenure

Interests in perpetuity; in respect of all titles.

Registered Proprietor

Ladang Awana Sdn Bhd (Note 1) and Blossom Eastland Sdn Bhd (Note2)

Notes:-

1) The Sale and Purchase Agreement dated 3rd July 2013 made between Nadi Agrobusiness Sdn Bhd (currently known as Ladang Awana Sdn Bhd) and Blossom Eastland Sdn Bhd has been completed pursuant to the terms and conditions contained therein. As at the date of valuation, all titles are intended to be transferred directly to the end buyers / are currently pending transfer to the end buyers, upon the sales of the respective units.
2) We were made to understand by the client that Blossom Eastland Sdn Bhd (the "Owner") has entered into a Joint Venture Agreement with Taraf Nusantara Sdn Bhd (the "Developer") to develop the subject development. **For this purpose of valuation, we have been instructed by the client to value on the Market Value disregarding the joint venture interest in Taraf Nusantara Sdn. Bhd. as is a wholly owned subsidiery of Blossom Eastland Sdn Bhd.**

Total Title Land Area Under Valuation

Component	Title Land Area (sq m)	Title Land Area (acres)
Completed and Unsold Properties (Phase 1A)	897.00	0.22
Subdivided Individual Titles (Phase 1C and Phase 1D)	497,750.00	122.99
Block Titles	3,598,474.00	889.21
Total	**4,097,121.00**	**1,012.42**

Category of Land Use

"Bangunan" and "Pertanian".

Reserve

"Tanah Simpanan Melayu Dalam Kawasan Manjung".*

***Note:** The subject property is located within Malay reservation land as endorsed on the title. Pursuant to the letter issued by Pejabat Pengarah Tanah Dan Galian bearing Reference No. Bil.() dlm.PTG.PK113(A)Jld. 2. dated 14th June 2019 as per points 2 and 4 of the letter stated that:

"2. Untuk maklumam tuan Enakmen Rizab Melayu 1933 ada menyatakan tentang kedudukan Tanah Simpanan Melayu Pengangan Bukan Melayu dimana ianya menyatakan bahawa 'urusan kepada bukan Melayu dibolehkan tetapi apabila tanah itu dipindahmilik kepada orang Melayu maka urusan dengan bukan Melayu sudah tidak dibolehkan lagi dengan syarat Seksyen 6 (vii) Enakmen Rizab Melayu 1933 dikuatkuasakan kerana tanah itu telah menjadi Pengangan Melayu secara mutlak" and

"4. Kesimpulanya, pentadbiran ini berpendapat tanah Rizab Melayu Pegangan Bukan Melayu masih lagi bebas dipindahmilik dengan bukan Melayu selagi ianya tidak dipindahmilik dan didaftarkan atas nama Melayu."

Therefore, ownership transfer of such Malay reserve lands between non-malays can still be carried out and will not be affected by this restrictions endorsed on the title. **For the purpose of this valuation, we have valued the subject property having taking into consideration that it is located within a Malay reservation area.**

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1.1 IDENTIFICATION OF PROPERTY (CONT'D)

Planning

Completed and Unsold Properties

Phase 1A (6 units of completed and unsold single-storey terraced houses)
Phase 1A has been fully completed with vacant possession handed over. It has been issued with a Certificate of Completion and Compliance.

Properties with Construction Works In Progress

Phase 1C, Phase 1D, Phase 2B, Phase 2D and Phase 3B
Phase 1C, Phase 1D, Phase 2B and Phase 3B have been approved for planning permission and building approval; save for Phase 2D where this phase have been approved for planning permission only and we were informed by the client that application for building plan approval have been submitted to Jabatan Perancangan Bandar Majlis Perbandaran Manjung for approval. Additionally, it is noted that the abovementioned site(s) has been cleared with earthwork in progress.

Phase 2A and Phase 2C
Phase 2C have been approved for planning permission and building approval for component which consists of 996 units of single-storey cluster house and 6 units of single-storey semi-detached house and 7 units of single-storey detached house.

We were made to understand by the client that there is no planning permission letter issued for (Phase 2A) 56 units double-storey shop-office. The letter with heading Permohonan Kelulusan Pelan Kebenaran Merancang letter with Ref No. JPB/KM14/17(3) dated 11th August 2017 issued by Jabatan Perancangan Bandar Majlis Perbandaran Manjung can be consider as planning approval for (Phase 2A) 56 units double-storey shop-office and it is still valid as at to date.

We were also made to understand by the client that the application of the planning and building plan approval for the remaining 163 units of double-storey shop-office for Phase 2A and 8 units of single-storey detached house for Phase 2C will be submitted to Jabatan Perancangan Bandar Majlis Perbandaran Manjung once the launch date is determined.

Phase 3A (PT 48443)
Vide copy of the Approved Pre-Computation Plan bearing Plan No. UR/15/PK/1589C-PU1 prepared by Ukur Rentas, we note that Phase 3A has been designated for 1,074 units of single-storey terraced house, 53 units of shop office and 2 commercial plot together with other relevant infrastructure and public amenities. We were made to understand by the client that the application of the planning approval and building plan approval will be submitted to Jabatan Perancangan Bandar Majlis Perbandaran Manjung.

Residential Land and Agricultural Land

Lot Nos. PT 48440, PT 48441, Lot 75390 and Lot 75394
Pursuant to the Rancangan Tempatan Daerah Manjung 2030 issued by Manjung Municipal Council and our verbal enquiries with the Planning Department of Manjung Municipal Council on 16th December 2019 revealed that abovementioned subject site are located within an area zoned for residential use with a medium density of 30 to 60 units per hectare for stratified housing developments and 12 to 24 units per acre for non-stratified housing developments.

Lot Nos. PT 42255, Lot 75257 – Lot 75260 (inclusive), Lot 75314 and Lot 75315
Pursuant to the Rancangan Tempatan Daerah Manjung 2030 issued by Manjung Municipal Council and our verbal enquiries with the Planning Department of Manjung Municipal Council on 16th December 2019 has revealed the abovementioned subject site is located within an area zoned for agricultural use.

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1.1 IDENTIFICATION OF PROPERTY (CONT'D)

Sales Status and Performance

Pursuant to the Sales Status Report (as at 31st December 2019) provided by the Client, we note that the current sales status and performance for on-going phases with units sold and construction in progress are as below.

Property Type	Total Units Available	Total Units Sold	Net Sales Price	Progressive Payment Billed
Phase 1C				
Single-Storey Cluster House	1,476	1,473	RM278,987,150	RM209,196,300
Single-Storey Detached House	16	0	RM3,897,990	RM0
Total	**1,492**	**1,473**	**RM282,885,140**	**RM209,196,300**
Phase 1D				
Single-Storey Terraced Houses	1,555	1,476	RM269,057,070	RM191,253,181
Double-Storey Shop Office	28	0	RM8,238,030	RM0
Commercial Plot	-	-	RM2,000,000	RM0
Total	**1,583**	**1,476**	**RM279,295,100**	**RM191,253,181**
Phase 2A & 2C				
Single-Storey Cluster House	996	876	RM220,838,445	RM77,264,546
Single-Storey Semi-Detached House	6	0	RM1,477,500	RM0
Single-Storey Detached House	15	0	RM3,989,250	RM0
Double-Storey Shop Office	219	0	RM63,049,680	RM0
Commercial Plot	-	-	RM4,300,000	RM0
Petrol Station Land	-	-	RM1,400,000	RM0
Total	**1,236**	**876**	**RM295,054,875**	**RM77,264,546**
Phase 2B				
Single-Storey Terraced Houses	829	693	RM158,088,600	RM75,127,123
Total	**829**	**693**	**RM158,088,600**	**RM75,127,123**
Phase 3B				
Single-Storey Terraced House	1241	626	RM234,075,460	RM12,842,555
Single-Storey Semi-Detached House	2	0	RM531,668	RM0
Total	**1,243**	**626**	**RM234,607,127**	**RM12,842,555**

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1.1 IDENTIFICATION OF PROPERTY (CONT'D)

Contracts Awarded and Work Done to Date

The contracts awarded for the development and the total amount certified in respect of work done by the contractor and consultants as at 31st December 2019 are as follows:-

Phase	Launch Date / Expected Date of Completion	Anticipated Final Contract Sum	Value of Work Done	% of Completion
Phase 1C	February 2017 / January 2020	RM138,112,000	RM134,142,223	97.13%
Phase 1D	February 2017 / January 2020	RM126,138,500	RM121,004,025	95.93%
Phase 2A	Launch date is yet to be determined	RM119,832,310	RM28,972,166	24.22%
Phase 2C	October 2018 / May 2021*			
Phase 2B	February 2018 / October 2020	RM71,063,000	RM51,886,906	73.02%
Phase 3B	January 2019 / August 2021	RM103,511,960	RM2,717,477	2.63%
Phase 2D	February 2020 / May 2022	RM103,776,000	RM644,736	0.62%
Phase 3A	March 2020 / June 2022	RM103,430,200	RM0	0.00%

***Note:** Save for the remaining 8 units of single-storey detached houses where the launch date is still yet to be determined

1.2 MARKET VALUE

Valuation Methodology

In arriving at our opinion of the Market Value, we have considered the **Comparison Approach, Cost Approach** and **Income Approach by Residual Method** of Valuation. The Comparison Approach of Valuation will be adopted for development lands intended for future development (with master planning approval has been obtained without detailed development plans and components. In assessing the market value for completed and unsold units, we have undertaken Cost Approach and Comparison Approach of Valuation. For on-going developments which are under construction, the primary method adopted will be the Residual Method of Valuation.

Market Value

RM480,560,000.

Comparison Approach

In view of limited recorded transactions of identical property in the immediate locality, we have resorted to adopt the selected Comparable(s) in our assessment by Comparison Approach; as it is merely impossible to identify exactly alike properties to referred to, hence appropriate adjustments are made to reflect the differences of the Comparable(s) and the property being valued.

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1.2 MARKET VALUE (CONT'D)

Vacant Agriculture Lands – Lot 75315 (Base Plot Analysis)

Sales Comparison and Analysis of Vacant Agricultural Land	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Identification	Lot 75344 and Lot 75345 held under Title Nos. Geran 181926 and Geran 181927 respectively (formerly known as Lot Nos. PT 42204 and PT 42205 held under Title Nos. HSD 40624 and HSD 40625 respectively), both located within Mukim Sitiawan, District of Manjung, Perak Darul Ridzuan	Lot 75305 held under Title No. Geran 181886 (formerly known as Lot No. PT 42165 held under Title No. HSD 40585), Mukim Sitiawan, District of Manjung, Perak Darul Ridzuan	Lot 75327 held under Title No. 181908 (formerly known as Lot No. PT 42186 and PT 42187 held under Title Nos. HSD 40606 and HSD 40607 respectively, both located within Mukim Sitiawan, District of Manjung, Perak Darul Ridzuan	Lot 75340 held under Title No. Geran 181922 (formerly known as Lot No. PT 42200 held under Title No. HSD 40620), Mukim Sitiawan, District of Manjung, Perak Darul Ridzuan
Location	Located within the vicinity of Bandar Setia Awan Perdana in Sitiawan, Perak Darul Ridzuan			
Property Type	Two (2) parcels of agricultural lands	A parcel of agricultural land	Two (2) parcels of agricultural lands	A parcel of agricultural land
Land Area	893,620 square feet	220,337 square feet	423,237 square feet	441,643 square feet
Tenure	Interest in perpetuity			
Zoning / Planning	Zoned for agricultural use			
Consideration	RM3,076,920	RM708,050	RM1,407,206	8th May 2017
Date	21st March 2018	27th February 2018	1st June 2017	RM1,517,535
Analysis	RM3.44 per square foot	RM3.21 per square foot	RM3.32 per square foot	RM3.44 per square foot
Vendor	Ladang Awana Sdn Bhd			
Purchaser	Tan Ah Gaik	Seow Chu Tai and Meena Kumari Sharma (½ share each)	Manjula A/P Sorannah	Ding Wai Huat
Source	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)			
Adjustments	General adjustments are made for prevailing market condition / time, location / establishment, accessibility / infrastructure, tenure, land shape, terrain / level, land size, exposure / frontages, lot configuration, category of land use, zoning, plot ratio / density, development order and adverse feature			
Adjusted Value	RM3.98 per square foot	RM3.21 per square foot	RM3.84 per square foot	RM3.78 per square foot

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1.2 MARKET VALUE (CONT'D)

Valuation Rationale

Based on our analysis of the data obtained from the sources listed herein before, we note that there were several recorded transactions of agricultural land / development land within the larger locality of the Subject Property (ranged from **RM3.21 per square foot** to **RM3.44 per square foot** depending on location, terrain / level, land shape, land size, category of land use, zoning, planning approval and etc).

Although total adjustments (up to 15% on selected Comparables) were considered and made for in our assessment, we are of the view that the selected Comparable(s) adopted are still considered relevant by virtue of the fact that all of the selected Comparable(s) are considered to have the closest land attributes (in terms of accessibility, tenure and etc) as compared to the Subject Property. With total effective adjustments made for all Comparable(s) (ranged between 0% to 10%), we have placed greater reliance on Comparable 3 as it is more similar to the Subject Property in terms of location / establishment, accessibility / infrastructure and land size as compared to other Comparable(s).

Thus, we have adopted the adjusted analysis of **RM3.84 per square foot** from Comparable 3 as fair representation after having made the necessary adjustments.

Summary of Adjustment for Other Parcels

Base Plot Analysis

Lot 75315 (PT 42175) : 10.10 acres @ RM3.84 psf

Lot No.	Phase	Land Size (Acres)	Adjustments	Adjusted Value (RM psf)
Lot 75257 (PT 42117)	-	64.32	General adjustments for accessibility / infrastructure, land size, land shape and adverse feature	RM 2.69 psf
Lot 75258 (PT 42118)	-	65.48		RM 2.69 psf
Lot 75259 (PT 42119)	-	64.57		RM 2.88 psf
Lot 75260 (PT 42120)	-	55.06		RM 3.07 psf
PT 42255	Plot L	68.80		RM 3.26 psf
Lot 75314 (PT 42174)	-	10.34		RM 3.84 psf

Using the base plot of Lot 75315, general adjustments were made to the other Subject Properties (Lot 75257 to Lot 75260 (inclusive), Lot PT 42255 and Lot 75314) on accessibility / infrastructure, land size and adverse feature respectively.

For Lot 75257 to Lot 75260 (inclusive) and Lot PT 42255 are generally larger in land size as compared to base plot (Lot 75315), thus, downward adjustments were made to reflect the larger land size of the respective Subject Properties. In addition, further downward adjustments were made for Lot 75257 and Lot 75258 respectively because Lot 75257 and Lot 75258 are located closer to the TNB transmission line whilst an upward adjustment was made for Lot PT 42255 because the parcel of land is located closer to the main road and have better accessibility as compared to the base plot (Lot 75315).

On balance, we consider a lower rate per square metre is applicable to the Lot 75257 to Lot 75260 (inclusive) and Lot PT 42255.Having regard to the foregoing, we have arrived at a total value of RM43,900,000 for the seven (7) parcels of agricultural lands as derived from our Comparison Approach.

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1.2 MARKET VALUE (CONT'D)

Vacant Residential Lands – Lot PT 48441 (Base Plot Analysis)

Sales Comparison and Analysis of Vacant Residential Land	Comparable 1	Comparable 2	Comparable 3
Identification	Lot 53359 held under Title No. GRN 180736 (formerly known as Lot PT 15013 held under Title No. HSD 35360), Mukim Lumut, District of Manjung, Perak Darul Ridzuan	Lot No. 35856 held under Title No. Geran 124068, Locality and Mukim of Sitiawan, District of Manjung, Perak Darul Ridzuan	Lot 6507 held under Title No. GRN 65648, Locality of Lumut, Mukim Lumut, District of Manjung, Perak Darul Ridzuan
Location	Located within the vicinity of Manjung Point Seksyen 3, Seri Manjung	Located along Federal Route 5 within the locality near to Taman Keris in Sitiawan, Perak Darul Ridzuan	Located along the intersections of Jalan Iskandar Shah and Jalan Sitiawan, Lumut
Property Type	A parcel of development land	A parcel of agricultural land.	A parcel of development land
Land Area	342,831 square feet	253,705 square feet	636,470 square feet
Tenure	Interest in perpetuity		
Zoning / Planning	Zoned for commercial use	Zoned for residential use	Zoned for commercial use
Consideration	RM1,260,000	RM2,886,862	RM15,000,000
Date	27th August 2018	2nd July 2018	4th June 2018
Analysis	RM36.75 per square foot	RM11.38 per square foot	RM23.57 per square foot
Vendor	Kar Sin Berhad	Tan Kiow and Teow He Gek (½ share each)	Lumut Garden Sdn Bhd
Purchaser	Caldera Machinery Sdn Bhd	Taraf Pancar Sdn Bhd	Caldera Machinery Sdn Bhd
Source	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)		
Adjustments	General adjustments are made for prevailing market condition / time, location / establishment, accessibility / infrastructure, land shape, terrain / level, land size, exposure / frontage, category of land use, express condition, zoning, plot ratio / density, planning, malay reserve and adverse features		
Adjusted Value	RM15.44 per square foot	RM11.95 per square foot	RM14.85 per square foot

Valuation Rationale

Based on our analysis of the data obtained from the sources listed herein before, we note that there were several recorded transactions of agricultural land / development land within the larger locality of the Subject Property (ranged from **RM11.38 per square foot** to **RM36.75 per square foot** depending on location, terrain / level, land shape, land size, category of land use, zoning, planning approval and etc).

Although total adjustments (up to 105% on selected Comparables) were considered and made for in our assessment, we are of the view that the selected Comparable(s) adopted are still considered relevant by virtue of the fact that all of the selected Comparable(s) are considered to have the closest land attributes (in terms of accessibility, tenure and etc) as compared to the Subject Property.

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1.2 MARKET VALUE (CONT'D)

Valuation Rationale (Cont'd)

With total effective adjustments made for all Comparable(s) (ranged between 0% to 60%); we have placed greater reliance on Comparable 3 as it is more similar to the Subject Property in terms of the general overall qualitative factors as compared to other Comparable(s). Thus, we have adopted the adjusted analysis of **RM14.85 per square foot** from Comparable 3 as fair representation after having made the necessary adjustments.

Summary of Adjustment for Other Parcels

Base Plot Analysis

Lot PT 48441 (Plot I) : 8.732 acres @ RM14.85 psf

Lot No.	Phase	Land Size (Acres)	Adjustments	Adjusted Value (RM psf)
Part of PT 42252	Phase 2D	104.53	General adjustments for land size, land shape, express condition and planning	RM11.88
PT48443	Phase 3A	73.26		RM11.88
PT 48440	Plot I	18.74		RM13.36
Lot 75390	Plot I	0 78		RM17.07
Lot 75394 (PT 42254)	Plot L	91.73		RM11.88

Using the base plot of Lot PT 48441, general adjustments were made to the other Subject Properties (part of Lot PT 42252 (Phase 2D), Lot PT 48443 (Phase 3A), Lot PT 48440, Lot 75390 and Lot 75394) for land size, shape, express condition and planning respectively.

Generally, downward adjustments were made for land size for the other Subject Properties against the base plot (Lot PT 48441) save for Lot 75394 because the base plot has smaller land size holding as compared to the other Subject Properties.

For part of Lot PT 42252 (Phase 2D), upward adjustments were made to express condition and planning because the parcel is not restricted for affordable housing development restriction and has benefit of planning approval. Meanwhile, downward adjustments were made for Lot PT 48440 and Lot 75390 because they are irregular in shape. Upward adjustments were made to Lot 75390 and Lot 75394 respectively for express condition because they are not restricted to the affordable housing development restriction as expressly stipulated in the title document for the base plot (Lot PT 48441).

On balance, we consider a lower rate per square metre is applicable to the part of Lot PT 42252 (Phase 2D), Lot PT 48443 (Phase 3A), Lot PT 48440 and Lot 75394 save for Lot 75390 with a higher rate per square metre compared to the base plot (Lot PT 48441).

Having regard to the foregoing, we have arrived the Market Values as derived from our Comparison Approach as follows:-

Lot No.	Phase	Property Type	Market Values
Part of PT 42252	Phase 2D	Residential Lands	RM54,100,000
PT48443	Phase 3A		RM37,900,000
PT 48440	Plot I		RM64,600,000
Lot 75390			
PT 48441			
Lot 75394 (PT 42254)	Plot L		

The five (5) parcels of vacant residential land with a total land size of 193.24 acres and the seven (7) parcels of vacant agriculture development land with a total land size of 338.67 acres are part / future phase of an on-going township development known as Bandar Baru Setia Awan Perdana (BBSAP).

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1.2 MARKET VALUE (CONT'D)

Valuation Rationale (Cont'd)

The vacant residential and agriculture development lands are part of a master development plan under a single ownership and shall be treated slightly different when compared to individual plots / small landholdings ownership because small landholdings ownership have limited development potential when they are transacted individually / independently.

Due to the limited availability of large development land transactions in the vicinity, we have compared the Subject Property with the small landholding transactions within the immediate locality. Our comparison approach in valuing these multiple large plots of lands is based on a base plot basis where a main comparison is made for a single plot to derive at a single base value. From there, this single base value is further adjusted and compared to other plots and accounted for further differences in micro location, size, accessibility, adverse features and etc.

In view that the vacant residential and agricultural development land forms part of an on-going township development and has been ear-marked for future phases / expansion, the large size of these plots is in fact a plus point / positive feature when compared to the other smaller landholdings with different individual owners. Therefore, we are of the opinion that there is no need to account for additional total land size adjustment for these plots.

Valuation of unsold units for Phase 1A

Sales Comparables and Analysis for Single-Storey Terraced Houses	Comparable 1	Comparable 2	Comparable 3
Legal Description	Lot PT 38199 held under Title No. Geran 48148, Mukim Sitiawan, District of Manjung, Perak Darul Ridzuan	Lot 54429 held under Title No. GM 2962, Mukim Lekir, District of Manjung, Perak Darul Ridzuan	Lot 54453 held under Title No. GM 2986, Mukim Lekir, District of Manjung, Perak Darul Ridzuan
Location	Taman Sentosa II	Taman Seri Lekir 2	Taman Seri Lekir 2
Property Type	Single-Storey Terraced House		
Tenure	Interest in perpetuity	Interest in perpetuity	Interest in perpetuity
Land Area	1,195 square feet	1,410 square feet	1,410 square feet
Built-Up Area	880 square feet	945 square feet	945 square feet
Consideration	RM200,000	RM230,000	RM238,800
Date	29th July 2019	8th October 2018	2nd April 2018
Source	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)		
Vendor	Pung Kooi Chin +1	Mohd Burhan Bin Abd Rani	Mohd Burhan Bin Abd Rani
Purchaser	Sieh Kuan Suang	Mohamad Azhar Bin Mohamed	Jaffri Bin Basarudin +1
Remarks	-	Located within Malay reserve Area	Located within Malay reserve Area
RM psf / Land Area	RM167.39	RM163.11	RM169.35
	Comparison Approach		
Adjustments	General adjustments are made for prevailing market condition, location/ establishment, building condition / improvement, land efficiency and malay reserved land.		
Adjusted Value (RM psf / Land Area)	RM133.91	RM145.58	RM151.15
	Cost Approach (As a check, we have used the Cost Approach as defined herein before)		
Adjustments	General adjustments are made for prevailing market condition, location/ establishment and malay reserved land.		
Adjusted Value (RM psf / Land Area)	RM92.38	RM94.13	RM99.38

Based on our analysis of the data obtained from the sources listed herein before, we note that there were several recorded transactions of terraced house within the immediate and larger locality of the Subject Property (ranged from **RM163.11 per square foot** to **RM169.35 per square foot** over land area depending on location / establishment, building condition / improvement and and malay reserve land etc).

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1.2 MARKET VALUE (CONT'D)

Valuation Rationale (Cont'd)

In view of limited recorded transactions of identical property in the immediate locality, we have resorted to adopt the selected Comparable(s) in our assessment by Comparison Approach; as it is merely impossible to identify exactly alike properties to referred to, hence appropriate adjustments are made to reflect the differences of the Comparable(s) and the property being valued.

Although total adjustments (up to 40% on selected Comparables) were considered and made for in our assessment, we are of the view that the selected Comparable(s) adopted are still considered relevant by virtue of the fact that all of the selected Comparable(s) are considered to have the closes attributes (in terms of shape, land size and tenure) as compared to the Subject Property.

With total effective adjustments made for all Comparable(s) (ranged between -15% to -20%); we have placed greater reliance on Comparable 2 as it has the least dissimilarities in terms of attributes (save and except for location / establishment and building condition / improvements). Thus, we have adopted the adjusted values of RM145.58 per square foot over land area from Comparable 2 as fair presentation after having made the necessary adjustments.

Cost Approach

There is no record of individual terraced plot transactions within the immediate scheme and vicinity therefore we have used the same comparables (completed properties) in our Comparison Approach and Cost Approach (check method). We have not considered the Income approach because there is limited rental data / market for such landed properties.

The only difference in between the two approaches is the way of analysis of the comparables; Comparision Approach utilizing analysis on overall value per square foot basis and thereafter adjusting for differences whilst Cost Approach utilizing a breakdown of improved land and depreciated building values and thereafter adopting the adjusted improved land values to the land area of the Subject Properties and adding up their respective building values.

Cost Approach contains the summation of improved land value and building value. An improved land value is arrived at by adopting the similar comparables in Comparison Approach subtracting the building value. The building value is arrived at by Depreciated Replacement Cost Approach whereby an estimate is made of the replacement cost new and then allowing for depreciation. From the adjusted land values, we note that the values derived range between **RM92.38 per square foot** to **RM99.38 per square foot** for single-storey terraced house. We have placed greater reliance on Comparable 2 for single-storey terraced house it has the least dissimilarities in terms of attributes and adopted the adjusted land value of **RM94.13 per square foot** for single-storey terraced house as fair presentation after having made the necessary adjustments.

Property Type	Comparable's Depreciated Building Value (RM psf)	Improved Land Value (RM psf)	*Replacement Cost New (RM psf)	Depreciation (%)	Depreciated Building Value (RM psf)
Single-storey terraced house	RM60 to RM80 psf (based on annual depreciation rate of 2.0% per annum with 50 years building lifespan)	RM94.13 psf	RM75 psf	2.0% per annum (based on 50 years building lifespan)	RM74 psf

***Note: In arriving at the replacement cost new, we have made reference to the industry average costing as derived from analysis of other awarded contracts of similar development and the average building costs of similar type of properties published by JUBM and Arcadis Construction Cost Handbook Malaysia 2019.**

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1.2 MARKET VALUE (CONT'D)

Properties with Construction Works in Progress

Income Approach by Residual Method

A summary of parameters adopted in undertaking our assessment for on-going phases with construction works in progress is scheduled below.

Summary of Parameters					
Parameters	Phase 1C	Phase 1D	Phase 2A & 2C	Phase 2B	Phase 3B
Gross Development Value (Note 1)	RM282,885,140	RM279,295,100	RM295,054,875	RM158,088,600	RM234,607,127
Progressive Payment Billed	RM209,196,300	RM191,253,181	RM77,264,546	RM75,127,123	RM12,842,555
Remaining Gross Development Cost (Note 3)	RM19,816,257	RM23,506,104	RM140,571,856	RM38,721,035	RM151,845,884
Development Period (Note 4)	0.25 years	0.25 years	2.0 years	1.0 years	2.5 years
Present Value (Discount Rate)	8.25%	8.25%	8.25%	8.25%	8.25%

Summary of Parameters		
Parameters	Phase 2D	Phase 3A
Gross Development Value (Note 1)	RM264,917,500	RM217,385,000
Remaining Gross Development Cost (Note 3)	RM185,144,725	RM172,378,750
Development Period (Note 4)	4.0 years	4.0 years
Present Value (Discount Rate)	8.25%	8.25%

Gross Development Value (Note 1)

In arriving at the Gross Development Value (GDV) for on-going phases with units sold and construction works in progress, we have adopted the developer's selling price as the GDV based on the Sales Status Report (as of 31st December 2019).

Summary of Gross Development Value (GDV) – Phase 1C		
Component	No. of Units Sold	Total Net Selling Price
Single-Storey Cluster House	1,473	RM278,428,150
Component	No. of Remaining Units	Total Net Selling Price
Single-Storey Cluster House	3	RM559,000
Single-Storey Detached House	16	RM3,897,990
Total	**1,492**	**RM282,885,140**

Summary of Gross Development Value (GDV) – Phase 1D		
Component	No. of Units Sold	Total Net Selling Price
Single-Storey Terraced Houses	1,476	RM252,635,370
Component	No. of Remaining Units	Total Net Selling Price
Single-Storey Terraced Houses	79	RM16,421,700

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1.2 MARKET VALUE (CONT'D)

Summary of Gross Development Value (GDV) – Phase 1D		
Component	No. of Remaining Units	Total Net Selling Price
Double-Storey Shop-Offices (Note 2)	28	RM8,238,030
Commercial Plot (Note 2)	-	RM2,000,000
Total	**1,583**	**RM279,295,100**

Summary of Gross Development Value (GDV) – Phase 2A & 2C		
Component	No. of Units Sold	Total Net Selling Price
Single-Storey Cluster House	876	RM190,696,000
Component	No. of Remaining Units	Total Net Selling Price
Single-Storey Cluster House	120	RM30,142,445
Single-Storey Semi Detached House	6	RM1,477,500
Single-Storey Detached House	15	RM3,989,250
Double-Storey Shop-Offices (Note 2)	219	RM63,049,680
Commercial Plot (Note 2)	-	RM4,300,000
Petrol Station Plot (Note 2)	-	RM1,400,000
Total	**1,236**	**RM295,054,875**

Summary of Gross Development Value (GDV) – Phase 2B		
Component	No. of Units Sold	Total Net Selling Price
Single-Storey Terraced Houses	693	RM127,920,600
Component	No. of Remaining Units	Total Net Selling Price
Single-Storey Terraced Houses	136	RM30,168,000
Total	**829**	**RM158,088,600**

Summary of Gross Development Value (GDV) – Phase 3B		
Component	No. of Units Sold	Total Net Selling Price
Single-Storey Terraced Houses	626	RM117,463,800
Component	No. of Remaining Units	Total Net Selling Price
Single-Storey Terraced Houses	815	RM116,611,659
Single-Storey Semi-Detached House	2	RM531,668
Total	**1,243**	**RM234,607,127**

Summary of Gross Development Value (GDV) – Phase 2D		
Component	No. of Units	Total Net Selling Price
Single-Storey Semi-Detached House (Note 2)	1,160	RM262,798,000
Single-Storey Detached House (Note 2)	8	RM2,119,500
Total	**1,168**	**RM264,917,500**

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1.2 MARKET VALUE (CONT'D)

Summary of Gross Development Value (GDV) – Phase 3A		
Component	**No. of Units**	**Total Net Selling Price**
Single-Storey terraced House (Note 2)	1,074	RM201,001,000
Single-Storey Terraced Shop Office (Note 2)	53	RM11,484,000
Commercial Plots (Note 2)	-	RM4,900,000
Total	**1,127**	**RM217,385,000**

Development components yet to be launched (Note 2)

In arriving at the Gross Development Value (GDV), we have used the Cost Approach and Comparison Approach.

Component	Unit No	Justification
Phase 1D		
Double-Storey Shop-Offices (1,399 sq ft to 4,349 sq ft)	28	Based on the transactions of similar properties within the locality of Sitiawan (1,302 to 1,765 square feet), of which the prices transacted in 2018 and 2019 were between RM360,000 to RM500,000.
Commercial Plot (68,577 square feet)	-	Based on the transactions of vacant development land within the locality of Sitiawan (42,367 to 342,831 square feet), of which the prices transacted in 2018 and 2019 were between RM22.85 psf to RM 36.75 psf.
Phase 2A & 2C		
Double-Storey Shop-Offices (1,399 sq ft to 2,917 sq ft)	219	Based on the transactions of similar properties within the locality of Sitiawan (1,302 to 1,765 square feet), of which the prices transacted in 2018 and 2019 were between RM360,000 to RM500,000.
Commercial Plot (156,685 square feet)	-	Based on the transactions of vacant development land within the locality of Sitiawan (42,367 to 342,831 square feet), of which the prices transacted in 2018 and 2019 were between RM22.85 psf to RM 36.75 psf.
Petrol Station Plot (51,880 square feet)	-	Based on the transactions of vacant development land within the locality of Sitiawan (42,367 to 342,831 square feet), of which the prices transacted in 2018 and 2019 were between RM22.85 psf to RM 36.75 psf.
Phase 2D		
Single-Storey Cluster Semi-Detached House (1,920 square feet)	1,160	Based on the transactions of similar properties within the locality of Sitiawan (2,551 to 3,078 square feet), of which the prices transacted in 2018 and 2019 were between RM330,000 to RM402,800.
Single-Storey Detached House (3,550 square feet)	8	Based on the transactions of residential detached plot within the locality of Sitiawan (4,499 to 5,145 square feet), of which the prices transacted in 2018 and 2019 were between RM39.84 psf to RM58.90 psf.

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1.2 MARKET VALUE (CONT'D)

Phase 3A		
Single-Storey Terraced House (1,300 square feet)	1,074	Based on the transactions of similar properties within the locality of Sitiawan (1,195 to 1,410 square feet), of which the prices transacted in 2018 and 2019 were between RM200,000 to RM238,800.
Single-Storey Shop-Offices (1,625 square feet)	53	Based on the transactions of similar properties within the locality of Sitiawan (1,302 to 1,765 square feet), of which the prices transacted in 2018 and 2019 were between RM360,000 to RM500,000.
Commercial Plot (178,552 square feet)	-	Based on the transactions of vacant development land within the locality of Sitiawan (42,367 to 342,831 square feet), of which the prices transacted in 2018 and 2019 were between RM22.85 psf to RM 36.75 psf.

Gross Development Cost (Note 3)

We have made reference to the total awarded contract sum, client's proposed costing as well as total awarded contract sum, client's proposed costing as well as the industry average costing as derived from analysis of other awarded contracts of similar projects and average building costs of similar type of properties published by JUBM and Arcadis Construction Cost Handbook Malaysia 2019.

Summary of Gross Development Cost (GDC)		
Phase	Total Cost Adopted	Total Value of Works Completed / Certified Amount To-Date
Phase 1C	RM167,496,788	RM147,680,531
Phase 1D	RM161,098,640	RM137,592,537
Phase 2A and 2C	RM178,417,977	RM37,846,122
Phase 2B	RM96,255,266	RM57,534,230
Phase 3B	RM163,021,406	RM11,175,400
Phase 2D	RM193,903,069	RM8,758,345
Phase 3A	RM179,964,606	RM7,585,856

Development Period (Note 4)

The subject development (Bandar Baru Setia Awan Perdana (BBSAP)) is an affordable township development which carters for the mass housing market. Based on our analysis, we noted strong market demand for such development and is evidently supported by the historical sales performance on the launched phases. The yearly average sales rate for the subject development for all the launched phases ranges between 279 to 701 units per annum. In general, we have anticipated 100% take-up rate within the development period of up to about 0.25 – 2.5 years for on-going property development projects and we have conservatively adopted 4 years development period for Phase 2D and Phase 3A respectively for development projects which have yet to be launched / sold. In our assessment for the development period, we have considered the current and past sales performance of the development, demand, take-up rates and sales performance of other similar developments, the time frame to obtain building plan approvals, construction progress of the development up to issuance of certificates and compliance, the type and intensity of the development, the product features being offered as well as marketing period and the expected / proposed launch time.

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1.2 MARKET VALUE (CONT'D)

Reconciliation of Values

Components	Method of Valuation	Derivation of Values	Market Value
7 parcels of agricultural land	Comparison Approach	RM43,900,000	RM43,900,000
4 parcels of residential land	Comparison Approach	RM64,600,000	RM64,600,000
Unsold Unit (6 units)	Comparison Approach	RM1,260,000	RM1,260,000
	Cost Approach	RM1,250,000	
Phase 1C (on-going, under construction)	Income Approach by Residual Method	RM52,800,000	RM279,900,000
Phase 1D (on-going, under construction)		RM63,300,000	
Phase 2A and 2C (on-going, under construction)		RM65,900,000	
Phase 2B (on-going, under construction)		RM40,900,000	
Phase 3B (on-going, under construction)		RM57,000,000	
Phase 2D (future phase)		RM58,100,000	RM58,100,000
	Comparison Approach	RM54,100,000	
Phasa 3A (future phase)	Income Approach by Residual Method	RM32,800,000	RM32,800,000
	Comparison Approach	RM37,900,000	
TOTAL MARKET VALUE			RM480,560,000

Reconciliation of Values (Cont'd)

Vacant Agricultural Lands and Residential Lands

In arriving at the Market Value of the agriculture lands and residential lands (undeveloped parcels), we have considered the Comparison Approach of Valuation as the primary and most reliable and appropriate method of valuation after having sufficient comparable properties in the locality.

Completed and Unsold Properties

In valuing the 6 units of completed and unsold properties, we have placed greater emphasis on the Comparison Approach because in a valuation of a homogeneous real estate such as vacant lands and residential homes, the Comparison Approach is the most appropriate method of valuation as there are less adjustments and analysis on comparables.

Properties with Construction Works in Progress

The Residual Method of valuation derives the land value by estimating values of hypothetically improved properties representing the highest and best use of the site or in the case of a site with master planning approval, the proposed development and thereafter deducting estimated construction costs. In our assessment for lands intended for future development (which has yet to be launched), as long as the subject development is granted with master development approval and pre-computation plan approvals coupled with an upcoming development plan, it would be more appropriate to adopt the Income Approach by Residual Method as our valuation would rely on the proposed development plan as opposed to those lands intended for future development (without definite plan).Therefore, in arriving at the Market Value of lands intended for future development (which has yet to be launched) for Phase 2D and Phase 3A we have adopted the Income Approach by Residual Method of Valuation as the primary method and the Comparison Approach as a check method.

In valuing on-going developments that are under construction, the primary method is the Residual Method and as such, we have only adopted the Market Value as derived from the Residual Method of Valuation for Phase 1C, Phase 1D, Phase 2A and 2C, Phase 2B and Phase 3B.

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2.0 V/COR/19/0118(B) – LAGENDA TELUK INTAN

2.1 IDENTIFICATION OF PROPERTY

Project / Scheme

Lagenda Teluk Intan, Teluk Intan, Perak Darul Ridzuan.

Legal Description

Component	Lot No.	Title No.
Phase 1 (1,997 subdivided individual titles)	Lot No. PT 26803 and 1,996 others	HSD 24611 and 1,996 others
Phase 2 (18 block titles)	Lot No. 59372 and 17 others	PN 379066 and 17 others
Phase 3A (8 block titles)	Lot No. 59334 and 7 others	PN 378973 and 7 others
Phase 3B (8 block titles)	Lot No. 59424 and 7 others	PN 378978 and 7 others
Agricultural Lands (65 block titles)	Lot No. 59307 and 64 others	PN 378940 and 64 others

All located within Mukim Durian Sebatang, District of Hilir Perak, Perak Darul Ridzuan.

Locality

Strategically located about 4.0 kilometres off West Coast Expressway (WCE) to its west. Geographically, the Teluk Intan town centre is located approximately 7 kilometres due north of Lagenda Teluk Intan.

Type of Property

99 block titles of agricultural / development land and 1,997 subdivided individual titles forming part of an on-going township development of Lagenda Teluk Intan, Perak Darul Ridzuan. Brief identification and details of the properties are tabulated as follows:

Description	Title Land Area		Land Use / Status
	(sq. m.)	(acres)	
Phase 1 (1,997 subdivided individual titles)	501,147.00	123.8361	Construction in progress; within which 1,843 titles are approved for 1,487 units of single-storey terraced house and 356 units of single-storey cluster house; 57% sold with 8% work done. Future development consists of 137 units of double-storey terraced shop-offices, 2 units of single-storey semi-detached houses and 5 units of single-storey detached houses together with additional of 4 agricultural plots, 1 unit of stall and 1 unit of Main Distribution Substation (PPU)
Phase 2 (18 block titles)	765,260.00	189.0999	Vacant development land; approved for 2,667 units of single-storey terraced house
Phase 3A (8 block titles)	349,170.00	86.2818	Vacant development land; proposed for 1080 units of single-storey and 18 units of detached house
Phase 3B (8 block titles)	345,430.00	85.3576	Vacant development land; proposed for 775 units of terrace house together with additional 28 parcels of agricultural plots
Agricultural Lands (65 block titles)	2,721,550.00	672.5096	Agricultural lands currently planted with oil palm trees
Total Title Land Area	**4,682,557.00**	**1,157.0850**	

Tenure

- Leasehold interest for a term of 99 years, expiring on 26th December 2118; in respect of Phase 1 subdivided individual titles.
- Leasehold interest for a term of 99 years, expiring on 16th December 2091; in respect of Phase 2, 3A, 3B and agricultural lands.

Register Proprietor(s)

- Ladang Awana Sdn Bhd; in respect of Phase 1, 2 and 3A.
- Blossom Eastland Sdn Bhd; in respect of Phase 3B and agricultural lands.

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2.1 IDENTIFICATION OF PROPERTY (CONT'D)

Beneficial Owner(s)

- Ladang Awana Sdn Bhd; in respect of the 4 parcels of agricultural plots within Phase 1 (Lot No. PT 28791 to PT 28794), Phase 2 and 3A. *
- Taraf Nusantara Sdn Bhd; in respect of Phase 1 (save and except for the abovementioned agricultural plots held under Ladang Awana Sdn Bhd). *
- Blossom Eastland Sdn Bhd; in respect of Phase 3B and agricultural lands.

* Note: In respect of the Sale and Purchase Agreement made between Ladang Awana Sdn Bhd and Taraf Nusantara Sdn Bhd in respect of lands held under Phase 1, 2 and 3A, we understand that:-

i) Save for the 4 parcels of agricultural plots bearing Lot Nos. PT 28791 to PT 28794 (inclusive), the sale and purchase for the land under Phase 1 has been completed and it is the intention of the parties that, all titles are to be transferred directly to the end buyers; and

ii) The sale and purchase for the land under the abovementioned Phase 1 agricultural plots, Phase 2 and 3A has yet to be completed as at the date of valuation.

Total Title Land Area

Phase	Land Area	
	sq m	acres
Phase 1 (1,997 subdivided individual titles)	501,147.00	123.8361
Phase 2 (block titles)	765,260.00	189.0999
Phase 3A (block titles)	349,170.00	86.2818
Phase 3B (block titles)	345,430.00	85.3576
Agricultural Lands (block titles) *	2,721,550.00	672.5096
Total Title Land Area	**4,682,557.00**	**1,157.0850**

Note: * As of the date of inspection, we note that TNB transmission lines traverse across the agricultural lands on part of Lot No. 59472 to 59478 (inclusive) measuring about 22,178.85 square metres (5.4805 acres). For the purpose of this Report and Valuation, we have deducted the aforesaid area and adopted the net land area of about 2,699,371.15 square metres (667.0291 acres) for the agricultural lands in our calculations.

Category of Land Use

"Bangunan", "Perindustrian" and "Pertanian".

Planning

Based on our verbal enquiries with the Planning Department of Teluk Intan Municipal Council on 18th December 2019 and the zoning plan extracted from Rancangan Tempatan Daerah Hilir Perak 2020, we note that the Subject Property is currently zoned for agricultural use and conditionally permissible for residential use, subject to the terms and conditions stated therein.

<u>Phase 1</u>
Phase 1 has already been subdivided and issued with 1,997 individual titles; within which 1,847 titles have been approved for planning permission and building plan approval by Majlis Perbandaran Teluk Intan for the development of 1,487 units of terraced houses, 356 units of cluster houses and 4 units of TNB substations; with remaining titles currently earmarked for proposed development of 137 units of double-storey terraced shop-offices, 2 units of single-storey semi-detached houses and 5 units of single-storey detached houses together with additional of 4 agricultural plots, 1 unit of stall and 1 unit of Main Distribution Substation (PPU).

<u>Phase 2</u>
Phase 2 has obtained layout plan and pre-computation plan approval issued by Majlis Perbandaran Teluk Intan with proposed development of 2,667 units of terraced house.

<u>Phase 3A and Phase 3B</u>
Phase 3A and Phase 3B have obtained conditional planning permission approval issued by Majlis Perbandaran Teluk Intan. Based on a copy of the proposed layout plan provided by the Client, the proposed development for Phase 3A will consist of 1,080 units of cluster house and 18 units of detached houses, whilst Phase 3B will consist of 775 units of terraced house together with additional 28 parcels of agricultural plots.

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2.1 IDENTIFICATION OF PROPERTY (CONT'D)

Sales Status and Performance

Pursuant to the Sales Status Report (as at 31st December 2019) provided by the Client, we note that the current sales status and performance for on-going phases with units sold and construction in progress are as below.

Property Type	Total Units Available	Total Units Sold	Net Sales Price	Progressive Payment Billed
Phase 1				
Terraced Houses	1,487	989	RM238,304,261	RM22,944,712
Cluster Houses	356	69	RM66,860,596	RM1,366,930
Shop-Offices	137	-	RM44,936,600	-
Semi-Detached Houses	2	-	RM440,000	-
Detached Houses	5	-	RM1,322,000	-
Agricultural Plots	4	-	RM7,060,000	-
Total	**1,991**	**1,058**	**RM358,923,457**	**RM24,311,642**

Contracts Awarded and Work Done to Date

The contracts awarded for the development and the total amount certified in respect of work done by the contractor and consultants as at 31st December 2019 are as follows:-

Phase	Launch Date / Expected Date of Completion	Anticipated Final Contract Sum	Value of Work Done	% of Completion
Common / External Infrastructure Works	-	RM76,896,488	RM489,873	0.64%
Phase 1	August 2018 / July 2021	RM140,018,970	RM11,627,138	8.30%
Phase 2	March 2020 / May 2023	RM208,700,751	-	-
Phase 3A	August 2020 / October 2023	RM87,040,440	-	-
Phase 3B	August 2020 / October 2023	RM60,646,075	-	-

2.2 MARKET VALUE

Valuation Methodology

In arriving at our opinion of the Market Value, we have considered the **Comparison Approach** and **Income Approach by Residual Method** of Valuation. For on-going developments which are under construction, we have adopted the Residual Method of Valuation as the only preferred method of valuation. For development lands which has obtained planning approval with approved plans, the primary method adopted will be the Residual Method of Valuation and Comparison Approach as a check. As for agricultural lands, we have considered the Comparison Approach as the only preferred method of valuation.

Market Value

RM269,700,000.

2.2 MARKET VALUE (CONT'D)

Properties with Construction Works in Progress

Income Approach by Residual Method

A summary of parameters adopted in undertaking our assessment for on-going phases with construction works in progress is scheduled below.

Summary of Parameters	
Parameters	**Phase 1**
Gross Development Value (Note 1)	RM358,923,457
Progressive Payment Billed	RM24,311,642
Remaining Gross Development Cost (Note 3)	RM262,648,649
Remaining Development Period	Approximately 3.0 years
Present Value (Discount Rate)	8.25%

Gross Development Value (Note 1)

In arriving at the Gross Development Value (GDV) for on-going phases with units sold and construction works in progress, we have adopted the developer's selling prices as the GDV to be fair representation after having taking into consideration the take-up rates and sales performance of the development based on the Sales Status Report (as of 31st December 2019).

Summary of Gross Development Value (GDV) – Phase 1		
Component	**No. of Units Sold**	**Total Net Selling Price**
Single-Storey Terraced Houses	989	RM164,072,600
Single-Storey Cluster Houses	69	RM13,604,500
Component	**No. of Remaining Units**	**Total Net Selling Price**
Single-Storey Terraced Houses	498	RM74,231,661
Single-Storey Cluster Houses	287	RM53,256,096
Double-Storey Shop-Offices (Note 2)	137	RM44,936,600
Single-Storey Semi-Detached Houses (Note 2)	2	RM440,000
Single-Storey Detached Houses (Note 2)	5	RM1,322,000
Agricultural Plots (Note 2)	4	RM7,060,000
Total	**1,991**	**RM358,923,457**

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2.2 MARKET VALUE (CONT'D)

Development components yet to be launched (Note 2)

In arriving at the Gross Development Value (GDV), we have used the Cost Approach and Comparison Approach.

Component	No. of Units	Justification
Phase 1		
Double-Storey Commercial Shop-Offices (1,399 to 2,923 square feet)	137	Based on the transactions of similar properties within the localities of Taman Banjar Jaya, Taman Metah and Taman Perkasa (1,399 to 1,496 square feet), of which the prices transacted in 2018 and 2019 were between RM400,000 to RM508,800.
Single-Storey Semi-Detached Houses (2,314 to 3,649 square feet)	2	Based on the transactions of similar properties within the localities of Taman Impiana, Pekan Baru and Taman Intan Mas 1 (2,454 to 3,197 square feet), of which the prices transacted in 2019 were between RM280,000 to RM400,000.
Single-Storey Detached Houses (3,111 to 3,940 square feet)	5	Based on the transactions of similar properties within the localities of Taman Seri Setia, Taman Lower Perak Coop and Taman Banjar Ria (5,399 to 8,959 square feet), of which the prices transacted in 2017 and 2019 were between RM400,000 to RM740,000.
Vacant Agricultural Plots (25,801 to 1,164,849 square feet)	4	Based on the transactions of similar properties within the localities of Jalan Changkat Jong and Kampung Ayer Hitam (169,639 to 181,587 square feet), of which the prices transacted in 2018 and 2019 were between RM973,438 to RM1,120,000.

Gross Development Cost (Note 3)

We have made reference to the total awarded contract sum, client's proposed costing as well as total awarded contract sum, client's proposed costing as well as the industry average costing as derived from analysis of other awarded contracts of similar projects and average building costs of similar type of properties published by JUBM and Arcadis Construction Cost Handbook Malaysia 2019.

Summary of Gross Development Cost (GDC)		
Phase	Total Cost Adopted	Total Value of Works Completed / Certified Amount To-Date
Phase 1	RM277,677,604	RM15,028,955

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2.2 MARKET VALUE (CONT'D)

Vacant Parcels of Development Lands

Income Approach by Residual Method

A summary of parameters adopted in undertaking our assessment for vacant development lands which has obtained planning approval with approved plans is scheduled below.

Summary of Parameters			
Parameters	**Phase 2**	**Phase 3A**	**Phase 3B**
Gross Development Value (Note 1)	RM445,233,600	RM217,501,200	RM137,795,000
Gross Development Cost (Note 2)	RM363,569,199	RM164,036,230	RM109,916,235
Development Period	4.50 years	4.00 years	3.50 years
Present Value (Discount Rate)	8.25%	8.25%	8.25%

Gross Development Value (Note 1)

In arriving at the Gross Development Value (GDV) for vacant development lands which has obtained planning approval with approved plans, summary of the GDV adopted in our assessment are as follow:-

Summary of Gross Development Value (GDV) – Phase 2			
Component		**No. of Units**	**Total Net Selling Price**
Single-Storey Terraced Houses	(20'x65')	2,574	RM428,828,400
	(20'x70')	93	RM16,405,200
Total		**2,667**	**RM445,233,600**

Summary of Gross Development Value (GDV) – Phase 3A		
Component	**No. of Units**	**Total Net Selling Price**
Single-Storey Cluster Houses	1,080	RM211,680,000
Single-Storey Detached Houses	18	RM5,821,200
Total	**1,098**	**RM217,501,200**

Summary of Gross Development Value (GDV) – Phase 3B		
Component	**No. of Units**	**Total Net Selling Price**
Single-Storey Terraced Houses	775	RM129,115,000
Vacant Agricultural Plots	28	RM8,680,000
Total	**803**	**RM137,795,000**

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2.2 MARKET VALUE (CONT'D)

Gross Development Value (Note 1) (Cont'd)

In arriving at the Gross Development Value (GDV), we have used the **Cost Approach.**

Component	No. of Units	Justification
Phase 2		
Single-Storey Terraced Houses (1,300 and 1,400 square feet)	2,667	Based on the transactions of similar properties within the locality of Taman Intan Mas 1 (1,302 square feet), of which the prices transacted in 2019 were between RM188,000 to RM220,000.
Phase 3A		
Single-Storey Cluster Houses (1,980 square feet)	1,080	Based on the transactions of semi-detached houses within the localities of Taman Impiana, Pekan Baru and Taman Intan Mas 1 (2,454 to 3,197 square feet), of which the prices transacted in 2019 were between RM280,000 to RM400,000. Further adjustments were made for different type of properties.
Single-Storey Detached Houses	18	Based on the transactions of similar properties within the localities of Taman Seri Setia, Taman Lower Perak Coop and Taman Banjar Ria (5,399 to 8,959 square feet), of which the prices transacted in 2017 and 2019 were between RM400,000 to RM740,000.
Phase 3B		
Single-Storey Terraced Houses (1,300 square feet)	775	Based on the transactions of similar properties within the locality of Taman Intan Mas 1 (1,302 square feet), of which the prices transacted in 2019 were between RM188,000 to RM220,000.
Vacant Agricultural Plots	28	Based on the transactions of similar properties within the localities of Jalan Changkat Jong and Kampung Ayer Hitam (169,639 to 181,587 square feet), of which the prices transacted in 2018 and 2019 were between RM973,438 to RM1,120,000.

Gross Development Cost (Note 2)

We have made reference to the total awarded contract sum, client's proposed costing as well as the industry average costing as derived from analysis of other awarded contracts of similar projects and average building costs of similar type of properties published by JUBM and Arcadis Construction Cost Handbook Malaysia 2019.

Summary of Gross Development Cost (GDC)		
Phase	Total Cost Adopted	Total Value of Works Completed / Certified Amount To-Date
Phase 2	RM365,443,790	RM1,874,591
Phase 3A	RM164,115,328	RM79,098
Phase 3B	RM109,968,967	RM52,732

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2.2 MARKET VALUE (CONT'D)

Comparison Approach

In view of limited recorded transactions of identical property in the immediate locality, we have resorted to adopt the selected Comparable(s) in our assessment by Comparison Approach; as it is merely impossible to identify exactly alike properties to referred to, hence appropriate adjustments are made to reflect the differences of the Comparable(s) and the property being valued.

Vacant Development Lands – Phase 2 (Base Plot Analysis)

Sales Comparison and Analysis of Vacant Development Land			
	Comparable 1	Comparable 2	Comparable 3
Identification	Lot No. PT 22832 held under Title No. HSD 21482, Mukim Durian Sebatang, District of Hilir Perak, Perak Darul Ridzuan	Lot No. PT 22833 held under Title No. HSD 21483, Mukim Durian Sebatang, District of Hilir Perak, Perak Darul Ridzuan	Lot Nos. 3420 and 3421 held under Title Nos. Geran 30427 and Geran 30428 respectively, both located within Mukim Teluk Baru, District of Hilir Perak, Perak Darul Ridzuan
Location	Located within the vicinity of Kampung Banjar, Teluk Intan	Located within the vicinity of Kampung Banjar, Teluk Intan	Located within the vicinity of Taman Bemam Baru, Hutan Melintang
Property Type	A parcel of development land	A parcel of development land	Two (2) contiguous parcels of development land
Land Area	159,306 square feet	99,028 square feet	786,637 square feet
Tenure	Interest in perpetuity	Interest in perpetuity	Interest in perpetuity
Zoning / Planning	Zoned for residential use with permissible density of less than 8 units per acre.	Zoned for residential use with permissible density of less than 8 units per acre.	Zoned for residential use with permissible density of 8 to 24 units per acre
Consideration	6th August 2019	24th April 2019	9th October 2017
Date	RM1,500,000	RM1,330,000	RM9,029,300
Analysis	RM9.42 per square foot	RM13.43 per square foot	RM11.48 per square foot
Vendor	Kee Wah Seng	Kee Hoong Wah	Saravanan A/L Sengoden / Subramaniam A/L Palaniyappan
Purchaser	Everise Properties Sdn Bhd	TT Fortune Marketing Sdn Bhd	Temakan Kamran Sdn Bhd
Source	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)		
Adjustments	General adjustments are made for prevailing market condition / time, location / establishment, tenure, land size, exposure / frontage, plot ratio / density and planning approval		
Adjusted Value	RM5.65 per square foot	RM8.06 per square foot	RM7.58 per square foot

Valuation Rationale

Based on our analysis of the data obtained from the sources listed herein before, we note that there were several recorded transactions of similar development lands within the larger locality of the Subject Property (ranged from **RM9.42 per square foot** to **RM13.43 per square foot** depending on location / establishment, tenure, land size, exposure / visibility, plot ratio / density, zoning, planning approval and etc).

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2.2 MARKET VALUE (CONT'D)

Valuation Rationale (Cont'd)

Although total adjustments (up to 70% on selected Comparables) were considered and made for in our assessment, we are of the view that the selected Comparable(s) adopted are still considered relevant by virtue of the fact that all of the selected Comparable(s) are considered to have the closest land attributes (in terms of location / establishment, land shape, terrain / level, lot configuration, category of land use and etc) as compared to the Subject Property. With total effective adjustments made for all Comparable(s) (ranged between 40% to 50%); we have placed greater reliance on Comparable 3 as it is more similar to the Subject Property in terms of land size and plot ratio / density as compared to other Comparable(s). Thus, we have adopted the adjusted analysis of **RM7.58 per square foot** from Comparable 3 as fair representation after having made the necessary adjustments.

Summary of Adjustment for Other Parcels

Base Plot Analysis

Phase 2 189.0999 acres @ RM7.58 psf

Parcel	Land Size (acres)	General Adjustments	Adjusted Value (RM psf)
Phase 3A	86.2818	General adjustments for land size	RM8.71 psf
Phase 3B (excluding portion designated for vacant agricultural plots)	50.6636		RM9.09 psf

Using the base plot of Phase 2, general adjustments were made to the other phases (Phase 3A and 3B) for land size.

Phase 2, 3A and 3B are very much similar in terms of land attributes, save and except for land size. An upward adjustment was made to land size as Phase 3A which has land size of 86.2818 acres and part of Phase 3B (excluding the area designated for vacant agricultural plots based on proposed layout plan) which has land size of about 50.6636 acres are both smaller than Phase 2 (about 189.0999 acres). On balance, we consider a higher rates per square metre are applicable to Phase 3A and the aforesaid portion of Phase 3B compared to the base plot (Phase 2).

As for the remaining portion of Phase 3B which will be designated for 28 vacant agricultural plots (about 34.6940 acres), we have adopted a value of RM8,680,000 which translates to about RM5.74 per square foot as derived in our estimation of GDV (which has also been derived by using the Comparison Approach).

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2.2 MARKET VALUE (CONT'D)

Valuation Rationale (Cont'd)

Derivation of Value by using Comparison Approach for Phase 2 and 3A				
Land Area	**Adopted Rate**	**Market Value**	**say**	**Analysis**
Phase 2				
189.0999 acres	RM7.58 psf	RM62,402,586	**RM62,400,000**	RM7.58 psf
Phase 3A				
86.2818 acres	RM8.71 psf	RM32,743,741	**RM32,700,000**	RM8.70 psf

Derivation of Value by using Comparison Approach for Phase 3B				
Land Area	**Adopted Rate**	**Market Value**	**say**	**Analysis**
(Excluding area designated for vacant agricultural plots based on proposed layout plan)				
50.6636 acres	RM9.09 psf	RM20,062,669		
(Area designated for 28 vacant agricultural plots based on proposed layout plan)				
34.6940 acres	RM5.74 psf	RM8,680,000		
Total of Phase 3B		**RM28,742,669**	**RM28,700,000**	**RM7.72 psf**

Agricultural Lands – Lot No. 59307 (Base Plot Analysis)

	Sales Comparison and Analysis of Vacant Agricultural Land		
	Comparable 1	**Comparable 2**	**Comparable 3**
Identification	Lot No. 7931 held under Title No. GM 1135, Mukim Changkat Jong, District of Hilir Perak, Perak Darul Ridzuan	Lot No. 7384 held under Title No. Geran 75435, Mukim Changkat Jong, District of Hilir Perak, Perak Darul Ridzuan	Lot No. 5879 held under Title No. Geran 7085, Mukim Changkat Jong, District of Hilir Perak, Perak Darul Ridzuan
Location	Located along the main road of Jalan Kampar – Changat Jong; within the vicinity of Langkap, Perak Darul Ridzuan	Located approximately 1.70 kilometres off the main road of Jalan Teluk Intan - Bidor; within the vicinity of Langkap, Perak Darul Ridzuan	Located approximately 1.10 kilometres off the unnamed road (A150); within the vicinity of Langkap, Perak Darul Ridzuan
Property Type	A parcel of agricultural land	A parcel of agricultural land	A parcel of agricultural land
Land Area	150,372 square feet	428,511 square feet	145,334 square feet
Tenure	Interest in perpetuity	Interest in perpetuity	Interest in perpetuity
Zoning / Planning	Zoned for agricultural use	Zoned for agricultural use	Zoned for agricultural use
Consideration	25th July 2018	14th February 2018	9th February 2018
Date	RM690,411	RM1,229,625	RM617,253
Analysis	RM4.59 per square foot	RM2.87 per square foot	RM4.25 per square foot

2.2 MARKET VALUE (CONT'D)

	Comparable 1	Comparable 2	Comparable 3
Vendor	Tan Swee Leng @ Tan Swee Loong	Ong Bee Ching +1	Cheong Wan Hong
Purchaser	Ng Lee Chong +1	K.L Supreme Poultry Sdn Bhd	K.L Supreme Poultry Sdn Bhd
Source	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)		
Adjustments	General adjustments are made for prevailing market condition / time, accessibility / infrastructure, tenure, land size, exposure / frontage and adverse feature		
Adjusted Value	RM3.37 per square foot	RM2.71 per square foot	RM3.57 per square foot

Valuation Rationale

Based on our analysis of the data obtained from the sources listed herein before, we note that there were several recorded transactions of similar development lands within the larger locality of the Subject Property (ranged from **RM2.87 per square foot** to **RM4.59 per square foot** depending on tenure, land size, exposure / visibility and etc).

Although total adjustments (up to 35% on selected Comparables) were considered and made for in our assessment, we are of the view that the selected Comparable(s) adopted are still considered relevant by virtue of the fact that all of the selected Comparable(s) are considered to have the closest land attributes (in terms of location / establishment, accessibility / infrastructure, land shape, tenure, category of land use and lot configuration) as compared to the Subject Property. With total effective adjustments made for all Comparable(s) (ranged between 5% to 25%); we have placed greater reliance on Comparable 1 as it is located nearest to the Subject Property as compared to other Comparable(s). Thus, we have adopted the adjusted analysis of **RM3.37 per square foot** from Comparable 1 as fair representation after having made the necessary adjustments.

In addition to the above, the vacant agricultural lands which comprise of 65 individual block titles with a total land size of 672.5096 acres may possibly form future phase(s) of the on-going township development of Lagenda Teluk Intan with single ownership. Therefore, the vacant agricultural lands shall be treated slightly different when compared to individual plots / small landholdings ownership because small landholdings ownership has limited development potential when they are transacted individually / independently.

Due to the limited large agricultural land transactions in the vicinity, we have compared the vacant agricultural lands with the small landholding transactions; located within the district of Hilir Perak. Our Comparison Approach in valuing the vacant agricultural lands is based on a base plot basis where a main comparison is made for a single plot to derive at a single base value. From there, this single base value is further adjusted and compared to other plots and accounted for additional differences in term of land size and adverse features.

In view that the vacant agricultural lands may form future phase(s) of an on-going township development and has been ear-marked for future phase(s) / expansion, the total land size of these plots is in fact a plus point / positive feature when compared to the other smaller smallholdings with different individual owners. Therefore, we are of the opinion that there is no need to account for additional total land size adjustment for these plots.

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2.2 MARKET VALUE (CONT'D)

Valuation Rationale (Cont'd)

Summary of Adjustment for Other Parcels

Base Plot Analysis

Lot No. 59307 4.190 hectares @ RM3.37 psf

Lot No.	Land Size (hectares)	General Adjustments	Adjusted Value (RM psf)
59466	3.747	General adjustments for land size and adverse feature	RM3.21
59467	4.015		RM3.21
59468	4.042		RM3.21
59469	4.069		RM3.21
59470	4.134		RM3.21
59471	4.122		RM3.21
59472	4.103 *		RM2.87
59473	6.180 *		RM2.70
59474	5.811 *		RM2.70
59475	3.975 *		RM2.87
59476	3.860 *		RM2.87
59477	3.859 *		RM2.87
59478	4.020 *		RM2.87
59479	4.213		RM3.21

* Note: Net land area after deducting area traversed across by TNB transmission lines.

Using the base plot of Lot No. 59307, general adjustments were made to the other lots within the Subject Property (Lot Nos. 59466 to 59479) for land size and adverse feature. We have not made any adjustment to Lot Nos. 59308 to 59316 (inclusive), Lot Nos. 59417 to 59423 and Lot Nos. 59432 to 59465 (inclusive) as they are very much similar in terms of land attributes (i.e. land size and proximity from adverse feature) and thus adopted the base rate of **RM3.37 per square foot** for the abovementioned unadjusted lots.

As for those lots that we have made adjustments as shown in the table above, downward adjustments were made for land size for Lot No. 59473 and 59474 against the base plot (Lot No. 59307) as the base parcel has smaller land size as compared to Lot No. 59473 and 59474.

Downward adjustments were also made for adverse feature for Lot No. 59466 to 59479 (inclusive) as they are located nearer to TNB transmission lines as compared to the base plot. The adjustment made for adverse features varies between 5% to 15% depending on the proximity of the lots to the TNB transmission lines. On balance, we consider a lower rate per square metre is applicable to Lot No. 59466 to 59479 (inclusive) compared to the base plot (Lot No. 59307).

Having regard to the foregoing, we have arrived at a total value of **RM95,800,000** for the 65 parcels of agricultural lands as derived from our Comparison Approach.

Knight Frank

2.2 MARKET VALUE (CONT'D)

Reconciliation of Values

Components	Method of Valuation	Derivation of Values	Market Value
Phase 1	Income Approach by Residual Method	RM56,700,000	RM56,700,000
Phase 2	Income Approach by Residual Method	RM57,200,000	RM57,200,000
	Comparison Approach	RM62,400,000	
Phase 3A	Income Approach by Residual Method	RM38,900,000	RM38,900,000
	Comparison Approach	RM32,700,000	
Phase 3B	Income Approach by Residual Method	RM21,100,000	RM21,100,000
	Comparison Approach	RM28,700,000	
65 parcels of agricultural lands	Comparison Approach	RM95,800,000	RM95,800,000
Total Market Value			RM269,700,000

Properties with Construction Works in Progress (Phase 1)

In valuing on-going developments that are under construction, the only preferred method is the Income Approach by Residual Method and as such, we have only adopted the Market Value as derived from the Income Approach by Residual Method of Valuation for Phase 1.

Vacant Development Lands (Phase 2, 3A and 3B)

The Residual Method of valuation derives the land value by estimating values of hypothetically improved properties representing the highest and best use of the site or in the case of a site with master planning approval, the proposed development and thereafter deducting estimated construction costs. In our assessment for lands intended for future development (which has yet to be launched), as long as the subject development is granted with master development approval and pre-computation plan approvals coupled with an upcoming development plan, it would be more appropriate to adopt the Income Approach by Residual Method as our valuation would rely on the proposed development plan as opposed to those lands intended for future development (without definite plan). Therefore, in arriving at the Market Value of lands intended for future development (which has yet to be launched) we have adopted the Income Approach by Residual Method of Valuation as the primary method and the Comparison Approach as a check method.

Agricultural Lands

In arriving at the Market Value of the agricultural lands, we have considered the Comparison Method of Valuation as the primary and most reliable and appropriate method of valuation after having sufficient comparable properties in the larger locality.

Knight Frank

3.0 V/COR/19/0118(C) – TAMAN MULIA

3.1 IDENTIFICATION OF PROPERTY

Project / Scheme

Taman Mulia, Sitiawan, Perak Darul Ridzuan.

Legal Description

Lot Nos. PT 40396 to PT 40539 (inclusive) held under Title Nos. HSD 38740 to HSD 38883 (inclusive) respectively (Phase 3), Lot Nos. 72524 to 72561 (inclusive) held under Title Nos. Geran 167981 to 168093 (inclusive) respectively (Phase 4a), Lot No. PT 40540 to PT 40649 (inclusive) held under Title No. HSD 38884 to HSD 38993 (inclusive) respectively (Phase 4b), Lot Nos. PT 7609 and PT 7610 held under Title Nos. HSD 34612 and HSD 34613 respectively (Phase 5) and thirty (30) units of completed and unsold properties (Lot No. 72238 held under Title No. Geran 167687 and others), all located within Mukim Sitiawan, District of Manjung, Perak Darul Ridzuan.

Locality

Being part of the township development of Taman Mulia, which is sited off the eastern (right) side of Jalan Lumut, travelling from Lumut towards Sitiawan. Geographically, the Sitiawan town centre is located approximately 2.0 kilometres due south-west of the Subject Property.

Type of Property

254 subdivided individual titles and 30 completed and unsold properties which consists of ten (10) units of townhouse units, four (4) units of single-storey terraced houses and sixteen (16) units of double storey terraced houses, forming part of the township development of Taman Mulia in Sitiawan.

Tenure

Interest in perpetuity; in respect of all titles.

Registered Proprietor

Triprise Sdn Bhd; in respect of all titles.

Note: We were made to understand by the Client that Blossom Eastland Sdn Bhd (the "Developer") entered into a Joint Venture Agreement with Triprise Sdn Bhd [subsidiary of Blossom Eastland Sdn Bhd] (the "Landowner") to develop the subject development. The Developer shall pay to the Landowner a total sum of RM46,400,000 as the Landowner's entitlement under the aforesaid Joint Venture Agreement. The remaining Landowner's entitlement payable is RM35,405,551. As at the date of valuation, all titles are intended to be transferred directly to the end buyers / are currently pending transfer to the end buyers, upon the sales of the respective units. **For this purpose of valuation, we have been instructed by the Client to value on the Market Value disregarding the joint venture interest of Triprise Sdn Bhd.**

Total Land Area Under Valuation

Component	Land Area (sq m)	Land Area (Acres)
Individual Titles (Vacant land)	126,747	31.32
Completed and Unsold Properties (not including the stratified townhouses)	2,865	0.71
Total	**129,612**	**32.03**

Total Built-Up Area of Unsold Townhouses Under Valuation

10,560 sq ft.

3.1 IDENTIFICATION OF PROPERTY (CONT'D)

Brief identification and details of the properties under valuation are tabulated as follows:-

No.	Component	Title Land Area (sq m)	Land Area (acres)	Type of Development	Status	Proposed Launch Date / Expected Completion Date
Vacant Land						
1	Phase 3 (144 individual titles)	25,103	6.20	144 units of single-storey terraced houses	Designated for future development	June 2021 / June 2024
2	Phase 4a (38 individual titles)	16,637	4.11	96 units of double-storey semi-detached townhouse and 2 units of single-storey detached house	Designated for future development	December 2020 / June 2023
3	Phase 4b (71 individual titles)	30,577	7.56	86 units of single-storey semi-detached townhouse and 6 units of single-storey detached house	Designated for future development	June 2021 / June 2024
4	Phase 5 (2 individual titles)	54,430	13.45	2 adjoining parcels of agriculture land	Designated for future development	n/a
Total Individual Title Land Area		**126,747**	**31.32**			

No.	Description	Title Land Area (sq m)	Land Area (acres)	Type of Development	Status
Completed and Unsold Units					
4	Phase 1[1]	-	-	10 units of completed and unsold units of townhouse units	Completed
5	Phase 2	2,865	0.71	4 units of completed and unsold units of single-storey terraced houses and 16 units of double-storey terraced houses.	Completed
Total of Completed and Unsold Units		**2,865**	**0.71**		
Grand Total		**129,612**	**32.03**		

Category of Land Use

"Bangunan" and "Pertanian".

Planning

Completed and Unsold Properties (Phase 1 and Phase 2)

Phase 1 and Phase 2 have been issued with a Certificate of Completion and Compliance (CCC).

Subdivided Residential Plots (Phase 3, Phase 4a and Phase 4b)

Phase 3, Phase 4a and Phase 4b have obtained planning approval with approved building plans issued by the Majlis Perbandaran Manjung.

Vacant Development Land (Phase 5)

Designated for agricultural use as expressly stipulated in the title document. Based on our verbal enquiries with the Planning Department of Manjung Municipal Council on 16th December 2019 and the zoning plan extracted from Rancangan Tempatan Daerah Manjung 2030, we note that Phase 5 is currently zoned for commercial use.

3.2 MARKET VALUE

Valuation Methodology

In arriving at our opinion of the Market Value, we have considered the **Comparison Approach, Cost Approach** and **Income Approach by Residual Method** of Valuation. For development lands which has been subdivided and obtained planning approval with approved building plans, the primary method adopted will be the Residual Method of Valuation and Comparison Approach as a check. The Comparison Approach of Valuation will be adopted for development lands intended for future development. In assessing the market value for completed and unsold units, we have undertaken Cost Approach and Comparison Approach of Valuation.

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3.2 MARKET VALUE (CONT'D)

Market Value RM64,890,000.

Subdivided Residential Plots and Vacant Development Land

Income Approach by Residual Method

A summary of parameters adopted in undertaking our assessment for the subdivided residential plots which has obtained planning approval with approved plans is scheduled overleaf.

Summary of Parameters			
Parameters	Phase 3	Phase 4a	Phase 4b
Gross Development Value (Note 1)	RM49,311,070	RM32,025,305	RM43,310,450
Gross Development Cost (Note 2)	RM28,261,702	RM20,447,881	RM25,903,233
Development Period (Note 3)	3.0 years	2.5 years	2.5 years
Present Value (Discount Rate)	8.25%	8.25%	8.25%

Gross Development Value (Note 1)

In arriving at the Gross Development Value (GDV) for the subdivided residential plots which has obtained planning approval with approved plans, summary of the GDV adopted in our assessment are as follow:-

Summary of Gross Development Value (GDV) – Phase 3		
Component	No. of Units	Total Net Selling Price
Single-Storey Terraced Houses	144	RM49,311,070
Total	**144**	**RM49,311,070**

Summary of Gross Development Value (GDV) – Phase 4a		
Component	No. of Units	Total Net Selling Price
Ground Floor Unit of Double-Storey Semi-Detached Townhouse	48	RM16,592,325
First Floor Unit of Double-Storey Semi-Detached Townhouse	48	RM14,065,800
Single-Storey Detached Houses	2	RM1,367,180
Total	**98**	**RM32,025,305**

Summary of Gross Development Value (GDV) – Phase 4b		
Component	No. of Units	Total Net Selling Price
Single-Storey Semi-Detached Houses	86	RM39,409,850
Single-Storey Detached Houses	6	RM3,900,600
Total	**92**	**RM43,310,450**

3.2 MARKET VALUE (CONT'D)

Gross Development Value (Note 1) (Cont'd)

In arriving at the Gross Development Value (GDV), we have used the **Cost Approach.**

Component	No. of Units	Justification
Phase 3		
Single-Storey Terraced Houses (1,647 – 5,490 square feet)	144	Based on the transactions of similar properties within the locality of Sitiawan (1,195 to 1,647 square feet), of which the prices transacted in 2018 and 2019 were between RM200,000 to RM220,000.
Phase 4a		
Double-Storey Semi-Detached Townhouse (1,313 – 1,732 square feet)	96	Based on the transactions of similar properties within the locality of Kampar (1,080 to 1,848 square feet), of which the prices transacted in 2019 were between RM265,000 to RM448,000.
Single-Storey Detached Houses (5,490 – 7,287 square feet)	2	Based on the transactions of double-storey detached houses and two-and-a-half-storey detached houses within the locality of Sitiawan (3,057 to 5,500 square feet), of which the prices transacted in 2018 and 2019 were between RM700,000 to RM1,100,000.
Phase 4b		
Single-Storey Semi-Detached Houses (2,626 – 5,005 square feet)	86	Based on the transactions of similar properties within the locality of Sitiawan (2,799 to 3,154 square feet), of which the prices transacted in 2019 were between RM360,000 to RM380,000.
Single-Storey Detached Houses (4,715 – 6,824 square feet)	6	Based on the transactions of double-storey detached houses and two-and-a-half-storey detached houses within the locality of Sitiawan (3,057 to 5,500 square feet), of which the prices transacted in 2018 and 2019 were between RM700,000 to RM1,100,000.

Gross Development Cost (Note 2)

We have made reference to the industry average costing as derived from analysis of other awarded contracts of similar projects and average building costs of similar type of properties published by JUBM and Arcadis Construction Cost Handbook Malaysia 2019.

Summary of Gross Development Cost (GDC)		
Phase	Total Cost Adopted	Total Value of Works Completed / Certified Amount To-Date
Phase 3	RM28,261,702	RM1,390,253
Phase 4a	RM20,447,881	RM847,278
Phase 4b	RM25,903,233	RM1,381,250

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3.2 MARKET VALUE (CONT'D)

Development Period (Note 3)

In our assessment in determining the development period for Phase 3, Phase 4A and Phase 4B, we have considered the past sales performance of the development, demand, take-up rates and sales performance of other similar developments, construction progress of the development up to issuance of certificates and compliance, the type and intensity of the development, the product features being offered as well as marketing period and the proposed launch date of each phases (Phase 4a in December 2020, Phase 3 and 4b in June 2021). In addition, we noted that the market demand for mass housing development which is evidently supported by the historical sales performance on each launched phases achieving an average take up rate of 75% within 2 years since launch. Thus, we have deemed 2.5 – 3 years development period for these phases as reasonable.

Comparison Approach

In view of limited recorded transactions of identical property in the immediate locality, we have resorted to adopt the selected Comparable(s) in our assessment by Comparison Approach; as it is merely impossible to identify exactly alike properties to referred to, hence appropriate adjustments are made to reflect the differences of the Comparable(s) and the property being valued.

Sales Comparison and Analysis of Vacant Development Land	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Identification	Lot No. 11323 held under Title No. GRN 65004, Locality and Mukim of Sitiawan, District of Manjung, Perak Darul Ridzuan	Lot 53359 held under Title No. GRN 180736 (formerly known as Lot PT 15013 held under Title No. HSD 35360), Mukim Lumut, District of Manjung, Perak Darul Ridzuan	Lot 6507 held under Title No. GRN 65648, Locality of Lumut, Mukim Lumut, District of Manjung, Perak Darul Ridzuan	Lot 54140 held under Title No. PN 65648, Mukim Sitiawan, District of Manjung, Perak Darul Ridzuan
Location	Located along Jalan Raja Omar, Sitiawan	Located within the vicinity of Manjung Point Seksyen 3, Seri Manjung	Located along the intersections of Jalan Iskandar Shah and Jalan Sitiawan, Lumut	Located along the intersections of Jalan Iskandar Shah and Lumut-Sitiawan-Pantai Remis main road, Seri Manjung
Property Type	A parcel of development land	A parcel of development land	A parcel of development land	A parcel of development land
Land Area	42,367 square feet	342,831 square feet	636,470 square feet	2,788,929 square feet
Tenure	Interest in perpetuity	Interest in perpetuity	Interest in perpetuity	Leasehold interest for a term of 99 years, expiring on 13th February 2107
Zoning / Planning	Zoned for residential use	Zoned for commercial use	Zoned for commercial use	Zoned for commercial use
Consideration	22nd April 2019	27th August 2018	4th June 2018	31st October 2017
Date	RM1,300,000	RM12,600,000	RM15,000,000	RM133,858,138
Analysis	RM30.68 per square foot	RM36.75 per square foot	RM23.57 per square foot	RM48.00 per square foot
Vendor	Hong Hee Leong	Kar Sin Berhad.	Lumut Garden Sdn Bhd	Remco Engineering & Construction Sdn Bhd
Purchaser	Ling Ho Lee	Caldera Machinery Sdn Bhd	Caldera Machinery Sdn Bhd	Sunlink Properties Sdn Bhd, a wholly-owned subsidiary of Ivory Properties Group Bhd
Source	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)			Bursa Malaysia Securities Berhad
Adjustments	General adjustments are made for prevailing market condition / time, location / establishment, accessibility / infrastructure, tenure, land shape, terrain / level, land size, exposure / frontage, lot configuration, category of land use, express condition, restriction-in-interest, zoning, plot ratio / density, planning approval and others			

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3.2 MARKET VALUE (CONT'D)

	Comparable 1	Comparable 2	Comparable 3	Comparable 4
	Adjusted Value			
Phase 3	RM26.08 per square foot	RM32.80 per square foot	RM27.22 per square foot	RM44.88 per square foot
Phase 4a	RM24.55 per square foot	RM30.87 per square foot	RM25.98 per square foot	RM42.24 per square foot
Phase 4b	RM21.48 per square foot	RM27.01 per square foot	RM23.51 per square foot	RM36.96 per square foot
Phase 5	RM23.01 per square foot	RM30.87 per square foot	RM24.75 per square foot	RM39.60 per square foot

Valuation Rationale

Based on our analysis of the data obtained from the sources listed herein before, we note that there were several recorded transactions of agricultural land / development land within the larger locality of the Subject Property (ranged from **RM23.57 per square foot to RM48.00 per square foot** depending on location, terrain / level, land shape, land size, category of land use, zoning, planning approval and etc).

Phase 3

Although total adjustments (up to 85% on selected Comparables) were considered and made for in our assessment, we are of the view that the selected Comparable(s) adopted are still considered relevant by virtue of the fact that all of the selected Comparable(s) are considered to have the closest land attributes (in terms of location, accessibility, tenure, land shape, terrain / level, category of land use and etc) as compared to the Subject Property. With total effective adjustments made for all Comparable(s) (ranged between 10% to 15%); we have placed greater reliance on Comparable 2 as it is more similar to the Subject Property in terms of land size as compared to other Comparable(s) and has the least dissimilarities in terms of land attributes (save and except for location, accessibility, land size, zoning, planning approval and others). Thus, we have adopted the adjusted analysis of **RM32.80 per square foot** from Comparable 2 as fair representation after having made the necessary adjustments.

Phase 4a

Although total adjustments (up to 100% on selected Comparables) were considered and made for in our assessment, we are of the view that the selected Comparable(s) adopted are still considered relevant by virtue of the fact that all of the selected Comparable(s) are considered to have the closest land attributes (in terms of location, accessibility, tenure, land shape, terrain / level, category of land use and etc) as compared to the Subject Property. With total effective adjustments made for all Comparable(s) (ranged between 5% to 20%); we have placed greater reliance on Comparable 2 as it is more similar to the Subject Property in terms of land size as compared to other Comparable(s) and has the least dissimilarities in terms of land attributes (save and except for location, accessibility, category of land use, planning approval and others). Thus, we have adopted the adjusted analysis of **RM30.87 per square foot** from Comparable 2 as fair representation after having made the necessary adjustments.

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3.2 MARKET VALUE (CONT'D)

Valuation Rationale

Phase 4b

Although total adjustments (up to 100% on selected Comparables) were considered and made for in our assessment, we are of the view that the selected Comparable(s) adopted are still considered relevant by virtue of the fact that all of the selected Comparable(s) are considered to have the closest land attributes (in terms of location, accessibility, tenure, land shape, terrain / level, category of land use and etc) as compared to the Subject Property. With total effective adjustments made for all Comparable(s) (ranged between 5% to 30%); we have placed greater reliance on Comparable 2 as it is more similar to the Subject Property in terms of land size as compared to other Comparable(s) and has the least dissimilarities in terms of land attributes (save and except for location, accessibility, land size, zoning, plot ratio, planning approval and others). Thus, we have adopted the adjusted analysis of **RM27.01 per square foot** from Comparable 2 as fair representation after having made the necessary adjustments.

Phase 5

Although total adjustments (up to 85% on selected Comparables) were considered and made for in our assessment, we are of the view that the selected Comparable(s) adopted are still considered relevant by virtue of the fact that all of the selected Comparable(s) are considered to have the closest land attributes (in terms of location, accessibility, tenure, land shape, terrain / level, category of land use and etc) as compared to the Subject Property. With total effective adjustments made for all Comparable(s) (ranged between 0% to 25%); we have placed greater reliance on Comparable 3 as it is more similar to the Subject Property in terms of land size as compared to other Comparable(s) and has the least dissimilarities in terms of land attributes (save and except for location, shape, terrain, land size, exposure, lot configuration and others). Thus, we have adopted the adjusted analysis of **RM24.75 per square foot** from Comparable 3 as fair representation after having made the necessary adjustments.

Valuation of Unsold Units for Phase 1 (Townhouse Unit)

Sales Comparison and Analysis of Townhouse Unit				
	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Legal Description	Strata Title No. Pajakan Negeri 395175 (13A/1/13A-1) sited on part of Parent Lot No. 403379, Mukim and District of Kampar, Perak Darul Ridzuan	Developer's Parcel No. 2/GF/42-1 sited on part of Parent Lot No. 31646 held under Master Title No. HSD 11698, Mukim and District of Kampar, Perak Darul Ridzuan	Strata Title No. Pajakan Negeri 395175 (57/1/57-1) sited on Parent Lot No. 403379, Mukim of Kampar, District of Manjung, Perak Darul Ridzuan	Strata Title No. Pajakan Negeri 380651 (-/-/L67) sited on Parent Lot No. 515870, Mukim of Hulu Kinta District of Kinta Perak Darul Ridzuan
Location	The Residence @ Kampar	Taman Kampar Makmur	The Residence @ Kampar	The Pinji Tropika (Springfield)
Property Type	Townhouse Unit	Townhouse Unit	Townhouse Unit	Townhouse Unit
Tenure	Leasehold for a term of 99 years, expiring on 9th September 2107	Leasehold for a term of 99 years, 9th September 2107	Leasehold for a term of 99 years, 9th September 2107	Leasehold for a term of 99 years, 12th February 2111
Built-up Area	1,003 square feet	1,080 square feet	1,003 square feet	1,848 square feet
Consideration	RM285,000	RM305,000	RM265,000	RM448,000

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3.2 MARKET VALUE (CONT'D)

	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Date	25th June 2019	14th June 2019	6th March 2019	28th January 2019
Source	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)			
Vendor	Ahmad Danial B. Ahmad Zahedi	Loo Sze Hann	Seow Shu Xing +2	Choong Jern Tung +1
Purchaser	Kong How Li	Peter A/L Yacob +1	Cheong Kok Chee +1	Yee Swee Ying
RM psf / Built Up Area	RM284 per square foot	RM282 per square foot	RM264 per square foot	RM242 per square foot
Adjustments	General adjustments are made for prevailing market condition, location / establishment, lot configuration, shape, build up area and tenure and level			
Adjusted Value (RM psf / Build Up Area)	RM270 per square foot	RM212 per square foot	RM251 per square foot	RM194 per square foot

Valuation of Unsold Units for Phase 2 (Single-Storey Terraced House)

	Sales Comparison and Analysis of Single-Storey Terraced House			
	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Legal Description	Lot No. 38199 held under Title No. Geran 48148, Mukim of Sitiawan, District of Manjung, Perak Darul Ridzuan	Lot No. 45361 held under Title No. Geran 106189, Mukim of Sitiawan, District of Manjung, Perak Darul Ridzuan	Lot No. 38228 held under Title No. Geran 48177, Mukim of Sitiawan, District of Manjung, Perak Darul Ridzuan	Lot No. 37732 held under Title No. Geran 46515, Mukim of Sitiawan, District of Manjung, Perak Darul Ridzuan
Location	Taman Sentosa II	Taman Singa Baru	Taman Sentosa II	Taman Singa Baru
Property Type	Single-storey Intermediate Terraced House	Single-storay Intermediate Terraced House	Single-storey Intermediate Terraced House	Single-storey Intermediate Terraced House
Tenure	Interest in perpetuity	Interest in perpetuity	Interest in perpetuity	Interest in perpetuity
Land Area	1,195 square feet	1,195 square feet	1,195 square feet	1,195 square feet
Built-up Area	880 square feet	768 square feet	880 square feet	768 square feet
Consideration	RM200,000	RM220,000	RM210,000	RM205,000
Date	29th July 2019	21st November 2018	30th October 2018	12th April 2018
Source	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)			
Vendor	Sieh Kuan Suang	Ne Kee Kong +1	Jagajeevan A/L Apparau	Ling Chek Hong
Purchaser	Pung Kooi Chin +1	Chong Chaw Wei +1	Loa Chandran A/L Gunaseelan +1	Tan Lay Hoon
RM psf / Land Area	RM167 per square foot	RM184 per square foot	RM176 per square foot	RM172 per square foot
	Comparison Approach			
Adjustments	General adjustments are made for prevailing market condition, location / establishment, lot configuration, shape, size, land efficiency, tenure, building condition / improvements and others.			
Adjusted Value (RM psf / Land Area)	RM184 per square foot	RM222 per square foot	RM203 per square foot	RM207 per square foot
	Cost Approach (As a check, we have used the Cost Approach as defined herein before)			
Adjustments	General adjustments are made for prevailing market condition, location / establishment, lot configuration, shape, size, tenure and others.			
Adjusted Land Value (RM psf / Land Area)	RM128 per square foot	RM163 per square foot	RM146 per square foot	RM149 per square foot

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3.2 MARKET VALUE (CONT'D)

Valuation of Unsold Units for Phase 2 (Double-Storey Terraced House)

	Sales Comparison and Analysis of Double-Storey Terraced House			
	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Legal Description	Lot PT 37578 held under Title No. HSD 33910, Mukim of Sitiawan, District of Manjung, Perak Darul Ridzuan	Lot PT 37499 held under Title No. HSD 33831, Mukim of Sitiawan, District of Manjung, Perak Darul Ridzuan	Lot PT 36798 held under Title No. HSD 33048, Mukim of Sitiawan, District of Manjung, Perak Darul Ridzuan	Lot PT 36965 held under Title No. HSD 33215, Mukim of Sitiawan, District of Manjung, Perak Darul Ridzuan
Location	Residen Perdana (Victoria Cottage)	Residen Perdana (Victoria Cottage)	Setia Residence	Setia Residence
Property Type	Double-storey Intermediate Terraced House	Double-storey Intermediate Terraced House	Double-storey Intermediate Terraced House	Double-storey Intermediate Terraced House
Tenure	Interest in perpetuity	Interest in perpetuity	Interest in perpetuity	Interest in perpetuity
Land Area	1,399 square feet	1,539 square feet	1,647 square feet	1,647 square feet
Built-up Area	1,762 square feet	1,762 square feet	1,915 square feet	1,902 square feet
Consideration	RM370,000	RM440,000	RM480,000	RM450,000
Date	16th May 2019	14th December 2018	18th June 2018	9th January 2018
Source	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)			
Vendor	Chew Ching Sheng	Wimmy Tiong Lee Ee +1	Mega Truss System (M) Sdn Bhd	Tan Chien Loon
Purchaser	Tay Jia Jia	Thavamani A/P Karunanithi +1	Low Mei Ling	Ding Chin Hock
RM psf / Land Area	RM265 per square foot	RM286 per square foot	RM291 per square foot	RM273 per square foot
	Comparison Approach			
Adjustments	General adjustments are made for prevailing market condition, location / establishment, lot configuration, shape, size, land efficiency, tenure, building condition / improvements and others.			
Adjusted Value (RM psf / Land Area)	RM238 per square foot	RM285 per square foot	RM291 per square foot	RM273 per square foot
	Cost Approach (As a check, we have used the Cost Approach as defined herein before)			
Adjustments	General adjustments are made for prevailing market condition, location / establishment, lot configuration, shape, size, tenure and others.			
Adjusted Land Value (RM psf / Land Area)	RM131 per square foot	RM167 per square foot	RM170 per square foot	RM156 per square foot

Valuation Rationale

There is no record of individual terraced plot transactions within the immediate scheme and vicinity therefore we have used the same comparables (completed properties) in our Comparison Approach and Cost Approach (check method). We have not considered the Income approach because there is limited rental data / market for such landed properties.

The only difference in between the two approaches is the way of analysis of the comparables; Comparision Approach utilizing analysis on overall value per square foot basis and thereafter adjusting for differences whilst Cost Approach utilizing a breakdown of improved land and depreciated building values and thereafter adopting the adjusted improved land values to the land area of the Subject Properties and adding up their respective building values.

Cost Approach contains the summation of improved land value and building value. An improved land value is arrived at by adopting the similar comparables in Comparison Approach subtracting the building value. The building value is arrived at by Depreciated Replacement Cost Approach whereby an estimate is made of the replacement cost new and then allowing for depreciation. From the adjusted land values, we note that the values derived range between **RM127.39 per square foot** to **RM163.16 per square foot** for single-storey terraced house and **RM130.96 per square foot** to **RM170.42 per square foot** for double-storey terraced house. We have placed greater reliance on Comparable 2 for single-storey terraced house and Comparable 4 for double-storey terraced house as it has the least dissimilarities in terms of attributes and adopted the adjusted land value of **RM163.16 per square foot** for single-storey terraced house and **RM155.61 per square foot** for double-storey terraced house as fair presentation after having made the necessary adjustments.

3.2 MARKET VALUE (CONT'D)

Valuation Rationale (Cont'd)

A summary of parameters adopted in the Cost Approach is scheduled as follow:-

Property Type	Comparable's Depreciated Building Value (RM psf)	Improved Land Value (RM psf)	*Replacement Cost New (RM psf)	Depreciation (%)	Depreciated Building Value (RM psf)
Single-storey terraced house	RM70 psf (based on annual depreciation rate of 2.0% per annum with 50 years building lifespan)	RM163.16 psf	RM79 psf	2.0% per annum (based on 50 years building lifespan)	RM75 psf
Double-storey terraced house	RM80 psf (based on annual depreciation rate of 2.0% per annum with 50 years building lifespan)	RM155.61 psf	RM84 psf	2.0% per annum (based on 50 years building lifespan)	RM80 psf

*Note: In arriving at the replacement cost new, we have made reference to the industry average costing as derived from analysis of other awarded contracts of similar development and the average building costs of similar type of properties published by JUBM and Arcadis Construction Cost Handbook Malaysia 2019.

Reconciliation of Values

Components	Method of Valuation	Derivation of Values	Market Value
Phase 3	Income Approach by Residual Method	RM17,000,000	RM17,000,000
	Comparison Approach	RM16,500,000	
Phase 4a	Income Approach by Residual Method	RM9,500,000	RM9,500,000
	Comparison Approach	RM10,200,000	
Phase 4b	Income Approach by Residual Method	RM14,300,000	RM14,300,000
	Comparison Approach	RM14,700,000	

Components	Method of Valuation	Derivation of Values	Market Value
Phase 5	Comparison Approach	RM14,500,000	RM14,500,000
Phasa 1	Comparison Approach	RM2,310,000	RM2,310,000
Phase 2	Comparison Approach	RM7,280,000	RM7,280,000
	Cost Approach	RM7,210,000	
TOTAL MARKET VALUE			RM64,890,000

Subdivided Residential Plots (Phase 3, Phase 4a and Phase 4b)

In valuing development lands with development approval or approved plans, the primary method is the Income Approach by Residual Method supported by the Comparison Approach. As such, we have only adopted the Market Value as derived from the Residual Method of Valuation as fair representation for Phase 3, Phase 4a and Phase 4b. The Residual Method of valuation derives the land value by estimating values of hypothetically improved properties representing the highest and best use of the site or in the case of a site with master planning approval, the proposed development and thereafter deducting estimated construction costs.

In our assessment for lands intended for future development (which has yet to be launched), as long as the subject development is granted with master development approval and pre-computation plan approvals coupled with an upcoming development plan, it would be more appropriate to adopt the Income Approach by Residual Method as our valuation would rely on the proposed development plan as opposed to those lands intended for future development (without definite plan).

Therefore, in arriving at the Market Value of lands intended for future development (which has yet to be launched) we have adopted the Income Approach by Residual Method of Valuation as the primary method and the Comparison Approach as a check method.

Vacant Development Land (Phase 5)

In arriving at the Market Value of the agricultural lands, we have considered the Companson Method of Valuation for Phase 5 as the primary and most reliable and appropriate method of valuation after having sufficient comparable properties in the larger locality.

Completed and Unsold Properties (Phase 1 and Phase 2)

In valuing the completed and unsold properties, we have placed greater emphasis on the Comparison Approach as in a valuation of a homogeneous real estate such as vacant lands and residential homes, the Comparison Approach is the most appropriate method of valuation as there are less adjustments and analysis on comparables.

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4.0 V/COR/19/0118(D) – TAMAN TRONOH AKASIA

4.1 IDENTIFICATION OF PROPERTY

Project / Scheme

Taman Tronoh Akasia, Seri Iskandar, Perak Darul Ridzuan.

Legal Description

Lot Nos. 339337 to 339359 (inclusive) held under Title Nos. PN 415696, PN 415698, PN 415699, PN415701 to 415719 (inclusive) and PN 415802 respectively **(Phase 3)** and Lot Nos. 339398 to 339412 (inclusive) held under Title Nos. PN 415844, PN 415846, PN 415855, PN 415857, PN 415863, PN 415865, PN 415876, PN 415880, PN 415882, PN 415884, PN 415886, PN 415889, PN 415891, PN 415894 and PN 415896 respectively **(Phase 4)**, all located within Mukim Belanja, District of Kinta, Perak Darul Ridzuan.

Locality

Being part of the mixed development of Taman Tronoh Akasia, which is sited off the western (left) side of the Ipoh – Lumut Highway (ILE), travelling from Bota to Lahat.

Type of Property

23 parcels of subdivided commercial terraced plots with the benefit of planning approval for the development of double-storey and three-storey commercial shop-offices **(Phase 3)** and 15 parcels of subdivided residential detached plots with the benefit of planning approval for the development of single-storey detached houses **(Phase 4)**; all forming part of the mixed development of Taman Tronoh Akasia.

Tenure

Leasehold interest for a term of 99 years, expiring on 19th May 2113; in respect of all titles.

Registered Proprietor

Sinar Ribuan Sdn Bhd; in respect of all titles.

Beneficial Owner

Blossom Eastland Sdn Bhd; in respect of all titles.

Note: The Settlement Agreement to the Joint Venture Agreement and Supplemental Agreement made between Sinar Ribuan Sdn Bhd and Blossom Eastland Sdn Bhd has been completed pursuant to the terms and conditions contained therein. Nonetheless, it is the intention of the parties that, all titles are to be transferred directly to the end buyers / are currently pending transfer to the end buyers, upon the sales of the respective units.

Total Title Land Area

12,249.00 square metres (131,847 square feet).

Phase	Total Title Land Area	
	sq m	sq ft
Phase 3	3,428.00	36,899
Phase 4	8,821.00	94,948

Category of Land Use

"Bangunan".

Planning

Based on our verbal enquiries with the Planning Department of Batu Gajah District Council and the zoning plan extracted from the Rancangan Tempatan Majlis Daerah Batu Gajah 2025, we note that the Subject Property is located within an area designated for residential use with permissible density of less than 30 units per hectare.

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4.1 IDENTIFICATION OF PROPERTY (CONT'D)

Planning (Cont'd)

Notwithstanding the above, Lot Nos. 339337 to 339359 (inclusive) have been designated for commercial use as expressly stipulated in the title documents; whilst Lot Nos. 339398 to 339412 (inclusive) have been designated for residential use as expressly stipulated in the title documents.

Vide copies of Kebenaran Merancang (Planning Permission) Approval Letters, we note that the Subject Property was approved for the following development:-

Phase	Development Component
Phase 3	15 units of double-storey commercial shop-offices and 8 units of three-storey commercial shop-offices
Phase 4	15 units of single-storey detached houses

4.2 MARKET VALUE

Valuation Methodology

In arriving at our opinion of the Market Value, we have considered the **Income Approach by Residual Method** and **Comparison Approach** of Valuation.

Market Value

RM1,860,000.

Income Approach by Residual Method

A summary of parameters adopted in undertaking our assessment for the Subject Property is scheduled below.

Summary of Parameters		
Parameters	**Phase 3**	**Phase 4**
Gross Development Value (Note 1)	RM9,594,000.	RM6,632,500.
Gross Development Cost (Note 2)	RM7,937,525.	RM6,088,460.
Development Period	2.00 years.	2.00 years.
Present Value (Discount Rate)	8.25%.	8.25%.

Gross Development Value (Note 1)

In arriving at the Gross Development Value (GDV), summary of the GDV adopted in our assessment are as below and overleaf.

Component	No. of Units	Total Net Selling Price
Double-Storey Commercial Shop-Offices	15	RM5,274,000
Three-Storey Commercial Shop-Offices	8	RM4,320,000
Total	**23**	**RM9,594,000**

4.2 MARKET VALUE (CONT'D)

Summary of Gross Development Value (GDV) – Phase 4		
Component	**No. of Units**	**Total Net Selling Price**
Single-Storey Detached Houses	15	RM6,632,500
Total	**15**	**RM6,632,500**

In arriving at the Gross Development Value (GDV), we have used the **Cost Approach**.

Component	No. of Units	Justification
Phase 3		
Double-Storey and Three-Storey Commercial Shop-Offices	23	Based on the transactions of similar properties within the localities of Bandar Baru Tronoh and Taman Tronoh Universiti (1,399 to 1,540 square feet), of which the prices transacted in 2018 and 2019 were between RM310,000 to RM350,000.
Phase 4		
Single-Storey Detached Houses	15	Based on the transactions of residential detached plots within the locality of Tronoh (3,601 to 4,499 square feet), of which the prices transacted in 2018 and 2019 were between RM40,000 to RM65,000. Site improvements and building value have been further included to derive GDV of detached houses.

Gross Development Cost (Note 2)

We have made reference to the client's proposed costing as well as the industry average costing as derived from analysis of other awarded contracts of similar projects and average building costs of similar type of properties published by JUBM and Arcadis Construction Cost Handbook Malaysia 2019.

Summary of Gross Development Cost (GDC)		
Phase	**Total Cost Adopted**	**Total Value of Works Completed / Certified Amount To-Date**
Phase 3	RM8,061,202	RM123,677
Phase 4	RM6,123,858	RM35,398

Comparison Approach

In view of limited recorded transactions of identical property in the immediate locality, we have resorted to adopt the selected Comparable(s) in our assessment by Comparison Approach; as it is merely impossible to identify exactly alike properties to referred to, hence appropriate adjustments are made to reflect the differences of the Comparable(s) and the property being valued.

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4.2 MARKET VALUE (CONT'D)

Phase 3 – Designated for 15 units of double-storey terraced shop-offices and 8 units of three-storey terraced shop-offices

Sales Comparison and Analysis of Subdivided Terraced Plots (Phase 3)			
	Comparable 1	Comparable 2	Comparable 3
Identification	Lot Nos. 338145 to 338189 (inclusive), Lot Nos. 338191 to 338202 (inclusive), Lot Nos. 338204 to 338230 (inclusive), Lot No. 338233 and Lot Nos. 338236 to 338279 (inclusive), all located within Mukim Belanja, District of Kinta, Perak Darul Ridzuan	Lot Nos. 305297 to 305313 (inclusive), all located within Mukim Sungai Terap, District of Kinta, Perak Darul Ridzuan	Lot Nos. 310809 to 310812 (inclusive) and Lot Nos. 310814 to 310837 (inclusive), all located within Mukim Belanja, District of Kinta, Perak Darul Ridzuan
Location	Located within Taman Tronoh Universiti	Located within Taman Batu Gajah Baru	Located within Bandar Baru Tronoh
Property Type	129 parcels of subdivided residential terraced plots	17 parcels of subdivided commercial terraced plots	28 parcels of subdivided residential terraced plots
Total Land Area	174,451 square feet	25,155 square feet	46,253 square feet
Tenure	Leasehold interest for a term of 99 years, expiring on 22nd September 2113	Leasehold interest for a term of 999 years, expiring on 31st May 2895	Leasehold interest for a term of 99 years, expiring on 21st January 2109
Zoning / Planning	Designated for low cost housing use as expressly stipulated in the title document	Designated for commerical use as expressly stipulated in the title document	Designated for residential use as expressly stipulated in the title document
Consideration	23rd May 2019	1st November 2018	2nd October 2018
Date	RM7,095,000	RM701,400	RM1,680,000
Analysis	RM40.67 per square foot	RM27.88 per square foot	RM36.32 per square foot
Vendor	Pasak Enterprise Sdn Bhd	Pang Mui Kew +2 / Looi Beo Giap / Pang Mui Kew / Looi Kok Hua	Bicara Irama Sdn Bhd
Purchaser	IJ Ventures Sdn Bhd	Swestech Sdn Bhd	Compact Energy Sdn Bhd
Source	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)		
Adjustments	General adjustments are made for prevailing market condition / time, location / establishment, accessibility / infrastructure, tenure, average land size, exposure / frontage, zoning, express condition, planning approval and adverse feature		
Adjusted Value	RM48.80 per square foot	RM33.67 per square foot	RM41.95 per square foot

Valuation Rationale

Based on our analysis of the data obtained from the sources listed herein before, we note that there were several recorded transactions of similar subdivided terraced plots within the larger locality of the Subject Property (ranged from **RM27.88 per square foot** to **RM40.67 per square foot** depending on location / establishment, accessibility / infrastructure, tenure, average land size, exposure / visibility, express condition, zoning, planning approval, adverse features and etc).

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4.2 MARKET VALUE (CONT'D)

Valuation Rationale (Cont'd)

Although total adjustments (up to 50% on selected Comparables) were considered and made for in our assessment, we are of the view that the selected Comparable(s) adopted are still considered relevant by virtue of the fact that all of the selected Comparable(s) are considered to have the closest land attributes (in terms of land shape, terrain / level, lot configuration, category of land use and etc) as compared to the Subject Property. With total effective adjustments made for all Comparable(s) (ranged between 15% to 20%); we have placed greater reliance on Comparable 3 as it is more similar to the Subject Property in terms of location / establishment, tenure, land shape, terrain / level, average land size and category of land use as compared to other Comparable(s). Thus, we have adopted the adjusted analysis of **RM41.95 per square foot** from Comparable 3 as fair representation after having made the necessary adjustments.

Having regard to the foregoing, we have adopted the value of **RM1,500,000** which is analysed to be **RM40.65 per square foot** as fair representation for Phase 3 in our Comparison Approach.

Phase 4 – Designated for 15 units of single-storey detached houses

Sales Comparison and Analysis of Residential Detached Plots (Phase 4)			
	Comparable 1	Comparable 2	Comparable 3
Identification	Lot No. PT 6044 held under Title No. HSD 220709, Mukim Belanja, District of Kinta, Perak Darul Ridzuan	Lot No. PT 6106 held under Title No. HSD 221007, Mukim Belanja, District of Kinta, Perak Darul Ridzuan	Lot No. 301619 held under Title No. PM 1875, Mukim Belanja, District of Kinta, Perak Darul Ridzuan
Location	Located off Ipoh-Lumut Highway (ILE) and adjacent to Universiti Teknologi Petronas	Located off Ipoh-Lumut Highway (ILE) and adjacent to Universiti Teknologi Petronas	Located within Desa Tronoh
Property Type	A parcel of residential detached plot	A parcel of residential detached plot	A parcel of residential detached plot
Land Area	3,601 square feet	3,601 square feet	4,499 square feet
Tenure	Leasehold interest for a term of 99 years, expiring on 27th August 2113	Leasehold interest for a term of 99 years, expiring on 19th May 2113	Leasehold interest for a term of 99 years, expiring on 22nd December 2103
Zoning / Planning	Designated for residential use as expressly stipulated in the title document	Designated for residential use as expressly stipulated in the title document	Designated for residential use as expressly stipulated in the title document
Consideration	6th September 2019	15th July 2019	4th June 2018
Date	RM50,000	RM40,000	RM65,000
Analysis	RM13.89 per square foot	RM11.11 per square foot	RM14.45 per square foot
Vendor	Ahmad Bin Md Nasir Uda	Jamail Bin Alang Tak	Teh Sheuk Feun +1
Purchaser	Nurul Jasrina Binti Roslan	Ku Mohd Nur Adam Bin Ku Yaacob	Chong Le Chin
Source	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)		
Adjustments	General adjustments are made for prevailing market condition / time, accessibility / infrastructure, average land size, exposure / frontage, planning approval, complementary feature and adverse feature		
Adjusted Value	RM15.28 per square foot	RM12.22 per square foot	RM14.41 per square foot

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4.2 MARKET VALUE (CONT'D)

Valuation Rationale

Based on our analysis of the data obtained from the sources listed herein before, we note that there were several recorded transactions of similar residential detached plots within the larger locality of the Subject Property (ranged from **RM11.11 per square foot** to **RM14.45 per square foot** depending on accessibility / infrastructure, terrain / level, land size, exposure / visibility, planning approval, adverse features and etc).

Although total adjustments (up to 50% on selected Comparables) were considered and made for in our assessment, we are of the view that the selected Comparable(s) adopted are still considered relevant by virtue of the fact that all of the selected Comparable(s) are considered to have the closest land attributes (in terms of location / establishment, land shape, tenure / level, land shape, lot configuration, category of land use, zoning and etc) as compared to the Subject Property. With total effective adjustments made for all Comparable(s) (ranged between 0% to 10%); we have placed greater reliance on Comparable 3 as it is more similar to the Subject Property in terms of location / establishment, accessibility / infrastructure and exposure / frontage as compared to other Comparable(s). Thus, we have adopted the adjusted analysis of **RM14.41 per square foot** from Comparable 3 on the total net land area of approximately 33,469 square feet (based on our estimation) which is not covered by water body as fair representation after having made the necessary adjustments.

Summary of Value Derived from Comparison Approach (Phase 4)	
Total Title Land Area	94,948 square feet
Total Net Land Area (not covered by water body)	33,469 square feet
Adjusted analysis adopted on Total Net Land Area	RM14.41 per square foot
Derivation of Market Value	RM482,288
say	**RM480,000**

Having regard to the foregoing, we have adopted the value of **RM480,000** which is analysed to be **RM5.06 per square foot** over the total title land area as fair representation for Phase 4 in our Comparison Approach.

Reconciliation of Values

Components	Method of Valuation	Derivation of Values	Market Value
Phase 3	Income Approach by Residual Method	RM1,400,000	RM1,400,000
	Comparison Approach	RM1,500,000	
Phase 4	Income Approach by Residual Method	RM460,000	RM460,000
	Comparison Approach	RM480,000	
Total Market Value			**RM1,860,000**

The Residual Method of valuation derives the land value by estimating values of hypothetically improved properties representing the highest and best use of the site or in the case of a site with master planning approval, the proposed development and thereafter deducting estimated construction costs. In our assessment for lands intended for future development (which has yet to be launched), as long as the subject development is granted with master development approval and pre-computation plan approvals coupled with an upcoming development plan, it would be more appropriate to adopt the Income Approach by Residual Method as our valuation would rely on the proposed development plan as opposed to those lands intended for future development (without definite plan). Therefore, in arriving at the Market Value of lands intended for future development (which has yet to be launched) we have adopted the Income Approach by Residual Method of Valuation as the primary method and the Comparison Approach as a check method.

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5.0 V/COR/19/0118(E) – SETIA RESIDENCE

5.1 IDENTIFICATION OF PROPERTY

Project / Scheme	Setia Residence, Sitiawan, Perak Darul Ridzuan.
Legal Description	Lot Nos. PT 36714 to PT 36764 (inclusive) held under Title Nos. HSD 32964 to HSD 33014 (inclusive) respectively **(Phase 6a)**, Lot Nos. PT 37153, PT 41208 to PT 41231 (inclusive) held under Title Nos. HSD 33403, HSD 39564 to HSD 39587 (inclusive) respectively **(Phase 6b)**, Lot No. PT 37151 held under Title No. HSD 33401 **(Plot 438)** and 34 completed and unsold properties (Lot No. PT 36870 held under Title No. HSD 33120 and others), all located within Mukim Sitiawan, District of Manjung, Perak Darul Ridzuan.
Locality	Being part of the township of Setia Residence in Sitiawan, which is sited off the eastern (right) side of Jalan Raja Omar, travelling from Kampung Koh towards Sitiawan. Geographically, the Sitiawan town centre is located approximately 1.5 kilometres due north-west of the Subject Property.
Type of Property	77 subdivided individual titles and 34 completed and unsold properties which consists of twenty four (24) units of double-storey terraced houses, two (2) units of double-storey detached houses, four (4) units of double-storey semi-detached houses, three (3) units of three (3)-storey terraced shop offices and one (1) unit of double-storey terraced shop office, all forming part of the township development of Setia Residence in Sitiawan.
Tenure	Interest in perpetuity; in respect of all titles.
Registered Proprietor	Dunia Kukuh Sdn Bhd; in respect of all titles.
Beneficial Owner	Blossom Eastland Sdn Bhd. Note: The sale and purchase agreement between Dunia Kukuh Sdn Bhd (as vendor) and Greenstone Development Sdn Bhd (as purchaser) had been completed and accordingly Greenstone Development Sdn Bhd was deemed as the beneficial owner of the parcels of lands. Subsequently, Greenstone Development Sdn Bhd had subdivided the parcels of lands and granted Blossom Eastland Sdn Bhd the rights to develop the subdivided land(s) via a joint venture agreement. As at the valuation date, all payments payable by Blossom Eastland Sdn Bhd to Greenstone Development Sdn Bhd under the joint venture agreement has been made and Blossom Eastland Sdn Bhd is deemed beneficial owner of the subdivided land(s) by virtue of its interest under the joint venture agreement. Nonetheless, it is the intention of the parties that all titles are intended to be transferred directly to the end buyers upon the sales of the respective units.

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5.1 IDENTIFICATION OF PROPERTY (CONT'D)

Total Land Area Under Valuation

Component	Land Area (sq m)	Land Area (Acres)
Individual Titles (Vacant land)	21,626	5.35
Completed and Unsold Properties (Phase 3 to Phase 5)	7,214	1.78
Total	**28,840**	**7.13**

Category of Land Use **"Bangunan"and "Pertanian".**

Planning

Completed and Unsold Properties (Phase 3, Phase 4 and Phase 5)

Phase 3, Phase 4 and Phase 5 have been issued with a Certificate of Completion and Compliance (CCC).

Subdivided Residential Plots (Phase 6a, Phase 6b and Plot 438)

Phase 6a, Phase 6b and Plot 438 have obtained planning approval with approved building plans issued by the Majlis Perbandaran Manjung.

5.2 MARKET VALUE

Valuation Methodology

In arriving at our opinion of the Market Value, we have considered the **Comparison Approach, Cost Approach** and **Income Approach by Residual Method** of Valuation. For development lands which has been subdivided and obtained planning approval with approved building plans, the primary method adopted will be the Residual Method of Valuation and Comparison Approach as a check. The Comparison Approach of Valuation will be adopted for the residential detached plot. In assessing the market value for completed and unsold units, we have undertaken Cost Approach and Comparison Approach of Valuation.

Market Value RM34,450,000.

Subdivided Residential Plots

Income Approach by Residual Method

A summary of parameters adopted in undertaking our assessment for the subdivided residential plots which has obtained planning approval with approved plans is scheduled below.

Summary of Parameters		
Parameters	**Phase 6a**	**Phase 6b**
Gross Development Value (Note 1)	RM22,375,000	RM17,670,000
Gross Development Cost (Note 2)	RM13,915,944	RM10,451,407
Development Period	2.0 years	2.0 years
Present Value (Discount Rate)	8.25%	8.25%

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5.2 MARKET VALUE (CONT'D)

Gross Development Value (Note 1)

In arriving at the Gross Development Value (GDV) for the subdivided residential plots which has obtained planning approval with approved plans, summary of the GDV adopted in our assessment are as follow:-

Summary of Gross Development Value (GDV) – Phase 6a		
Component	**No. of Units**	**Total Net Selling Price**
Double-Storey Terraced Houses	51	RM22,375,000

Summary of Gross Development Value (GDV) – Phase 6b		
Component	**No. of Units**	**Total Net Selling Price**
Double-Storey Cluster House	24	RM17,670,000

In arriving at the Gross Development Value (GDV), we have used the **Cost Approach**.

Component	No. of Units	Justification
Phase 6a		
Double-Storey Terraced Houses (1,399 – 2,971 square feet)	51	Based on the transactions of similar properties within the locality of Sitiawan (1,399 to 1,647 square feet), of which the prices transacted in 2018 and 2019 were between RM370,000 to RM480,000.
Phase 6b		
Double-Storey Cluster Houses (2,465 – 3,584 square feet)	24	Based on the transactions of double-storey semi-detached houses within the locality of Sitiawan (2,799 to 3,488 square feet), of which the prices transacted in 2018 and 2019 were between RM680,000 to RM780,000.

Gross Development Cost (Note 2)

We have made reference to the industry average costing as derived from analysis of other awarded contracts of similar projects and average building costs of similar type of properties published by JUBM and Arcadis Construction Cost Handbook Malaysia 2019.

Summary of Gross Development Cost (GDC)		
Phase	**Total Cost Adopted**	**Total Value of Works Completed / Certified Amount To-Date**
Phase 6a	RM13,915,944	-
Phase 6b	RM10,451,407	-

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5.2 MARKET VALUE (CONT'D)

Comparison Approach

In view of limited recorded transactions of identical property in the immediate locality, we have resorted to adopt the selected Comparable(s) in our assessment by Comparison Approach; as it is merely impossible to identify exactly alike properties to referred to, hence appropriate adjustments are made to reflect the differences of the Comparable(s) and the property being valued.

Sales Comparison and Analysis of Vacant Development Land				
	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Identification	Lot No. 11323 held under Title No. GRN 65004, Locality and Mukim of Sitiawan, District of Manjung, Perak Darul Ridzuan	Lot 53359 held under Title No. GRN 180736 (formerly known as Lot PT 15013 held under Title No. HSD 35360), Mukim Lumut, District of Manjung, Perak Darul Ridzuan	Lot 6507 held under Title No. GRN 65648, Locality of Lumut, Mukim Lumut, District of Manjung, Perak Darul Ridzuan	Lot 54140 held under Title No. PN 65648, Mukim Sitiawan, District of Manjung, Perak Darul Ridzuan
Location	Located along Jalan Raja Omar, Sitiawan	Located within the vicinity of Manjung Point Seksyen 3, Seri Manjung	Located along the intersections of Jalan Iskandar Shah and Jalan Sitiawan, Lumut	Located along the intersections of Jalan Iskandar Shah and Lumut-Sitiawan-Pantai Remis main road, Seri Manjung
Property Type	A parcel of development land	A parcel of development land	A parcel of development land	A parcel of development land
Land Area	42,367 square feet	342,831 square feet	636,470 square feet	2,788,929 square feet
Tenure	Interest in perpetuity	Interest in perpetuity	Interest in perpetuity	Leasehold interest for a term of 99 years, expiring on 13th February 2107
Zoning / Planning	Zoned for residential use	Zoned for commercial use	Zoned for commercial use	Zoned for commercial use
Consideration	22nd April 2019	27th August 2018	4th June 2018	31st October 2017
Date	RM1,300,000	RM12,600,000	RM15,000,000	RM133,858,138
Analysis	RM30.68 per square foot	RM36.75 per square foot	RM23.57 per square foot	RM48.00 per square foot
Vendor	Hong Hee Leong	Kar Sin Berhad.	Lumut Garden Sdn Bhd	Remco Engineering & Construction Sdn Bhd
Purchaser	Ling Ho Lee	Caldera Machinery Sdn Bhd	Caldera Machinery Sdn Bhd	Sunlink Properties Sdn Bhd, a wholly-owned subsidiary of Ivory Properties Group Bhd
Source	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)			Bursa Malaysia Securities Berhad

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5.2 MARKET VALUE (CONT'D)

	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Adjustments	General adjustments are made for prevailing market condition / time, location / establishment, accessibility / infrastructure, tenure, land shape, terrain / level, land size, exposure / frontage, lot configuration, category of land use, express condition, restriction-in-interest, zoning, plot ratio / density, planning approval and others			
	Adjusted Value			
Phase 6a	RM33.75 per square foot	RM42.45 per square foot	RM30.93 per square foot	RM50.16 per square foot
Phase 6b	RM30.68 per square foot	RM38.59 per square foot	RM28.46 per square foot	RM44.88 per square foot

Valuation Rationale

Based on our analysis of the data obtained from the sources listed herein before, we note that there were several recorded transactions of agricultural land / development land within the larger locality of the Subject Property (ranged from **RM23.57 per square foot** to **RM48.00 per square foot** depending on location, terrain / level, land shape, land size, category of land use, zoning, planning approval and etc).

Phase 6a

Although total adjustments (up to 80% on selected Comparables) were considered and made for in our assessment, we are of the view that the selected Comparable(s) adopted are still considered relevant by virtue of the fact that all of the selected Comparable(s) are considered to have the closest land attributes (in terms of location, accessibility, tenure, land shape, terrain / level, category of land use and etc) as compared to the Subject Property. With total effective adjustments made for all Comparable(s) (ranged between 5% to 25%); we have placed greater reliance on Comparable 2 as it is more similar to the Subject Property in terms of land size as compared to other Comparable(s) and has the least dissimilarities in terms of land attributes (save and except for accessibility / infrastructure, land area, zoning and planning approval). Thus, we have adopted the adjusted analysis of **RM42.45 per square foot** from Comparable 2 as fair representation after having made the necessary adjustments.

Phase 6b

Although total adjustments (up to 90% on selected Comparables) were considered and made for in our assessment, we are of the view that the selected Comparable(s) adopted are still considered relevant by virtue of the fact that all of the selected Comparable(s) are considered to have the closest land attributes (in terms of accessibility, land shape, terrain / level, category of land use and etc) as compared to the Subject Property. With total effective adjustments made for all Comparable(s) (ranged between 0% to 15%); we have placed greater reliance on Comparable 2 as it is more similar to the Subject Property in terms of land size as compared to other Comparable(s) and has the least dissimilarities in terms of land attributes (save and except for accessibility / infrastructure, land area, zoning, plot ratio / density and planning approval). Thus, we have adopted the adjusted analysis of **RM38.59 per square foot** from Comparable 2 as fair representation after having made the necessary adjustments.

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5.2 MARKET VALUE (CONT'D)

Valuation of Residential Detached Plot (Plot 438)

Sales Comparison and Analysis of Residential Detached Plots	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Identification	Lot No. 15202 held under Title No. PN 355693, Mukim Lumut, District of Manjung, Perak Darul Ridzuan	Lot No. 71537 & Lot No. 71538 held under Title No. GRN 166167 & GRN 166168, respectively Mukim Sitiawan, District of Manjung, Perak Darul Ridzuan	Lot No. 42123 held under Title No. GRN 104878, Mukim Sitiawan, District of Manjung, Perak Darul Ridzuan	Lot No. 72878 held under Title No. GRN 168235, Mukim Sitiawan, District of Manjung, Perak Darul Ridzuan
Location	Located within Venice of Perak, Seri Manjung	Located within Kampung Bintang, Sitiawan	Located within Taman Terus Maju, Sitiawan	Located within Kampung Bintang, Sitiawan
Property Type	A parcel of residential detached plot	A parcel of residential detached plot	A parcel of residential detached plot	A parcel of residential detached plot
Land Area	16,932 square feet	16,576 square feet	4,499 square feet	5,156 square feet
Tenure	Leasehold interest for a term of 99 years, expiring on 26th November 2105	Interest in perpetuity	Interest in perpetuity	Interest in perpetuity
Zoning / Planning	Zoned for residential use	Zoned for residential use	Zoned for residential use	Zoned for residential use
Consideration	14th October 2019	7th May 2019	12th November 2018	5th July 2018
Date	RM700,000	RM820,000	RM265,000	RM300,000
Analysis	RM41.34 per square foot	RM49.47 per square foot	RM58.90 per square foot	RM58.19 per square foot
Vendor	Law Kwok Kwok	Chang Onn Soon	Woo Ning Hoe	Lim Weng Foo @ Lim Kam
Purchaser	Mohd Burhan Bin Abd Rani +1	Yeah Jee Lim & Ling Yoke Wei	Sundrasan A/L Muthoo +1	Anandan A/L Muniandy
Source	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)			
Adjustments	General adjustments are made for prevailing market condition / time, location / establishment, accessibility / infrastructure, tenure, land size, exposure / frontage, lot configuration and gated and guarded neighbourhood			
Adjusted Value	RM59.95 per square foot	RM71.73 per square foot	RM71.12 per square foot	RM76.37 per square foot

Valuation Rationale

Based on our analysis of the data obtained from the sources listed herein before, we note that there were several recorded transactions of agricultural land / development land within the larger locality of the Subject Property (ranged from **RM41.34 per square foot** to **RM58.90 per square foot** depending on location, accessibility, land shape, land size, lot configuration, tenure and etc).

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5.2 MARKET VALUE (CONT'D)

Valuation Rationale

Although total adjustments (up to 45% on selected Comparables) were considered and made for in our assessment, we are of the view that the selected Comparable(s) adopted are still considered relevant by virtue of the fact that all of the selected Comparable(s) are considered to have the closest land attributes (in terms of accessibility, land shape, terrain / level, category of land use and etc) as compared to the Subject Property. With total effective adjustments made for all Comparable(s) (ranged between 15% to 45%); we have placed greater reliance on Comparable 2 as it is more similar to the Subject Property in terms of land size as compared to other Comparable(s) and has the least dissimilarities in terms of land attributes (save and except for location, accessibility exposure, land size, lot configuration and neighbourhood). Thus, we have adopted the adjusted analysis of RM71.73 per square foot from Comparable 2 as fair representation after having made the necessary adjustments.

Valuation of Unsold Units for Phase 3 and Phase 4 (Double-Storey Terraced House)

	Sales Comparison and Analysis of Double-Storey Terraced House			
	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Legal Description	Lot PT 37578 held under Title No. HSD 33910, Mukim of Sitiawan, District of Manjung, Perak Darul Ridzuan	Lot PT 37499 held under Title No. HSD 33831, Mukim of Sitiawan, District of Manjung, Perak Darul Ridzuan	Lot PT 36798 held under Title No. HSD 33048, Mukim of Sitiawan, District of Manjung, Perak Darul Ridzuan	Lot PT 36965 held under Title No. HSD 33215, Mukim of Sitiawan, District of Manjung, Perak Darul Ridzuan
Location	Residen Perdana (Victoria Cottage)	Residen Perdana (Victoria Cottage)	Setia Residence	Setia Residence
Property Type	Double-storey Intermediate Terraced House	Double-storey Intermediate Terraced House	Double-storey Intermediate Terraced House	Double-storey Intermediate Terraced House
Tenure	Interest in perpetuity	Interest in perpetuity	Interest in perpetuity	Interest in perpetuity
Land Area	1,399 square feet	1,539 square feet	1,647 square feet	1,647 square feet
Built-up Area	1,762 square feet	1,762 square feet	1,915 square feet	1,902 square feet
Consideration	RM370,000	RM440,000	RM480,000	RM450,000
Date	16th May 2019	14th December 2018	18th June 2018	9th January 2018
Source	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)			
Vendor	Chew Ching Sheng	Wimmy Tiong Lee Ee +1	Mega Truss System (M) Sdn Bhd	Tan Chien Loon
Purchaser	Tay Jia Jia	Thavamani A/P Karunanithi +1	Low Mei Ling	Ding Chin Hock
RM psf / Land Area	RM265 per square foot	RM286 per square foot	RM291 per square foot	RM273 per square foot
Adjustments	General adjustments are made for prevailing market condition, location / establishment, lot configuration, shape, size, land efficiency, tenure, building condition / improvements and others.			
Adjusted Value (RM psf / Land Area)	RM264 per square foot	RM300 per square foot	RM306 per square foot	RM287 per square foot

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5.2 MARKET VALUE (CONT'D)

Valuation of Unsold Units for Phase 3 and Phase 4 (Double-Storey Detached House)

Sales Comparison and Analysis of Double-storey Detached House	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Legal Description	Lot PT 6994 held under Title No. HSD 33244, Mukim of Sitiawan, District of Manjung, Perak Darul Ridzuan	Lot PT 36946 held under Title No. HSD 33196, Mukim of Sitiawan, District of Manjung, Perak Darul Ridzuan	Lot PT 7035 held under Title No. HSD 33285, Mukim of Sitiawan, District of Manjung, Perak Darul Ridzuan	Lot PT 37029 held under Title No. HSD 33279, Mukim of Sitiawan, District of Manjung, Perak Darul Ridzuan
Location	Setia Residence	Setia Residence	Setia Residence	Setia Residence
Property Type	Two-and-a-half-storey Detached House	Double-Storey Detached House	Two-and-a-half-storey Detached House	Two-and-a-half-storey Detached House
Tenure	Interest in perpetuity	Interest in perpetuity	Interest in perpetuity	Interest in perpetuity
Land Area	3,197 square feet	5,500 square feet	3,197 square feet	3,057 square feet
Built-up Area	2,941 square feet	2,985 square feet	2,941 square feet	2,941 square feet
Consideration	RM750,000	RM550,000 (1/2 share)	RM760,000	RM700,000
Date	8th July 2019	1st July 2019	22nd May 2019	13th February 2018
Source	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)			
Vendor	Regina Thean Siew Pei	Wong Hon Wah	Chai Ming Fui +1	Hu Chong Shiun +1
Purchaser	Chea Jian Kai	Yoen Ban Chun	Wong Yew Hing +1	Teoh Ed Winn
RM psf / Land Area	RM235 per square foot	RM200 per square foot	RM238 per square foot	RM229 per square foot
Adjustments	General adjustments are made for prevailing market condition, location / establishment, lot configuration, shape, size, land efficiency, tenure, building condition / improvements and others.			
Adjusted Value (RM psf / Land Area)	RM188 per square foot	RM220 per square foot	RM200 per square foot	RM192 per square foot

Valuation of Unsold Units for Phase 5 (Double-Storey Semi-Detached House)

Sales Comparison and Analysis of Double-Storey Semi-Detached House	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Legal Description	Lot PT 36930 held under Title No. HSD 33180, Mukim of Sitiawan, District of Manjung, Perak Darul Ridzuan	Lot PT 37650 held under Title No. HSD 33982, Mukim of Sitiawan, District of Manjung, Perak Darul Ridzuan	Lot PT 39497 held under Title No. HSD 37563, Mukim of Sitiawan, District of Manjung, Perak Darul Ridzuan	Lot PT 36939 held under Title No. HSD 33189, Mukim of Sitiawan, District of Manjung, Perak Darul Ridzuan
Location	Setia Residence	Residen Perdana (Victoria Cottage)	Setia Residence	Setia Residence
Property Type	Double-storey Semi-detached House	Two-and-a-haf-storey Semi-detached House	Double-storey Semi-detached House	Double-storey Semi-detached House
Tenure	Interest in perpetuity	Interest in perpetuity	Interest in perpetuity	Interest in perpetuity
Land Area	3,488 square feet	3,035 square feet	3,154 square feet	3,488 square feet
Built-up Area	2,279 square feet	2,383 square feet	1,849 square feet	2,279 square feet

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5.2 MARKET VALUE (CONT'D)

	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Consideration	RM765,000	RM780,000	RM670,000	RM750,000
Date	7th August 2019	15th April 2019	15th February 2019	13th August 2018
Source	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)			
Vendor	Chang Yoke Mun	Wong Hing Chong +1	Dalailaa Bt Tajuddin	Chia Yong Hap
Purchaser	Chieng Tze Sing +1	Goh Kee Hock	Saroja A/P Ramas	Cheng Shoe @ Chan Kwoon Soo
RM psf / Land Area	RM219 per square foot	RM257 per square foot	RM212 per square foot	RM215 per square foot
Adjustments	General adjustments are made for prevailing market condition, location / establishment, lot configuration, shape, size, land efficiency, tenure, building condition / improvements and others.			
Adjusted Value (RM psf / Land Area)	RM208 per square foot	RM231 per square foot	RM212 per square foot	RM215 per square foot

Valuation of Unsold Units for Phase 5 (Terraced Shop-Office)

	Sales Comparison and Analysis of Terraced Shop-Office			
	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Legal Description	Lot No. 852A held under Title No. Geran Mukim 3984, Mukim of Sitiawan, District of Manjung, Perak Darul Ridzuan	Lot Nos. 73260 – 73262 held under Title Nos. Geran 175427 – Geran 175429 respectively, all located within Mukim of Sitiawan, District of Manjung, Perak Darul Ridzuan	Lot No. 127 held under Title No. Geran 8623, Pekan Sitiawan, District of Manjung, Perak Darul Ridzuan	Lot No. 2206 held under Title No. Pajakan Negeri 348957, Pekan Sitiawan, District of Manjung, Perak Darul Ridzuan
Location	Taman Krishnan	Batu 5, Jalan Kampung Koh - Lekir	Pekan Sitiawan	Pekan Sitiawan
Property Type	Three (3)-storey Terraced Shop-office	Three-and-a-half-storey Terraced Shop-office	Four (4)-storey Terraced Shop-office	Three (3)- storey Terraced Shop-office
Tenure	Interest in perpetuity	Interest in perpetuity	Interest in perpetuity	Leasehold for a term of 99 years, expiring on 26th June 2102
Land Area	1,755 square feet	4,628 square feet	2,388 square feet	2,185 square feet
Built-up Area	4,655 square feet	6,546 square feet	6,152 square feet	5,816 square feet
Consideration	RM675,000	RM1,800,000	RM800,000	RM800,,000
Date	4th November 2019	9th January 2019	28th December 2018	15th March 2018
Source	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)			
Vendor	M Mahendran A/L T Markandu	Hektar Juta (M) Sdn Bhd	Lim Choon Ling +1	Beatrice Veronica Arulappen
Purchaser	Sharashphuti A/P K. Subramaniam +1	Tan Yu Hock	Lee Cheng Luan +2	Lim Peng Guan
RM psf / Built Up Area	RM145 per square foot	RM275 per square foot	RM130 per square foot	RM138 per square foot

Knight Frank

5.2 MARKET VALUE (CONT'D)

	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Adjustments	General adjustments are made for prevailing market condition, location / establishment, lot configuration, shape, build up area, tenure, building condition / improvements and others.			
Adjusted Value (RM psf / Build Up Area)	RM152 per square foot	RM138 per square foot	RM150 per square foot	RM159 per square foot

Cost Approach

As a check, we have used the Cost Approach as defined herein before.

Reconciliation of Values

Components	Method of Valuation	Derivation of Values	Market Value
Phase 6a	Income Approach by Residual Method	RM7,200,000	RM7,200,000
	Comparison Approach	RM6,600,000	
Phase 6b	Income Approach by Residual Method	RM6,200,000	RM6,200,000
	Comparison Approach	RM6,500,000	
Plot 438	Comparison Approach	RM640,000	RM640,000
Phase 3 & 4	Comparison Approach	RM13,700,000	RM13,700,000
	Cost Approach	RM13,350,000	
Phase 5	Comparison Approach	RM6,710,000	RM6,710,000
	Cost Approach	RM6,930,000	
TOTAL MARKET VALUE			RM34,450,000

Subdivided Residential Plots (Phase 6a and Phase 6b)

In valuing development lands with development approval or approved plans, the primary method is the Income Approach by Residual Method supported by the Comparison Approach. The Residual Method of valuation derives the land value by estimating values of hypothetically improved properties representing the highest and best use of the site or in the case of a site with master planning approval, the proposed development and thereafter deducting estimated construction costs.

In our assessment for lands intended for future development (which has yet to be launched), as long as the subject development is granted with master development approval and pre-computation plan approvals coupled with an upcoming development plan, it would be more appropriate to adopt the Income Approach by Residual Method as our valuation would rely on the proposed development plan as opposed to those lands intended for future development (without definite plan).

Therefore, in arriving at the Market Value of lands intended for future development (which has yet to be launched) we have adopted the Income Approach by Residual Method of Valuation as the primary method and the Comparison Approach as a check method.

Residential Detached Plot (Plot 438)

In arriving at the Market Value of residential detached plot, we have considered the Comparison Method of Valuation as the primary and most reliable and appropriate method of valuation after having sufficient comparable properties in the locality. Although Plot 438 has approved development plans, the Residual Method of Valuation may not be appropriate as the proposed development comprise of one unit of double-storey detached house.

Completed and Unsold Properties (Phase 3, Phase 4 and Phase 5)

In valuing the completed and unsold properties, we have placed greater emphasis on the Comparison Approach as in a valuation of a homogeneous real estate such as vacant lands and residential homes, the Comparison Approach is the most appropriate method of valuation as there are less adjustments and analysis on comparables.

Knight Frank

6.0 V/COR/19/0118(H) – SUNGAI WANGI

6.1 IDENTIFICATION OF PROPERTY

Project / Scheme

Sungai Wangi, Sitiawan, Perak Darul Ridzuan.

Legal Description

Lot Nos. PT 6733, PT 6734, PT 6726 to PT 6728 (inclusive) and Lot Nos. PT 6699 to PT 6701 (inclusive) held under Title Nos. HSD 30233, HSD 30234, HSD 30226 to HSD 30228 (inclusive) and HSD 30199 to HSD 30201 (inclusive) respectively, all located within Mukim Sitiawan, District of Manjung, Perak Darul Ridzuan.

Locality

Located off Jalan Lumut and approximately 500 metres off the main access road, West Coast Expressway within the vicinity of Sungai Wangi, Perak Darul Ridzuan. Geographically, the Sitiawan town centre and Ayer Tawar town centre are located approximately 4 kilometres due south-west and 7 kilometres due north-east of the Subject Property respectively.

Type of Property

Eight (8) parcels of agricultural land with potential for residential use.

Tenure

Interest in perpetuity; in respect of all titles.

Registered Proprietor

Blossom Eastland Sdn Bhd; in respect of all titles.

Title Land Area

Lot No.	Title No.	Title Land Area (hectares)	Title Land Area (acres)	Title Land Area (square metres)
PT 6726	HSD 30226	0.4573	1.1300	4,573.00
PT 6727	HSD 30227	0.4573	1.1300	4,573.00
PT 6728	HSD 30228	0.4574	1.1303	4,574.00
PT 6733	HSD 30233	0.4573	1.1300	4,573.00
PT 6734	HSD 30234	0.4573	1.1300	4,573.00
PT 6699	HSD 30199	0.6072	1.5004	6,072.00
PT 6700	HSD 30200	0.6072	1.5004	6,072.00
PT 6701	HSD 30201	0.6072	1.5004	6,072.00
Total		4.1082	10.1515	41,082.00

Category of Land Use

"Pertanian"; in respect of all titles.

Planning

The Subject Property are located within an area designated for agriculture use as expressly stipulated in the title document.

Pursuant to the Rancangan Tempatan Daerah Manjung 2030 issued by Manjung Municipal Council and our verbal enquiries with the Planning Department of Manjung Municipal Council on 16th December 2019 revealed that Subject Property are located within an area zoned for residential use with a medium density of 30 to 60 units per hectare for stratified housing developments and 12 to 24 units per acre for non-stratified housing developments.

Registered Transaction History of Subject Property

Pursuant to an extract copy of the Sale and Purchase Agreement dated 8th June 2018 made between Hektar Muda Sdn Bhd (the 'Vendor') and Blossom Eastland Sdn Bhd (the 'Purchaser'), we note that the subject property was transacted for a consideration of RM8,622,500/-.

Knight Frank

6.2 MARKET VALUE

Valuation Methodology

In arriving at our opinion of the Market Value of the Subject Property, we have adopted the **Comparison Approach** as the only preferred method of valuation.

Market Value

RM5,300,000.

Comparison Approach

In view of limited recorded transactions of identical property in the immediate locality, we have resorted to adopt the selected Comparable(s) in our assessment by Comparison Approach; as it is merely impossible to identify exactly alike properties to referred to, hence appropriate adjustments are made to reflect the differences of the Comparable(s) and the property being valued.

	Sales Comparison and Analysis of Vacant Agricultural Land			
	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Identification	Lot 54303 held under Title No. GM 14032, Mukim Sitiawan, District of Manjung, Perak Darul Ridzuan	Lot 5138 held under Title No. GRN 81212, Mukim Lumut, District of Manjung, Perak Darul Ridzuan	Lot PT 6539 held under Title No. HSM 7694, Locality of Batu Ampat, Mukim Sitiawan, District of Manjung, Perak Darul Ridzuan	Lot 35856 held under Title No. GRN 124068, Locality and Mukim of Sitiawan, District of Manjung, Perak Darul Ridzuan
Location	Located approximately 800 metres off the main access road Jalan Changkat Jering – Sri Manjung – Kampung Koh; within the vicinity of Kampung China in Sitiawan, Perak Darul Ridzuan	Located approximately 500 metres off the main road of Jalan Iskandar Shah within the vicinity of Taman Melati in Sitiawan, Perak Darul Ridzuan	Located approximately 600 kilometres off the unnamed road connected from Jalan Menon to Jalan Pekan Gurney (Route A125) travelling from Taman Sepakat towards Taman Seri Selamat; within the locality near to Taman Sepakat in Sitiawan, Perak Darul Ridzuan	Located along Federal Route 5 within the locality near to Taman Keris in Sitiawan, Perak Darul Ridzuan
Tenure	Interest in perpetuity			
Property Type	A parcel of agricultural land			
Land Area (sq ft)	62,786 sq ft	129,092 sq ft	70,916 sq ft	253,705
Consideration	RM800,000	RM1,392,000	RM1,000,000.	RM2,886,862
Date	25th February 2019	26th December 2018	16th August 2018	2nd July 2018
Vendor	Lim Sing Ting	Chew Soon Fatt and Chew Soon Kui ("Pemegang Amanah")	Ngoo Hoow Pie @ Ngo Hong Ngan	Tan Kiow and Teow He Gek (½ share each)
Purchaser	Wong Ong Hua	Ting Kwong Keong and Hartanahatur (M) Sdn Bhd (½ share each)	Jihadi Bina Sdn Bhd	Taraf Pancar Sdn Bhd.
Source	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)			
Analysis	RM12.74 per square foot	RM10.78 per square foot	RM13.53 per square foot	RM11.38 per square foot

Knight Frank

6.2 MARKET VALUE (CONT'D)

	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Remarks	Located very close proximity to the transmission line	-	-	-
Adjustments	General adjustments are made for prevailing market condition / time, location / establishment, accessibility / infrastructure, tenure, shape, terrain / level, land size, exposure / frontage, lot configuration, category of land use, zoning, plot ratio / density, development order and adverse feature			
Adjusted Value	RM12.74 per square foot	RM11.32 per square foot	RM14.21 per square foot	RM11.95 per square foot

Valuation Rationale

Based on our analysis of the data obtained from the sources listed herein before, we note that there were several recorded transactions of agricultural land within the immediate and larger locality of the Subject Property (ranged from **RM10.78 per square foot** to **RM13.53 per square foot** depending on location / establishment, availability of accessibility / infrastructure, land shape, tenure, terrain / level, land size, plot ratio / density and etc).

Although total adjustments (up to 55% on selected Comparables) were considered and made for in our assessment, we are of the view that the selected Comparable(s) adopted are still considered relevant by virtue of the fact that all of the selected Comparable(s) are considered to have the closest land attributes (in terms of location / establishment, accessibility / infrastructure, land shape, tenure, category of land use and lot configuration) as compared to the Subject Property.

Prevised to the above, we have placed greater reliance on Comparable 4 as it is located along the main road similar to the Subject Property as compared to other Comparable(s). Thus, we have adopted the adjusted value of **RM11.95 per square foot** (for Lot 35856) from Comparable 4 as fair presentation after having made the necessary adjustments.

Having regard to the foregoing, we have adopted the value of **RM5,300,000** which is analysed to be **RM11.99** per square foot in our Valuation as a fair representation.

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Knight Frank

7.0 V/COR/19/0118(I) - KAMPAR

7.1 IDENTIFICATION OF PROPERTY

Project / Scheme

Kampar, Perak Darul Ridzuan.

Legal Description

Lot Nos. 19040, 7060, 39304, 39305, 39306, 39307 and 39309 held under Title Nos. Geran 126550, Geran 126553, Geran 124519, Geran 124522, Geran 124524, Geran 124525 and Geran 124531 respectively, all located within Mukim and District of Kampar, Perak Darul Ridzuan.

Locality

Located along Federal Route 1, and broadly bounded by Hutan Lipur Sungai Salu to its immediate east. Geographically, the Ipoh town centre and Kampar town centre are located approximately 30 kilometres and 4 kilometres due north-west and south-east of the Subject Property respectively.

Type of Property

Seven (7) contiguous parcels of agricultural land with potential for mixed use.

Tenure

Interest in perpetuity; in respect of all titles.

Registered Proprietor

Blossom Eastland Sdn Bhd; in respect of all titles.

Title Land Area

The following table outlines the title particulars of the Subject Property.

Lot No.	Title No.	Land Area (hectares)	Land Area (acres)	Land Area (square metres)
19040	Geran 126550	2.8834	7.1250	28,834.00
7060	Geran 126553	1.8464	4.5626	18,464.00
39304	Geran 124519	1.6314	4.0313	16,314.00
39305	Geran 124522	1.0522	2.6000	10,522.00
39306	Geran 124524	1.5884	3.9250	15,884.00
39307	Geran 124525	1.1938	2.9499	11,938.00
39309	Geran 124531	1.1205	2.7688	11,205.00
Total		**11.3161**	**27.9626**	**113,161**

Category of Land Use

"Pertanian"; in respect of all titles.

Planning

The Subject Property are located within an area designated for agricultural use as expressly stipulated in the title documents.

Knight Frank

7.1 IDENTIFICATION OF PROPERTY (CONT'D)

Planning (Cont'd)

Pursuant to the Rancangan Tempatan Daerah Kampar 2030 gazetted on 2nd May 2016 and our verbal enquiries with the Planning Department of Kampar District Council on 17th January 2020 revealed that the Subject Property are located within an area zoned for mixed use. The zoning of the Subject Property are as follows: -

- Zoned for agricultural use; in respect of Lot Nos. 19040 and 7060.
- Zoned for commercial use; in respect of Lot Nos. 39304, 39305, 39306 and 39307.
- Zoned for residential use; in respect of Lot No. 39309.

7.2 MARKET VALUE

Valuation Methodology

In arriving at our opinion of the Market Value of the Subject Property, we have adopted the **Comparison Approach** as the only preferred method of valuation.

Market Value

RM13,000,000.

Comparison Approach

In view of limited recorded transactions of identical property in the immediate locality, we have resorted to adopt the selected Comparable(s) in our assessment by Comparison Approach; as it is merely impossible to identify exactly alike properties to referred to, hence appropriate adjustments are made to reflect the differences of the Comparable(s) and the property being valued.

	Sales Comparison and Analysis of Vacant Agricultural Land		
	Comparable 1	Comparable 2	Comparable 3
Identification	Lot No. PT 13512 held under Title No. HSD 14321, Mukim Teja, District of Kampar, Perak Darul Ridzuan	Lot No. 303034 held under Title No. GRN 129013, Mukim Teja, District of Kampar, Perak Darul Ridzuan	Lot No. 45151 held under Title No. GRN 124803, Mukim and District of Kampar, Perak Darul Ridzuan
Location	Located within the vicinity of Taman Kinta Baru, Gopeng, Perak Darul Ridzuan	Located approximately 100 metres off the main access road Jalan Kota Bahru in Gopeng, Perak Darul Ridzuan	Located approximately 900 metres off the main access road Federal Route 1 within the vicinity of Kampung Gunung Panjang , Perak Darul Ridzuan
Property Type	A parcel of residential land	A parcel of industrial land	A parcel of industrial land
Land Area	418,119 square feet	52,883 square feet	274,695 square feet
Tenure	Leasehold interest for a term of 99 years, expiring on 13th March 2115	Interest in perpetuity	Interest in perpetuity
Zoning / Planning	Zoned for residential use.	Zoned for residential use	Zoned for industrial use
Consideration	13th November 2018	6th April 2018	20th October 2017
Date	RM4,100,000	RM600,000	RM2,100,000

Knight Frank

7.2 MARKET VALUE (CONT'D)

	Comparable 1	Comparable 2	Comparable 3
Analysis	RM9.81 per square foot	RM11.35 per square foot	RM7.64 per square foot
Vendor	Reality Radikal Sdn Bhd	Wan Sheng Pottery Sdn Bhd	Teh Khoon Chuan Trading Co Sdn Bhd
Purchaser	Max Gateway Sdn Bhd	Wan Li Pottery Sdn Bhd	Compact Energy Sdn Bhd
Source	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)		
Adjustments	General adjustments are made for prevailing market condition / time, location / establishment, accessibility / infrastructure, tenure, land shape, terrain / level, land size, exposure / frontage, category of land use and zoning / planning		
Adjusted Value	RM10.81 per square foot	RM11.32 per square foot	RM9.25 per square foot

Valuation Rational

Based on our analysis of the data obtained from the sources listed herein before, we note that there were several recorded transactions of residential and industrial land within the immediate and larger locality of the Subject Property (ranged from **RM7.64 per square foot to RM11.35 per square foot** depending on location / establishment, accessibility / infrastructure, land shape, terrain / level, land size and etc).

Although total adjustments (up to 90% on selected Comparables) were considered and made for in our assessment, we are of the view that the selected Comparable(s) adopted are still considered relevant by virtue of the fact that all of the selected Comparable(s) are considered to have the closest land attributes (in terms of location / establishment, accessibility / infrastructure, terrain / level, land size, exposure / frontage, category of land use and zoning / planning) as compared to the Subject Property.

Due to the limited availability of similar development land transactions in the vicinity (with road frontage in a prime location), we have compared the Subject Property with the other land sale evidences with similar features and location and taken into account for additional differences in terms of land size, tenure and category of land use; to name a few. We further note that the Subject Property is seven (7) contiguous parcels of development land with single ownership (Blossom Eastland Sdn Bhd); located in a prime location and fronting along the main road (Federal Route 1) within an area with existing development such as the former Giant Hypermarket and matured residential neighbourhoods (next to Giant Hypermarket along the main road). Since the Subject Property consists of 7 contiguous parcels of mixed-use development land, we have valued them as a whole.

If we were to apportion / breakdown or value the 7 plots individually, the road frontage lots zoned commercial and residential will have the highest values followed by the internal two agri plots with the lowest values, however in the end, the average values when analysed as a whole should or will be similar to our valuation figure when valued as a whole.

Prevised to the above, we have placed greater reliance on Comparable 1 as it has bigger land size, better accessibility / infrastructure and exposure / frontage as compared to other Comparable(s). Thus, we have adopted the adjusted values of **RM10.81 per square foot** (for Lot No.PT 13512) from Comparable 1 as fair presentation after having made the necessary adjustments.

Having regard to the foregoing, we have adopted the value of **RM13,000,000** which is analysed to be **RM10.67 per square foot** in our Valuation as a fair representation.

Knight Frank

8.0 V/COR/19/0118(J) – TELUK RUBIAH

8.1 IDENTIFICATION OF PROPERTY

Project / Scheme Teluk Rubiah, Sitiawan, Perak Darul Ridzuan.

Legal Description Lot Nos. 2552 and 2553 held under Title Nos. GM 2384 and GM 2385 respectively, both located within Locality of Pundut, Mukim Lumut, District of Manjung, Perak Darul Ridzuan.

Locality Located approximately 100 metres off the unnamed metalled road, north-west of Jalan Semarak Api within the vicinity of Teluk Rubiah, Perak Darul Ridzuan. Geographically, the Sitiawan town centre is located approximately 8 kilometres due north-east of the Subject Property.

Type of Property Two (2) parcels of agricultural land with potential for residential use.

Tenure Interest in perpetuity; in respect of both titles.

Registered Proprietor Blossom Eastland Sdn Bhd; in respect of both titles.

Title Land Area

Lot No.	Title No.	Title Land Area (hectares)	Title Land Area (acres)	Title Land Area (square metres)
2552	GM 2384	1.8135	4.481	18,135.00
2553	GM 2385	1.9450	4.806	19,450.00
Total		3.7585	9.287	37,585.00

Category of Land Use "Pertanian"; in respect of both titles.

Planning The Subject Property are located within an area designated for agriculture use as expressly stipulated in the title document.

Pursuant to the Rancangan Tempatan Daerah Manjung 2030 issued by Manjung Municipal Council and our verbal enquiries with the Planning Department of Manjung Municipal Council on 16th December 2019 revealed that Subject Property are located within an area zoned for residential use with a medium to high density of 60 to 150 units per hectare for stratified housing developments and 24 to 60 units per acre for non-stratified housing developments.

8.2 MARKET VALUE

Valuation Methodology In arriving at our opinion of the Market Value of the Subject Property, we have adopted the **Comparison Approach** as the only preferred method of valuation.

Market Value RM2,300,000.

Knight Frank

8.2 MARKET VALUE (CONT'D)

Comparison Approach

In view of limited recorded transactions of identical property in the immediate locality, we have resorted to adopt the selected Comparable(s) in our assessment by Comparison Approach; as it is merely impossible to identify exactly alike properties to referred to, hence appropriate adjustments are made to reflect the differences of the Comparable(s) and the property being valued.

Sales Comparison and Analysis of Vacant Agricultural Land	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Identification	Lot 54303 held under Title No. GM 14032, Mukim Sitiawan, District of Manjung, Perak Darul Ridzuan	Lot 5138 held under Title No. GRN 81212, Mukim Lumut, District of Manjung, Perak Darul Ridzuan	Lot PT 6539 held under Title No. HSM 7694, Locality of Batu Ampat, Mukim Sitiawan, District of Manjung, Perak Darul Ridzuan	Lot 35856 held under Title No. GRN 124068, Locality and Mukim of Sitiawan, District of Manjung, Perak Darul Ridzuan
Location	Located approximately 800 metres off the main access road Jalan Changkat Jering – Sri Manjung – Kampung Koh; within the vicinity of Kampung China in Sitiawan, Perak Darul Ridzuan	Located approximately 500 metres off the main road of Jalan Iskandar Shah within the vicinity of Taman Melati in Sitiawan, Perak Darul Ridzuan	Located approximately 600 kilometres off the unnamed road connected from Jalan Menon to Jalan Pekan Gurney (Route A125) travelling from Taman Sepakat towards Taman Seri Selamat; within the locality near to Taman Sepakat in Sitiawan, Perak Darul Ridzuan	Located along Federal Route 5 within the locality near to Taman Keris in Sitiawan, Perak Darul Ridzuan
Tenure	Interest in perpetuity			
Property Type	A parcel of agricultural land			
Land Area (sq ft)	62,786 sq ft	129,092 sq ft	73,916 sq ft	253,705 sq ft
Consideration	RM800,000	RM1,392,000	RM1,000,000.	RM2,886,862
Date	25th February 2019	26th December 2018	16th August 2018	2nd July 2018
Vendor	Lim Sing Ting	Chew Soon Fatt and Chew Soon Kui ("Pemegang Amanah")	Ngoo Hoow Pie @ Ngo Hong Ngan	Tan Kiow and Teow He Gek (½ share each)
Purchaser	Wong Ong Hua	Ting Kwong Keong and Hartanahatur (M) Sdn Bhd (½ share each)	Jihadi Bina Sdn Bhd	Taraf Pancar Sdn Bhd.
Source	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)			
Analysis	RM12.74 per square foot	RM10.78 per square foot	RM13.53 per square foot	RM11.38 per square foot
Remarks	Located very close proximity to the transmission line	-	-	-

Knight Frank

8.2 MARKET VALUE (CONT'D)

	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Adjustments	General adjustments are made for prevailing market condition / time, location / establishment, accessibility / infrastructure, tenure, shape, terrain / level, land size, exposure / frontage, lot configuration, category of land use, zoning, plot ratio / density, development order and adverse feature			
Adjusted Value	RM5.73 per square foot	RM5.66 per square foot	RM5.68 per square foot	RM5.97 per square foot

Valuation Rationale

Based on our analysis of the data obtained from the sources listed herein before, we note that there were several recorded transactions of agricultural land within the immediate and larger locality of the Subject Property (ranged from **RM10.78 per square foot** to **RM13.53 per square foot** depending on location / establishment, availability of accessibility / infrastructure, land shape, tenure, terrain / level, land size, plot ratio / density and etc).

Although total adjustments (up to 65% on selected Comparables) were considered and made for in our assessment, we are of the view that the selected Comparable(s) adopted are still considered relevant by virtue of the fact that all of the selected Comparable(s) are considered to have the closest land attributes (in terms of location / establishment, accessibility / infrastructure, land shape, tenure, category of land use and lot configuration) as compared to the Subject Property.

With total effective adjustments made for all Comparable(s) (ranged between 50% to 60%); we have placed greater reliance on Comparable 1 as it has similar characteristic being the closest to the Subject Property as compared to other Comparable(s). Thus, we have adopted the adjusted value of **RM5.73 per square foot** (for Lot 54303) from Comparable 1 as fair presentation after having made the necessary adjustments.

Having regard to the foregoing, we have adopted the value of **RM2,300,000** which is analysed to be **RM5.69 per square foot** in our Valuation as a fair representation.

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Knight Frank

9.0 V/COR/19/0118(K) – TAMAN DESA 2

9.1 IDENTIFICATION OF PROPERTY

Project / Scheme
Taman Desa 2, Simpang Dua, Sitiawan, Perak Darul Ridzuan.

Legal Description
Lot Nos. 70969, 70970 and 70971 held under Title Nos. Geran 171124,171125 and 171126 respectively, all located within Mukim Sitiawan, District of Manjung, Perak Darul Ridzuan.

Locality
Located along Jalan Desa 2/1; which is sited off the south-eastern (right) side of the Jalan Lumut (Federal Route 5), travelling from Sitiawan to Ayer Tawar. Geographically, the Sitiawan town centre and Ayer Tawar town centre are located approximately 3.5 kilometres due north-west and 11.5 kilometres due north-east of the Subject Property respectively. At the date of our site inspection, we noted that there is a cemetery within walking distance due east of the Subject Property.

Type of Property
Three (3) unsold units of double-storey intermediate terraced shop-offices.

Address
Nos. 91, 92 and 93, Jalan Desa 2/1, Taman Desa 2, Simpang Dua, 32000 Sitiawan, Perak Darul Ridzuan.

Tenure
Interest in perpetuity; in respect of all titles.

Registered Proprietor
Blossom Eastland Sdn Bhd; in respect of all titles.

Surveyed Land Area

No.	Lot No.	Surveyed Land Area	
		Square Metres	Square Feet
91	70969	156	1,679
92	70970	154	1,658
93	70971	165	1,776
	Total	475	5,113

Approximate Gross Floor Area

No.	Lot No.	Gross Floor Area	
		Square Metres	Square Feet
91	70969	229.58	2,472
92	70970	237.93	2,561
93	70971	235.18	2,531
	Total	702.69	7,564

Category of Land Use
"Bangunan", in respect of all titles.

Occupancy Status
Lot 70970 (No. 92) and Lot 70971 (No. 93) and first floor of Lot 70969 (No. 91) are currently unoccupied, except for Ground Floor of Lot 70969 (No. 91) which is currently tenanted to Sitiawan Bolts and Nuts Hardware for a period of 3 years, commencing from 1st April 2017 to 31st March 2020 at a total monthly rental of RM2,000 (rental of Ground Floor of No. 89, 90 and 91) subject to term and conditions stated therein.

Knight Frank

9.1 IDENTIFICATION OF PROPERTY (CONT'D)

Age of Building About 2 to 3 years from the issuance date of the Certificate of Completion and Compliance dated 20th March 2017.

Planning The Subject Property has been issued with a Certificate of Completion and Compliance.

9.2 MARKET VALUE

Valuation Methodology In arriving at our opinion of the Market Value of the Subject Property, we have adopted the **Comparison Approach** and **Cost Approach** .

Market Value RM910,000.

Comparison Approach In view of limited recorded transactions of identical property in the immediate locality, we have resorted to adopt the selected Comparable(s) in our assessment by Comparison Approach; as it is merely impossible to identify exactly alike properties to referred to, hence appropriate adjustments are made to reflect the differences of the Comparable(s) and the property being valued.

Sales Comparison and Analysis of Terraced Shop-office	Comparable 1	Comparable 2	Comparable 3
Legal Description	Lot No. 73222 held under Title No. Geran 168246, Mukim of Sitiawan, District of Manjung, Perak Darul Ridzuan	Lot No. 17174 held under Title No. Geran 31700, Mukim of Sitiawan, District of Manjung, Perak Darul Ridzuan	Lot No. 70966 held under Title No. Geran 171121, Mukim of Sitiawan, District of Manjung, Perak Darul Ridzuan
Postal Address	73222, Jalan Jati Permai 2, Taman Jati Permai, 32000 Sitiawan, Perak Darul Ridzuan	No. 2, Jalan Kim Joo, Taman Kim Joo, 32000 Sitiawan Perak Darul Ridzuan	No. 88, Jalan Desa 2/1, Taman Desa Stiawan, 32000 Sitiawan, Perak Darul Ridzuan
Location	Taman Jati Permai	Taman Kim Joo	Taman Desa Sitiawan
Property Type	Double-storey intermediate terraced shop office	Double-storey intermediate terraced shop office	Three (3)-storey corner terraced shop office
Tenure	Interest in perpetuity	Interest in perpetuity	Interest in perpetuity
Land Area	1,765 square feet	1,600 square feet	1,302 square feet
Build Up Area	3,343 square feet	2,703 square feet	3,154 square feet
Consideration	RM500,000	RM450,000	RM360,000.
Date	22nd August 2019	17th April 2019.	25th October 2018
Source	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)		
Vendor	Kuo Ah Moy	Che Kee Ming @ Shiu Kee Ming +1	Tang Taik King @ Tan Tack King
Purchaser	Marvice Property Sdn Bhd	Tan Kim Peng	Jihadi H.K. City Construction Sdn Bhd.Bina Sdn Bhd
RM psf / Build Up Area	RM149.57 per square foot	RM166.48 per square foot	RM114.14 per square foot

Knight Frank

9.2 MARKET VALUE (CONT'D)

	Comparison Approach		
Adjustments	General adjustments are made for prevailing market condition, location / establishment, lot configuration, property type, shape, build up area, tenure, building condition / improvements and others		
Adjusted Value	RM119.66 per square foot	RM116.54 per square foot	RM119.85 per square foot
	Cost Approach (As a check, we have used the Cost Approach as defined herein before)		
Adjustments	General adjustments are made for prevailing market condition, location / establishment, lot configuration, property type, shape, build up area, tenure and others		
Adjusted Land Value	RM78.97 per square foot	RM90.48 per square foot	RM65.06 per square foot

Valuation Rationale

Based on our analysis of the data obtained from the sources listed herein before, we note that there were several recorded transactions of terraced shop offices within the immediate and larger locality of the Subject Property (ranged from **RM114.14 per square foot to RM166.48 per square foot over build up area** depending on prevailing market condition, location / establishment, lot configuration, property type, shape, build up area tenure, building condition / improvements and others).

Although total adjustments (up to 40% on selected Comparables) were considered and made for in our assessment, we are of the view that the selected Comparable(s) adopted are still considered relevant by virtue of the fact that all of the selected Comparable(s) are considered to have the closes attributes (in terms of shape, tenure and building condition / improvements) as compared to the Subject Property.

With total effective adjustments made for all Comparable(s) (ranged between 0% to 30%); we have placed greater reliance on Comparable 3 as it has the least dissimilarities in terms of attributes (save and except for lot configuration, property type and build up area). Thus, we have adopted the adjusted values of **RM119.85 per square foot** over build up area from Comparable 3 as fair presentation after having made the necessary adjustments.

There is no record of individual terraced plot transactions within the immediate scheme and vicinity therefore we have used the same comparables (completed properties) in our Comparison Approach and Cost Approach (check method). We have not considered the Income approach because there is limited rental data / market for such landed properties.

The only difference in between the two approaches is the way of analysis of the comparables; Comparision Approach utilizing analysis on overall value per sq ft basis and thereafter adjusting for differences whilst Cost Approach utilizing a breakdown of improved land and depreciated building values and thereafter adopting the adjusted improved land values to the land area of the Subject Properties and adding up their respective building values.

Cost Approach contains the summation of improved land value and building value. An improved land value is arrived at by adopting the similar comparables in Comparison Approach subtracting the building value. The building value is arrived at by Depreciated Replacement Cost Approach whereby an estimate is made of the replacement cost new and then allowing for depreciation. From the adjusted land values, we note that the values derived range between **RM65.06 per square foot to RM90.48 per square foot**. We have placed greater reliance on Comparable 3 as it has the least dissimilarities in terms of attributes and adopted the adjusted land value of **RM65.06 per square foot** from Comparable 3 as fair presentation after having made the necessary adjustments.

9.2 MARKET VALUE (CONT'D)

A summary of parameters adopted in the Cost Approach is scheduled as follow:-

Comparable's Depreciated Building Value (RM psf)	Improved Land Value (RM psf)	*Replacement Cost New (RM psf)	Depreciation (%)	Depreciated Building Value (RM psf)
RM90 psf (based on annual depreciation rate of 2.0% per annum with 50 years building lifespan)	RM65.06 psf	RM95 psf	2.0% per annum (based on 50 years building lifespan)	RM90 psf

*Note: In arriving at the replacement cost new, we have made reference to the industry average costing as derived from analysis of other awarded contracts of similar development and the average building costs of similar type of properties published by JUBM and Arcadis Construction Cost Handbook Malaysia 2019.

Reconciliation of Values

Method of Valuation	Derivation of Values
Comparison Approach	RM910,000
Cost Approach	RM1,010,000

Taking into consideration that the Subject Property are shop-offices, we have adopted the Market Value derived from the Comparison Approach as a fair representation of the Subject Property supported by the Market Value derived from the Cost Approach.

In a valuation of a homogeneous real estate such as vacant lands and residential homes, the Comparison Approach is the most appropriate method of valuation as there are less adjustments and analysis on comparables. **Therefore, we have considered the Comparison Approach as the most reliable and appropriate approach in our final opinion of Market Value of the Subject Property.**

MOORE

Moore Stephens Associates PLT [LLP0000963-LCA]

Chartered Accountants [AF002096]
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Date: 22 June 2020

The Board of Directors
D.B.E. Gurney Resources Berhad
Plot 138, Kawasan Perindustrian,
Pelabuhan Lumut, Kg. Acheh,
32000 Setiawan, Perak, Malaysia.

Dear Sirs,

D.B.E. Gurney Resources Berhad ("DBE" or the "Company") and its subsidiaries ("DBE Group")

Report on the compilation of the pro forma consolidated statements of financial position for inclusion in the circular to the shareholders of DBE ("Circular") in connection with the:

(i) Proposed consolidation of every twenty-five (25) existing ordinary shares in DBE ("DBE Shares") into one (1) DBE Share ("Consolidated Share") held on an entitlement date to be determined later ("Entitlement Date") ("Proposed Share Consolidation");

(ii) Proposed acquisition of entire equity interest in Blossom Eastland Sdn Bhd ("Blossom"), for a purchase consideration of up to RM642,546,412 ("Proposed Blossom Acquisition") of which RM71,383,062 will be satisfied via issuance of 89,508,542 DBE Consolidated Shares at an issue price of RM0.7975 per DBE share and up to RM571,163,350 will be satisfied via the issuance of up to 716,192,288 redeemable convertible preference shares in DBE ("RCPS") ("Consideration RCPS") at an issue price of RM0.7975 per RCPS;

(iii) 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") which will be satisfied via cash;

(iv) 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") of which RM17,167,806 will be satisfied via cash and RM15,332,194 will be satisfied via the issuance of 19,225,322 DBE Consolidated Shares at an issue price of RM0.7975 per DBE share;

(The Proposed Blossom Acquisition, Proposed Rantau Acquisition and Proposed Yik Wang Acquisition are collectively referred to as the "Proposed Acquisitions")

In conjunction with the Proposed Acquisitions, DBE will settle related parties' loans and advances ("Settlement of Intercompany Balances") of Blossom, Rantau and Yik Wang of RM33,039,394 of which RM129,651 will be settled via cash and RM32,909,743 will be settled via the issuance of 41,266,137 DBE Consolidated Shares at an issue price of RM0.7975 per DBE share.

(v) Proposed exemption under Paragraph 4.08(1)(a) of the Rules on Take-Overs, Mergers and Compulsory Acquisitions ("Rules") to be sought by Lagenda Land Sdn Bhd ("Lagenda") and persons acting in concert with it ("PACs") from the obligation to undertake a mandatory take-over offer ("Mandatory Offer") to acquire all the DBE Shares and existing five year warrants (2017/2022) constituted by the deed poll dated 20 January 2017, expiring on 22 January 2022 ("Warrants B") not already owned by Lagenda and its PACs upon the completion of the Proposed Acquisitions ("Proposed Exemption");

(vi) Proposed amendments to the Constitution of the Company to facilitate the creation and issuance of the Consideration RCPS ("Proposed Amendments"); and

(vii) Proposed private placement of up to 135,000,000 new Consolidated Shares ("Placement Shares") at an issue price to be determined and to placee(s) to be identified at a later stage ("Proposed Private Placement").

(The Proposed Share Consolidation, Proposed Acquisitions, Proposed Exemption, Proposed Amendments and Proposed Private Placement are collectively referred to as the "Proposals")

We have completed our assurance engagement to report on the compilation of the pro forma consolidated statements of financial position of DBE Group as at 31 December 2019 ("Pro Forma Consolidated Statements of Financial Position") and the related notes as attached to this report in Appendix A, which have been stamped by us for identification purposes. The applicable criteria on the basis of which the Board of Directors of the Company ("the Directors") has compiled the Pro Forma Consolidated Statements of Financial Position are described in the notes of Appendix A.

The Pro Forma Consolidated Statements of Financial Position have been compiled by the Directors for inclusion in the Circular solely to illustrate the impact of the Proposals on DBE Group's consolidated statements of financial position as at 31 December 2019. As part of this process, information about DBE Group's consolidated statements of financial position has been extracted by the Directors from the Company's audited consolidated financial statements for the financial year ended 31 December 2019, on which an audit report has been issued.

The Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position

The Directors are responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis described in the notes of Appendix A.

Reporting Accountants' Independence and Quality Control

We have complied with the independence and other ethical requirement of the *By-Laws on Professional Ethics, Conduct and Practice* issued by the Malaysian Institute of Accountants and the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies *International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* issued by the International Auditing and Assurance Standards Board and accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion about whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, by the Directors on the basis described in the notes of Appendix A.

We conducted our engagement in accordance with International Standard on Assurance Engagement (ISAE) 3420, *"Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus"*, issued by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis described in the notes of Appendix A.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position.

The purpose of the Pro Forma Consolidated Statements of Financial Position included in the Circular is solely to illustrate the impact of significant events or transactions on unadjusted financial information of DBE Group as if the events has occurred or the transactions had been undertaken at an earlier date selected for purposes of illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Consolidated Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of DBE Group, the events or transactions in respect of which the Pro Forma Consolidated Statements of Financial Position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

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

MOORE

Opinion

In our opinion,

i) the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis stated in the notes of Appendix A; and

ii) each material adjustment made to the information used in the preparation of the Pro Forma Consolidated Statements of Financial Position are appropriate for the purpose of preparing such Pro Forma Consolidated Statements of Financial Position.

Other Matter

This report is issued for the sole purpose of inclusion in the Circular in connection with the Proposals and should not be used or relied upon for any other purposes. We accept no duty of responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this report in connection with any type of transaction other than the Proposals.

Moore Stephens

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

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

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

Pro Forma Consolidated Statements of Financial Position and the notes thereon

The pro forma consolidated statements of financial position of D.B.E. Gurney Resources Berhad ("DBE" or "the Company") and its subsidiaries ("DBE Group") as at 31 December 2019 ("Pro Forma Consolidated Statements of Financial Position") as set out below has been prepared for illustrative purposes only and to show the effects of the events or transactions referred to in the notes on the basis it has been effected on 31 December 2019, and should be read in conjunction with the notes accompanying the Pro Forma Consolidated Statements of Financial Position.

	Note	Audited 31 December 2019 RM	*Pro Forma I* Subsequent event RM	*Pro Forma II* After Pro Forma I and Proposed Share Consolidation RM	*Pro Forma III* After Pro Forma II and Proposed Acquisitions RM	*Pro Forma IV* After Pro Forma III and Proposed Private Placement RM	*Pro Forma V* After Pro Forma IV and full conversion of Consideration RCPS RM
ASSETS							
Non-current assets							
Property, plant and equipment		4	4	4	11,695,292	11,695,292	11,695,292
Investment properties		-	-	-	5,012,842	5,012,842	5,012,842
Goodwill	4.1	-	-	-	101,032,034	101,032,034	101,032,034
Investment in associates		9,800,000	9,800,000	9,800,000	9,800,000	9,800,000	9,800,000
Inventories	4.2	-	-	-	117,052,866	117,052,866	117,052,866
Right-of-use assets		-	-	-	621,751	621,751	621,751
Amount due from an associate		17,598,217	17,598,217	17,598,217	17,598,217	17,598,217	17,598,217
		27,398,221	27,398,221	27,398,221	262,813,002	262,813,002	262,813,002

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

Pro Forma Consolidated Statements of Financial Position and the notes thereon

	Note	Audited 31 December 2019 RM	*Pro Forma I* Subsequent event RM	*Pro Forma II* After Pro Forma I and Proposed Share Consolidation RM	*Pro Forma III* After Pro Forma II and Proposed Acquisitions RM	*Pro Forma IV* After Pro Forma III and Proposed Private Placement RM	*Pro Forma V* After Pro Forma IV and full conversion of Consideration RCPS RM
Current assets							
Inventories	4.2	40,007,764	40,007,764	40,007,764	255,760,713	255,760,713	255,760,713
Trade receivables		10,406,787	10,406,787	10,406,787	285,286,477	285,286,477	285,286,477
Other receivables	4.3	10,223,485	10,223,485	10,223,485	108,743,580	108,743,580	108,743,580
Contract assets		31,473,897	31,473,897	31,473,897	169,757,394	169,757,394	169,757,394
Tax recoverable		-	-	-	1,752,522	1,752,522	1,752,522
Fixed deposits with licensed banks		8,013,217	8,013,217	8,013,217	14,294,096	14,294,096	14,294,096
Cash and bank balances	4.4	1,843,391	6,136,391	6,136,391	75,788,883	164,288,883	164,288,883
		101,968,541	106,261,541	106,261,541	911,383,665	999,883,665	999,883,665
TOTAL ASSETS		129,366,762	133,659,762	133,659,762	1,174,196,667	1,262,696,667	1,262,696,667

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

Pro Forma Consolidated Statements of Financial Position and the notes thereon

	Note	Audited 31 December 2019 RM	*Pro Forma I* Subsequent event RM	*Pro Forma II* After Pro Forma I and Proposed Share Consolidation RM	*Pro Forma III* After Pro Forma II and Proposed Acquisitions RM	*Pro Forma IV* After Pro Forma III and Proposed Private Placement RM	*Pro Forma V* After Pro Forma IV and full conversion of Consideration RCPS RM
EQUITY AND LIABILITIES							
Equity							
Share capital	4.5	56,842,332	61,135,332	61,135,332	180,760,331	288,760,331	790,094,932
Retained earnings	4.6	6,034,682	6,034,682	6,034,682	254,895,441	253,395,441	253,395,441
Redeemable Convertible Preference Shares ("RCPS")	4.7	-	-	-	380,369,724	380,369,724	-
Reverse acquisition reserve	4.8	-	-	-	(502,681,299)	(502,681,299)	(502,681,299)
Equity attributable to Owners of the Company		62,877,014	67,170,014	67,170,014	313,344,197	419,844,197	540,809,074
Non-controlling interests		-	-	-	9,718,477	9,718,477	9,718,477
Total equity		62,877,014	67,170,014	67,170,014	323,062,674	429,562,674	550,527,551
Non-current liabilities							
RCPS	4.7	-	-	-	120,964,877	120,964,877	-
Trade payables		-	-	-	25,155,347	25,155,347	25,155,347
Borrowings	4.9	-	-	-	237,939,737	219,939,737	219,939,737
Deferred tax liabilities		-	-	-	368,081	368,081	368,081
Lease liabilities		-	-	-	488,413	488,413	488,413
Deferred consideration	4.10	-	-	-	13,149,982	13,149,982	13,149,982
		-	-	-	398,066,437	380,066,437	259,101,560

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

Pro Forma Consolidated Statements of Financial Position and the notes thereon

	Note	Audited 31 December 2019 RM	*Pro Forma I* Subsequent event RM	*Pro Forma II* After Pro Forma I and Proposed Share Consolidation RM	*Pro Forma III* After Pro Forma II and Proposed Acquisitions RM	*Pro Forma IV* After Pro Forma III and Proposed Private Placement RM	*Pro Forma V* After Pro Forma IV and full conversion of Consideration RCPS RM
Current liabilities							
Trade payables		32,283,952	32,283,952	32,283,952	235,731,022	235,731,022	235,731,022
Other payables	4.11	32,037,304	32,037,304	32,037,304	155,896,063	155,896,063	155,896,063
Amount due to Directors	4.12	-	-	-	-	-	-
Borrowings	4.9	-	-	-	41,505,058	41,505,058	41,505,058
Contract liabilities		-	-	-	4,437,140	4,437,140	4,437,140
Tax liabilities		2,168,492	2,168,492	2,168,492	15,321,561	15,321,561	15,321,561
Lease liabilities		-	-	-	176,712	176,712	176,712
		66,489,748	66,489,748	66,489,748	453,067,556	453,067,556	453,067,556
Total liabilities		66,489,748	66,489,748	66,489,748	851,133,993	833,133,993	712,169,116
TOTAL EQUITY AND LIABILITIES		129,366,762	133,659,762	133,659,762	1,174,196,667	1,262,696,667	1,262,696,667
Number of shares in issue		2,678,229,306	2,837,229,306	113,489,172	263,489,171	398,489,171	1,114,681,459
Net assets per share (RM)		0.02	0.02	0.59	1.19	1.05	0.49
Net borrowings (interest-bearing)*		-	-	-	189,361,816	82,861,816	82,861,816
Net gearing (times)^		-	-	-	0.60	0.20	0.15

* *Net borrowings represents total borrowings minus cash and bank balances and fixed deposits with licensed banks*

^ *Net gearing represents net borrowings over total equity attributable to Owners of the Company*

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1. Introduction

The pro forma consolidated statements of financial position of D.B.E. Gurney Resources Berhad ("DBE" or the "Company") and its subsidiaries ("DBE Group") as at 31 December 2019 ("DBE Group Pro Forma Consolidated Statements of Financial Position") have been prepared for inclusion in the Company's circular to shareholders to be dated 22 June 2020 ("Circular") in connection with the following:

(i) Proposed consolidation of every twenty-five (25) existing ordinary shares in DBE into one (1) DBE Share ("Consolidated Share") held on an entitlement date to be determined later ("Entitlement Date") ("Proposed Share Consolidation");

(ii) Proposed acquisition of entire equity interest in Blossom Eastland Sdn Bhd ("Blossom"), for a purchase consideration of up to RM642,546,412 ("Proposed Blossom Acquisition") of which RM71,383,062 will be satisfied via issuance of 89,508,542 DBE Consolidated Shares at an issue price of RM0.7975 per DBE share and RM571,163,350 will be satisfied via the issuance of up to 716,192,288 redeemable convertible preference shares in DBE ("Consideration RCPS") at an issue price of RM0.7975 per RCPS;

(iii) 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") which will be satisfied via cash; and

(iv) 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") of which RM17,167,806 will be satisfied via cash and RM15,332,194 will be satisfied via the issuance of 19,225,322 DBE Consolidated Shares at an issue price of RM0.7975 per DBE share;

(The Proposed Blossom Acquisition, Proposed Rantau Acquisition and Proposed Yik Wang Acquisition are collectively referred to as the "Proposed Acquisitions")

In conjunction with the Proposed Acquisitions, DBE will settle related parties' loans and advances ("Settlement of Intercompany Balances") of Blossom, Rantau and Yik Wang of RM33,039,394 of which RM129,651 will be settled via cash and RM32,909,743 will be settled via the issuance of 41,266,137 DBE Consolidated Shares at an issue price of RM0.7975 per DBE share.

(v) Proposed exemption under Paragraph 4.08(1)(a) of the Rules of Take-Overs, Mergers and Compulsory Acquisitions ("Rules") to be sought by Lagenda Land Sdn Bhd ("Lagenda") and persons acting in concert with it ("PACs") from the obligation to undertake a mandatory take-over offer ("Mandatory Offer") to acquire all the remaining ordinary shares in DBE ("DBE Shares") and existing five year warrants (2017/2022) constituted by the deed poll dated 20 January 2017, expiring on 22 January 2022 ("Warrants B") not already owned by Lagenda and its PACs upon the completion of the Proposed Acquisitions ("Proposed Exemption");

(vi) Proposed amendments to the Constitution of the Company to facilitate the creation and issuance of the Consideration RCPS ("Proposed Amendments"); and

(vii) Proposed private placement of up to 135 million new Consolidated Shares ("Placement Shares") at an issue price to be determined and to placee(s) to be identified at a later stage ("Proposed Private Placement").

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1. Introduction (cont'd)

(The Proposed Share Consolidation, Proposed Acquisitions, Proposed Exemption, Proposed Amendments and Proposed Private Placement are collectively referred to as the "Proposals")

2. Basis of Preparation

The DBE Group Pro Forma Consolidated Statements of Financial Position have been compiled based on the audited financial statements of DBE Group, Blossom, Rantau and Yik Wang for the financial year ended 31 December 2019, which had been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS"). The DBE Group Pro Forma Consolidated Statements of Financial Position do not include effects of the adoption of MFRS issued by the Malaysian Accounting Standards Board which are effective for the annual period beginning on or after 1 January 2020.

The accounting policies, basis and assumptions used in the preparation of the DBE Group Pro Forma Consolidated Statements of Financial Position are consistent with those adopted by DBE Group in the preparation of their audited financial statements for the financial year ended 31 December 2019, and included the application of reverse acquisition accounting method and direct acquisition method respectively.

MFRS 3 – Business Combinations applies to an acquisition whereby an acquirer shall be identified for all business combinations and the acquirer is defined as the entity that obtains control of the combining entities or businesses.

(i) Proposed Blossom Acquisition

A reverse acquisition occurs when the entity that issues securities is identified as the acquiree for accounting purposes. The entity whose equity interests are acquired is in accordance with *MFRS 3 – Business Combinations*, the acquirer for accounting purposes for the transaction to be considered as a reverse acquisition.

The Proposed Blossom Acquisition is accounted for using reverse acquisition method. In the Proposed Blossom Acquisition, Blossom Group is regarded as the accounting acquirer and DBE Group is regarded as the accounting acquiree and the consolidation is prepared using reverse acquisition accounting method. Hence, DBE Group's consolidated statements of financial position as presented in Pro Forma III represents a continuation of the financial position of Blossom Group, except for the equity structure (i.e. the number and type of equity instruments issued) appearing in the consolidated financial statements which reflects the equity structure of DBE, including the equity instruments issued by DBE to effect the acquisitions.

Under reverse acquisition accounting method, the identifiable assets and liabilities of DBE Group from an accounting perspective were measured and accounted for in DBE Group Pro Forma Consolidated Statements of Financial Position based on their carrying values as at 31 December 2019 other than those disclosed in Note 4.2. The Board of Directors of Blossom will ascertain the fair values of the assets and liabilities of DBE Group at the date of completion of the Proposed Blossom Acquisition. Any adjustment to the fair values of the assets and liabilities of DBE Group may have a corresponding effect on the financial position of Blossom.

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2. **Basis of Preparation** (cont'd)

(ii) Proposed Rantau Acquisition and Proposed Yik Wang Acquisition

The Proposed Rantau Acquisition and Proposed Yik Wang Acquisition are accounted for using the direct acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value.

Any contingent consideration to be transferred by DBE 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.

The auditors' report of the audited financial statements of DBE Group, Blossom, Rantau and Yik Wang for the financial year ended 31 December 2019 were not subject to any qualification, modification or disclaimer of opinion.

The DBE Group Pro Forma Consolidated Statements of Financial Position of which the Board of Directors of DBE is solely responsible, have been prepared for illustrative purposes only, to show the effects on the audited consolidated statements of financial position of DBE Group had the events/transactions in Note 3 been effected on that date, and should be read in conjunction with the notes accompanying thereto.

3. **Pro Forma Adjustments to the Pro Forma Consolidated Statements of Financial Position**

3.1 Pro Forma I – Subsequent event

Pursuant to the private placement exercise as announced by the Company on 30 January 2020 ("Private Placement"), a placement of 159,000,000 new DBE shares at an issue price of RM0.027 each was completed on 18 February 2020.

In pursuant thereof, the Company's issued ordinary share capital was increased from RM56,842,332 to RM61,135,332.

The effects of the Private Placement are reflected in Pro Forma I.

3.2 Pro Forma II – Proposed Share Consolidation

Pro Forma II incorporates the effect of Pro Forma I and the effects of the Proposed Share Consolidation.

The Proposed Share Consolidation entails the consolidation of every twenty-five (25) existing DBE Shares held by DBE's shareholders, whose names appear in the Company's Record of Depositors at the close of business on the entitlement date, into one (1) Consolidated Share.

The number of issued share capital of DBE will be reduced from 2,837,229,306 shares to 113,489,172 Consolidated Shares.

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3. Pro Forma Adjustments to the Pro Forma Consolidated Statements of Financial Position (cont'd)

3.3 Pro Forma III – Proposed Acquisitions

Pro Forma III incorporates the effects of Pro Forma I, Pro Forma II and the effects of the Proposed Acquisitions.

3.3.1 Proposed Blossom Acquisition

On 26 February 2020, the Company had entered into conditional share sale agreement ("Blossom SSA") with Doh Properties Sdn. Bhd. ("Doh Properties") ("the Vendor") for the proposed acquisition of the entire equity interest in Blossom which will be satisfied with the following manner:

(i) RM71,383,062 via the issuance of 89,508,542 DBE Consolidated Shares ("Settlement Shares") at an issue price of RM0.7975 per DBE share to Lagenda Land Sdn Bhd ("Lagenda"); and

(ii) Up to RM571,163,350 via the issuance of up to 716,192,288 redeemable convertible preference shares in DBE ("RCPS") ("Consideration RCPS") at an issue price of RM0.7975 per RCPS to Lagenda.

Lagenda is a company nominated by the Vendor to receive the purchase consideration arising from the Proposed Blossom Acquisition and the Settlement Shares. Lagenda is a company controlled by Dato' Doh Jee Ming ("DDJM"), Dato' Doh Tee Leong ("DDTL") and Dato' Doh Jee Chai ("DDJC").

The issuance of up to 76,550,572 of Consideration RCPS will be allotted and issued on the completion date of Blossom SSA or upon the date of completion of the sale and purchase of the Phase 2, Phase 3A as well as the 4 plots of agricultural lands forming part of the Phase 1 of the lands located within Mukim Durian Sebatang, Perak, whichever is later ("Retention RCPS").

For the purpose of the preparation of the pro forma to effect the Proposed Acquisitions, the condition above is assumed to be met by Blossom and accordingly, the Company will issue Retention RCPS to Lagenda.

The Vendor of Blossom SSA and their related parties and persons connected with them have, prior to the date of the Blossom SSA, extended loans and advances to Blossom, which in aggregate amount to RM21,800,677 as at 31 December 2019. The Vendor and their related parties and persons connected with them have subsequently novated the said amount to Lagenda.

Pursuant to the terms of Blossom SSA, the Company shall settle and repay the said amount on behalf of Blossom via issuance of 27,336,272 Consolidated Shares at an issue price of RM0.7975 per Consolidated Share to Lagenda.

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3. Pro Forma Adjustments to the Pro Forma Consolidated Statements of Financial Position (cont'd)

3.3 Pro Forma III – Proposed Acquisitions (cont'd)

3.3.1 Proposed Blossom Acquisition (cont'd)

The identifiable assets and liabilities of DBE Group from an accounting perspective were measured and accounted for in DBE Group Pro Forma Consolidated Statements of Financial Position based on their carrying values as at 31 December 2019 other than those disclosed in Note 4.2. The Directors of Blossom will ascertain the fair values of the assets and liabilities of DBE Group at the completion of the Proposed Blossom Acquisition and is subject to finalisation of the purchase price allocation exercise which may vary from the amounts presented.

Details of the provisional fair value of assets and liabilities of DBE Group acquired are as follows:

	Note	RM
As per Pro Forma I		
Property, plant and equipment		4
Investment in associate		9,800,000
Amount due from an associate		17,598,217
Inventories	4.2	40,007,764
Trade receivables		10,406,787
Other receivables		10,223,485
Contract assets		31,473,897
Fixed deposits with licensed banks		8,013,217
Cash and bank balances	4.4	6,136,391
Trade payables		(32,283,952)
Other payables		(32,037,304)
Tax liabilities		(2,168,492)
Net asset acquired		67,170,014
Goodwill	4.1	10,998,344
Fair value adjustment on inventories	4.2	2,503,338
Fair value of effective purchase consideration transferred		80,671,696

3.3.2 Proposed Rantau Acquisition

On 26 February 2020, the Company had entered into conditional share sale agreement ("Rantau SSA") with DDJM, DDTL and DDJC ("the Rantau Vendors") for the acquisition of the entire equity interest in Rantau at RM148,269,909 which will be fully settled via cash ("Rantau Cash Consideration").

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D.B.E. GURNEY RESOURCES BERHAD

Appendix A

Pro Forma Consolidated Statements of Financial Position and the notes thereon

3. Pro Forma Adjustments to the Pro Forma Consolidated Statements of Financial Position (cont'd)

3.3 Pro Forma III – Proposed Acquisitions (cont'd)

3.3.2 Proposed Rantau Acquisition (cont'd)

The Vendors of Rantau SSA and their related parties and persons connected with them have, prior to the date of the Rantau SSA, extended loans and advances to Rantau, which in aggregate amount to RM11,109,067 as at 31 December 2019. The Rantau Vendor and their related parties and persons connected with them have subsequently novated the said amount to Lagenda.

Pursuant to the terms of Rantau SSA, the Company shall settle and repay the said amount on behalf of Rantau via issuance of 13,929,865 Consolidated Shares at an issue price of RM0.7975 per Consolidated Share to Lagenda.

The identifiable assets and liabilities of Rantau were measured and accounted for in DBE Group Pro Forma Consolidated Statements of Financial Position based on their carrying values as at 31 December 2019. The Directors will ascertain the fair values of the assets and liabilities of Rantau at the completion of the Proposed Rantau Acquisition and is subject to finalisation of the purchase price allocation exercise which may vary from the amounts presented.

Details of the provisional fair value of assets and liabilities of Rantau acquired are as follows:

	Note	RM
As at 31 December 2019		
Plant and equipment		150,400
Investment properties		3,573,900
Right-of-use assets		10,126
Trade receivables		103,548,884
Other receivables		50,987,800
Contract assets		25,198,551
Tax recoverable		842,320
Cash and bank balances	4.4	5,357,485
Borrowings		(1,868,734)
Deferred tax liabilities		(6,946)
Trade payables		(88,090,182)
Other payables		(27,840,115)
Contract liabilities		(706,748)
Lease liabilities		(10,538)
Net asset acquired		71,146,203
Goodwill	4.1	77,123,706
Fair value of effective purchase consideration transferred		148,269,909

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3. Pro Forma Adjustments to the Pro Forma Consolidated Statements of Financial Position (cont'd)

3.3 Pro Forma III – Proposed Acquisitions (cont'd)

3.3.3 Proposed Yik Wang Acquisition

On 26 February 2020, the Company had entered into conditional share sale agreement ("Yik Wang SSA") with DDJM, DDTL, DDJC, Dato' Doh Neng Chiong and Datin Lee Hong King ("the Yik Wang Vendors") for the acquisition of Yik Wang which will be satisfied with the following manner:

Tranche 1

(i) RM1,730,091 via cash; and
(ii) RM15,332,194 via issuance of 19,225,322 Consideration Shares at an issue price of RM0.7975 per Consideration Share to Lagenda.

Tranche 2

Pursuant to the Yik Wang SSA, the Yik Wang Vendors warrants and undertakes that Yik Wang shall achieve a cumulative profit after tax of RM10,000,000 in the next 2 financial years, i.e. for Financial Year Ended ("FYE") 31 December 2020 and FYE 31 December 2021 ("Profit Guarantee").

In the event Yik Wang achieved the Profit Guarantee, Tranche 2 of the Yik Wang Purchase Consideration of RM15,437,715 via cash which will be settled upon achieving the Profit Guarantee to Lagenda.

In the event that Yik Wang fails to achieve the Profit Guarantee, the Company shall discharge from its obligation to pay the vendor the Tranche 2 payment.

For the purpose of the preparation of the pro forma to effect the Proposed Yik Wang Acquisition, the condition is assumed to be met by Yik Wang of which the Company is liable for Tranche 2 payment. A discount rate of 8.35% has been factored in to derive the present value of RM13,149,982 of the deferred consideration of RM15,437,715 as shown in Note 4.10.

The Vendors of Yik Wang SSA and their related parties and persons connected with them have, prior to the date of the Yik Wang SSA, extended loans and advances to Yik Wang, which in aggregate amount to RM129,651 as at 31 December 2019. The Vendor and their related parties and persons connected with them have subsequently novated the said amount to Lagenda.

Pursuant to the terms of Yik Wang SSA, the Company shall settle and repay the said amount on behalf of Yik Wang via cash to Lagenda.

The identifiable assets and liabilities of Yik Wang were measured and accounted for in DBE Group Pro Forma Consolidated Statements of Financial Position based on their carrying values as at 31 December 2019. The Directors will ascertain the fair values of the assets and liabilities of Yik Wang at the completion of the Proposed Yik Wang Acquisition and is subject to finalisation of the purchase price allocation exercise which may vary from the amounts presented.

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3. Pro Forma Adjustments to the Pro Forma Consolidated Statements of Financial Position (cont'd)

3.3 Pro Forma III – Proposed Acquisitions (cont'd)

3.3.3 Proposed Yik Wang Acquisition (cont'd)

Details of the provisional fair value of assets and liabilities of Yik Wang acquired are as follows:

	Note	RM
As at 31 December 2019		
Property, plant and equipment		3,392,009
Trade receivables		33,741,532
Other receivables		20,967,567
Fixed deposits with licensed banks		1,331,639
Cash and bank balances	4.4	6,673,263
Borrowings		(32,812,320)
Deferred tax liabilities		(2,702)
Trade payables		(8,005,896)
Other payables		(7,756,023)
Amounts due to Directors		(60,310)
Tax payable		(166,476)
Net asset acquired		17,302,283
Goodwill	4.1	12,909,984
Fair value of effective purchase consideration transferred		30,212,267

Purchase consideration made up of:

	RM
Cash consideration	1,730,091
Settlement shares	15,332,194
Present value of deferred settlement	13,149,982
	30,212,267

The estimated expenses in relation to the Proposed Acquisitions of RM6,500,000 are assumed to be expensed to profit or loss and reflected in Pro Forma III.

3.4 Pro Forma IV – Proposed Private Placement

Pro Forma IV incorporates the effects of Pro Forma I, Pro Forma II, Pro Forma III and the effects of the Proposed Private Placement.

The Proposed Private Placement entails the issuance of up to 135,000,000 new Consolidated Shares ("Placement Share") at an issue price to be determined and to placee to be identified at a later stage.

The estimated expenses in relation to the Proposed Private Placement of RM1,500,000 are assumed to be expensed to profit or loss and reflected in Pro Forma IV.

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Appendix A

Pro Forma Consolidated Statements of Financial Position and the notes thereon

3. Pro Forma Adjustments to the Pro Forma Consolidated Statements of Financial Position (cont'd)

3.4 Pro Forma IV – Proposed Private Placement (cont'd)

The illustrative issue price per Placement Share will be at RM0.80 and the proceeds to be derived from the Proposed Private Placement will be approximately RM108,000,000 ("Placement Proceeds").

The expected manner of utilisation of proceeds at this juncture are as follows:

	Note	Up to (RM'000)	Expected timeframe for utilisation (from the date of listing of Placement Shares)
Repayment of bank borrowings	(a)	18,000	Within 12 months
Working capital	(b)	82,000	Within 12 months
Estimated expenses in relation to the Proposals	(c)	8,000	Within 1 month
Total		**108,000**	

Notes:

(a) Up to RM18.00 million of the proceeds from the Proposed Private Placement is intended to be utilised for repayment of existing borrowings of the enlarged DBE Group (post Proposed Acquisitions). Based on the estimated net borrowings of RM189.36 million of DBE Group and the Target Companies (including RM150 million borrowings to be drawn down for the purpose for the Proposed Acquisitions), the partial repayment of the borrowings is expected to contribute to an indicative interest savings of approximately of RM1.18 million per annum based on the interest rate of the respective loans which ranges from approximately 6% to 7% per annum, of the enlarge DBE Group for the financial year ended 31 December 2019.

(b) To be utilised up to RM82.00 million to fund the remaining gross development cost of the on-going development project of enlarged DBE Group (post Proposed Acquisitions). DBE may utilise part of the proceeds from the Proposed Private Placement to fund inter-alia acquisition of land banks and/or joint venture arrangements.

(c) To defray expenses which include, amongst others, professional fees, placement fees and fees payable to the relevant authorities, printing cost of circular, advertising and miscellaneous expenses. Any shortfall or excess in funds allocated for estimated expenses will be funded from or used for DBE Group's working capital requirements. The estimated expenses of RM6,500,000 and RM1,500,000 are to be expensed to profit or loss and reflected in Pro Forma III and IV respectively.

The actual amount of proceeds to be raised from the Proposed Private Placement will depend on, amongst other, the actual issue price and the actual number of Placement Shares issued. Pending full utilisation of the proceeds from the Proposed Private Placement, the Company intends to place these proceeds (including accrued interest, if any) or the balance thereof in interest-bearing deposit accounts with licensed financial institution(s) or in short term money market instruments. The interest derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used as additional working capital of DBE Group.

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3. Pro Forma Adjustments to the Pro Forma Consolidated Statements of Financial Position (cont'd)

3.5 Pro Forma V – Full Conversion of RCPS

Pro Forma V incorporates the effects of Pro Forma I, Pro Forma II, Pro Forma III, Pro Forma IV and the effects of full conversion of RCPS.

The full conversion of the RCPS assumes that the 716,192,288 RCPS are fully converted into 716,192,288 DBE Shares. The initial recognition of fair value of RCPS at RM0.70 per RCPS of RM120,964,877 (equity component) and RM380,369,724 (liability component) will be derecognised and converted into paid up share capital of the Company respectively.

4. Effect on the Pro Forma Consolidated Statements of Financial Position

4.1 Goodwill

	RM
As at 31 December 2019/Pro Forma I/Pro Forma II	-
Effects of Pro Forma III	
- Effect on the Proposed Acquisitions	
Proposed Blossom Acquisition	10,998,344
Proposed Rantau Acquisition	77,123,706
Proposed Yik Wang Acquisition	12,909,984
Pro Forma III to Pro Forma V	101,032,034

4.2 Inventories

	Note	RM
Non-current		
As at 31 December 2019/Pro Forma I/Pro Forma II		-
Effects of Pro Forma III		
- Effect on the Proposed Acquisitions		
Add: Carrying amount of inventories		117,052,866
Pro Forma III to Pro Forma V		117,052,866
Current		
As at 31 December 2019/Pro Forma I/Pro Forma II		40,007,764
Effects of Pro Forma III		
- Fair value adjustment on DBE Group	(a)	2,503,338
- Effect on the Proposed Acquisitions		
Add: Carrying amount of inventories		213,249,611
Pro Forma III to Pro Forma V		255,760,713

(a) The fair values of the inventories of DBE Group are based on an independent valuer's valuation letters dated 25 February 2020, prepared for the purpose of Proforma Consolidated Statements of Financial Position in conjunction with the Proposals

4. Effect on the Pro Forma Consolidated Statements of Financial Position (cont'd)

4.3 Other receivables

	RM
As at 31 December 2019/Pro Forma I/Pro Forma II	10,223,485
Effects on Pro Forma III	
- Proposed Blossom Acquisition	45,507,157
- Proposed Rantau Acquisition	50,987,800
- Proposed Yik Wang Acquisition	20,967,567
- Settlement of Intercompany Balances	(18,942,429)
Pro Forma III to Pro Forma V	108,743,580

4.4 Cash and bank balances

	RM
As at 31 December 2019	1,843,391
Effects on Pro Forma I	
- Proceeds from completed private placement	4,293,000
Pro Forma I/Pro Forma II	6,136,391
Effects on Pro Forma III	
- Proposed Blossom Acquisition	64,251,395
- Proposed Rantau Acquisition	5,357,485
- Proposed Yik Wang Acquisition	6,673,263
- Settlement on intercompany debts	(129,651)
- Estimated expenses in relation to the Proposed Acquisitions	(6,500,000)
Pro Forma III	75,788,883
Effects on Pro Forma IV	
- Proceeds from Proposed Private Placement	108,000,000
- Repayment of borrowings	(18,000,000)
- Estimated expenses in relation to the Proposed Private Placement	(1,500,000)
Pro Forma IV to Pro Forma V	164,288,883

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4. Effect on the Pro Forma Consolidated Statements of Financial Position (cont'd)

4.5 Share capital

	RM	Unit
As at 31 December 2019	56,842,332	2,678,229,306
Effects on Pro Forma I		
- Proceeds from private placement	4,293,000	159,000,000
Pro Forma I	61,135,332	2,837,229,306
Effects on Pro Forma II		
- Proposed Share Consolidation	-	(2,723,740,134)
Pro Forma II	61,135,332	113,489,172
Effects on Pro Forma III		
- Proposed Blossom Acquisition Settlement via Consolidated Shares	71,383,062	89,508,542
- Proposed Yik Wang Acquisition Settlement via Consolidated Shares	15,332,194	19,225,322
- Settlement of Intercompany Debts via Settlement Share	32,909,743	41,266,135
Pro Forma III	180,760,331	263,489,171
Effects on Pro Forma IV		
- Proposed Private Placement	108,000,000	135,000,000
Pro Forma IV	288,760,331	398,489,171
Effects on Pro Forma V		
- Assumed full conversion of RCPS	501,334,601	716,192,288
Pro Forma V	790,094,932	1,114,681,459

4.6 Retained earnings

	RM
As at 31 December 2019/Pro Forma I/Pro Forma II	6,034,682
Effects on Pro Forma III	
- Proposed Blossom Acquisition	255,360,759
- Estimated expenses in relation to the Proposed Acquisitions	(6,500,000)
Pro Forma III	254,895,441
Effects on Pro Forma IV	
- Estimated expenses in relation to the Proposed Private Placement	(1,500,000)
Pro Forma IV to Pro Forma V	253,395,441

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4. Effect on the Pro Forma Consolidated Statements of Financial Position (cont'd)

4.7 RCPS

	RM
Equity	
As at 31 December 2019/Pro Forma I/Pro Forma II	-
Effects on Pro Forma III	
- Proposed Blossom Acquisition	380,369,724
Pro Forma III to Pro Forma IV	380,369,724
Effects on Pro Forma V	
- Assumed full conversion of RCPS	(380,369,724)
Pro Forma V	-

	RM
Non-current liabilities	
As at 31 December 2019/Pro Forma I/Pro Forma II	-
Effects on Pro Forma III	
- Proposed Blossom Acquisition	120,964,877
Pro Forma III to Pro Forma IV	120,964,877
Effects on Pro Forma V	
- Assumed full conversion of RCPS	(120,964,877)
Pro Forma V	-

4.8 Reverse acquisition reserve

	RM
As at 31 December 2019/Pro Forma I/Pro Forma II	-
Effects on Pro Forma III	
- Effects of Proposed Blossom Acquisition	(502,681,299)
Pro Forma III to Pro Forma V	(502,681,299)

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4. Effect on the Pro Forma Consolidated Statements of Financial Position (cont'd)

4.9 Borrowings

	RM
Non-current	
As at 31 December 2019/Pro Forma I/Pro Forma II	-
Effects on Pro Forma III	
- Proposed Blossom Acquisition	86,093,328
- Proposed Rantau Acquisition	
Carrying amount of borrowings	1,795,587
Settlement via cash through borrowings	148,269,909
- Proposed Yik Wang Acquisition	
Carrying amount of borrowings	50,822
Settlement via cash through borrowings	1,730,091
Pro Forma III	237,939,737
Effects on Pro Forma IV	
- Utilisation of proceeds from Proposed Private Placement to settle borrowings	(18,000,000)
Pro Forma IV to Pro Forma V	219,939,737

	RM
Current	
As at 31 December 2019/Pro Forma I/Pro Forma II	-
Effects on Pro Forma III	
- Proposed Blossom Acquisition	8,670,413
- Proposed Rantau Acquisition	73,147
- Proposed Yik Wang Acquisition	32,761,498
Pro Forma III to Pro Forma V	41,505,058

4.10 Deferred consideration

	RM
As at 31 December 2019/Pro Forma I/Pro Forma II	-
Effects on Pro Forma III	
- Proposed Yik Wang Acquisition	13,149,982
Pro Forma III to Pro Forma V	13,149,982

4.11 Other payables

	RM
As at 31 December 2019/Pro Forma I/Pro Forma II	32,037,304
Effects on Pro Forma III	
- Proposed Blossom Acquisition	121,835,290
- Proposed Rantau Acquisition	27,840,115
- Proposed Yik Wang Acquisition	7,756,023
- Settlement of Intercompany Balances	(33,572,669)
Pro Forma III to Pro Forma V	155,896,063

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4. Effect on the Pro Forma Consolidated Statements of Financial Position (cont'd)

4.12 Amount due to Directors

	RM
As at 31 December 2019/Pro Forma I/Pro Forma II	-
Effects on Pro Forma III	
- Proposed Blossom Acquisition	18,348,844
- Proposed Yik Wang Acquisition	60,310
- Settlement of Intercompany Balances	(18,409,154)
Pro Forma III to Pro Forma V	-

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BLOSSOM EASTLAND SDN. BHD.
Registration No.: 200801034471 (835809-T)
(Incorporated in Malaysia)

ACCOUNTANTS' REPORT ON THE FINANCIAL STATEMENTS

BLOSSOM EASTLAND SDN. BHD.
Registration No.: 200801034471 (835809-T)
(Incorporated in Malaysia)

ACCOUNTANTS' REPORT ON THE FINANCIAL STATEMENTS

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The Board of Directors
Blossom Eastland Sdn. Bhd.
No.131, Persiaran PM 2/1,
Pusat Bandar Seri Manjung, Seksyen 2,
32040 Seri Manjung, Perak.

Date: 26 February 2020

Dear Sirs,

Reporting Accountants' Opinion on the Consolidated Financial Statements Contained in the Accountants' Report of Blossom Eastland Sdn. Bhd. and its subsidiaries

Opinion

We have audited the consolidated financial statements of Blossom Eastland Sdn. Bhd. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at 31 December 2019, 31 December 2018 and 31 December 2017, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the financial years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, as set out on pages 4 to 62. The historical consolidated financial statements of the Group have been prepared for inclusion in the circular of D.B.E. Gurney Resources Berhad in connection with the proposed acquisition by D.B.E. Gurney Resources Berhad of the entire equity interest in the Group, and for no other purposes.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial positions of the Group as at 31 December 2019, 31 December 2018 and 31 December 2017, and of its financial performances and cash flows for the financial years then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis of 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 *Reporting Accountant's Responsibilities for the Audit of the Financial Statements* section of our Reporting Accountant's report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group 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.

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REPORTING ACCOUNTANT'S OPINION ON
BLOSSOM EASTLAND SDN. BHD. (cont'd)
Registration No.: 200801034471 (835809-T)
(Incorporated in Malaysia)

Responsibilities of the Directors for the Financial Statements

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

In preparing the financial statements of the Group, the Directors are responsible for assessing the Group'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 to cease operations, or have no realistic alternative but to do so.

Reporting Accountants' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue a Reporting Accountant's 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.

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, 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 internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

MOORE

REPORTING ACCOUNTANT'S OPINION ON
BLOSSOM EASTLAND SDN. BHD. (cont'd)
Registration No.: 200801034471 (835809-T)
(Incorporated in Malaysia)

Reporting Accountants' Responsibilities for the Audit of the Financial Statements (cont'd)

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Reporting Accountant's report to the related disclosures in the financial statements of the Group 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 Reporting Accountant's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the consolidated financial statements of the Group, including the disclosures, and whether the financial statements of the Group 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 Reporting Accountants' 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.

Other Reporting Responsibility

In accordance with paragraph 10.05 of Chapter 10. Part II Division 1: Equity of the Prospectus Guidelines as issued by the Securities Commission Malaysia, no significant subsequent events have come to our attention since 31 December 2019 that would require a material disclosure or adjustment to be made to the financial statements of the Group.

Restriction on Distribution and Use

This report is made solely to comply with the Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad for inclusion in the circular of D.B.E. Gurney Resources Berhad in connection with the proposed acquisition by D.B.E. Gurney Resources Berhad of the entire equity interest in the Group and for no other purposes. We do not assume responsibility to any other person for the content of this report.

Moore Stephens

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

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

Registration No.: 200801034471 (835809-T)

BLOSSOM EASTLAND SDN. BHD.
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 2018 AND 2017

	Note	2019 RM	2018 RM	2017 RM
Revenue	4	462,784,642	459,947,539	199,745,718
Cost of sales	5	(281,248,359)	(321,728,336)	(139,056,797)
Gross profit		181,536,283	138,219,203	60,688,921
Other income		2,378,332	2,255,974	2,185,490
Administrative expenses		(19,337,697)	(11,732,883)	(11,868,538)
Selling and marketing expenses		(13,654,715)	(11,043,475)	(3,678,278)
Other expenses		(412,953)	(850,000)	(399,725)
Profit from operations		150,509,250	116,848,819	46,927,870
Finance costs		(10,318,407)	(5,705,839)	(3,403,131)
Profit before tax	6	140,190,843	111,142,980	43,524,739
Income tax expense	7	(40,872,958)	(25,645,662)	(12,099,762)
Profit net of tax, representing total comprehensive income for the financial year		99,317,885	85,497,318	31,424,977
Total comprehensive income attributable to:-				
Owners of the Company		96,059,645	79,801,009	29,002,658
Non-controlling interests	18	3,258,240	5,696,309	2,422,319
		99,317,885	85,497,318	31,424,977

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

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BLOSSOM EASTLAND SDN. BHD.
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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019, 2018 AND 2017

	Note	2019 RM	2018 RM	2017 RM
ASSETS				
Non-current assets				
Property, plant and equipment	8	8,152,879	6,234,291	4,299,611
Investment properties	9	1,438,942	1,438,902	1,438,902
Right-of-use assets	10	611,625	-	-
Inventories	11	117,052,866	123,052,091	100,585,119
		127,256,312	130,725,284	106,323,632
Current assets				
Inventories	11	213,249,611	191,828,267	230,041,453
Trade receivables	12	137,589,274	109,116,847	39,705,321
Other receivables	13	45,507,157	49,460,765	53,743,822
Contract assets	14	113,791,694	54,599,727	15,225,997
Tax recoverable		910,202	732,177	176,240
Fixed deposits with licensed banks	15	4,949,240	3,370,770	1,490,976
Cash and bank balances	16	64,251,395	19,360,336	11,686,187
		580,248,573	428,468,889	352,069,996
TOTAL ASSETS		707,504,885	559,194,173	458,393,628
EQUITY AND LIABILITIES				
Equity				
Share capital	17	50,500,000	500,000	500,000
Retained earnings		261,395,441	156,500,221	73,690,964
Equity attributable to Owners of the Company		311,895,441	157,000,221	74,190,964
Non-controlling interests	18	9,718,477	15,517,184	12,809,123
Total equity		321,613,918	172,517,405	87,000,087

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BLOSSOM EASTLAND SDN. BHD.
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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019, 2018 AND 2017 (cont'd)

	Note	2019 RM	2018 RM	2017 RM
Non-current liabilities				
Trade payables	19	25,155,347	-	-
Borrowings	20	86,093,328	68,407,328	32,213,208
Lease liabilities	21	486,833	-	-
Deferred tax liabilities	22	358,433	202,737	152,867
		112,093,941	68,610,065	32,366,075
Current liabilities				
Trade payables	19	107,350,992	133,763,883	79,079,608
Other payables	23	121,835,290	129,430,876	223,987,528
Amounts due to Directors	24	18,348,844	7,001,628	2,528,723
Contract liabilities	14	4,437,140	-	8,364,702
Borrowings	20	8,670,413	36,728,277	22,552,654
Lease liabilities	21	167,754	-	-
Tax payable		12,986,593	11,142,039	2,514,251
		273,797,026	318,066,703	339,027,466
TOTAL LIABILITIES		385,890,967	386,676,768	371,393,541
TOTAL EQUITY AND LIABILITIES		707,504,885	559,194,173	458,393,628

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

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BLOSSOM EASTLAND SDN. BHD.
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 2018 AND 2017

		← Attributable to Owners of the Company →				
	Note	Share Capital RM	Distributable Retained Earnings RM	Equity attributable to Owners of the Company RM	Non-controlling interests RM	Total equity RM
At 1 January 2017		500,000	47,372,636	47,872,636	11,503,094	59,375,730
Profit for the year, representing total comprehensive income for the financial year		-	29,002,658	29,002,658	2,422,319	31,424,977
Transactions with Owners of the Company						
Additional investment in a subsidiary		-	(2,684,330)	(2,684,330)	(1,116,290)	(3,800,620)
At 31 December 2017/1 January 2018		500,000	73,690,964	74,190,964	12,809,123	87,000,087
Profit for the year, representing total comprehensive income for the financial year		-	79,801,009	79,801,009	5,696,309	85,497,318
Transactions with Owners of the Company						
Additional investment in a subsidiary		-	3,008,248	3,008,248	(3,428,248)	(420,000)
Subscription of shares in a subsidiary by non-controlling interests		-	-	-	440,000	440,000
At 31 December 2018/1 January 2019		500,000	156,500,221	157,000,221	15,517,184	172,517,405

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019, 2018 AND 2017 (cont'd)

		← Attributable to Owners of the Company →				
	Note	Share Capital RM	Distributable Retained Earnings RM	Equity attributable to Owners of the Company RM	Non-controlling interests RM	Total equity RM
(Cont'd)						
At 1 January 2019		500,000	156,500,221	157,000,221	15,517,184	172,517,405
Effect on adoption of MFRS 16	2(a)(i)	-	(20,669)	(20,669)	(703)	(21,372)
Profit for the year, representing total comprehensive income for the financial year		-	96,059,645	96,059,645	3,258,240	99,317,885
Transactions with Owners of the Company						
Issuance of ordinary shares	17	50,000,000	-	50,000,000	-	50,000,000
Additional investment in a subsidiary		-	8,856,244	8,856,244	(9,056,244)	(200,000)
At 31 December 2019		50,500,000	261,395,441	311,895,441	9,718,477	321,613,918

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

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BLOSSOM EASTLAND SDN. BHD.
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CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 2018 AND 2017

	Note	2019 RM	2018 RM	2017 RM
Cash Flows from Operating Activities				
Profit before tax		140,190,843	111,142,980	43,524,739
Adjustments for:-				
Depreciation of right-of-use assets		139,798	-	-
Depreciation of property, plant and equipment		1,356,999	1,066,336	788,514
(Gain)/loss on disposal of property, plant and equipment		(33,980)	5,668	(121,673)
Inventories written down		-	-	399,725
Written off on:				
- inventories		-	850,000	-
- other receivables		412,953	-	-
Interest expense		10,083,453	5,670,976	1,804,065
Interest income		(283,580)	(515,674)	(83,195)
Operating profit before changes in working capital		151,866,486	118,220,286	46,312,175
Inventories		(15,422,119)	14,896,214	(59,527,175)
Receivables		(24,931,772)	(65,128,469)	(594,500)
Payables		(9,368,727)	(40,134,077)	27,051,365
Contract assets/liabilities		(54,754,827)	(47,738,432)	(19,778,642)
Cash generated from/(used in) operations		47,389,041	(19,884,478)	(6,536,777)
Interest paid		(9,567,856)	(5,578,276)	(1,702,700)
Interest received		283,580	515,674	83,195
Income tax paid		(39,131,657)	(18,142,547)	(10,409,956)
Income tax refunded		76,787	618,606	12,348
Net cash used in operating activities		(950,105)	(42,471,021)	(18,553,890)
Cash Flows from Investing Activities				
Investment in subsidiaries		(200,000)	(420,000)	(3,800,620)
Purchase of property, plant and equipment	8(ii)	(1,312,607)	(2,007,656)	(1,756,065)
Purchase of investment properties		(40)	-	-
Proceeds from disposal property, plant and equipment		440,000	486,562	132,000
Net cash used in investing activities		(1,072,647)	(1,941,094)	(5,424,685)

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BLOSSOM EASTLAND SDN. BHD.
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CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 2018 AND 2017 (cont'd)

	Note	2019 RM	2018 RM	2017 RM
Cash Flows from Financing Activities				
Advances from Directors		11,347,216	4,472,905	(2,745,361)
(Repayment)/Drawdown of borrowings		(10,269,172)	46,581,461	22,152,928
Issuance of ordinary shares		50,000,000	-	-
Proceeds from subscription of shares in a subsidiary by non-controlling interests		-	440,000	-
Increase in fixed deposits pledged		(1,566,770)	(1,869,142)	(1,150,000)
Payment for the principal portion of lease liabilities	(ii)	(114,071)	-	-
Net cash from financing activities		49,397,203	49,625,224	18,257,567
Net increase/(decrease) in cash and cash equivalents		47,374,451	5,213,109	(5,721,008)
Cash and cash equivalents at beginning of the year		17,240,272	12,027,163	17,748,171
Cash and cash equivalents at end of the year	(i)	64,614,723	17,240,272	12,027,163

Note:

(i) Cash and cash equivalents comprise of the following:-

	Note	2019 RM	2018 RM	2017 RM
Cash and bank balances	16	64,251,395	19,360,336	11,686,187
Fixed deposits with licensed banks	15	4,949,240	3,370,770	1,490,976
		69,200,635	22,731,106	13,177,163
Less:				
Bank overdraft	20	-	(2,471,692)	-
Fixed deposits pledged with licensed banks	15	(4,585,912)	(3,019,142)	(1,150,000)
		64,614,723	17,240,272	12,027,163

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CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 2018 AND 2017 (cont'd)

Note: (cont'd)

(ii) Cash outflows for leases as a lessee are as follows:

	2019 RM	2018 RM	2017 RM
Included in net cash used in operating activities:			
Interest paid in relation to lease liabilities	76,729	-	-
Included in net cash from financing activities:			
Payment for the principal portion of lease liabilities	114,071	-	-
	190,800	-	-

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

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BLOSSOM EASTLAND SDN. BHD.
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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2019, 31 DECEMBER 2018 AND 31 DECEMBER 2017

1. CORPORATE INFORMATION

Blossom Eastland Sdn. Bhd. ("the Company") is a private limited liability company, incorporated and domiciled in Malaysia.

The registered office and principal place of business of the Company is located at No. 131, Persiaran PM2/1, Pusat Bandar Seri Manjung Seksyen 2, 32040 Seri Manjung, Perak Darul Ridzuan.

The Company is principally engaged in property development. There has been no significant changes in the nature of these activities during the financial years

The Company has investment in the following subsidiaries as below:

Name of subsidiaries	Place of incorporation	Principal activities	Effective equity interest 2019 %	2018 %	2017 %
Taraf Nusantara Sdn. Bhd. ("TNSB")*	Malaysia	Property development and construction works	100	90	80
Triprise Sdn. Bhd. ("TSB")	Malaysia	Property development	60	60	60

The Directors regard Setia Awan Plantation Sdn. Bhd. and Doh Properties Holdings Sdn. Bhd., all of which were incorporated in Malaysia, as its ultimate and immediate holding companies respectively.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements of the Group has been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards.

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

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

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 modified retrospective transition approach 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. The modified retrospective approach 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.

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 of 6.85%-7.06% 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.

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)

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

	1.1.2019 RM
Assets	
Right-of-use assets	397,903
Liabilities	
Lease liabilities	(415,138)
Deferred tax liabilities	(4,137)
Net impact on retained earnings	(21,372)

(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 has 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: -

Effective for financial periods beginning on or after 1 January 2020

Amendments to References to the Conceptual Framework in MFRS Standards

Amendments to MFRS 9 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 101 and MFRS 108	Definition of Material

Effective for financial periods beginning on or after 1 January 2021

MFRS 17	Insurance Contracts

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

The Group 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 upon their initial applications.

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2. **BASIS OF PREPARATION** (cont'd)

(b) Basis of Measurement

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

(c) Functional and presentation currency

These consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Group'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 consolidated 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 amount of assets and liabilities within the next financial year are set out below.

(i) Property Development Revenue

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 the contract). In making the estimate, management relies on opinion/service of experts, past experience and a continuous monitoring mechanism.

(ii) Construction Contracts Revenue

The Group measures the performance of construction work done by comparing the actual costs incurred with the estimated total costs required to complete the construction. Significant judgements are required to estimate the total costs to complete. In making estimates, management relied on professionals' estimates and also on past experience of completed projects. A change in the estimates will directly affect the revenue to be recognised.

3. SIGNIFICANT ACCOUNTING POLICIES

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

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.

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 costs 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.

Non-controlling Interests

Non-controlling interests represents the equity in subsidiaries not attributable directly or indirectly, to Owners of the Company, and is presented separately in the consolidated profit or loss and within equity in the consolidated financial position, separately from equity attributable to Owners of the Company.

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

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

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 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.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(b) **Revenue and other income recognition**

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

The Group is in the business of property development and construction works.

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 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).

Certain bundled contracts provide the customer with an option to purchase an on-going property development unit with furniture and fittings. Furniture and fittings can also be obtained separately from another provider. As sale of an on-going property development unit and furniture and fittings are capable of being distinct and separately identifiable, there are two performance obligations within a bundled transaction. Accordingly, the Group allocates the transaction price based on relative stand-alone selling prices of the property development unit and furniture and fittings.

Stand-alone selling price are based on observable sales prices; however, where stand-alone selling prices are not directly observable, estimates will be made maximising the use of observable inputs.

Construction contracts revenue

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work and claims. Under the terms of the contracts, the Group has an enforceable right to payment for performance completed to date and that the customer controls the assets during the course of construction by the Group and that the construction services performed does not create an asset with an alternative use to the Group.

Revenue from construction contracts is recognised progressively over time based on the percentage of completion by using the cost-to-cost method ("input method"), based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The Directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under MFRS 15. Work done is measured based on actual and expected cost incurred for project activities.

There is no significant financing component in construction contracts with customers as the period between the recognition of revenue under the percentage of completion and the milestone payment is generally within the normal business operating cycle.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(b) **Revenue and other income recognition** (cont'd)

(i) **Revenue from contracts with customers** (cont'd)

Sale of land

Revenue from the sale of land is measured at fair value of the consideration received or receivable, net of returns and allowances and trade discounts. Revenue is recognised upon signing of the sales and purchase agreement when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the land.

Furniture and fittings revenue

Revenue from sale of furniture and fittings are recognised at the point in time when control of the asset is transferred to the customer, usually on delivery and acceptance of the furniture and fitting.

Sale of completed properties

Revenue from sales of completed properties is recognised upon delivery of properties where the control of the properties has been passed to the buyers.

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.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(b) **Revenue and other income recognition** (cont'd)

(i) **Revenue from contracts with customers** (cont'd)

Contract assets and contract liabilities (cont'd)

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

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.

(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.

(iv) **Other income**

Other income comprises of net income received from sale of fresh fruit bunch from the land held for sale which is classified as inventories of the Group. The Group has outsourced the harvesting of fresh fruit bunch process to a Director's related company.

(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 is 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.

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 pf 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.

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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Income taxes (cont'd)

Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred in a purchase of assets or services are not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of other current assets or liabilities in the consolidated statements of financial position.

(f) Leases

Current financial year – 31 December 2019

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 consolidated statements of financial position.

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:

Office premises	3 to 6 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(l)(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.

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3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(f) **Leases** (cont'd)

Current financial year – 31 December 2019 (cont'd)

As a lessee (cont'd)

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 – 31 December 2018 and 31 December 2017

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.

(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 consolidated 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 consolidated financial statements.

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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Property, plant and equipment

Property, plant and equipment are measured at cost 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.

(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:

Freehold properties	2%
Furniture and fittings	10%
Motor vehicles	20%
Office equipment	10%
Office renovation	10%

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.

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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. The inventories of the Group are made up of relevant cost of land and development expenditure. Land costs comprise cost incurred via acquisition or business arrangement. Any consideration payable for the land with deferred payment will be determined based on the present value of the deferred payment.

Land held for property development

Land held for property development consists of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at lower of cost and net realisable value.

Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its net realisable value.

Land held for property development is transferred to property development costs (under current assets) when significant development work has been undertaken and is expected to be completed within the normal operating cycle of the Group or the developers.

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 defects 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.

Unsold completed properties

The cost of unsold properties is stated at the lower of cost and net realisable value. Cost includes the relevant cost of land and development expenditure.

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3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and on hand and fixed deposit with licensed bank 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 consolidated statements of cash flows, cash and cash equivalents are presented net of bank overdraft and pledged deposits, if any.

(j) Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both. Investment properties that are constructed or developed for future use as investment properties.

Investment properties are initially measured at cost, which includes transaction costs. After the initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

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

(k) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statements of financial position when, and only when, the Group becomes 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 categorises financial instruments as follows:

<u>**Financial assets**</u>

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group changes its 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.

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3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(k) **Financial instruments** (cont'd)

(ii) **Financial instrument categories and subsequent measurement** (cont'd)

Financial assets (cont'd)

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(l)(i).

Financial liabilities

The category of financial liability 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.

(iii) **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statements of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends 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.

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3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(k) **Financial instruments** (cont'd)

(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.

(l) **Impairment of assets**

(i) **Financial assets**

The Group recognises 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 is 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.

Simplified approach – trade receivables and contract assets

The Group applies 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'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.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(l) **Impairment of assets** (cont'd)

(i) **Financial assets** (cont'd)

General approach - other financial instruments

The Group applies 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 assesses 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 considers 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 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 in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers 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 in full, without recourse by the Group 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 is exposed to credit risk.

Credit Impaired financial assets

At each reporting date, the Group assesses 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.

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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Impairment of assets (cont'd)

(i) Financial assets (cont'd)

Credit Impaired financial assets (cont'd)

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 other consider (e.g the restructuring of a loan or advance by the Group on terms that the Group 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.

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 determines 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 procedures 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Impairment of assets (cont'd)

(ii) Non-financial assets (cont'd)

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.

(m) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of their 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.

(n) 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.

(o) Fair value measurement

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 liabilities takes place either in the market or in the absence of a principal market, in the most advantageous market.

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

When measuring the fair value of an asset or 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:

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Fair value measurement (cont'd)

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: Input 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 transfer between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

(p) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the consolidated statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

4. REVENUE

	Note	2019 RM	2018 RM	2017 RM
Revenue from contracts with customers				
Property development revenue	(a)	382,300,232	328,429,058	168,155,301
Furniture and fittings revenue		1,672,750	-	-
Sales of completed properties		27,966,695	8,303,845	4,408,400
Construction contract revenue	(b)	49,384,965	89,974,981	8,988,223
Sale of land		1,460,000	33,239,655	18,193,794
		462,784,642	459,947,539	199,745,718

	2019 RM	2018 RM	2017 RM
Timing of revenue recognition:			
Point in time	31,099,445	41,543,500	22,602,194
Over time	431,685,197	418,404,039	177,143,524
	462,784,642	459,947,539	199,745,718

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4. REVENUE (cont'd)

Unsatisfied long-term contracts

The following table shows unsatisfied performance obligations resulting from property development revenue and construction contract revenue.

(a) Property development revenue

	2019 RM	2018 RM	2017 RM
Total contracted revenue, net	1,315,451,656	817,041,550	446,170,486
Less: Property development revenue recognised, net	(847,200,280)	(464,900,048)	(184,363,156)
Completed during the year	-	(47,892,166)	-
Aggregate amount of the transaction price allocated to property development revenue that are partially or fully unsatisfied as at 31 December, net	468,251,376	304,249,336	261,807,330

(b) Construction contract revenue

	2019 RM	2018 RM	2017 RM
Total contracted revenue	287,886,100	287,886,100	287,886,100
Less: Construction revenue recognised	(148,348,169)	(98,963,204)	(8,988,223)
Aggregate amount of the transaction price allocated to construction revenue that are partially or fully unsatisfied as at 31 December	139,537,931	188,922,896	278,897,877

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

(a) Property development revenue

	2019 RM	2018 RM	2017 RM
Within 1 year	328,693,719	215,320,397	155,350,580
Between 1 to 3 years	139,557,657	88,928,939	106,456,750
	468,251,376	304,249,336	261,807,330

(b) Construction contract revenue

	2019 RM	2018 RM	2017 RM
Within 1 year	71,971,525	49,384,965	89,974,981
Between 1 to 3 years	67,566,406	139,537,931	188,922,896
	139,537,931	188,922,896	278,897,877

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5. COST OF SALES

	2019 RM	2018 RM	2017 RM
Property development costs	214,355,611	215,279,378	114,167,795
Cost from sales of completed properties	21,571,493	4,062,852	3,353,621
Construction costs	42,190,739	79,015,034	7,891,186
Costs on sale of land	1,450,667	23,371,072	13,644,195
Furniture and fittings	1,679,849	-	-
	281,248,359	321,728,336	139,056,797

6. PROFIT BEFORE TAX

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

	Note	2019 RM	2018 RM	2017 RM
Auditors' remuneration				
- statutory audit		118,000	80,000	85,000
- underprovision in prior year		38,000	-	-
- other services		114,000	100,000	46,000
Bank guarantee commission		200,656	-	-
Depreciation of right-of-use assets		139,798	-	-
Depreciation of property, plant and equipment		1,356,999	1,066,336	788,514
Employee benefits expense	(i)	6,662,952	4,259,192	3,203,298
Interest expense:-				
- accretion of interest on deferred payable		515,597	92,700	101,365
- bank overdraft		195,105	209,410	292,245
- banker's acceptance		1,358,677	431,545	69,904
- finance lease payables		124,846	110,094	64,234
- late payment		2,552,899	-	-
- lease liabilities		76,729	-	-
- term loan		5,259,600	4,827,227	1,276,317
Inventories written down		-	-	399,725
Written off on:-				
- inventories		-	850,000	-
- other receivables		412,953	-	-
Rental of:-				
- office space		1,494,719	683,900	85,047
- equipment		15,683	8,604	-
Sale of fresh fruit bunch		(1,163,175)	(1,017,232)	(1,802,698)
(Gain)/Loss on disposal of property, plant and equipment		(33,890)	5,668	(121,673)
Interest income		(283,580)	(515,674)	(83,195)

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6. PROFIT BEFORE TAX (cont'd)

Profit before tax is arrived after charging/(crediting): - (cont'd)

(i) Employee benefits expense

	2019 RM	2018 RM	2017 RM
Staff cost:			
- Salary, allowances and bonus	4,211,800	2,633,896	2,320,501
- Contributions to Employees Provident Fund	538,166	336,278	312,817
- Others	69,345	55,548	48,192
	4,819,311	3,025,722	2,681,510
Directors' remuneration:			
- Directors' fee	37,000	55,000	89,167
- Salary, allowances and bonus	1,553,912	1,014,478	388,346
- Contributions to Employees Provident Fund	248,112	161,091	44,117
- Others	4,617	2,901	158
	1,843,641	1,233,470	521,788
	6,662,952	4,259,192	3,203,298

7. INCOME TAX EXPENSE

	2019 RM	2018 RM	2017 RM
Income tax:			
- Current year	41,329,436	26,117,239	11,257,324
- (Over)/Underprovision in prior year	(608,037)	(521,447)	430,046
	40,721,399	25,595,792	11,687,370
Deferred tax (Note 22):			
- Origination of temporary differences	237,073	66,722	412,392
- Overprovision in prior year	(85,514)	(16,852)	-
	151,559	49,870	412,392
	40,872,958	25,645,662	12,099,762

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 24%; 2017: 24%) of the estimated assessable profit for the year.

For year of assessment 2017, the Group being Malaysia resident company with paid-up capital up to RM2.5 million qualified for the preferential tax rates under Paragraph 2A, Schedule 1 of the Income Tax Act, 1967 as follows:

On the first RM500,000 of chargeable income: 18%
In excess of RM500,000 of chargeable income: 24%

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7. INCOME TAX EXPENSE (cont'd)

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

	2019 RM	2018 RM	2017 RM
Profit before tax	140,190,843	111,142,980	43,524,739
Tax at the Malaysian statutory income tax rate of 24%	33,645,802	26,674,315	10,445,937
Effect of income subject to 18% preferential tax rate	-	-	(90,000)
Income not subject to tax	(3,362)	(930,891)	(1,509,486)
Tax effect on non-deductible expenses	7,924,069	440,537	2,823,265
Overprovision of deferred tax in prior year	(85,514)	(16,852)	-
(Over)/underprovision of income tax in prior year	(608,037)	(521,447)	430,046
	40,872,958	25,645,662	12,099,762

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8. PROPERTY, PLANT AND EQUIPMENT

	Freehold properties RM	Furniture and fittings RM	Office equipment RM	Motor vehicles RM	Office renovation RM	Total RM
2019						
At 1 January	2,248,115	9,269	238,244	5,844,568	849,427	9,189,623
Additions	608,760	-	26,534	2,597,127	449,186	3,681,607
Disposal	-	-	-	(649,808)	-	(649,808)
At 31 December	2,856,875	9,269	264,778	7,791,887	1,298,613	12,221,422
Accumulated depreciation						
At 1 January	62,618	5,801	48,197	2,752,242	86,474	2,955,332
Charge for the financial year	56,766	927	25,826	1,157,036	116,444	1,356,999
Disposal	-	-	-	(243,788)	-	(243,788)
At 31 December	119,384	6,728	74,023	3,665,490	202,918	4,068,543
Net carrying amount						
At 31 December	2,737,491	2,541	190,755	4,126,397	1,095,695	8,152,879

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8. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold properties RM	Furniture and fittings RM	Office equipment RM	Motor vehicles RM	Office renovation RM	Total RM
2018						
At 1 January	1,444,892	9,269	220,867	4,534,439	59,310	6,268,777
Additions	803,223	-	17,377	1,882,529	790,117	3,493,246
Disposal	-	-	-	(572,400)	-	(572,400)
At 31 December	2,248,115	9,269	238,244	5,844,568	849,427	9,189,623
Accumulated depreciation						
At 1 January	28,898	4,874	25,302	1,881,460	28,632	1,969,166
Charge for the financial year	33,720	927	22,895	950,952	57,842	1,066,336
Disposal	-	-	-	(80,170)	-	(80,170)
At 31 December	62,618	5,801	48,197	2,752,242	86,474	2,955,332
Net carrying amount						
At 31 December	2,185,497	3,468	190,047	3,092,326	762,953	6,234,291

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8. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold properties RM	Furniture and fittings RM	Office equipment RM	Motor vehicles RM	Office renovation RM	Total RM
2017						
At 1 January	-	9,269	77,488	3,106,997	59,310	3,253,064
Additions	456,260	-	143,379	1,737,242	-	2,336,881
Reclassification	988,632	-	-	-	-	988,632
Disposals	-	-	-	(309,800)	-	(309,800)
At 31 December	1,444,892	9,269	220,867	4,534,439	59,310	6,268,777
Accumulated depreciation						
At 1 January	-	3,947	12,552	1,440,925	22,701	1,480,125
Charge for the financial year	28,898	927	12,750	740,008	5,931	788,514
Disposals	-	-	-	(299,473)	-	(299,473)
At 31 December	28,898	4,874	25,302	1,881,460	28,632	1,969,166
Net carrying amount						
At 31 December	1,415,994	4,395	195,565	2,652,979	30,678	4,299,611

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8. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(i) Assets held under finance lease arrangement are as follow:-

	2019 RM	2018 RM	2017 RM
Net carrying amount			
- Motor vehicles	3,904,138	2,825,706	2,320,998

(ii) Purchase of property, plant and equipment:-

	2019 RM	2018 RM	2017 RM
Cash purchase of property, plant and equipment	1,312,607	2,007,656	1,756,065
Financed by finance lease arrangement	2,369,000	1,485,590	580,816
Total acquisition of property, plant and equipment	3,681,607	3,493,246	2,336,881

(iii) The freehold properties of the Group with carrying value of RM1,227,734 (2018: RM641,998; 2017: RM Nil) are charged as securities for banking facilities granted to the Group as disclosed in Note 20.

9. INVESTMENT PROPERTIES

	2019 RM	2018 RM	2017 RM
At Cost			
Lands			
At 1 January	1,438,902	1,438,902	1,438,902
Additions	40	-	-
At 31 December	1,438,942	1,438,902	1,438,902
Fair Value			
Lands			
At 1 January/31 December	3,390,039	3,390,039	3,390,039

Included in investment properties are two vacant lands acquired in 2014 held for capital appreciation. The fair values of the investment properties were determined based on comparison of similar properties within the proximity based on Directors' assumption.

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10. RIGHT-OF-USE ASSETS

	2019 RM
Office lease	
Cost	
At 1 January	-
Effect on adoption of MFRS 16	397,903
Additions	353,520
At 31 December	751,423
Accumulated depreciation	
At 1 January	-
Additions	139,798
At 31 December	139,798
Net carrying amount	
At 31 December	611,625

The expenses charge to profit and loss during the financial year as per below:

	2019 RM
Interest expenses on lease liabilities	76,729

11. INVENTORIES

	Note	2019 RM	2018 RM	2017 RM
At cost:				
Non-current asset				
Lands held for property development		117,052,866	123,052,091	100,585,119
Current assets				
Property development costs	(a)	133,282,054	74,133,127	85,379,775
Unsold completed units		17,282,675	37,017,835	23,401,650
Lands for sale		62,684,882	79,579,813	120,162,994
		213,249,611	190,730,775	228,944,419
At net realisable value:				
Unsold completed units		-	1,097,492	1,097,034
		213,249,611	191,828,267	230,041,453

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11. **INVENTORIES** (cont'd)

(i) The Group has written off certain building situated in one of the lands included in land for sale valued at RM850,000 which was recognised as "Other Expenses" line item of consolidated statements of comprehensive income for the financial year ended 31 December 2018.

(ii) The titles to certain lands held for property development and lands for sale are in the name of Directors' related company ("Landowner") with full power of attorney obtained by the Group. The titles to the unsold completed units and lands held for property development will be directly transferred from landowner to the property purchasers.

(iii) The title to certain unsold completed units and lands held for property development are in the name of a subsidiary ("Landowner") with full power of attorney obtained by the Company. The titles to the unsold completed units and lands held for property development will be directly transferred from landowner to the property purchasers.

(iv) Land held for property development and land held for sale of the Group with the total net carrying amount of RM113,613,851 (2018: RM117,037,224; 2017: RM126,809,574) have been pledged to licensed banks for the banking facilities granted to the Group as disclosed in Note 20.

(a) Property development costs

	2019 RM	2018 RM	2017 RM
Cumulative property development costs			
At 1 January			
Land costs	57,231,330	52,590,395	74,206,770
Development costs	326,717,890	163,929,467	164,889,189
	383,949,220	216,519,862	239,095,959
Cost incurred during the financial year			
Land costs	54,516,270	19,074,795	27,585,973
Development costs	219,868,585	203,134,012	124,976,744
Less:			
Transfer to inventories (unsold completed units)	(880,317)	(18,176,077)	(28,634,718)
Adjustments to completed projects during the financial year	(106,559,370)	(36,603,372)	(146,504,096)
At 31 December	550,894,388	383,949,220	216,519,862
Cumulative costs recognised in statement of comprehensive income			
At 1 January	(309,816,093)	(131,140,087)	(163,476,388)
Recognised during the financial year	(214,355,611)	(215,279,378)	(114,167,795)
Less:			
Adjustments to completed projects during the financial year	106,559,370	36,603,372	146,504,096
At 31 December	(417,612,334)	(309,816,093)	(131,140,087)
	133,282,054	74,133,127	85,379,775

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12. TRADE RECEIVABLES

	2019 RM	2018 RM	2017 RM
Trade receivables			
- third parties	112,778,345	79,056,848	39,705,321
- Directors' related companies	24,810,929	30,059,999	-
	137,589,274	109,116,847	39,705,321

The normal credit term of trade receivables is 30 days (2018: 30 days; 2017: 30 days).

13. OTHER RECEIVABLES

	Note	2019 RM	2018 RM	2017 RM
Other receivables				
- third parties		10,346,093	345,837	1,450,674
- Directors' related companies	(i)	13,775,324	37,200,659	44,608,033
Deposits	(ii)	9,412,418	2,419,880	2,366,692
Contract costs	(iii)	9,819,901	8,885,941	5,318,423
Prepayments		2,153,421	195,495	-
GST receivable		-	412,953	-
		45,507,157	49,460,765	53,743,822

(i) Amounts due from Directors' related companies are non-trade in nature, unsecured, interest free advances which are collectible on demand.

(ii) Included in the deposits of the Group of RM6,900,000 (2018: RM1,500,000; 2017: RM1,500,000) represents deposits paid to third parties in relation to the acquisition of lands for future development. As at the date of this report, the condition precedents set out in the Sale and Purchase Agreement ("SPA") have yet to be fulfilled by both parties.

(iii) 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 RM11,670,689 (2018: RM9,506,946; 2017: RM2,206,409).

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14. CONTRACT ASSETS/(LIABILITIES)

	Note	2019 RM	2018 RM	2017 RM
Property development	(i)	105,402,173	46,228,417	15,225,997
Construction	(ii)	8,389,521	8,371,310	(8,364,702)
Completed units	(iii)	(4,437,140)	-	-
		109,354,554	54,599,727	6,861,295

Contract assets primarily relate to the Group's right to consideration for work completed on property development and construction contract but not yet billed at the reporting date. Typically, the amount will be billed within 30 days and payment is expected within 60 days.

Contract liabilities primarily relate to amount billed to customer before a related performance obligation is satisfied by the Group.

(i) Property development

	2019 RM	2018 RM	2017 RM
At 1 January	46,228,417	15,225,997	(12,917,347)
Revenue recognised during the year (Note 4)	382,300,232	328,429,058	168,155,301
Consideration paid on behalf/payable	16,463,272	3,779,512	1,938,543
Progress billing during the year	(339,589,748)	(301,206,150)	(141,950,500)
At 31 December	105,402,173	46,228,417	15,225,997

Consideration paid/payable to customers are recognised to profit or loss when performance obligations are satisfied for the respective financial years.

(ii) Construction contracts

	2019 RM	2018 RM	2017 RM
At 1 January	8,371,310	(8,364,702)	-
Revenue recognised during the year (Note 4)	49,384,965	89,974,981	8,988,223
Progress billing during the year	(49,366,754)	(73,238,969)	(17,352,925)
At 31 December	8,389,521	8,371,310	(8,364,702)

14. CONTRACT ASSETS/(LIABILITIES) (cont'd)

(iii) Completed units

	2019 RM	2018 RM	2017 RM
At 1 January	-	-	-
Revenue recognised during the year (Note 4)	27,966,695	8,303,845	4,408,400
Progress billing during the year	(32,403,835)	(8,303,845)	(4,408,400)
At 31 December	(4,437,140)	-	-

15. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits placed with licensed banks by the Group carries interest rates ranging from 2.9%-3.4% (2018: 2.9%-3.95%; 2017: 2.9%-3.3%) per annum.

Included in fixed deposits of the Group is an amount of RM4,585,912 (2018: RM3,019,142; 2017: RM1,150,000) pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 20.

16. CASH AND BANK BALANCES

Included in the bank balances of the Group is amount of RM23,615,541 (2018: RM7,582,780; 2017: RM2,237,842) 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.

17. SHARE CAPITAL

	Number of ordinary shares		
	2019 Unit	2018 Unit	2017 Unit
Issued and fully paid:			
At 1 January	500,000	500,000	500,000
Issuance of ordinary shares	50,000,000	-	-
At 31 December	50,500,000	500,000	500,000

	Amount		
	2019 RM	2018 RM	2017 RM
Issued and fully paid:			
At 1 January	500,000	500,000	500,000
Issuance of ordinary shares	50,000,000	-	-
At 31 December	50,500,000	500,000	500,000

17. SHARE CAPITAL (cont'd)

On 26 November 2019, the Company has increased its issued share capital from RM500,000 to RM50,500,000 by way of an issuance of 50,000,000 new ordinary shares for the purpose of working capital.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing issued ordinary shares of the Company.

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

18. NON-CONTROLLING INTEREST

The subsidiaries of the Group that have non-controlling interests ("NCI") are as follows:

	TNSB	TSB	Total
2019			
NCI percentage of ownership and voting interest	0%	40%	
Carrying amount of NCI (RM)	-	9,718,477	9,718,477
Profit/(Loss) allocated to NCI (RM)	3,284,033	(25,793)	3,258,240
2018			
NCI percentage of ownership and voting interest	10%	40%	
Carrying amount of NCI (RM)	5,772,914	9,744,270	15,517,184
Profit allocated to NCI (RM)	5,694,189	2,120	5,696,309
2017			
NCI percentage of ownership and voting interest	20%	40%	
Carrying amount of NCI (RM)	3,066,973	9,742,150	12,809,123
Profit allocated to NCI (RM)	2,759,151	(336,832)	2,422,319

The summarised financial information before intra-group elimination of the subsidiaries that have NCI as at the end of each reporting period are as follows:

	TNSB RM	TSB RM
At 31 December 2019		
Non-current assets	18,439,302	-
Current assets	544,099,188	8,726,033
Non-current liabilities	(58,602,373)	-
Current liabilities	(380,533,345)	(2,579,158)
Net assets	123,402,772	6,146,875

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18. NON-CONTROLLING INTEREST (cont'd)

	TNSB RM	TSB RM
For the financial year ended 31 December 2019		
Revenue	433,357,947	-
Profit for the year	65,680,669	(20,367)
Total comprehensive income	65,680,669	(20,367)
Cash flows from/(used in):		
Operating activities	70,724,243	(120)
Investing activities	(769,160)	11,700
Financing activities	(22,172,406)	-
At 31 December 2018		
Non-current assets	3,503,191	-
Current assets	394,732,157	8,536,368
Non-current liabilities	(68,109,902)	-
Current liabilities	(272,396,307)	(2,369,126)
Net assets	57,729,139	6,167,242
For the financial year ended 31 December 2018		
Revenue	405,480,394	-
Profit for the year	40,194,273	170,767
Total comprehensive income	40,194,273	170,767
Cash flows from/(used in):		
Operating activities	(720,476)	(793)
Investing activities	(1,348,033)	5,381
Financing activities	1,589,717	-
At 31 December 2017		
Non-current assets	1,282,925	-
Current assets	215,537,229	9,536,408
Non-current liabilities	(58,354,002)	-
Current liabilities	(143,131,286)	(3,539,933)
Net assets	15,334,866	5,996,475
For the financial year ended 31 December 2017		
Revenue	149,142,318	2,949,001
Profit for the year	13,795,756	952,428
Total comprehensive income	13,795,756	952,428
Cash flows from/(used in):		
Operating activities	5,847,659	26,047
Investing activities	(189,706)	-
Financing activities	(2,391,158)	-

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19. TRADE PAYABLES

	Note	2019 RM	2018 RM	2017 RM
Non-current				
Directors' related companies	(iv)	25,155,347	-	-
Current				
Third parties	(i)	4,525,744	1,924,397	24,618,958
Directors' related companies	(ii)	102,825,248	130,585,083	53,058,947
Landowner's entitlement	(iii)	-	1,254,403	1,401,703
		107,350,992	133,763,883	79,079,608

(i) The normal credit terms granted to the Group range from 30 to 60 days (2018: 30 to 60 days; 2017: 30 to 60 days).

(ii) These amounts are trade in nature, unsecured, interest free and are subject to normal credit term.

(iii) These are in respect of payable for landowner's entitlement under deferred payment term pursuant to the joint land development agreements and joint venture agreements entered into with the landowners. Pursuant to the said agreements, the entitlements are determined based on agreed percentage on the total development units and/or total gross development value net of trade discount, where applicable, of the property development projects. These deferred payables are measured at amortised cost at imputed interest rate of Nil (2018: 6.25%; 2017: 6.25%) per annum.

	2019 RM	2018 RM	2017 RM
Future minimum payments:			
- Repayable within 1 year	-	1,770,000	2,010,000
Less: Future accretion interest	-	(515,597)	(608,297)
	-	1,254,403	1,401,703
Present value of deferred payables:			
- Repayable within 1 year	-	1,254,403	1,401,703

(iv) This is in respect of payable for acquisition of a land cost under deferred payment term pursuant to agreement entered with a Directors' related company. These deferred payables are measured at amortised cost at imputed interest rate of 6.85% (2018: Nil; 2017: Nil) per annum.

	2019 RM	2018 RM	2017 RM
Future minimum payments:			
- Repayable later than 1 year but not later than 5 years	31,330,618	-	-
	31,330,618	-	-
Less: Future accretion interest	(6,175,271)	-	-
Total present value of minimum payment	25,155,347	-	-

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20. BORROWINGS, SECURED

	Note	2019 RM	2018 RM	2017 RM
Non-current liabilities				
Term loan	(i)	83,354,039	66,794,478	30,866,651
Finance lease payable	(ii)	2,739,289	1,612,850	1,346,557
		86,093,328	68,407,328	32,213,208
Current liabilities				
Bank overdraft		-	2,471,692	-
Banker's acceptance		-	21,328,570	13,569,904
Term loan	(i)	7,777,232	12,261,544	8,436,263
Finance lease payable	(ii)	893,181	666,471	546,487
		8,670,413	36,728,277	22,552,654
Total borrowings				
Bank overdraft		-	2,471,692	-
Banker's acceptance		-	21,328,570	13,569,904
Term loan	(i)	91,131,271	79,056,022	39,302,914
Finance lease payable	(ii)	3,632,470	2,279,321	1,893,044
		94,763,741	105,135,605	54,765,862

The effective interest/profit rates per annum on the borrowings of the Group is as follows:

	2019 %	2018 %	2017 %
Banker's acceptance	-	5.20%	6.20%
Bank overdraft	-	6.90%	-
Term loan	4.2% - 8.0%	4.9% - 7.7%	4.5% - 5.6%
Finance lease payable	4.4% - 5.0%	4.4% - 5.0%	4.6% - 5.0%

(i) Term loan

	2019 RM	2018 RM	2017 RM
Repayable:			
Within one year (current)	7,777,232	12,261,544	8,436,263
Between 1 to 5 years	34,625,437	26,558,591	16,110,838
More than 5 years	48,728,602	40,235,887	14,755,813
Repayable after one year (non-current)	83,354,039	66,794,478	30,866,651
	91,131,271	79,056,022	39,302,914

20. BORROWINGS, SECURED (cont'd)

(ii) Finance lease payable

	2019 RM	2018 RM	2017 RM
Minimum finance lease payments:			
Within 1 year	1,035,432	755,626	622,926
More than 1 year and less than 5 years	2,730,079	1,183,370	1,411,140
More than 5 years	203,141	549,641	36,898
	3,968,652	2,488,637	2,070,964
Less: Future finance charges	(336,182)	(209,316)	(177,920)
Present value of finance lease payables	3,632,470	2,279,321	1,893,044
Present value of finance lease payables:			
Within 1 year	893,181	666,471	547,376
More than 1 year and less than 5 years	2,539,131	1,079,946	1,309,069
More than 5 years	200,158	532,904	36,599
	3,632,470	2,279,321	1,893,044

The term loan, banker's acceptance and bank overdraft facilities of the Group are secured by the following:

(i) Jointly and severally guaranteed by 3 (2018: 3; 2017: 3) Directors of the Company at their personal capabilities;

(ii) Third party open charge by the Group over 40 (2018: 18; 2017: 18) properties owned by Directors' related companies;

(iii) Fixed deposits pledged as disclosed in Note 15;

(iv) Legal charge over lands held for property development and lands for sale as disclosed in Note 11; and

(v) Legal charge over the Group's freehold properties as disclosed in Note 8.

21. LEASE LIABILITIES

	2019 RM
Non-current liabilities	486,833
Current liabilities	167,754
	654,587

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21. LEASE LIABILITIES (cont'd)

	2019 RM
Future minimum lease payments:	
- not later than 1 year	248,400
- later than 1 year but not later than 5 years	548,400
- later than 5 years	45,000
	841,800
Less: Unexpired finance charges	(187,213)
Total present value of minimum lease payments	654,587
Present value of lease liability:	
- not later than 1 year	167,754
- later than 1 year but not later than 5 years	444,613
- later than 5 years	42,220
	654,587

The lease liabilities of the Group bear effective interest rates ranging from 13.40% to 14.57% per annum.

22. DEFERRED TAX LIABILITIES

	2019 RM	2018 RM	2017 RM
At beginning of the financial year	202,737	152,867	(259,525)
Effect on adoption of MFRS 16	4,137	-	-
Recognised in profit or loss (Note 7)	151,559	49,870	412,392
At end of the financial year	358,433	202,737	152,867

The recognised deferred tax (assets)/liabilities before offsetting are as follows:-

	Property, plant and equipment RM	Right-of-use assets RM	Other temporary differences RM	Total RM
Deferred tax liabilities				
At 1 January 2019	161,069	-	41,668	202,737
Effect on adoption of MFRS 16	-	4,137	-	4,137
Recognised in profit or loss	(76,621)	6,174	222,006	151,559
At 31 December 2019	84,448	10,311	263,674	358,433

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22. DEFERRED TAX LIABILITIES (cont'd)

The recognised deferred tax (assets)/liabilities before offsetting are as follows:- (cont'd)

	Property, plant and equipment RM	Right-of-use assets RM	Other temporary differences RM	Total RM
Deferred tax liabilities				
At 1 January 2018	76,976	-	75,891	152,867
Recognised in profit or loss	84,093	-	(34,223)	49,870
At 31 December 2018	161,069	-	41,668	202,737
At 1 January 2017	37,188	-	(296,713)	(259,525)
Recognised in profit or loss	39,788	-	372,604	412,392
At 31 December 2017	76,976	-	75,891	152,867

23. OTHER PAYABLES

	Note	2019 RM	2018 RM	2017 RM
Other payables				
- third parties		900,004	551,070	9,327,532
- amounts due to shareholders of a subsidiary	(i)	1,706,600	1,706,600	3,413,200
- Directors' related companies	(ii)	89,963,897	88,285,700	185,507,223
Accruals		10,729,719	9,509,405	19,144,313
Accrued contractor works		10,047,025	23,790,921	-
Refundable deposits received	(iii)	8,488,045	5,587,180	6,017,637
Goods and Services Tax ("GST") payable		-	-	577,623
		121,835,290	129,430,876	223,987,528

(i) Amounts due to shareholders of a subsidiary are non-trade in nature, unsecured, interest free advances which are repayable on demand.

(ii) Amounts due to Directors' related companies are non-trade in nature, unsecured, interest free advances which are repayable on demand.

(iii) Refundable deposits received represent booking fees received from the buyers of the units on the project which is refundable upon Certification of Completion and Compliance.

24. AMOUNTS DUE TO DIRECTORS

Amounts due to Directors are non-trade in nature, unsecured, interest free advances which are repayable on demand.

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25. RELATED PARTY DISCLOSURES

Identify of related parties

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has 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 party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group has related party relationships with its Directors' related companies, shareholders, Directors and key management personnel. Directors' related companies refer to companies in which certain Directors of the Group have substantial financial interests and/or are also Directors of the Companies. The related party balances are shown in Notes 12, 13, 19, 23 and 24 respectively.

Significant related party transactions

Other than disclosed elsewhere in the financial statements, the significant related party transactions between the Group and its related parties during the financial year are as follows:

	2019	2018	2017
	RM	RM	RM
Directors' related companies			
Sale of land and completed units	(26,766,485)	-	-
Land costs	41,393,323	-	-
Management fees	665,680	598,600	928,560
Furniture and fittings	1,679,849	-	-
Other operating expenses	664,456	-	-
Rental of office space	1,596,350	607,900	-
Sale of fresh fruit bunch	(1,163,175)	(852,589)	(1,735,521)
Construction costs	211,829,260	263,674,816	12,701,337
(Repayment to)/Advances from	(224,552,677)	(100,863,994)	68,279,164
Directors			
Advances from	11,347,216	4,472,905	-
Corporate shareholder			
Repayment to	-	(1,706,600)	-

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 either directly or indirectly. The key management personnel includes all the Directors of the Group.

The remuneration of the Directors of the Group are disclosed in Note 6(i).

26. CONTINGENT LIABILITIES

	2019 RM	2018 RM	2017 RM
Bank guarantee issued to supplier (secured)	15,200,910	14,803,198	14,583,198

27. CAPITAL COMMITMENT

The Group has the following commitment in respect of acquisition of lands for development:

	2019 RM	2018 RM	2017 RM
Authorised and contracted for:			
Acquisition of lands	49,545,000	87,985,424	87,985,424

28. FINANCIAL INSTRUMENTS

Categories of financial instruments

The Group's financial assets and financial liabilities are all categorised as amortised costs respectively.

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 rate 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 exposures 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), contract assets and advances to Directors' related companies. For other financial assets (including cash and bank balances and fixed deposits with licensed banks), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

28. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

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 association 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 consolidated statements of financial position.

Concentration of credit risk

The Group determines concentration of credit risk by monitoring the profiles of its receivables on an ongoing basis.

As at 31 December 2019, the Group has significant concentration of credit risk arising from the amount owing from 2 customers (2018: 2 customers; 2017: 1 customer) constituting 28% (2018: 68%; 2017: 46%) of gross trade receivables of the Group.

Recognition and measurement of impairment loss

Trade receivables and contract assets from property development and land sale segment ("Collaterised receivables")

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).

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28. 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)

The Group has possession of the legal rights to the properties sold and lands developed by the Group 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.

Trade receivables and contract assets from construction contract segment ("Non-collaterised receivables")

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.

In determining the recoverability of these receivables, the Group considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. Receivables are monitored on a going concern basis via Group's management reporting procedures and action will be taken for long outstanding debt. The Group is exposed to significant concentration of credit risk to a customer, a body incorporated by the Government of Malaysia. The expected credit loss rate on the amounts outstanding from the customer are considered low as it has low risk of default and strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the said Body to fulfil its contractual cash flow obligations.

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.

	2019 RM	2018 RM	2017 RM
Collaterised receivables			
Trade receivables			
Not past due	30,517,720	49,318,085	4,997,218
Past due:			
1 day to 30 days	11,995,462	6,745,591	9,686,207
31 days to 120 days	42,811,502	3,599,782	437,994
More than 120 days	30,639,937	5,381,700	6,189,801
	85,446,901	15,727,073	16,314,002
	115,964,621	65,045,158	21,311,220
Contract assets	105,402,173	46,228,417	15,225,997
	221,366,794	111,273,575	36,537,217

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28. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Impairment losses (cont'd)

	2019 RM	2018 RM	2017 RM
(Cont'd)			
Non-collaterised receivables			
Trade receivables			
Not past due	4,794,636	8,677,312	-
Past due:			
1 day to 30 days	-	8,500,126	18,394,101
31 days to 120 days	9,165,347	26,894,251	-
More than 120 days	7,664,670	-	-
	16,830,017	35,394,377	18,394,101
	21,624,653	44,071,689	18,394,101
Contract assets	8,389,521	8,371,310	-
	30,014,174	52,442,999	18,394,101
	251,380,968	163,716,574	54,931,318

Receivables that are neither past due nor impaired

Property development segment

Trade receivables that are neither past due nor impaired comprise property purchasers mostly are with end financing facilities from reputable end-financiers whilst the others are creditworthy debtors with good payment records.

Construction contract segment

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records and mostly are regular customers that have been transacting with the Group.

Receivables that are past due not impaired

Property development segment

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.

Construction contract segment

The Group has not provided for impairment for these trade receivables as there has been no significant changes in their credit quality and the amounts are still considered recoverable according to historical repayment trend of these trade receivables. The Group does not hold any collateral or other credit enhancement over these balances.

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28. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

Amounts due from Directors' related companies

Risk management objectives, policies and processes for managing the risk

The Group provides unsecured loans and advances to its Directors' related companies. The Group monitors the ability of the Directors' related companies 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 amounts due from Directors' related companies are represented by the carrying amount in the consolidated 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

Amounts due from Directors' related companies are repayable on demand. For loans that are repayable on demand, expected credit losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date.

Generally, the Group considers loans and advances to Directors' related companies have low credit risk. The Group assumes that there is a significant increase in credit risk when the Directors' related companies' financial position deteriorates significantly. As the Directors' related companies are owned by common shareholders of the Group and therefore the Group is able to determine the timing of payments of the Directors' related companies' loans and advances when it is payable, the Group considers Directors' related companies' loan or advance to be credit impaired when the Directors' related companies are unlikely to repay the loan or advances to the Group in full given insufficient highly liquid resources when the loan is demanded.

The Group determines the probability of default for these loans and advances individually using internal information available.

As at year end, there were no indications of impairment loss in respect of amounts due from Directors' related companies.

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 consolidated 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 receivable 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 risk is represented by their carrying amounts in the consolidated statements of financial position. The Group has assessed a debtor which is past due more than 1 year as credit impaired. As such, the Group has written off the debt due from a debtor as disclosed in Note 6.

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28. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities.

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2019 RM	2018 RM	2017 RM
Floating rate interest			
Financial assets	4,949,240	3,370,770	1,490,976
Financial liabilities	(91,131,271)	(102,856,284)	(52,872,818)
	(86,182,031)	(99,485,514)	(51,381,842)

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 15 and Note 20 respectively. The changes in interest rates would not have material impact on the profit after tax of the Group.

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28. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arise primarily from mismatch of financial assets and liabilities. The Group's financial liabilities comprise trade payables, other payables, and borrowings.

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:

			<—— Contractual Cash Flows ——>			
	Carrying amount RM	**Contractual cash flows RM**	**Within one year RM**	**Between 1 and 2 years RM**	**Between 2 and 5 years RM**	**More than 5 years RM**
2019						
Trade payables	107,350,992	138,681,610	107,350,992	5,695,941	20,973,824	4,660,853
Other payables	121,835,290	121,835,290	121,835,290	-	-	-
Borrowings:-						
- Term loan	91,131,271	139,446,764	15,361,268	15,240,674	44,295,330	64,549,492
- Finance lease payable	3,632,470	3,968,652	1,035,432	958,744	1,771,335	203,141
	323,950,023	403,932,316	245,582,982	21,895,359	67,040,489	69,413,486

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28. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(c) 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: (cont'd)

			<———Contractual Cash Flows———			——>
	Carrying amount RM	Contractual cash flows RM	Within one year RM	Between 1 and 2 years RM	Between 2 and 5 years RM	More than 5 years RM
2018						
Trade payables	133,763,883	131,993,883	131,993,883	-	-	-
Other payables	129,430,876	129,430,876	129,430,876	-	-	-
Borrowings:-						
- Bank overdraft	2,471,692	2,554,542	2,554,542	-	-	-
- Banker's acceptance	21,328,570	21,754,666	21,754,666	-	-	-
- Term loan	79,056,022	105,457,980	17,981,062	11,239,768	32,648,876	43,588,274
- Finance lease payable	2,279,321	2,488,637	755,626	589,608	593,762	549,641
	368,330,364	393,680,584	304,470,655	11,829,376	33,242,638	44,137,915
2017						
Trade payables	79,079,608	77,069,608	77,069,608	-	-	-
Other payables	223,987,528	223,987,528	223,987,528	-	-	-
Borrowings:-						
- Banker's acceptance	13,569,904	13,639,808	13,639,808	-	-	-
- Term loan	39,302,914	44,983,690	9,088,069	10,463,505	10,663,782	14,768,334
- Finance lease payable	1,893,044	2,070,964	622,926	1,070,157	340,983	36,898
	357,832,998	361,751,598	324,407,939	11,533,662	11,004,765	14,805,232

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29. FAIR VALUE MEASUREMENTS

Financial instrument at fair value

As the financial assets and liabilities of the Group are not carried at fair value by any valuation method, the fair value hierarchy analysis is not presented.

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 floating rate loans approximates their fair value as the loans will be re-priced to market interest rate on or near reporting date.

The carrying amount of long term deferred payable approximately its fair value as the market interest rate on initial recognition is approximately same as the current market interest rate.

The fair values of finance lease payable is 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 of fair value of the finance lease liability is not materially different.

30. 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 equity. Net debt includes loans and borrowings, less cash and cash equivalents whilst total equity is equity attributable to Owners of the Company.

The net debt-to-equity ratios at end of the reporting period are as follows:-

	2019 RM	2018 RM	2017 RM
Borrowings	94,763,741	105,135,605	54,765,862
Less: Cash and cash equivalents	(69,200,635)	(22,731,106)	(13,177,163)
Total net debts	25,563,106	82,404,499	41,588,699
Total equity attributable to Owners of the Company	311,895,441	157,000,221	74,190,964
Debt-to-equity ratio (%)	8%	52%	56%

MOORE

RANTAU URUSAN (M) SDN. BHD.
Registration No. 200001016286 (518893-U)
(Incorporated in Malaysia)

ACCOUNTANTS' REPORT ON THE FINANCIAL STATEMENTS

RANTAU URUSAN (M) SDN. BHD.
Registration No. 200001016286 (518893-U)
(Incorporated in Malaysia)

ACCOUNTANTS' REPORT ON THE FINANCIAL STATEMENTS

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MOORE

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The Board of Directors
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No.131, Persiaran PM 2/1,
Pusat Bandar Seri Manjung, Seksyen 2,
32040 Seri Manjung, Perak.

Date: 26 February 2020

Dear Sirs,

Reporting Accountants' Opinion on the Financial Statements Contained in the Accountants' Report of Rantau Urusan (M) Sdn. Bhd.

Opinion

We have audited the financial statements of Rantau Urusan (M) Sdn. Bhd., which comprise the statements of financial position as at 31 December 2019, 31 December 2018 and 31 December 2017, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial years then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 4 to 41. The historical financial statements of the Company have been prepared for inclusion in the circular of D.B.E. Gurney Resources Berhad in connection with the proposed acquisition by D.B.E. Gurney Resources Berhad of the entire equity interest in the Company, and for no other purposes.

In our opinion, the accompanying financial statements give a true and fair view of the financial positions of the Company as at 31 December 2019, 31 December 2018 and 31 December 2017, and of its financial performances and cash flows for the financial years then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis of 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 *Reporting Accountant's Responsibilities for the Audit of the Financial Statements* section of our Reporting Accountants' 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.

MOORE

REPORTING ACCOUNTANTS' OPINION ON
RANTAU URUSAN (M) SDN. BHD. (cont'd)
Registration No. 200001016286 (518893-U)
(Incorporated in Malaysia)

Responsibilities of the Directors for the Financial Statements

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

In preparing the financial statements of the Company, the Directors are responsible for assessing 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 Company or to cease operations, or have no realistic alternative but to do so.

Reporting Accountants' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue a Reporting Accountants' 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.

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 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 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.

MOORE

REPORTING ACCOUNTANTS' OPINION ON
RANTAU URUSAN (M) SDN. BHD. (cont'd)
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Reporting Accountants' Responsibilities for the Audit of the Financial Statements (cont'd)

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 Reporting Accountants' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Reporting Accountants' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Other Reporting Responsibility

In accordance with paragraph 10.05 of Chapter 10. Part II Division 1: Equity of the Prospectus Guidelines as issued by the Securities Commission Malaysia, no significant subsequent events have come to our attention since 31 December 2019 that would require a material disclosure or adjustment to be made to the financial statements of the Company.

Restriction on Distribution and Use

This report is made solely to comply with the Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad for inclusion in the circular of D.B.E. Gurney Resources Berhad in connection with the proposed acquisition by D.B.E. Gurney Resources Berhad of the entire equity interest in the Company and for no other purposes. We do not assume responsibility to any other person for the content of this report.

Moore Stephens

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

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

Registration No. 200001016286 (518893-U)

RANTAU URUSAN (M) SDN. BHD.
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 2018 AND 2017

	Note	2019 RM	2018 RM	2017 RM
Revenue	4	242,077,145	318,251,334	129,288,834
Cost of sales		(204,167,075)	(267,646,529)	(114,993,234)
Gross profit		37,910,070	50,604,805	14,295,600
Other income		13,695	3,714	940
Administrative expenses		(4,071,250)	(604,195)	(1,709,238)
Profit from operations		33,852,515	50,004,324	12,587,302
Finance costs		(44,197)	(3,532)	(2,472)
Profit before tax	5	33,808,318	50,000,792	12,584,830
Income tax expenses	6	(8,581,566)	(9,992,719)	(2,552,751)
Profit net of tax, representing total comprehensive income for the financial year		25,226,752	40,008,073	10,032,079

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

Registration No. 200001016286 (518893-U)

RANTAU URUSAN (M) SDN. BHD.
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019, 2018 AND 2017

	Note	2019 RM	2018 RM	2017 RM
ASSETS				
Non-current assets				
Plant and equipment	7	150,400	74,990	98,064
Investment properties	8	3,573,900	-	-
Right-of-use asset	9	10,126	-	-
		3,734,426	74,990	98,064
Current assets				
Trade receivables	10	103,548,884	133,160,990	63,619,829
Other receivables	11	50,987,800	1,988,532	4,750
Contract assets	12	24,491,803	45,834,665	6,135,952
Tax recoverable		842,320	-	-
Cash and bank balances		5,357,485	95,162	49,771
		185,228,292	181,079,349	69,810,302
TOTAL ASSETS		188,962,718	181,154,339	69,908,366
EQUITY AND LIABILITIES				
Equity				
Share capital	13	1,000,000	1,000,000	1,000,000
Retained earnings		70,146,203	49,419,451	11,411,378
TOTAL EQUITY		71,146,203	50,419,451	12,411,378
Non-current liabilities				
Deferred tax liabilities	14	6,946	-	-
Borrowings	15	1,795,587	46,286	63,914
Lease liabilities	16	1,580	-	-
		1,804,113	46,286	63,914
Current liabilities				
Trade payables	17	88,090,182	113,246,174	54,233,410
Other payables	18	27,840,115	12,394,425	2,350,873
Borrowings	15	73,147	17,628	16,736
Lease liabilities	16	8,958	-	-
Provision for taxation		-	5,030,375	832,055
		116,012,402	130,688,602	57,433,074
TOTAL LIABILITIES		117,816,515	130,734,888	57,496,988
TOTAL EQUITY AND LIABILITIES		188,962,718	181,154,339	69,908,366

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

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RANTAU URUSAN (M) SDN. BHD.
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STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 2018 AND 2017

	Note	Share Capital RM	Distributable Retained Earnings RM	Total Equity RM
At 1 January 2017		1,000,000	2,379,299	3,379,299
Profit for the year, representing total comprehensive income for the financial year		-	10,032,079	10,032,079
Transaction with Owners of the Company				
Dividends	19	-	(1,000,000)	(1,000,000)
At 31 December 2017/1 January 2018		1,000,000	11,411,378	12,411,378
Profit for the year, representing total comprehensive income for the financial year		-	40,008,073	40,008,073
Transaction with Owners of the Company				
Dividends	19	-	(2,000,000)	(2,000,000)
At 31 December 2018/1 January 2019		1,000,000	49,419,451	50,419,451
Profit for the year, representing total comprehensive income for the financial year		-	25,226,752	25,226,752
Transaction with Owners of the Company				
Dividends	19	-	(4,500,000)	(4,500,000)
As at 31 December 2019		1,000,000	70,146,203	71,146,203

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

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RANTAU URUSAN (M) SDN. BHD.
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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 2018 AND 2017

	Note	2019 RM	2018 RM	2017 RM
Cash Flows from Operating Activities				
Profit before tax		33,808,318	50,000,792	12,584,830
Adjustments for:				
Depreciation of right-to-use asset		7,233	-	-
Bad debt written off for other receivable		655,069	-	-
Depreciation of plant and equipment		39,830	23,074	17,306
Depreciation of investment properties		36,100	-	-
Interest expense		44,197	3,532	2,472
Interest income		(21)	(189)	(940)
Operating profit before changes in working capital		34,590,726	50,027,209	12,603,668
Receivables		(20,042,231)	(71,524,943)	(45,612,136)
Contract assets		21,342,862	(39,698,713)	(3,087,787)
Payables		(9,710,302)	69,056,316	39,106,289
Cash generated from operations		26,181,055	7,859,869	3,010,034
Dividends paid	19	(4,500,000)	(2,000,000)	(1,000,000)
Interest received		21	189	940
Interest paid		(44,197)	(3,532)	(2,472)
Income tax refund		985,526	-	118,122
Income tax paid		(15,432,841)	(5,794,399)	(2,078,590)
Net cash from operating activities		7,189,564	62,127	48,034
Cash Flows from Investing Activities				
Purchase of plant and equipment	7(ii)	(15,240)	-	(25,370)
Purchase of investment properties		(3,610,000)	-	-
Net cash used in investing activities		(3,625,240)	-	(25,370)
Cash Flows from Financing Activities				
Repayment of borrowings		(41,180)	(16,736)	(9,350)
Payment for the principal portion of lease liabilities	(i)	(6,821)	-	-
Drawdown of borrowings		1,746,000	-	-
Net cash from/(used in) financing activities		1,697,999	(16,736)	(9,350)
Net increase in cash and cash equivalents		5,262,323	45,391	13,314
Cash and cash equivalents at beginning of the financial year		95,162	49,771	36,457
Cash and cash equivalents at the end of the financial year		5,357,485	95,162	49,771

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RANTAU URUSAN (M) SDN. BHD.
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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 2018 AND 2017 (cont'd)

Note:

(i) Cash outflows for leases as a lessee

	2019 RM	2018 RM	2017 RM
Included in net cash from operating activities:			
Interest paid in relation to lease liabilities	1,179	-	-
Included in net cash from financing activities:			
Interest paid in relation to lease liabilities	6,821	-	-
	8,000	-	-

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

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RANTAU URUSAN (M) SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019, 31 DECEMBER 2018 AND 31 DECEMBER 2017

1. CORPORATE INFORMATION

The Company is a private limited company, incorporated and domiciled in Malaysia.

The registered office and principal place of business of the Company is located at No.131, Persiaran PM 2/1, Pusat Bandar Seri Manjung, Seksyen 2, 32040 Seri Manjung, Perak.

The principal activity of the Company is trading of building materials and hardware. There has been no significant change in the nature of this activity of the Company during the financial years.

The financial statements of the Company have been prepared in connection with the proposed acquisition by D.B.E. Gurney Resources Berhad of the entire interest in the Company and for no other purposes.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards.

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

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

The Company has 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 Company: -

Effective for financial periods beginning on or after 1 January 2020

Amendments to References to the Conceptual Framework in MFRS Standards

Amendments to MFRS 9 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 101 and MFRS 108	Definition of Material

Effective for financial periods beginning on or after 1 January 2021

MFRS 17	Insurance Contracts

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) New MFRSs, Amendments/Improvements to MFRSs and IC Int that are issued but not yet effective and have not been early adopted (cont'd)

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

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 Company upon their initial applications.

(b) Basis of Measurement

The financial statements 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

The financial statements are presented in Ringgit Malaysia ("RM"), which is 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 Company'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 Company'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 Company'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 amount of assets and liabilities within the next financial year are set out below.

Registration No. 200001016286 (518893-U)

2. **BASIS OF PREPARATION** (cont'd)

(d) **Significant accounting estimates and judgements** (cont'd)

Construction contracts revenue

The Company measured the performance of construction work done by comparing the actual costs incurred with the estimated total costs required to complete the construction. Significant judgements are required to estimate the total costs to complete. In making estimates, management relied on professionals' estimates and also on past experience of completed projects. A change in the estimates will directly affect the revenue to be recognised.

3. **SIGNIFICANT ACCOUNTING POLICIES**

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

(a) **Revenue and other income recognition**

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

The Company is in the business of construction works.

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 Company expects to be entitled in exchange for those goods or services, net of indirect taxes.

Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work and claims. Under the terms of the contracts, the Company has an enforceable right to payment for performance completed to date and that the customer controls the assets during the course of construction by the Company and that the construction services performed does not create an asset with an alternative use to the Company.

Revenue from construction contracts is recognised progressively over time based on the percentage of completion by using the cost-to-cost method ("input method"), based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The Directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under MFRS 15. Work done is measured based on actual and expected cost incurred for project activities.

There is no significant financing component in construction contracts with customers as the period between the recognition of revenue under the percentage of completion and the milestone payment is generally within the normal business operating cycle.

Contract assets and contract liabilities

Contract asset is the right to consideration in exchange for goods or services transferred to the customers. The Company'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.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(a) **Revenue and other income recognition** (cont'd)

(i) **Revenue from contracts with customers** (cont'd)

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

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

(ii) **Interest income**

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

(b) **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 Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when 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 the 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 Company has no further payment obligations.

(c) **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 borrowings 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 required to complete and prepare the asset for its intended use. Capitalisation of borrowing costs ceases when the assets are ready for their intended use or sale whereby the assets are no longer qualifying asset.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(d) Income tax

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 for all temporary differences between the carrying amount of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit nor loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

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.

Goods and Services Tax ("GST")

Revenues, expenses, assets and liabilities are recognised net of the amount of GST except:

- where the GST incurred in a purchase of assets or services are not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivable and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of other current assets or liabilities in the statements of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Leases

Current financial year – 31 December 2019

As a lessee

The Company 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.

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:

Hostel	5 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 Company 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(j)(ii).

The lease liability is initially measured at the present value of the future lease payments at the commencement date, discounted using the Company'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 Company 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 Company 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 years – 31 December 2018 and 31 December 2017

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.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(e) **Leases** (cont'd)

Previous financial years – 31 December 2018 and 31 December 2017 *(cont'd)*

(i) Finance Lease

Leases in terms of which the Company 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.

(ii) Operating Lease

Leases, where the Company 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.

(f) **Property, plant and equipment**

Plant and equipment are measured at cost 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 conditions 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 plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(f) **Property, plant and equipment** (cont'd)

(i) Recognition and measurement (cont'd)

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 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.

(ii) Subsequent costs

The cost of replacing part of an item of 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 Company and its cost can be measured reliably. The costs of the day-to-day servicing of plant and equipment are recognised in the statement of comprehensive income as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less it 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:

Machineries	10%
Motor vehicle	20%

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 plant and equipment.

(g) **Investment properties**

Investment properties are properties held to earn rental income or for capital appreciation or both. Investment properties that are constructed or developed for future use as investment properties.

Investment properties are initially measured at cost, which includes transaction costs. After the initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is recognised in the profit or loss on straight line basis over its estimated useful lives of each investment properties at the following annual rates:

Freehold properties	2%

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(g) **Investment properties** (cont'd)

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

(h) **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank, fixed deposits with licensed banks and cash on hand 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 statements of cash flows, cash and cash equivalents are presented net of pledged deposits, if any.

(i) **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 Company becomes 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 Company categorises financial instruments as follows:

<u>**Financial assets**</u>

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Company changes its 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Financial assets (cont'd)

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(j)(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.

(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 Company currently has a legally enforceable right to set off the amounts and it intends 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.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(i) **Financial instruments** (cont'd)

(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.

(j) **Impairment of assets**

(i) **Financial assets**

The Company recognises loss allowances for expected credit losses ("ECL") 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 Company is 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.

Simplified approach - trade receivables and contract assets

The Company applies 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 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 Company applies 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.

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3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(j) **Impairment of assets** (cont'd)

(i) **Financial assets** (cont'd)

General approach - other financial instruments (cont'd)

At each reporting date, the Company assesses 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 Company considers 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 Company's historical experience and informed credit assessment and including forward looking information, where available.

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

The Company considers 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 Company in full, without recourse by 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 Company is exposed to credit risk.

Credit Impaired financial assets

At each reporting date, the Company assesses 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 other consider (e.g. the restructuring of a loan or advance by the Company on terms that 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.

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3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(j) **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 Company determines 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 Company's procedures 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 where 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 costs 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 assessments of the 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.

(k) **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of their 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(m) Provisions

A provision is recognised if, as a result of a past event, the Company 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.

(n) 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.

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

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair value 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 Company 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 Company recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

4. REVENUE

	2019 RM	2018 RM	2017 RM
Revenue from contracts with customers			
Recognised over time:			
Construction contract revenue	242,077,145	318,251,334	129,288,834

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4. REVENUE (cont'd)

Unsatisfied long-term contracts

The following table shows unsatisfied performance obligations resulting from construction revenue.

	2019 RM	2018 RM	2017 RM
Total contracted revenue	1,269,144,096	809,826,476	746,158,199
Less: Construction revenue recognised	(558,598,543)	(411,471,038)	(152,843,139)
Less: Completed during the year	(94,949,640)	(59,623,435)	(16,296,823)
Constrcution revenue expected to be recognised in the future related to performance obligations that are unsatisfied or partially unsatisfied at 31 December	615,595,913	338,732,003	577,018,237

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

	2019 RM	2018 RM	2017 RM
Within 1 year	457,061,577	204,831,333	277,449,049
Between 1 to 3 years	158,534,336	133,900,670	299,569,188
	615,595,913	338,732,003	577,018,237

5. PROFIT BEFORE TAX

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

	Note	2019 RM	2018 RM	2017 RM
Auditors' remuneration				
- Statutory				
- current year		30,000	15,000	12,000
- underprovision in prior year		15,000	-	4,600
- Non-statutory		20,000	20,000	-
Depreciation of right-of-use asset		7,233	-	-
Depreciation of plant and equipment		39,830	23,074	17,306
Depreciation of investment properties		36,100	-	-
Employee benefits expense	(i)	970,108	467,135	143,244
Interest expense on:				
- term loans		37,488	-	-
- finance lease payables		5,530	3,532	2,472
- lease liabilities		1,179	-	-
Management fee		568,428	1,680	1,188,409
Rental of office space		71,917	12,000	-
Written off of other receivable		655,069	-	-
Interest income		(21)	(189)	(940)

5. PROFIT BEFORE TAX (cont'd)

(i) Employee benefits expense comprises of:

	2019 RM	2018 RM	2017 RM
Staff cost			
- Salary, allowances, bonus and overtime	853,257	411,174	126,885
- Contributions to Employees Provident Funds	106,295	50,763	15,319
- Others	10,556	5,198	1,040
	970,108	467,135	143,244

6. TAX EXPENSE

	2019 RM	2018 RM	2017 RM
Income tax:			
- Current year	8,088,297	9,992,545	2,552,736
- Underprovision in prior year	486,323	174	15
	8,574,620	9,992,719	2,552,751
Deferred tax (Note 14):			
- Origination of temporary differences	4,662	-	-
- Underprovision in prior year	2,284	-	-
	6,946	-	-
Income tax expense for the financial year	8,581,566	9,992,719	2,552,751

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the year. The Company being Malaysian resident company with paid-up capital up to RM2.5million qualified for the preferential tax rates under Paragraph 2A, Schedule 1 of the Income Tax Act, 1967 as follows:

On the first RM500,000 of chargeable income: 17% (2018: 18%; 2017: 18%)
In excess of RM500,000 of chargeable income: 24% (2018: 20% - 24%; 2017: 20% - 24%)

6. TAX EXPENSE (cont'd)

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

	2019 RM	2018 RM	2017 RM
Profit before tax	33,808,318	50,000,792	12,584,830
Tax at Malaysian statutory income tax rate 24%	8,113,996	12,000,190	3,020,359
Effect of income subject to 17% (2018: 18%; 2017: 18%) preferential tax rate	(35,000)	(30,000)	(30,000)
Exmeption in respect of the increase in chargeable income*	-	(1,980,509)	(444,937)
Tax effect on non-deductible expenses	13,963	2,864	7,314
Underprovision of income tax in prior year	486,323	174	15
Underprovision of deferred tax in prior year	2,284	-	-
	8,581,566	9,992,719	2,552,751

* This relates to the Income Tax (Exemption)(No.2) Order 2017 ("the Order") which was issued to give effect to the 2017 Budget proposal on the reduction of income tax rates on the incremental chargeable income from a business source. The Order is applicable for year of assessment 2017 and 2018. The Order provides for the calculation of a portion of chargeable income to be exempted from tax such that the resultant tax on the net chargeable income would be effectively be the same as the aggregate of the following:-

i. Tax at the applicable reduced tax rate on the incremental portion of chargeable income from a business source; and

ii. Tax at the prevailing of 24% on the base portion of chargeable income from a business source.

The Company who enjoys the preferential tax rate of 17% (2018: 18%; 2017: 18%) on its first RM500,000 chargeable income qualifies for the above exemption only if the incremental amount of chargeable income is part of the chargeable income in excess of the first RM500,000.

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7. PLANT AND EQUIPMENT

	Machineries RM	Motor Vehicles RM	Total RM
2019			
At Cost			
At 1 January	4,200	115,370	119,570
Additions	4,240	111,000	115,240
At 31 December	8,440	226,370	234,810
Accumulated Depreciation			
At 1 January	4,200	40,380	44,580
Charge for the financial year	106	39,724	39,830
At 31 December	4,306	80,104	84,410
Net Carrying Amount			
At 31 December	4,134	146,266	150,400
2018			
At Cost			
At 31 December	4,200	115,370	119,570
Accumulated Depreciation			
At 1 January	4,200	17,306	21,506
Charge for the financial year	-	23,074	23,074
At 31 December	4,200	40,380	44,580
Net Carrying Amount			
At 31 December	-	74,990	74,990
2017			
At Cost			
At 1 January	4,200	-	4,200
Additions	-	115,370	115,370
At 31 December	4,200	115,370	119,570
Accumulated Depreciation			
At 1 January	4,200	-	4,200
Charge for the financial year	-	17,306	17,306
At 31 December	4,200	17,306	21,506
Net Carrying Amount			
At 31 December	-	98,064	98,064

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7. PLANT AND EQUIPMENT (cont'd)

(i) Assets held under finance lease arrangement are as follow:-

	2019 RM	2018 RM	2017 RM
Net carrying amount			
- Motor vehicles	146,266	74,990	98,064

(ii) Purchase of plant and equipment: -

	2019 RM	2018 RM	2017 RM
Cash payment	15,240	-	25,370
Financed by finance lease arrangement	100,000	-	90,000
Total acquisition of plant and equipment	115,240	-	115,370

8. INVESTMENT PROPERTIES

	Freehold properties RM
2019	
At cost	
At 1 January	-
Additions	3,610,000
At 31 December	3,610,000
Accumulated depreciation	
At 1 January	-
Charge for the financial year	36,100
At 31 December	36,100
Net carrying amount	
At 31 December	3,573,900

The freehold properties with total net carrying amount of RM3,573,900 (2018: RM Nil; 2017: RM Nil) have been pledged to a licensed bank for the banking facilities granted to the Company as disclosed in Note 15.

As at 31 December 2019, the fair values of the investment properties were determined by the Directors which based on its cost of RM3,610,000 due to the investment properties were purchased during the financial year.

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9. RIGHT-OF-USE ASSETS

	2019 RM
Hostel lease	
At cost	
At 1 January, previously stated	-
Effect of MFRS 16 adoption	17,359
At 31 December	17,359
Accumulated depreciation	
At 1 January	-
Charge for the year	7,233
At 31 December	7,233
Net carrying amount	
At 31 December	10,126

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

	2019 RM	2018 RM
Interest expenses on lease liabilities	1,179	-

10. TRADE RECEIVABLES

	2019 RM	2018 RM	2017 RM
Directors	-	-	1,302,556
Directors' related companies	78,646,393	112,686,228	60,466,952
Third parties	865,751	-	1,467,838
Retention sum held by contract customers	24,036,740	20,474,762	382,483
	103,548,884	133,160,990	63,619,829

Amounts owing by Directors' related companies are unsecured, interest free and are subject to normal credit term.

The normal credit term of trade receivables is 30 days (2018: 30 days; 2017: 30 days).

Retention sum held by contract customers are due upon expiry of retention periods of 24 months after issuance of Certificate of Completion and Compliance (2018: 24 months; 2017: 24 months).

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11. OTHER RECEIVABLES

	2019 RM	2018 RM	2017 RM
Other receivables			
- Directors' related companies	47,044,351	394,466	-
- third parties	3,296,709	3,214	4,750
- Directors	11,540	-	
Deposits	15,100	887,000	-
Prepayments	620,100	-	-
GST recoverable	-	703,852	-
	50,987,800	1,988,532	4,750

The amounts owing by Directors' related companies and Directors are unsecured, interest free advances which are collectible on demand.

12. CONTRACT ASSETS

Contract assets primarily relate to the Company's right to consideration for work completed on construction contract but not yet billed at the reporting date. Typically, the amount will be billed within 30 days and payment is expected within 60 days.

Contract liabilities primarily relate to amount billed to customer before a related performance obligation is satisfied by the Company.

	2019 RM	2018 RM	2017 RM
At beginning of the year	45,834,665	6,135,952	3,048,165
Revenue recognised during the year (Note 4)	242,077,145	318,251,334	129,288,834
Less: Progress billings during the year	(263,420,007)	(278,552,621)	(126,201,047)
At the end of the year	24,491,803	45,834,665	6,135,952

	2019 RM	2018 RM	2017 RM
Construction contract cost incurred to date	482,298,609	420,257,319	152,610,790
Attributable profits	94,415,074	68,091,877	17,487,072
	576,713,683	488,349,196	170,097,862
Less: Progress billings	(552,221,880)	(442,514,531)	(163,961,910)
Contract assets	24,491,803	45,834,665	6,135,952
Represented by:			
Contract assets	25,198,551	50,471,702	7,665,142
Contract liabilities	(706,748)	(4,637,037)	(1,529,190)
	24,491,803	45,834,665	6,135,952

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13. SHARE CAPITAL

	Number of shares		
	2019	2018	2017
	Unit	Unit	Unit
Ordinary shares			
Issued and fully paid			
At 1 January/31 December	1,000,000	1,000,000	1,000,000

	Amount		
	2019	2018	2017
	RM	RM	RM
Ordinary shares			
Issued and fully paid			
At 1 January/31 December	1,000,000	1,000,000	1,000,000

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

14. DEFERRED TAX LIABILITIES

	2019	2018	2017
	RM	RM	RM
At 1 January	-	-	-
Recognised in profits or loss (Note 6)	6,946	-	-
At 31 December	6,946	-	-

The component and movement of deferred tax liabilities before offsetting are as follows:-

	Plant and equipment RM
Deferred tax liabilities	
At 1 January 2019	-
Recognised in profit or loss	6,946
At 31 December 2019	6,946

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15. BORROWINGS (SECURED)

	Note	2019 RM	2018 RM	2017 RM
Non-current liabilities				
Finance lease payables	(a)	96,982	46,286	63,914
Term loans	(b)	1,698,605	-	-
		1,795,587	46,286	63,914
Current liabilities				
Finance lease payables	(a)	37,297	17,628	16,736
Term loans	(b)	35,850	-	-
		73,147	17,628	16,736
Total borrowings				
Finance lease payables	(a)	134,279	63,914	80,650
Term loans	(b)	1,734,455	-	-
		1,868,734	63,914	80,650

(a) Finance lease payables

	2019 RM	2018 RM	2017 RM
Minimum finance lease payments:			
Within 1 year	42,612	20,268	20,268
Between 1 to 2 years	42,612	20,268	20,268
More than 2 years and less than 5 years	60,561	28,713	48,981
	145,785	69,249	89,517
Less: Future finance charges	(11,506)	(5,335)	(8,867)
Present value of finance lease payable	134,279	63,914	80,650
Present value of finance lease payables:			
Current:			
Within 1 year	37,297	17,628	16,736
Non-current:			
Between 1 to 2 years	39,110	18,521	17,628
More than 2 years and less than 5 years	57,872	27,765	46,286
	96,982	46,286	63,914
	134,279	63,914	80,650

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15. BORROWINGS (SECURED) (cont'd)

(b) Term loans

	2019 RM	2018 RM	2017 RM
Repayable:			
Within 1 year (current)	35,850	-	-
More than 1 year and less than 2 years	37,748	-	-
More than 2 years and less than 5 years	125,665	-	-
More than 5 years	1,535,192	-	-
Repayable after 1 year (non-current)	1,698,605	-	-
	1,734,455	-	-

The term loans of the Company are secured by the legal charge over the Company's freehold properties as disclosed in Note 8.

The effective interest rates per annum on the borrowings of the Company are as follows:

	2019 %	2018 %	2017 %
Term loans	5.17	-	-
Finance lease payables	4.44 - 4.77	4.77	4.77

16. LEASE LIABILITIES

	2019 RM	2018 RM	2017 RM
Future minimum lease payments:			
- not later than 1 year	9,600	-	-
- later than 1 year but not later than 5 years	1,600	-	-
	11,200	-	-
Less: Unexpired finance charges	(662)	-	-
Total present value of minimum lease payments	10,538	-	-
Represented by:			
Current	8,958	-	-
Non-current	1,580	-	-
	10,538	-	-

The lease liabilities bear effective interest rate of 9.87% (2018: Nil; 2017; Nil) per annum.

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17. TRADE PAYABLES

	2019 RM	2018 RM	2017 RM
Directors' related companies	4,594,596	94,080,096	47,491,693
Third parties	62,697,835	1,810,516	332,396
Retention sum for contract works	20,797,751	17,355,562	6,409,321
	88,090,182	113,246,174	54,233,410

The normal credit terms granted to the Company range from 30 to 60 days (2018: 30 to 60 days; 2017: 30 to 60 days).

18. OTHER PAYABLES

	2019 RM	2018 RM	2017 RM
Other payables			
- third parties	1,515,359	22,718	22,918
- Directors' related companies	11,123,292	-	-
Accruals			
- third parties	71,653	160,625	42,100
- Directors' related companies	-	-	720,000
Accrued costs to completion of projects	15,128,311	12,211,082	1,521,354
Refundable deposit received	1,500	-	-
GST payable	-	-	44,501
	27,840,115	12,394,425	2,350,873

Amounts due to Directors' related companies are non-trade in nature, unsecured, interest free advances which are repayable on demand.

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19. DIVIDENDS

	Per Ordinary share RM	Total amount RM	Date of declaration	Date of payment
2019				
Interim single tier dividend for the financial year 31 December 2018	1.50	1,500,000	11 January 2019	31 January 2019
Interim single tier dividend for the financial year 31 December 2019	3.00	3,000,000	20 December 2019	20 December 2019
		4,500,000		
2018				
Interim single tier dividend for the financial year 31 December 2017	1.00	1,000,000	3 January 2018	12 January 2018
Interim single tier dividend for the financial year 31 December 2018	1.00	1,000,000	31 July 2018	30 August 2018
		2,000,000		
2017				
Interim single tier dividend for the financial year 31 December 2017	1.00	1,000,000	6 November 2017	16 November 2017

20. RELATED PARTY DISCLOSURES

Identify of related parties

For the purpose of these financial statements, parties are considered to be related to the Company if the Company has 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 Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Company has related party relationships with its 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 related party balances are shown in Notes 10, 11, 17 and 18 respectively.

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20. RELATED PARTY DISCLOSURES (cont'd)

Significant related party transactions

Other than disclosed elsewhere in the financial statements, the significant related party transactions between the Company and its related parties during the financial year are as follows:

	2019 RM	2018 RM	2017 RM
Directors' related companies			
Management fees paid/payable	568,428	768,180	1,223,817
Rental expense	71,917	16,960	19,613
Rental income	(5,850)	-	-
Progress billings	(215,204,321)	(273,355,248)	(124,816,294)
Construction costs	7,756,723	180,948,597	113,182,882
Purchases of investment properties	3,610,000	-	-
Purchases of hardware	1,143	5,203,865	1,369,768
Advances to	(62,350,970)	(7,649,298)	(67,147)
Advances from	30,501,633	6,871,412	215,880
Repayment to	(32,513,687)	(156,519,117)	(79,731,582)
Repayment from	261,122,207	234,437,157	89,104,379

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 Company either directly or indirectly. The key management personnel include all the Directors of the Company.

There is no remuneration paid by the Company to key management personnel during the financial year.

21. FINANCIAL INSTRUMENTS

Categories of financial instruments

The Company's financial assets and financial liabilities are all categorised as amortised costs respectively.

Financial Risk Management Objectives and Policies

The Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Company's operations whilst managing its financial risks, including credit risk and liquidity risk. The Company operates within clearly defined guidelines that are approved by the Board and the Company's policy is not to engage in speculative transactions.

21. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

The following sections provide details regarding the Company'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 Company's exposure to credit risk arises principally from its receivables (which consist of trade receivables and other receivables), contract assets and related parties.

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 Company'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 Company 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.

Concentration of credit risk

The Company determines concentration of credit risk by monitoring the profiles of its receivables on an ongoing basis.

As at 31 December 2019, the Company has significant concentration of credit risk arising from the amount owing by 1 customer (2018: 1 customer; 2017: 2 customers) constituting 92% (2018: 94%; 2017: 86%) of gross trade receivables of the Company.

Recognition and measurement of impairment loss

Trade receivables and contract assets

In managing credit risk of trade receivables, the Company 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. The Company assumes that there is a significant increase in credit risk when the trade receivables' financial position deteriorates significantly.

The Company determines the probability of default for these trade receivables individually using internal information available.

As at year end, there were no indications of impairment loss in respect of the trade receivables.

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21. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

Trade receivables and contract assets (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.

	2019 RM	2018 RM	2017 RM
Trade receivables			
Not past due	21,269,486	22,736,827	14,784,518
Past due:			
1 day to 30 days	17,092,384	11,914,621	11,905,230
31 days to 120 days	25,841,152	55,425,741	20,168,917
More than 120 days	39,345,862	43,083,801	16,761,164
	82,279,398	110,424,163	48,835,311
	103,548,884	133,160,990	63,619,829
Contract assets	24,491,803	45,834,665	6,135,952
	128,040,687	178,995,655	69,755,781

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records and mostly are regular customers that have been transacting with the Company. These receivables include retention sums which are to be settled in accordance with the terms of the respective contracts.

Receivables that are past due but impaired

The Company has not provided for impairment for these trade receivables as there has been no significant changes in their credit quality and the amounts are still considered recoverable according to historical repayment trend of these trade receivables. The Company does not hold any collateral or other credit enhancement over these balances.

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.

21. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

Amounts due from Directors' related companies (non-trade)

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to its Directors' related companies. The Company monitors the ability of the Directors' related companies 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 amounts due from Directors' related companies 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

Amounts due from Directors' related companies are repayable on demand. For loans that are repayable on demand, expected credit losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date.

Generally, the Company considers loans and advances to Directors' related companies have low credit risk. The Company assumes that there is a significant increase in credit risk when the Directors' related company's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the Directors' related companies' loans and advances when it is payable, the Company considers Directors' related companies' loan or advance to be credit impaired when the Directors' related companies 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.

As at year end, there were no indications of impairment loss in respect of amounts due from Directors' related companies.

Other receivables and deposits

Expected credit loss of other receivable 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 risk is represented by their carrying amounts in the statement of financial position. The Company has assessed a debtor which is past due more than 1 year as credit impaired. As such, the Company has written off the debt due from a debtor as disclosed in Note 5.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting financial obligations due to shortage of funds. The Company's exposures to liquidity risk arise primarily from mismatch of financial assets and liabilities. The Company's financial liabilities comprise trade payables, other payables, and borrowings which are due within one year or payable on demand and borrowings which have fixed terms of repayment.

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21. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(b) Liquidity risk (cont'd)

The table below summarises the maturity profile of the Company's financial liabilities as at the end of the financial year based on contractual undiscounted repayment obligations:

			<—— Contractual Cash Flows			——>
	Carrying amount RM	**Contractual cash flows RM**	**Within one year RM**	**Between 1 and 2 years RM**	**Between 2 and 5 years RM**	**More than 5 years RM**
2019						
Trade payables	88,090,182	88,090,182	88,090,182	-	-	-
Other payables	27,840,115	27,840,115	27,840,115	-	-	-
Borrowings:						
- term loans	1,734,455	3,069,711	124,680	124,680	374,040	2,446,311
- finance lease payables	134,279	145,785	42,612	42,612	60,561	-
Lease liabilities	10,538	11,200	9,600	1,600	-	-
	117,809,569	119,156,993	116,107,189	168,892	434,601	2,446,311
2018						
Trade payables	113,246,174	113,246,174	113,246,174	-	-	-
Other payables	12,394,425	12,394,425	12,394,425	-	-	-
Borrowings:						
- finance lease payables	63,914	69,249	20,268	20,268	28,713	-
	125,704,513	125,709,848	125,660,867	20,268	28,713	-

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21. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(b) Liquidity risk (cont'd)

	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
2017						
Trade payables	54,233,410	54,233,410	54,233,410	-	-	-
Other payables	2,350,873	2,350,873	2,350,873	-	-	-
Borrowings:						
- finance lease payables	80,650	89,517	20,268	20,268	48,981	-
	56,664,933	56,673,800	56,604,551	20,268	48,981	-

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22. FAIR VALUE MEASUREMENTS

Financial instrument at fair value

As the financial assets and liabilities of the Company are not carried at fair value by any valuation method, the fair value hierarchy analysis is not presented.

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 floating rate loans approximates their fair value as the loans will be re-priced to market interest rate on or near reporting date.

The fair value of finance lease liability is 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 of fair value of the finance lease liability is not materially different.

23. CAPITAL MANAGEMENT

The Company's objectives when managing capital is to maintain a strong capital base and safeguard the Company's ability to continue as a going concern. The Company monitors and maintains an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Company monitors capital using net debt-to-equity ratio which is the net debt divided by total equity. Net debt includes loans and borrowings, less cash and cash equivalents.

The net debt-to-equity ratios at end of the reporting period are as follows:-

	2019 RM	2018 RM	2017 RM
Borrowings	1,868,734	63,914	80,650
Less: Cash and cash equivalents	(5,357,485)	(95,162)	(49,771)
Total net debts	(3,488,751)	(31,248)	30,879
Total equity	71,146,203	50,419,451	12,411,378
Debt-to-equity ratio (%)	*	*	0%

Not meaningful

The Company is in compliance with all externally imposed capital requirements.

MOORE

YIK WANG TRADING SDN. BHD.
Registration No. 200401010109 (648612-V)
(Incorporated in Malaysia)

ACCOUNTANTS' REPORT ON THE FINANCIAL STATEMENTS

YIK WANG TRADING SDN. BHD.
Registration No. 200401010109 (648612-V)
(Incorporated in Malaysia)

ACCOUNTANTS' REPORT ON THE FINANCIAL STATEMENTS

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MOORE

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The Board of Directors
Yik Wang Trading Sdn. Bhd.
No.131, Persiaran PM 2/1,
Pusat Bandar Seri Manjung, Seksyen 2,
32040 Seri Manjung, Perak.

Date: 26 February 2020

Dear Sirs,

Reporting Accountants' Opinion on the Financial Statements Contained in the Accountants' Report of Yik Wang Trading Sdn. Bhd.

Opinion

We have audited the financial statements of Yik Wang Trading Sdn. Bhd., which comprise the statements of financial position as at 31 December 2019, 31 December 2018 and 31 December 2017 , and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial years then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 4 to 44. The historical financial statements of the Company have been prepared for inclusion in the circular of D.B.E. Gurney Resources Berhad in connection with the proposed acquisition by D.B.E. Gurney Resources Berhad of the entire equity interest in the Company, and for no other purposes.

In our opinion, the accompanying financial statements give a true and fair view of the financial positions of the Company as at 31 December 2019, 31 December 2018 and 31 December 2017, and of its financial performances and cash flows for the financial years then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis of 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 *Reporting Accountant's Responsibilities for the Audit of the Financial Statements* section of our Reporting Accountants' 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.

MOORE

REPORTING ACCOUNTANTS' OPINION ON
YIK WANG TRADING SDN. BHD. (cont'd)
Registration No. 200401010109 (648612-V)
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Responsibilities of the Directors for the Financial Statements

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

In preparing the financial statements of the Company, the Directors are responsible for assessing 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 Company or to cease operations, or have no realistic alternative but to do so.

Reporting Accountants' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue a Reporting Accountants' 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.

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 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 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.

MOORE

REPORTING ACCOUNTANTS' OPINION ON
YIK WANG TRADING SDN. BHD. (cont'd)
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Reporting Accountants' Responsibilities for the Audit of the Financial Statements (cont'd)

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 Reporting Accountants' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Reporting Accountants' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Other Reporting Responsibility

In accordance with paragraph 10.05 of Chapter 10. Part II Division 1: Equity of the Prospectus Guidelines as issued by the Securities Commission Malaysia, no significant subsequent events have come to our attention since 31 December 2019 that would require a material disclosure or adjustment to be made to the financial statements of the Company.

Restriction on Distribution and Use

This report is made solely to comply with the Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad for inclusion in the circular of D.B.E. Gurney Resources Berhad in connection with the proposed acquisition by D.B.E. Gurney Resources Berhad of the entire equity interest in the Company and for no other purposes. We do not assume responsibility to any other person for the content of this report.

Moore Stephens

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

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

Registration No. 200401010109 (648612-V)

YIK WANG TRADING SDN. BHD.
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 2018 AND 2017

	Note	2019 RM	2018 RM	2017 RM
Revenue	4	87,370,603	84,948,851	45,205,034
Cost of sales		(81,363,350)	(78,670,167)	(42,387,406)
Gross profit		6,007,253	6,278,684	2,817,628
Other income		323,638	528,536	480,583
Administrative expenses		(1,194,662)	(977,499)	(717,655)
Profit from operations		5,136,229	5,829,721	2,580,556
Finance costs		(1,678,782)	(1,223,821)	(544,462)
Profit before tax	5	3,457,447	4,605,900	2,036,094
Tax expenses	6	(832,480)	(1,099,564)	(395,055)
Profit net of tax, representing total comprehensive income for the financial year		2,624,967	3,506,336	1,641,039

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

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YIK WANG TRADING SDN. BHD.
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019, 2018 AND 2017

	Note	2019 RM	2018 RM	2017 RM
ASSETS				
Non-current assets				
Property, plant and equipment	7	3,392,009	3,418,031	3,313,345
Investment in unquoted shares	8	-	-	453,326
		3,392,009	3,418,031	3,766,671
Current assets				
Trade receivables	9	33,741,532	50,992,727	22,654,779
Contract assets	10	-	-	3,153,207
Other receivables and prepayments	11	20,967,567	1,354,418	9,474,433
Fixed deposits with licensed banks	12	1,331,639	1,207,163	1,172,842
Cash and bank balances		6,673,263	245,510	1,005,380
		62,714,001	53,799,818	37,460,641
TOTAL ASSETS		66,106,010	57,217,849	41,227,312
EQUITY AND LIABILITIES				
Equity				
Share capital	13	4,000,000	2,000,000	2,000,000
Retained earnings		13,302,283	10,677,316	7,837,646
Total equity		17,302,283	12,677,316	9,837,646
Non-current liabilities				
Borrowings	14	50,822	72,657	-
Deferred tax liabilities	15	2,702	2,345	555
		53,524	75,002	555
Current liabilities				
Trade payables	16	8,005,896	13,264,177	9,820,610
Other payables and accruals	17	7,756,023	92,699	4,710,053
Amount due to a Director	18	60,310	60,310	60,310
Borrowings	14	32,761,498	30,789,623	16,745,938
Tax payables		166,476	258,722	52,200
		48,750,203	44,465,531	31,389,111
Total liabilities		48,803,727	44,540,533	31,389,666
TOTAL EQUITY AND LIABILITIES		66,106,010	57,217,849	41,227,312

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

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YIK WANG TRADING SDN. BHD.
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STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 2018 AND 2017

	Note	Share Capital RM	Distributable Retained Earnings RM	Total Equity RM
At 1 January 2017		500,000	6,196,607	6,696,607
Profit net of tax, representing total conprehensive income for the financial year		-	1,641,039	1,641,039
Transaction with Owners of the Company				
Issuance of ordinary shares	13	1,500,000	-	1,500,000
As at 31 December 2017/1 January 2018		2,000,000	7,837,646	9,837,646
Profit net of tax, representing total conprehensive income for the financial year		-	3,506,336	3,506,336
Transaction with Owners of the Company				
Dividends	19	-	(666,666)	(666,666)
At 31 December 2018/1 January 2019		2,000,000	10,677,316	12,677,316
Profit net of tax, representing total conprehensive income for the financial year		-	2,624,967	2,624,967
Transaction with Owners of the Company				
Issuance of ordinary shares	13	2,000,000	-	2,000,000
As at 31 December 2019		4,000,000	13,302,283	17,302,283

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

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YIK WANG TRADING SDN. BHD.
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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 2018 AND 2017

	Note	2019 RM	2018 RM	2017 RM
Cash Flows from Operating Activities				
Profit before tax		3,457,447	4,605,900	2,036,094
Adjustments for:				
Depreciation of plant and equipment		26,022	23,879	309
Fair value gain on investment in unquoted shares		-	-	(311,554)
Impairment loss on trade receivables		177,871	-	-
Interest income		(323,621)	(528,311)	(169,029)
Interest expense		1,678,782	1,223,821	544,462
Loss of disposal of investment in unquoted shares		-	3,326	-
Operating profit before working capital charges		5,016,501	5,328,615	2,100,282
Changes in working capital:				
Receivables		(2,539,825)	(20,217,933)	(14,331,179)
Contract assets		-	3,153,207	(2,986,244)
Payables		2,405,043	(1,173,787)	3,483,307
Cash generated from/(used in) operations		4,881,719	(12,909,898)	(11,733,834)
Interest paid		(1,678,782)	(1,223,821)	(544,462)
Interest received		323,621	528,311	169,029
Tax paid		(924,369)	(907,508)	(349,200)
Tax refund		-	16,256	166,022
Net cash from/(used in) operating activities		2,602,189	(14,496,660)	(12,292,445)
Cash Flows from Investing Activities				
Acquisition of property, plant and equipment	7(ii)	-	(18,565)	-
Proceeds from disposal of investment in unquoted shares		-	450,000	-
Net cash from investing activities		-	431,435	-
Cash Flows from Financing Activities				
Dividend paid		-	(666,666)	-
Utilisation of banker's acceptance		1,970,840	14,022,885	11,196,938
Repayment of finance lease payable		(20,800)	(16,543)	-
Advances from a Director		-	-	60,310
Proceeds from issuance of share capital		2,000,000	-	1,500,000
Increase in fixed deposits pledged		(124,476)	(34,321)	(268,047)
Net cash from financing activities		3,825,564	13,305,355	12,489,201

Registration No. 200401010109 (648612-V)

YIK WANG TRADING SDN. BHD.
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 2018 AND 2017 (cont'd)

	Note	2019 RM	2018 RM	2017 RM
Net increase/(decrease) in cash and cash equivalents		6,427,753	(759,870)	196,756
Cash and cash equivalents at beginning of the financial year		245,510	1,005,380	808,624
Cash and cash equivalents at the end of the financial year	(i)	6,673,263	245,510	1,005,380

Note:

(i) Cash and cash equivalents comprise of the following:-

	Note	2019 RM	2018 RM	2017 RM
Cash and bank balances		6,673,263	245,510	1,005,380
Fixed deposits with licensed banks	12	1,331,639	1,207,163	1,172,842
		8,004,902	1,452,673	2,178,222
Less: Fixed deposits pledged with licensed banks	12	(1,331,639)	(1,207,163)	(1,172,842)
		6,673,263	245,510	1,005,380

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

Registration No. 200401010109 (648612-V)

YIK WANG TRADING SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019, 31 DECEMBER 2018 AND 31 DECEMBER 2017

1. CORPORATE INFORMATION

The Company is a private limited company, incorporated and domiciled in Malaysia.

The registered office and principal place of business of the Company is located at No.131, Persiaran PM 2/1, Pusat Bandar Seri Manjung, Seksyen 2, 32040 Seri Manjung, Perak.

The principal activity of the Company is trading of building materials and hardware. There has been no significant change in the nature of this activity of the Company during the financial years.

The financial statements of the Company have been prepared in connection with the proposed acquisition by D.B.E. Gurney Resources Berhad of the entire interest in the Company and for no other purposes.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards.

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

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

The Company has 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 Company: -

Effective for financial periods beginning on or after 1 January 2020

Amendments to References to the Conceptual Framework in MFRS Standards

Amendments to MFRS 9 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 101 and MFRS 108	Definition of Material

Effective for financial periods beginning on or after 1 January 2021

MFRS 17	Insurance Contracts

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

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

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 Company upon their initial applications.

(b) **Basis of Measurement**

The financial statements 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**

The financial statements are presented in Ringgit Malaysia ("RM"), which is 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 Company'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 Company'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 Company'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.

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2. BASIS OF PREPARATION (cont'd)

(d) Significant accounting estimates and judgements (cont'd)

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 amount of assets and liabilities within the next financial year are set out below.

(i) Control over an investee

The Directors consider that the Company has no significant control over its investment in unquoted shares even though it owns 50% of the equity shares. Based on the terms under which this entity was established, the Company is not exposed to variable returns from its involvement and has no ability to affect those returns through its power over the entity. Consequently, it is regarded as investment in an equity instrument carried at fair value as disclosed in Note 8.

(ii) Fair value estimates for certain financial assets and liabilities

The Company carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Company uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Revenue and other income recognition

(i) Revenue from contracts with customers

The Company is in the business of trading of building materials and hardware.

Sale of building materials and hardware

Revenue from sales of building materials and hardware is recognised upon delivery of goods where the control of the goods have been transferred to the customers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods, net of indirect taxes and discounts.

Contract assets

Contract asset is the right to consideration in exchange for goods or services transferred to the customers. The Company's contract asset represents the timing differences in revenue recognition and the billings to customers.

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.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(a) Revenue and other income recognition (cont'd)

(ii) Interest income

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

(b) 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 Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when 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 the 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 Company has no further payment obligations.

(c) 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 borrowings 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 required to complete and prepare the asset for its intended use. Capitalisation of borrowing costs ceases when the assets are ready for their intended use or sale whereby the assets are no longer qualifying asset.

(d) Income tax

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Income tax (cont'd)

Deferred tax

Deferred tax is recognised using the liability method for all temporary differences between the carrying amount of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit nor loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

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.

Goods and Services Tax ("GST")

Revenues, expenses, assets and liabilities are recognised net of the amount of GST except:

- where the GST incurred in a purchase of assets or services are not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivable and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of other current assets or liabilities in the statement of financial position.

(e) Leases

Current financial year – 31 December 2019

As a lessee

The Company 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.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(e) **Leases** (cont'd)

Current financial year – 31 December 2019 *(cont'd)*

As a lessee (cont'd)

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

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.

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 Company 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(i)(ii).

The lease liability is initially measured at the present value of the future lease payments at the commencement date, discounted using the Company'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 Company 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 Company 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 years – 31 December 2018 and 31 December 2017

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 Company 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.

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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Leases (cont'd)

***Previous financial years – 31 December 2018 and 31 December 2017** (cont'd)*

(ii) Operating Lease

Leases, where the Company 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.

(f) Property, plant and equipment

Plant and equipment are measured at cost 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 conditions 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 plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

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 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.

(ii) Subsequent costs

The cost of replacing part of an item of 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 Company and its cost can be measured reliably. The costs of the day-to-day servicing of plant and equipment are recognised in the statement of comprehensive income as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Property, plant and equipment (cont'd)

(iii) Depreciation

Depreciation is based on the cost of an asset less it 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 plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

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:

Warehouse	2%
Office equipment	10%
Motor vehicle	20%

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 appreciate.

Fully depreciated 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 plant and equipment.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, fixed deposits with licensed banks and cash on hand 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 statements of cash flows, cash and cash equivalents are presented net of pledged deposits, if any.

(h) 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 Company becomes 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Financial instruments (cont'd)

(i) Initial recognition and measurement (cont'd)

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 Company categorises 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 Company changes its 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.

(a) 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.

(b) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to impairment assessment (see Note 3(i)(i)).

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(h) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

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.

(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 Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(iv) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15 *Revenue from Contracts with Customers.*

Liabilities arising from financial guarantees are presented together with other provisions.

(v) 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.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(h) **Financial instruments** (cont'd)

(vi) **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.

(i) **Impairment of assets**

(i) **Financial assets**

The Company recognises loss allowances for expected credit losses ("ECL") 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 Company is 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.

<u>Simplified approach - trade receivables and contract assets</u>

The Company applies 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 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.

<u>General approach - other financial instruments and financial guarantee contracts</u>

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

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(i) **Impairment of assets** (cont'd)

(i) **Financial assets** (cont'd)

General approach - other financial instruments and financial guarantee contracts (cont'd)

At each reporting date, the Company assesses 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 Company considers 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 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 credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Company considers 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 Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- The financial asset is more than 1 year past due.

The Company considers a financial guarantee contract to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditors and the Company in full, without recourse by the Company to actions such as realising security (if any is held). The Company only applies a discount rate if, and to the extent that, the risks are not taken into account by adjusting the expected cash shortfalls.

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

Credit impaired financial assets

At each reporting date, the Company assesses 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Impairment of assets (cont'd)

(i) Financial assets (cont'd)

Credit impaired financial assets (cont'd)

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 90 days 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 other consider (e.g the restructuring of a loan or advance by the Company on terms that 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.

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 Company determines 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 Company's procedures 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 where 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 costs 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 assessments of the time value of money and the risks specific to the asset.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(i) **Impairment of assets** (cont'd)

(ii) **Non-financial assets** (cont'd)

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.

(j) **Provisions**

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

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The relating expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

(k) **Equity Instruments**

An equity instrument is any contract that evidences a residual interest in the assets 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.

(l) **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.

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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Fair value measurements (cont'd)

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

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair value 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 Company 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 Company recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

(m) Contingent liabilities

Recognition and measurement for contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and experts, internal and external to the Company, for matters in the ordinary course of business.

4. REVENUE

	2019 RM	2018 RM	2017 RM
Revenue from contracts with customers			
Recognised at point in time:			
Sales of building materials and hardware	87,370,603	84,948,851	45,205,034

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5. PROFIT BEFORE TAX

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

	2019 RM	2018 RM	2017 RM
Auditors' remuneration			
- Statutory audit:			
- Current year	22,000	15,000	13,000
- Underprovision in prior year	7,000	-	-
- Other services	14,000	20,000	-
Depreciation of plant and equipment	26,022	23,879	309
Impairment loss on trade receivables	177,871	-	-
Loss on disposal of investment in unquoted shares	-	3,326	-
Employee benefits (Note a)	396,377	358,290	161,555
Rental expenses	23,247	12,000	-
Interest expense:			
- Banker's acceptance	1,595,545	1,190,709	528,098
- Finance lease payable	3,836	3,987	-
- Bank overdraft	79,401	29,125	16,364
Interest income	(323,621)	(528,311)	(169,029)
Fair value gain on investment in unquoted shares	-	-	(311,554)

(a) Employee benefits expense comprises of:

	2019 RM	2018 RM	2017 RM
Staff cost			
- Salaries, allowance and bonus	344,195	319,908	141,262
- Contributions to defined contribution plans	47,673	34,863	18,353
- Social security contributions	4,046	3,158	1,940
- Others	463	361	-
	396,377	358,290	161,555

6. TAX EXPENSE

	2019 RM	2018 RM	2017 RM
Income tax			
- Current year	916,948	1,098,030	394,000
- (Over)/Underprovision in prior year	(84,825)	(256)	785
	832,123	1,097,774	394,785
Deferred tax (Note 15)			
- Relating to origination of temporary differences	866	1,790	270
- Overprovision in prior year	(509)	-	-
	357	1,790	270
Tax expenses for the financial year	832,480	1,099,564	395,055

Income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 24%; 2017: 24%) of the estimated assessable profit for the year. The Company, being Malaysian resident company with a paid up capital up to RM2.5 million qualified for the preferential tax rates under Paragraph 2A, Schedule 1 of the Income Tax Act, 1967 as follows:

On the first RM500,000 of chargeable income: 17% (2018: 18%; 2017: 18%)
In excess of RM500,000 of chargeable income: 24% (2018: 24%; 2017: 24%)

The reconciliation of the tax amount at statutory income tax rate to the Company's tax expenses is as follows:

	2019 RM	2018 RM	2017 RM
Profit before tax	3,457,447	4,605,900	2,036,094
Tax at Malaysian statutory tax rate 24% (2018: 24%; 2017: 24%)	829,787	1,105,416	488,663
Reduction of statutory tax on first RM500,000 chargeable income	(35,000)	(30,000)	(30,000)
Income not subject to tax	-	-	(74,773)
Tax effect on non-deductible expenses	123,027	24,404	10,380
Overprovision of deferred tax in prior year	(509)	-	-
(Over)/Underprovision of income tax in prior year	(84,825)	(256)	785
	832,480	1,099,564	395,055

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7. PROPERTY, PLANT AND EQUIPMENT

	Freehold Lands RM	Warehouse RM	Office Equipment RM	Motor Vehicle RM	Total RM
2019					
At Cost					
At 1 January	3,306,270	7,945	1,499	128,565	3,444,279
Accumulated Depreciation					
At 1 January	-	2,066	612	23,570	26,248
Charge for the financial year	-	159	150	25,713	26,022
At 31 December	-	2,225	762	49,283	52,270
Net Carrying Amount	3,306,270	5,720	737	79,282	3,392,009
2018					
At Cost					
At 1 January	3,306,270	7,945	1,499	-	3,315,714
Additions	-	-	-	128,565	128,565
At 31 December	3,306,270	7,945	1,499	128,565	3,444,279
Accumulated Depreciation					
At 1 January	-	1,907	462	-	2,369
Charge for the financial year	-	159	150	23,570	23,879
At 31 December	-	2,066	612	23,570	26,248
Net Carrying Amount	3,306,270	5,879	887	104,995	3,418,031

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7. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold Lands RM	Warehouse RM	Office Equipment RM	Motor Vehicle RM	Total RM
2017					
At Cost					
At 1 January/31 December	3,306,270	7,945	1,499	-	3,315,714
Accumulated Depreciation					
At 1 January	-	1,748	312	-	2,060
Charge for the financial year	-	159	150	-	309
At 31 December	-	1,907	462	-	2,369
Net Carrying Amount	3,306,270	6,038	1,037	-	3,313,345

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7. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(i) Assets held under finance lease arrangement are as follow:-

	2019 RM	2018 RM	2017 RM
Net carrying amount			
- Motor vehicle	79,282	104,995	-

(ii) Purchase of property, plant and equipment:-

	2019 RM	2018 RM	2017 RM
Cash purchase	-	18,565	-
Finance by finace lease arrangement	-	110,000	-
Total acquisition of property, plant and equipment	-	128,565	-

(iii) The freehold lands of the Company are charged as securities for banking facilities granted to the Company as disclosed in Note 14.

8. INVESTMENT IN UNQUOTED SHARES

	2019 RM	2018 RM	2017 RM
At fair value:			
At beginning of the year	-	453,326	141,772
Changes in fair value	-	-	311,554
Disposal	-	(453,326)	-
At end of the year	-	-	453,326

In prior year, this investment has not been treated as subsidiary or jointly controlled investment entity given the Company is not exposed to variable returns from its involvement and has no ability to affect those returns through its power over the entity.

In prior year, 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.

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9. TRADE RECEIVABLES

	Note	2019 RM	2018 RM	2017 RM
Third parties	(i)	18,116,742	5,387,995	293,787
Directors' related companies	(ii)	15,802,661	45,604,732	22,360,992
		33,919,403	50,992,727	22,654,779
Less: Allowance for impairment loss		(177,871)	-	-
		33,741,532	50,992,727	22,654,779

Movement in the allowance for impairment loss on third parties trade receivables is as below:

	2019 RM	2018 RM	2017 RM
At beginning of the year	-	-	-
Addition	177,871	-	-
At end of the year	177,871	-	-

(i) The normal credit term granted to trade receivables is 90 days (2018: 90 days; 2017: 90 days).

(ii) The balance is trade in nature and is subject to normal credit term of 90 days (2018: 90 days; 2017: 90 days).

10. CONTRACT ASSETS

	2019 RM	2018 RM	2017 RM
Third parties	-	-	382,907
Director's related companies	-	-	2,770,300
	-	-	3,153,207

Contract assets primarily relate to the Company's right to consideration for building materials and hardware delivered but not yet billed at the reporting date. Typically, the amount will be billed within 60 to 90 days and payment is expected within 90 days.

The movement of contract assets recognised is as follows:

	2019 RM	2018 RM	2017 RM
At beginning of the year	-	3,153,207	166,963
Revenue recognised during the year	-	84,948,851	45,205,034
Billings during the year	-	(88,102,058)	(42,218,790)
At the end of the year	-	-	3,153,207

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11. OTHER RECEIVABLES AND PREPAYMENTS

	2019 RM	2018 RM	2017 RM
Other receivables	20,366,252	1,140,860	9,415,695
Deposits	438,100	-	-
Prepayments	163,215	213,558	58,738
	20,967,567	1,354,418	9,474,433

Included in other receivables is an amount of RM20,360,000 (2018: RM95,000; 2017: RM9,326,448) owing by Directors' related companies, which is non-trade in nature, unsecured, interest free advances, of which RM Nil (2018: RM Nil ; 2017: RM7,151,000) bears interest rate of Nil (2018: Nil; 2017: 8%) per annum, which is collectible on demand.

12. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits placed with licensed banks bore an effective interest rates at 3.11% - 3.53% (2018: 2.90% - 3.29%, 2017: 2.90%) per annum, and had maturity periods 12 months (2018: 12 months; 2017: 12 months).

The fixed deposits with licensed banks of the Company at the end of the reporting period have been pledged to licensed banks as security for banking facilities granted to the Company as disclosed in Note 14.

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13. SHARE CAPITAL

	Number of shares			Amount		
	2019	**2018**	**2017**	**2019**	**2018**	**2017**
	Unit	**Unit**	**Unit**	**RM**	**RM**	**RM**
Ordinary Shares						
Issued and fully paid						
At 1 January	2,000,000	2,000,000	500,000	-	2,000,000	500,000
Issuance of shares	2,000,000	-	1,500,000	-	-	1,500,000
At 31 December	4,000,000	2,000,000	2,000,000	-	2,000,000	2,000,000

On 8 August 2017, the Company had increased its issued and paid up share capital from RM500,000 to RM2,000,000 by way of an issuance of 1,500,000 new ordinary shares.

On 30 September 2019, the Company increased its issued share capital from RM2,000,000 to RM4,000,000 by way of an issuance of 2,000,000 new ordinary shares for the purpose of working capital.

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

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

14. BORROWINGS (SECURED)

	Note	2019 RM	2018 RM	2017 RM
Non-current liabilities				
Finance lease payable	(a)	50,822	72,657	-
Current liabilities				
Finance lease payable	(a)	21,835	20,800	-
Banker's acceptance		32,739,663	30,768,823	16,745,938
		32,761,498	30,789,623	16,745,938
Total borrowings				
Finance lease payable	(a)	72,657	93,457	-
Banker's acceptance		32,739,663	30,768,823	16,745,938
		32,812,320	30,862,280	16,745,938

(a) Finance lease payable

	2019 RM	2018 RM	2017 RM
Minimum finance lease payments			
Within 1 year	24,636	24,636	-
More than 1 year and less than 5 years	53,343	77,979	-
	77,979	102,615	-
Less: Future finance charges	(5,322)	(9,158)	-
	72,657	93,457	-

The effective interest rates per annum on the borrowings of the Company are as follows:

	2019 %	2018 %	2017 %
Finance lease payable	4.53%	4.53%	-
Banker's acceptance	4.05% - 6.30%	4.13% - 6.30%	3.82%-5.12%

The banker's acceptance facilities of the Company are secured by the following:

(i) Legal charge over the Company's freehold lands as disclosed in Note 7;

(ii) Corporate guarantee from a Directors' related company;

(iii) Jointly and severally guaranteed by three Directors of the Company and a person related to the Directors in their personal capabilities;

(iv) Third party open charge over lands and properties owned by the Directors and Directors' related companies; and

(v) Fixed deposits pledged as disclosed in Note 12.

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15. DEFERRED TAX LIABILITIES

	2019 RM	2018 RM	2017 RM
At 1 January	2,345	555	285
Recognised in profits or loss (Note 6)	357	1,790	270
At 31 December	2,702	2,345	555

Deferred tax liability arises from differences between the carrying amount of plant and equipment and their tax base.

16. TRADE PAYABLES

	2019 RM	2018 RM	2017 RM
Directors' related companiess	71,734	60,414	2,017,240
Third parties	7,934,162	13,203,763	7,803,370
	8,005,896	13,264,177	9,820,610

The normal trade credit terms granted to the Company range from 30 to 120 days (2018: 30 to 120 days; 2017: 30 to 120 days). Other credit terms are assessed and approved on a case by case basis.

17. OTHER PAYABLES AND ACCRUALS

	Note	2019 RM	2018 RM	2017 RM
Other payables	(i)	261,705	2,533	1,527,006
Accruals	(ii)	7,494,318	90,166	3,183,047
		7,756,023	92,699	4,710,053

(i) Included in other payables are amounts owing to Directors' related companies amounting to RM252,341 (2018: RM2,297; 2017: RM1,527,006). These amounts are non-trade in nature, unsecured, interest free advances which are repayable on demand.

(ii) Included in accruals is accrued purchases amounting to RM7,364,625 (2018: RM327; 2017: RM2,975,786) of which invoices have yet to be received from its suppliers.

Included in accruals as at 31 December 2017 is an amount of RM180,000 represented accrued management fee charged by a Directors' related company which is repayable on demand.

18. AMOUNT DUE TO A DIRECTOR

Amount due to a Director is non-trade in nature, unsecured, interest free advances which is repayable on demand.

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19. DIVIDEND

	Per ordinary share sen	Total amount RM	Date of payment
Recognised during the financial year ended 31 December 2018			
Interim single tier dividend for the financial year ended 31 December 2017 declared on 29 January 2018	33	666,666	31 January 2018

20. RELATED PARTIES DISCLOSURES

Identity of Related Parties

For the purpose of these financial statements, parties are considered to be related to the Company if the Company has 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 Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Company has related party relationships with its 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 related party balances are shown in Notes 9, 11, 16, 17 and 18.

Related party transactions

Other than disclosed elsewhere in the financial statements, the significant related party transactions between the Company and its related parties during the financial year are as follows:

	2019 RM	2018 RM	2017 RM
Directors' related companies			
- Revenue	22,974,144	63,637,759	42,935,893
- Late payment charges	242,250	253,251	50,050
- Interest income	-	233,707	92,000
- Management fee	(213,130)	(614,860)	(436,720)
- Purchase	(438,466)	(241,619)	(46,227)
- Advances to	(3,541,480)	(6,389,990)	(7,654)
- Advances from	13,154,873	5,284,851	11,037
- Repayment from	59,040,225	74,510,437	54,394,233
- Repayment to	(22,910,167)	(26,037,112)	(29,043,233)

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 Company either directly or indirectly. The key management personnel includes all the Directors of the Company.

There is no remuneration paid by the Company to key management personnel during the financial year.

21. FINANCIAL INSTRUMENTS

Categories of financial instruments

The Company's financial assets and financial liabilities are all categorised as amortised costs respectively, except for investment in unquoted shares which is categorised at fair value through profit or loss.

Financial Risk Management Objectives and Policies

The Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Company's operations whilst managing its financial risks, including credit risk, interest rate risk and liquidity risk. The Company operates within clearly defined guidelines that are approved by the Board and the Company's policy is not to engage in speculative transactions.

The following sections provide details regarding the Company'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 Company's exposure to credit risk arises principally from its receivables, contract assets, Directors' related companies and financial guarantees given to banks for credit facilities granted to a Directors' related company. 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 Company'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 Company 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 financial year, the maximum exposure to credit risk arising from receivables and contract assets are represented by the carrying amounts in the statements of financial position.

Credit risk concentration profile

The Company determines concentration of credit risk by monitoring the profiles of its receivables on an ongoing basis.

As at 31 December 2019, the Company has significant concentration of credit risk arising from the amount owing by 1 customer (2018: 1 customer; 2017: 1 customer) constituting 38% (2018: 45%; 2017: 40%) of gross trade receivables of the Company.

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21. 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

In managing credit risk of trade receivables, the Company 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.

The Company assesses impairment of trade receivable on individual and collective basis. For individual assessment, the Company has reasonable and supportable information available to assess the impairment individually. For collective assessment, the Company uses an allowance matrix to measure ECL of collective assessed receivables as they are grouped based on shared credit risk characteristics, the days past due and similar types of contracts which have similar risk characteristics.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable or group of receivables progressing through successive stages of delinquency.

Loss rates are based on actual credit loss experienced over the prior years. The Company also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Company's view of economic conditions over the expected lives of the receivables. Nevertheless, the Company believes that these factors are immaterial for the purpose of impairment calculation for the year.

Any receivables having significant balances past due more than the period of 90 days (i.e. observation periods) from different customer profiles are deemed to have higher credit risk. The Company has subsequently recognised a loss allowance of 100% against all receivables after 90 days of observation periods (credit-impaired) because historical experience has indicated that these receivables are generally not recoverable.

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21. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

Trade receivables and contract assets (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	Loss Allowance RM	Net RM
2019			
Not past due	33,738,485	-	33,738,485
Past due:			
1 day to 30 days	2,064	-	2,064
31 days to 60 days	2,064	(1,081)	983
61 days to 90 days	2,064	(2,064)	-
More than 90 days	174,726	(174,726)	-
	180,918	(177,871)	3,047
Total	33,919,403	(177,871)	33,741,532
2018			
Not past due	26,049,803	-	26,049,803
Past due:			
1 day to 30 days	4,160,962	-	4,160,962
31 days to 60 days	6,054,094	-	6,054,094
61 days to 90 days	2,923,829	-	2,923,829
More than 90 days	11,804,039	-	11,804,039
	24,942,924	-	24,942,924
Total	50,992,727	-	50,992,727
2017			
Not past due	14,616,494	-	14,616,494
Past due:			
1 day to 30 days	3,172,045	-	3,172,045
31 days to 60 days	2,117,062	-	2,117,062
61 days to 90 days	2,749,178	-	2,749,178
	8,038,285	-	8,038,285
Contract assets	-	-	3,153,207
Total	22,654,779	-	25,807,986

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21. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Credit impaired

Trade receivables that are determined to be impaired at the reporting date relate to debtors that have defaulted on payments subsequent to 90 days after observation periods. These receivables are not secured by any collateral or credit enhancements.

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records and mostly are regular customers that have been transacting with the Company.

Receivables that are past due but not impaired

The Company has not provided for impairment for these trade receivables as there has been no significant changes in their credit quality and the amounts are still considered recoverable. The Company has generally set the observation period of 90 days after individual trade receivables has passed its credit term granted. Theses trade receivables relate mostly to customers with slower repayment patterns, for whom there is no history of default and settled within observation period. The Company does not hold any collateral or other credit enhancement over these balances.

Amounts due from Directors' related companies

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to its Directors' related companies. The Company monitors the ability of the Directors' related companies to repay the receivables 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 amounts due from Directors' related companies are represented by the carrying amount in the statement of financial position. Loans and advances provided are not secured by any collateral or supported by any offer credit enhancements.

Recognition and measurement of impairment loss

Amounts due from Directors' related companies are repayable on demand. For receivables that are repayable on demand, expected credit losses are assessed based on the assumption that repayment of the receivables is demanded at the reporting date.

Generally, the Company considers receivables from Directors' related companies have low credit risk. The Company assumes that there is a significant increase in credit risk when the Directors' related companies' financial position deteriorates significantly. As the Company is able to determine the timing of payments of the Directors' related companies' receivables when they are payable, the Company considers Directors' related companies' receivables to be credit impaired when the Directors' related companies are unlikely to repay the receivables to the Company in full given insufficient highly liquid resources when the receivable is demanded.

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21. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

Amounts due from Directors' related companies (cont'd)

The Company determines the probability of default for these receivables individually using internal information available.

As at year end, there were no indications of impairment loss in respect of amounts due from Directors' related companies.

Other receivables and deposits

Other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses which reflects the low credit risk of the exposures. There is no allowance for doubtful debts arising from these outstanding balances as the expected credit losses are not material.

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.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to a Directors' related company. The Company monitors on an ongoing basis the results of the Directors' related company and repayments made by the Directors' related company.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounting to RM2,958,376 (2018: RM3,211,820; 2017: RM3,350,657) representing the outstanding banking facilities of the Directors' related company as at the end of the reporting period. The financial guarantees are provided as credit enhancements to the Directors' related company's fully secured loans.

Recognition and measurement of impairment loss

The Company assumes that there is no significant increase in credit risk when a Directors' related company's financial position deteriorates. The Company considers a financial guarantee to be credit impaired when:

- The Directors' related company is unlikely to repay its credit obligation to the bank in full; or
- The Directors' related company is continuously loss making and is having a deficit in shareholders' fund.

Registration No. 200401010109 (648612-V)

21. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

Financial guarantees (cont'd)

Recognition and measurement of impairment loss (cont'd)

The Company determines the probability of default of the guaranteed loans individually using internal information available. The fair value of the financial guarantees is negligible as the probability of the financial guarantees being called upon is remote at the initial recognition as the borrowings in the Directors' related company is adequately secured by assets. Should the Directors' related company default any loan repayments, the proceeds from the realisation of assets will be able to satisfy the outstanding debts.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities.

Exposure in interest rate risk

The interest rate profile of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2019 RM	2018 RM	2017 RM
Floating rate interest			
Financial assets	1,331,639	1,207,163	1,172,842
Financial liabilities	(32,739,663)	(30,768,823)	(16,745,938)
	(31,408,024)	(29,561,660)	(15,573,096)

The Company 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 12 and Note 14 respectively.

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as the end of the reporting period, with all other variables held constant:

	2019 Increase/ (Decrease) RM	2018 Increase/ (Decrease) RM	2017 Increase/ (Decrease) RM
Effects on profit after tax			
Increase of 10 basis points	(23,870)	(22,467)	(11,836)
Decrease of 10 basis points	23,870	22,467	11,836

21. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatch of financial assets and liabilities. The Company's financial liabilities comprise trade payables and other payables and accruals, amounts due to a Director and borrowings which are due within one year or payable on demand and borrowings which have fixed terms of repayment.

Registration No. 200401010109 (648612-V)

21. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(c) Liquidity risk (cont'd)

The table below summarises the maturity profile of the Company's financial liabilities as at the end of the financial year based on contractual undiscounted repayment obligations:

			<—— Contractual Cash Flows ——>		
	Carrying amount RM	Contractual Cash flows RM	On Demand or within one year RM	Between 1 to 2 years RM	Between 2 to 5 years RM
2019					
Trade payables	8,005,896	8,005,896	8,005,896	-	-
Other payables and accruals	7,756,023	7,756,023	7,756,023	-	-
Amount due to a Director	60,310	60,310	60,310	-	-
Bank borrowings					
- Finance lease payable	72,657	77,979	24,636	53,343	-
- Banker's acceptance	32,739,663	33,176,124	33,176,124	-	-
	48,634,549	49,076,332	49,022,989	53,343	-
2018					
Trade payables	13,264,177	13,264,177	13,264,177	-	-
Other payables and accruals	92,699	92,699	92,699	-	-
Amount due to a Director	60,310	60,310	60,310	-	-
Bank borrowings					
- Finance lease payable	93,457	102,615	24,636	24,636	53,343
- Banker's acceptance	30,768,823	31,635,673	31,635,673	-	-
	44,279,466	45,155,474	45,077,495	24,636	53,343

Registration No. 200401010109 (648612-V)

21. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(c) Liquidity risk (cont'd)

The table below summarises the maturity profile of the Company's financial liabilities as at the end of the financial year based on contractual undiscounted repayment obligations: (cont'd)

			<—— Contractual Cash Flows ——>		
2017	**Carrying amount RM**	**Contractual Cash flows RM**	**On Demand or within one year RM**	**Between 1 to 2 years RM**	**Between 2 to 5 years RM**
Trade payables	9,820,610	9,820,610	9,820,610	-	-
Other payables and accruals	4,710,053	4,710,053	4,710,053	-	-
Amount due to a Director	60,310	60,310	60,310	-	-
Bank borrowings					
- Banker's acceptance	16,745,938	17,268,506	17,268,506	-	-
	31,336,911	31,859,479	31,859,479	-	-

Registration No. 200401010109 (648612-V)

22. FAIR VALUES INFORMATION

Assets 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 Note 8.

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 fair value of finance lease payable is determined by discounting the relevant cash flows using current interest rates for similar instruments as at the end of the reporting year. The carrying value and fair value of the finance lease payable are not materially different.

23. CAPITAL MANAGEMENT

The Company's objectives when managing capital is to maintain a strong capital base and safeguard the Company's ability to continue as a going concern. The Company monitors and maintains an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Company monitors capital using net debt-to-equity ratio which is the net debt divided by total equity. Net debt includes loans and borrowings, less cash and cash equivalents.

There were no changes in the Company's approach to capital management during the financial year.

The debt-to-equity ratio of the Company as at the end of the reporting period was as follows:

	2019 RM	2018 RM	2017 RM
Borrowings (Note 14)	32,812,320	30,862,280	16,745,938
Less: Cash and cash equivalents	(8,004,902)	(1,452,673)	(2,178,222)
Total net debts	24,807,418	29,409,607	14,567,716
Total equity	17,302,283	12,677,316	9,837,646
Debt-to-equity ratio (%)	143%	232%	148%

The Company is in compliance with all external imposed capital requirements.

BLOSSOM EASTLAND SDN BHD

Registration No. 200801034471 (835809-T)
No. 131 Persiaran PM 2/1,
Pusat Bandar Seri Manjung Seksyen 2,
32040 Seri Manjung, Perak Darul Ridzuan
Tel No: 05-6881268 Fax No: 05-6888822

Date: 22 June 2020

The Board of Directors
D.B.E. GURNEY RESOURCES BERHAD
No. 54-4-8, Wisma Sri Mata
Jalan Van Praagh
11600 Penang
Malaysia

Dear Sirs,

On behalf of the Board of Directors of Blossom Eastland Sdn. Bhd. ("**Blossom**"), I wish to report that after due enquiry in relation to the interval from 31 December 2019 (being the date to which the last audited financial statements of Blossom has been made up) up to the date of this letter (being a date not earlier than fourteen (14) days before the issuance of this Circular), that:-

(a) the business of Blossom has, in the opinion of the Board of Directors of Blossom, been satisfactorily maintained;

(b) in the opinion of the Board of Directors of Blossom, no circumstances have arisen since the last audited financial statements of Blossom which has adversely affected the trading or the value of the assets of Blossom;

(c) the current assets of Blossom appear in the books at values which are believed to be realisable in the ordinary course of business;

(d) save as disclosed in the Circular, there is no contingent liability which has arisen by reason of any guarantees or indemnities given by Blossom;

(e) there have been no default or any known events that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings of Blossom; and

(f) there has been no material changes to the published reserves or any unusual factors affecting the profits of Blossom since the last audited financial statements of Blossom.

Yours faithfully
For and on behalf of the Board of Directors
Blossom Eastland Sdn. Bhd.

Dato' Doh Jee Ming
Director

RANTAU URUSAN (M) SDN BHD

Registration No. 200001016286 (518893-U)
No. 131 Persiaran PM 2/1,
Pusat Bandar Seri Manjung Seksyen 2,
32040 Seri Manjung, Perak Darul Ridzuan
Tel No: 05-6881268 Fax No: 05-6888822

Date: 22 June 2020

The Board of Directors
D.B.E. GURNEY RESOURCES BERHAD
No. 54-4-8, Wisma Sri Mata
Jalan Van Praagh
11600 Penang
Malaysia

Dear Sirs,

On behalf of the Board of Directors of Rantau Urusan (M) Sdn. Bhd. ("**Rantau**"), I wish to report that after due enquiry in relation to the interval from 31 December 2019 (being the date to which the last audited financial statements of Rantau has been made up) up to the date of this letter (being a date not earlier than fourteen (14) days before the issuance of this Circular), that:-

(a) the business of Rantau has, in the opinion of the Board of Directors of Rantau, been satisfactorily maintained;

(b) in the opinion of the Board of Directors of Rantau, no circumstances have arisen since the last audited financial statements of Rantau which has adversely affected the trading or the value of the assets of Rantau;

(c) the current assets of Rantau appear in the books at values which are believed to be realisable in the ordinary course of business;

(d) save as disclosed in the Circular, there is no contingent liability which has arisen by reason of any guarantees or indemnities given by Rantau;

(e) there have been no default or any known events that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings of Rantau; and

(f) there has been no material changes to the published reserves or any unusual factors affecting the profits of Rantau since the last audited financial statements of Rantau.

Yours faithfully
For and on behalf of the Board of Directors
Rantau Urusan (M) Sdn. Bhd.

Dato' Doh Jee Ming
Director

YIK WANG TRADING SDN BHD

Registration No. 200401010109 (648612-V)
No. 131 Persiaran PM 2/1,
Pusat Bandar Seri Manjung Seksyen 2,
32040 Seri Manjung, Perak Darul Ridzuan
Tel No: 05-6881268 Fax No: 05-6888822

Date: 22 June 2020

The Board of Directors
D.B.E. GURNEY RESOURCES BERHAD
No. 54-4-8, Wisma Sri Mata
Jalan Van Praagh
11600 Penang
Malaysia

Dear Sirs,

On behalf of the Board of Directors of Yik Wang Trading Sdn. Bhd. ("**Yik Wang**"), I wish to report that after due enquiry in relation to the interval from 31 December 2019 (being the date to which the last audited financial statements of Yik Wang has been made up) up to the date of this letter (being a date not earlier than fourteen (14) days before the issuance of this Circular), that:-

(a) the business of Yik Wang has, in the opinion of the Board of Directors of Yik Wang, been satisfactorily maintained;

(b) in the opinion of the Board of Directors of Yik Wang, no circumstances have arisen since the last audited financial statements of Yik Wang which has adversely affected the trading or the value of the assets of Yik Wang;

(c) the current assets of Yik Wang appear in the books at values which are believed to be realisable in the ordinary course of business;

(d) save as disclosed in the Circular, there is no contingent liability which has arisen by reason of any guarantees or indemnities given by Yik Wang;

(e) there have been no default or any known events that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings of Yik Wang; and

(f) there has been no material changes to the published reserves or any unusual factors affecting the profits of Yik Wang since the last audited financial statements of Yik Wang.

Yours faithfully
For and on behalf of the Board of Directors
Yik Wang Trading Sdn. Bhd.

DATO' DOH JEE MING
Director

The existing Constitution shall be amended in the following manner:-

(i) To insert the definition of "RCPS" to the existing Clause 6(a) of the existing Constitution as follows:-

""RCPS" means redeemable convertible preference shares of the Company issued in accordance with the terms and conditions set forth in this Constitution"

(ii) To amend the existing Clause 10(3) of the Constitution as follows:-

No.	Existing Clause	No.	New Clause
10(3)	A holder of preference shares must have a right to vote in each of the following circumstances:- (a) when the dividend or part of the dividend on the share is in arrears for more than six (6) months; (b) on a proposal to reduce the Company's share capital; (c) on a proposal for the disposal of the whole of the Company's property, business and undertaking; (d) on a proposal that affects the rights attached to the preference shares; (e) on a proposal to wind up the Company; and (f) during the winding up of the Company.	10(3)	A holder of preference shares must have a right to vote <u>at any general meeting of the ordinary shareholders</u> in each of the following circumstances:- (a) on a proposal to reduce the Company's share capital; (b) on a proposal for the disposal of the whole of the Company's property, business and undertaking; (c) on a proposal to wind up the Company; and (d) during the winding up of the Company.

(iii) To delete the existing Clause 11 of the Constitution and substitute it with the new Clause 11 as follows:-

No.	Existing Clause	No.	New Clause
11	Notwithstanding Article 10, the repayment of preference share capital other than redeemable preference share or any alteration of preference shareholders' rights shall only be made pursuant to a Special Resolution of the preference shareholders concerned PROVIDED ALWAYS that where the necessary majority for such a Special Resolution is not obtained at the meeting, consent in writing obtained from the holders of seventy five per centum (75%) of the preference capital concerned within two (2) months of the meeting shall be as valid and effectual as a Special Resolution carried at the meeting.	11	The RCPS shall confer on the holders thereof the following rights and privileges and be subject to the following terms and conditions:- (a) <u>Transferability, Tenure and Listing</u> (i) The RCPS shall not be transferable without the consent of the Company. (ii) The tenure of the RCPS shall be eight (8) years commencing from and inclusive of the date of issue of the RCPS ("**Issue Date**") (the 8th anniversary of the Issue Date being the "**Maturity Date**") or such other tenure and Maturity Date to be determined by the Board. (iii) The RCPS will not be listed, quoted or traded on Bursa Securities or any other stock exchange.

			(b) Dividend (i) The RCPS carry the right to receive a cumulative preferential dividend out of the distributable profits of the Company at a fixed rate of 4% per annum, compounded annually, based on the issue price of the RCPS fixed by the Board ("**Issue Price**"), payable annually in arrears. (ii) The right to receive dividends shall cease once the RCPS are converted into the Company's ordinary shares or redeemed by the Company, provided that all accrued and unpaid dividend shall be paid on the date of conversion or the date of redemption, as the case may be. (c) Ranking (i) In the event of liquidation, dissolution or winding up, the RCPS shall rank in priority to any other unsecured securities or shares of the Company. (ii) The RCPS shall constitute direct, unconditional, unsecured and unsubordinated obligations of the Company and shall upon allotment and issue, rank *pari passu* without any preference or priority among themselves and in priority to other redeemable convertible preference shares that may be created in future, but shall rank behind all secured and unsecured obligations of the Company. The RCPS shall rank in priority to the ordinary shares with regard to dividend payment. (d) Voting Rights (i) The RCPS holders shall be entitled to vote at any class meeting of the holders of the RCPS in relation to any proposal by the Company to vary or abrogate the rights of the RCPS as stated in this Constitution.

			(ii) Every holder of the RCPS who is present in person at such class meeting will have one vote on a show of hands and/or on a poll; every holder of RCPS who is present in person or by proxy will have one vote for every RCPS of which he is the holder. (e) <u>Conversion</u> (i) The holder of the RCPS shall be entitled to convert each RCPS held into such number of ordinary shares in accordance with the Conversion Ratio (as defined herein) during the Conversion Period (as defined herein) ("**Conversion Rights**"). Unless previously redeemed or converted or purchased and cancelled, all outstanding RCPS will be mandatorily converted into new ordinary shares of the Company. (ii) The conversion ratio shall be one RCPS to one ordinary share of the Company ("**Conversion Ratio**"), subject to adjustments from time to time at the determination of the Board at its discretion in the event of any alteration to the Company's share capital, whether by way of rights issue, capitalisation issue, consolidation of shares, subdivision of shares or reduction of capital howsoever being effected, in accordance with the provisions of this Constitution. (iii) The RCPS shall be convertible into new ordinary shares of the Company on any market day at any time during the tenure of the RCPS commencing on and including the Issue Date up to and including the Maturity Date ("**Conversion Period**"). (iv) The conversion price per new ordinary share shall be an amount equivalent to the issue price of RCPS, which shall be deemed settled by way of set-off. No additional cost or consideration shall be payable by the holder(s) of the RCPS upon such exercise of the Conversion Rights.

			(i) The new ordinary shares to be issued pursuant to the conversion of the RCPS shall, upon allotment and issue, rank *pari passu* in all respects with the then existing shares of the Company, save and except that they will not be entitled to any dividends or distribution made prior to the date of allotment of such new ordinary shares. (f) <u>Redemption</u> (i) Unless previously redeemed or converted or purchased and cancelled, the RCPS may at the option of the Company (acting through the Audit and Risk Management Committee of the Company) be redeemed, in whole or in part, at any time during the tenure of the RCPS at the Redemption Price (as hereinafter defined). (ii) The Company shall give not less than 30 days prior written notice to the RCPS holders of the redemption of the RCPS. All RCPS which are redeemed or purchased by the Company shall be cancelled immediately and cannot be resold. (g) <u>Redemption Price</u> The redemption price of each RCPS shall be equivalent to the Issue Price ("**Redemption Price**").

D.B.E. GURNEY RESOURCES BERHAD
Registration No: 200101000008 (535763-A)
(Incorporated in Malaysia)

ADMINISTRATIVE GUIDE FOR SHAREHOLDERS

EXTRAORDINARY GENERAL MEETING

Date	:	14 July 2020
Time	:	11.30 a.m. or at any adjournment thereof
Broadcast Venue	:	Level 1, Conference Room No. 131, Persiaran PM 2/1 Pusat Bandar Seri Manjung Seksyen 2 32040 Seri Manjung Perak Darul Ridzuan
Virtual Meeting accessible at	:	https://web.vote2u.app

In light of the coronavirus (COVID-19) outbreak, the EGM of the Company will be conducted virtually and the voting for the resolutions will be conducted online using the Remote Participation and Voting Facilities ("**RPV**") provided by Agmo Studio Sdn Bhd ("**AGMO**") via its online portal at https://web.vote2u.app. The electronic means of conducting the EGM will facilitate and enable all shareholders to participate fully in the proceedings without the need to be physically present at the venue, which is advantageous given the current circumstances and safe distancing requirements that may include prohibition from mass gatherings during the current Recovery Movement Control Order period.

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 EGM and vote remotely at the EGM. In line with the Malaysian Code on Corporate Governance Practice 12.3, this virtual EGM will facilitate greater shareholder's participation (including posting questions to the Board of Directors and/or Management of the Company) and vote at the EGM without being physically present at the venue. For shareholders who are unable to participate in this virtual EGM, you may appoint proxy(ies) *or* the Chairman of the Meeting as your proxy to attend and vote on your behalf at the EGM.

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 EGM DAY

A: REGISTRATION

Individual Shareholder

	Description	Procedure
i.	Shareholders to register with Vote2U online	**The registration will open up to 11.30 am, Sunday, 12 July 2020** a. Access website at https://web.vote2u.app b. Click "***Sign Up***" to sign up as a user. c. Read the 'Privacy Policy' and 'Terms & Conditions' and indicate your acceptance of the 'Privacy Policy' and 'Terms & Conditions' on a small box ☐. Then click "***Next***". d. *Fill-in your details (note: create your own password). Then click "***Continue***". e. Upload softcopy of your identification card (MYKAD) (front only) (for Malaysian) or Passport (for non-Malaysian). f. Log in as user completed. g. Your registration will be verified and an email notification will be sent to you. Please check your email. Note: If you have registered as a user with Vote2U Online previously, you are not required to register again. *Check your email address is keyed in correctly. *Remember the password you have keyed-in.

B: REGISTER PROXY

Individual Shareholder

	Description	Procedure
i.	Electronic lodgment of Form of Proxy (e-Proxy)	**Registration of Proxy will open up to 11.30 am, Sunday, 12 July 2020** a. Individual shareholder to log in with your email and password. b. Select the General Meeting event to participate (for example, "_________ EGM"). c. Scroll down and click "***Register a Proxy***". d. Read the 'Declarations' and indicate your acceptance of the 'Declarations' on a small box ☐. Then click "***Next***". e. Select your Central Depository System ("**CDS**") account number. f. Click "***Appoint Proxy***".

	Description	Procedure
		g. *Fill-in the details of your Proxy(ies). h. Indicate your voting instruction should you prefer to do so. i. 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. Note: 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. *Check your Proxy's email address is keyed in correctly.
ii.	Submit Form of Proxy (hardcopy)	**The closing time to submit your hardcopy Form of Proxy is at 11.30 am, Sunday, 12 July 2020** a. *Fill-in details on the hardcopy Form of Proxy and ensure to provide the following information: o MYKAD (for Malaysian) / Passport (for non-Malaysian) number of the Proxy o *Email address of the Proxy b. Submit/Deposit the hardcopy Form of Proxy to No. 54-4-8, Wisma Sri Mata, Jalan Van Praagh, 11600 Penang. Note: 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. *Check the email address of Proxy is written down correctly.

Corporate Shareholder

	Description	Procedure
i.	Corporate Shareholder to submit Form of Proxy (hardcopy)	**The closing time to submit your hardcopy Form of Proxy is at 11.30 am, Sunday, 12 July 2020** a. Fill-in details on the hardcopy Form of Proxy and ensure to provide the following information: o MYKAD (for Malaysian) / Passport (for non-Malaysian) number of the Corporate Representative o *Email address of the Corporate Representative 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: o A copy of the Certificate of Appointment of Corporate Representative. Note: 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. *Check the email address of Proxy (Corporate Representative) is written down correctly.

Nominees Company

	Description	Procedure
i.	Nominees Company to submit Form of Proxy (hardcopy)	**The closing time to submit your hardcopy Form of Proxy is at 11.30 am, Sunday, 12 July 2020** a. Fill-in details on the hardcopy Form of Proxy and provide the following information: o MYKAD (for Malaysian) / Passport (for non-Malaysian) number of the Beneficial Owner o *Email address of the Beneficial Owner 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: o A copy of the Beneficial Owner MYKAD (for Malaysian) (front & back) / Passport (for non-Malaysian). Note: 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. *Check the email address of the Beneficial Owner is written down correctly.

Shareholders who appoint Proxy(ies) via e-Proxy form and/or hardcopy Form of Proxy to participate at the virtual EGM 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 11.30 a.m.**

REVOCATION OF PROXY

A: REVOKE PROXY

Individual Shareholder

	Description	Procedure
i.	Revoke a Proxy	Shareholder who has appointed a Proxy and wish to revoke Proxy may do so. a. Log in to Vote2U online using your email address and password. b. Select the General Meeting event. (for example, "_______ EGM"). c. Scroll down and click "***Revoke a Proxy***".

ON EGM DAY

A: WATCH LIVE STREAMING

Individual Shareholders & Proxies

	Description	Procedures
i.	Login to virtual meeting portal - Vote2U online & watch Live Streaming.	The Vote2U online portal will open for log in starting from **10.30 am, Tuesday, 14 July 2020**, one (1) hour before the commencement of the EGM. a. Login with your email and password b. Select the General Meeting event (for example, "_____ EGM"). c. Check your details. d. Click "***Watch Live***" button to view the live streaming.

B: ASK QUESTION

Individual Shareholders & Proxies

	Description	Procedures
i.	Ask Question during EGM (real-time)	Questions submitted online using <u>typed text</u> 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. a. Click "***Ask Question***" button to post question(s). b. Type in your question and click "***Submit***". The Chairperson / Board of Director will endeavor to respond to questions submitted by remote shareholders and proxies during the EGM. 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 EGM.

C: VOTING REMOTELY

Individual Shareholders & Proxies

	Description	Procedures
i.	Online Remote Voting	Once the Chairman announces the opening of remote voting: a. Open a new tab. b. Log in with your email address and password. c. Select the General Meeting event (for example, "_______ EGM"). d. Scroll down and click "***Confirm Details & Start Voting***". e. To vote, select your voting choice from the options provided. A confirmation screen will appear to show your selected vote. Click "***Next***" to continue voting for all resolutions. f. To change your vote, click "***Back***" and select another voting choice. g. After you have completed voting, a Voting Summary page appears to show all the resolutions with your voting choices. Click "***Confirm***" to submit your vote. Please note that you are <u>not able</u> to change your voting choices after you have confirmed and submitted your votes.

D: VIEW RESULTS

Individual Shareholders & Proxies

	Description	Procedures
i.	View Results	After the closure of voting momentarily, the Chairman will announce the results. a. On the same tab after you have submitted your votes, scroll down and click *"**View Results**"*.

E: END OF MEETING

Individual Shareholders & Proxies

	Description	Procedures
i.	End of RPV	a. Upon the announcement by the Chairperson on the closure of the EGM, the live streaming will end and the "***Ask Question***" function will be disabled.

ADDITIONAL INFORMATION

Voting Procedure

Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the EGM 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 EGM.

Enquiry

a. If you have enquiry relating to the EGM Administrative Guide for Shareholders, please email your enquiries or contact our **Investor Relation** during office hours:

   Email: 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
   Tel No: +603 6413 0580

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given in this Circular. The Board hereby confirms that after making all reasonable enquiries to the best of their knowledge and belief, there are no false or misleading statements contained in this Circular, or other facts the omission of which would make any information herein false or misleading.

Information relating to the Vendors, the Target Companies and their properties have been obtained from publicly available documents (where available) and other information / documents provided by such parties / companies and their directors / management. The sole responsibility of the Board has been to ensure that the information in relation to such parties / companies had been accurately reproduced.

Further, the Board has seen and approved the IAL. The responsibility of the Board in respect of the independent advice and expression of opinion by Mercury Securities in relation to the Proposed Acquisitions and the Proposed Exemption as set out in the IAL is to ensure that all statements, facts and/or information in relation to the Group that is relevant to Mercury Securities' evaluation of the Proposed Acquisitions and the Proposed Exemption, have been reasonably, accurately and completely disclosed and provided to Mercury Securities and is free from material omission.

2. CONSENTS AND DECLARATION OF CONFLICT OF INTEREST

2.1 Consents

2.1.1 Principal Adviser

AmInvestment Bank has, prior to the issue of this Circular, given and has not subsequently withdrawn its respective written consents for the inclusion in this Circular of its name and all references thereto in the form and context in which it appears in this Circular.

2.1.2 Independent Adviser

Mercury Securities has, prior to the issue of this Circular, given and has not subsequently withdrawn its written consent for the inclusion in this Circular of its name, the IAL and all references thereto in the form and context in which it appears in this Circular.

2.1.3 Reporting Accountants

Moore Malaysia has, prior to the issue of this Circular, given and has not subsequently withdrawn its written consent for the inclusion in this Circular of its name, letter relating to the Proforma Consolidated Statement of Financial Position of DBE Group, Accountants' Report on the Target Companies and all references thereto in the form and context in which it appears in this Circular.

2.1.4 Independent Valuer

Knight Franks has, prior to the issue of this Circular, given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, valuation certificates and all references thereto in the form and context in which it appears in this Circular.

2.2 Conflict of interest

2.2.1 Principal Adviser

AmInvestment Bank is a wholly-owned subsidiary of AMMB Holdings Berhad. AmBank Group forms a diversified financial group and are engaged in a wide range of transactions relating to amongst others, investment banking, commercial banking, private banking, brokerage, securities trading, asset and funds management and credit transaction services businesses. AmBank Group's securities business is primarily in the areas of securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trade.

In the ordinary course of their businesses, any member of AmBank Group may at any time extend services to any company as well as hold long or short positions, and trade or otherwise effect transactions, for its own account or the account of its other clients, in debt or equity securities or senior loans of any company. Accordingly, there may be situations where parts of the AmBank Group and/or its clients now have or in the future, may have interests or take actions that may conflict with the interests of DBE Group.

As at the LPD, AmBank Group has extended term loans amounting to approximately RM12 million to DBE Group. In addition, the Company has accepted a financing facility amounting to RM153 million from AmBank Group to fund the Rantau Purchase Consideration and Yik Wang Tranche 1 Cash Consideration as well as for working capital requirements (which is currently pending inter-alia, loan documentation and fulfilment of condition precedents). The said credit facilities represent less than 1% compared to the total audited loans, advances and financing of AMMB Holdings Berhad (being the holding company of AmBank Group) as at 31 March 2019.

Notwithstanding the above, AmInvestment Bank is of the opinion that its role as the Principal Adviser for the Proposals and the sole Placement Agent for the Proposed Private Placement does not give rise to a conflict of interest situation in view that AmBank Group form a diversified financial group and are engaged in a wide range of transactions relating to amongst others, investment banking, commercial banking, private banking, brokerage, securities trading, asset and funds management and credit transaction services businesses.

Furthermore, none of the proceeds raised from the Proposed Private Placement will be utilised to repay any of the aforementioned financing facility taken to fund the Rantau Purchase Consideration and Yik Wang Tranche 1 Cash Consideration.

2.2.2 Independent Adviser

Mercury Securities confirms that there is no existing conflict of interest nor of any circumstances which would or is likely to give rise to a possible conflict of interest by virtue of its appointment as the Independent Adviser for the Proposed Acquisitions and the Proposed Exemption.

2.2.3 Reporting Accountants

Moore Malaysia confirms that there is no existing conflict of interest nor of any circumstances which would or is likely to give rise to a possible conflict of interest by virtue of its appointment as the Reporting Accountants for the Proposals.

2.2.4 Independent Valuer

Knight Frank confirms that there is no existing conflict of interest nor of any circumstances which would or is likely to give rise to a possible conflict of interest by virtue of its appointment as the Independent Valuer to the Company for the Proposed Acquisitions.

3. MATERIAL COMMITMENTS

As at the LPD, the Board confirms that there are no material commitments incurred or known to be incurred which upon becoming enforceable may have a material impact on the financial position or the business of DBE Group.

4. CONTINGENT LIABILITIES

As at the LPD, the Board confirms that there are no contingent liabilities, incurred or known to be incurred, which may upon becoming enforceable, have any material impact on the financial results / position or business of the DBE Group.

5. MATERIAL LITIGATION

As at the LPD, the Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board confirms that there are no proceedings pending or threatened against the Group, or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of the Group.

6. MATERIAL CONTRACTS

Save for the SSAs, which are the subject matter of this Circular, as well as the material contracts as disclosed as below, the Group has not entered into any material contracts (not being contract entered into in the ordinary course of business) within the past two (2) years immediately preceding the announcement of the Proposals and up to the date of this Circular:-

(i) the sale and purchase agreement dated 5 June 2018 between Glitter Holdings Sdn Bhd (as vendor) and DBE Development Sdn Bhd ("**DBE Development**") (as purchaser) in respect of the purchase of pieces of leasehold lands held under HSD 237603 to 237892 PT 42830 to 43119 and HSD 237897 PT 43124 in the Mukim of Sungai Terap, District of Kinta, State of Perak with a total land area measuring approximately 11.33 hectares for a total cash purchase consideration of RM5,390,000 ("**Sg Terap SPA**"). The Sg Terap SPA has been completed on 28 December 2018. The full payment of the purchase consideration will be made within 5 years from the date of the sale and purchase agreement;

(ii) Development rights agreement dated 30 November 2018 and the supplemental agreement dated 11 January 2019 between DBE Development (as developer) and Yik Wang in respect of the participation of DBE Development in development of an ongoing development project being carried out on a parcel of leasehold land held under PN 405295 Lot 15845, Bandar Seri Iskandar, Mukim Bota, Daerah Perak Tengah, Negeri Perak Darul Ridzuan comprising of the 780 units apartments together with the infrastructures constructed or to be constructed on the land known as "Pangsapuri Seri Iskandar" ("**Development Rights Agreement**"). The Development Rights Agreement has been completed on 28 May 2019;

(iii) the joint development agreement dated 31 May 2019 between Silver Homes Development Sdn Bhd and DBE Development to jointly develop 499 pieces of leasehold land, measuring 17.23 acres located in Mukim Sungai Terap, Daerah Kinta, Perak Darul Ridzuan into a mixed affordable housing development project ("**Joint Development Agreement**"). The Joint Development Agreement has been completed on 12 September 2019; and

(iv) the share sale agreement dated 2 October 2019 entered into between DBE and Dato Ding Seng Huat in respect of the proposed disposal of 51% equity interest of the total issued share capital of Harumi Brands Sdn Bhd (*formerly known as D.B.E. Poultry Sdn Bhd*), D.B.E. Breeding Sdn Bhd, D.B.E. Hatchery Sdn Bhd, D.B.E. Marketing Sdn Bhd, D.B.E. Food Processing Industries Sdn Bhd, D.B.E. Gurney Chicken Sdn Bhd at a total consideration of RM10,200,000. The disposal transaction was deemed completed on 31 December 2019.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of DBE at No. 54-4-8, Wisma Sri Mata, Jalan Van Praagh, 11600 Penang during normal business hours from Monday to Friday (except public holidays) following the date of this Circular up to and including the date of the EGM:-

(i) the Constitution of DBE and the Target Companies;

(ii) the audited consolidated financial statements of DBE Group for the past two (2) FYEs 31 December 2018 and 31 December 2019 and the latest three (3) months unaudited consolidated financial statements of DBE Group for financial period ended 31 March 2020;

(iii) the audited financial statements of Blossom, Rantau and Yik Wang for the past two (2) FYEs 31 December 2018 and 31 December 2019;

(iv) the letters of consent referred to in Section 2 of Appendix X of this Circular;

(v) the proforma consolidated statements of financial position of DBE Group as at 31 December 2019 together with the reporting accountants' letter thereon as set out in Appendix V of this Circular;

(vi) the accountants' report on the Target Companies as set out in Appendix VI of this Circular;

(vii) the directors' report on the Target Companies as set out in Appendix VII of this Circular;

(viii) the Valuation Certificate as set out in Appendix IV and valuation reports in relation thereto;

(ix) the SSAs;

(x) the material contracts referred to in Section 6 of Appendix X of this Circular; and

(xi) the undertaking letter from the Vendors dated 26 February 2020 as set out in Section 2.10 of Part A of this Circular.

D.B.E. GURNEY RESOURCES BERHAD
Registration No: 200101000008 (535763-A)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting ("**EGM**") of D.B.E. Gurney Resources Berhad ("**DBE**" or the "**Company**") will be conducted virtually 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 11.30 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the following resolutions:-

ORDINARY RESOLUTION 1

PROPOSED ACQUISITIONS OF THE ENTIRE ISSUED SHARE CAPITAL OF BLOSSOM EASTLAND SDN. BHD., RANTAU URUSAN (M) SDN. BHD. AND YIK WANG TRADING SDN. BHD.

"**THAT** subject to the passing of Ordinary Resolution 2, Ordinary Resolution 3, Special Resolution 1, Special Resolution 2, the approval of all the relevant authorities or parties being obtained (if required) and the conditions precedent in the respective share sale agreements all dated 26 February 2020 entered into by the Company with Doh Properties Holdings Sdn. Bhd. ("**Doh Properties**"), Dato' Doh Jee Chai ("**DDJC**"), Dato' Doh Tee Leong ("**DDTL**"), Dato' Doh Jee Ming ("**DDJM**"), Dato' Doh Neng Chiong ("**DDNC**") and Datin Lee Hong King ("**DLHK**") respectively being fulfilled and waived (as the case may be), approval be and is hereby given for the Company to acquire:-

(a) 50,500,000 ordinary shares in Blossom Eastland Sdn. Bhd. ("**Blossom**"), representing the entire issued share capital in Blossom from Doh Properties ("**Blossom Vendor**") for a purchase consideration of up to RM642,546,412 ("**Blossom Purchase Consideration**"), which will be satisfied in the following manner:-

    (i) RM71,383,062 via the issuance of 89,508,542 new Consolidated Shares (as defined herein) at an issue price of RM0.7975 per Consolidated Share ("**Issue Price**") ("**Blossom Consideration Shares**"); and

    (ii) up to RM571,163,350 via the issuance of up to 716,192,288 new redeemable convertible preference shares in DBE ("**DBE RCPS**") at the Issue Price ("**Blossom Consideration RCPS**"),

    as well as the full settlement of the outstanding related party advances of RM21,800,677 owing by Blossom and its subsidiaries to the Blossom Vendor and its related parties and persons connected with it ("**Blossom Related Party Advances**") via the issuance of 27,336,272 new Consolidated Shares ("**Blossom Settlement Shares**") upon the terms and subject to the conditions set out in the share sale agreement in respect of Blossom dated 26 February 2020 ("**Blossom SSA**") entered into between the Blossom Vendor and the Company ("**Proposed Blossom Acquisition**");

(b) 1,000,000 ordinary shares in Rantau Urusan (M) Sdn. Bhd. ("**Rantau**"), representing the entire issued share capital in Rantau from DDJC, DDTL and DDJM (collectively, the "**Rantau Vendors**") for a purchase consideration of RM148,269,909 ("**Rantau Purchase Consideration**"), which will be wholly satisfied via cash, as well as the full settlement of the outstanding related party advances of RM11,109,067 owing by Rantau to the Rantau Vendors and their related parties and persons connected with them ("**Rantau Related Party Advances**") via the issuance of 13,929,865 new Consolidated Shares ("**Rantau Settlement Shares**") upon the terms and subject to the conditions set out in the share sale agreement in respect of Rantau dated 26 February 2020 ("**Rantau SSA**") entered into between the Rantau Vendors and the Company ("**Proposed Rantau Acquisition**"); and

(c) 4,000,000 ordinary shares in Yik Wang Trading Sdn. Bhd. ("**Yik Wang**"), representing the entire issued share capital in Yik Wang from DDJC, DDTL, DDJM, DDNC and DLHK (collectively, the "**Yik Wang Vendors**") for a purchase consideration of up to RM32,500,000 ("**Yik Wang Purchase Consideration**"), which will be satisfied in the following manner:-

(i) RM17,062,286 via the issuance of 19,225,322 new Consolidated Shares at the Issue Price ("**Yik Wang Consideration Shares**") and RM1,730,091 via cash ("**Yik Wang Tranche 1 Cash Consideration**"); and

(ii) up to RM15,437,715 via cash ("**Yik Wang Tranche 2 Cash Consideration**"),

as well as the full settlement of the outstanding related party advances of RM129,651 owing by Yik Wang to the Yik Wang Vendors and their related parties and persons connected with them ("**Yik Wang Related Party Advances**") via cash ("**Yik Wang Settlement Cash**") upon the terms and subject to the conditions set out in the share sale agreement in respect of Yik Wang dated 26 February 2020 ("**Yik Wang SSA**") entered into between the Yik Wang Vendors and the Company ("**Proposed Yik Wang Acquisition**")

THAT pursuant to the terms of the Blossom SSA, the Rantau SSA and the Yik Wang SSA (collectively, the "**SSAs**"), approval be and is hereby given for the Company to allot (whether provisionally or otherwise) and issue the Blossom Consideration Shares, the Blossom Consideration RCPS, the Blossom Settlement Shares, the Rantau Settlement Shares and the Yik Wang Consideration Shares as well as the payment of the Rantau Purchase Consideration, Yik Wang Tranche 1 Cash Consideration, Yik Wang Tranche 2 Cash Consideration and the Yik Wang Settlement Cash to Lagenda Land Sdn. Bhd. ("**Lagenda**"), being the sole nominee collectively appointed by the Blossom Vendor, the Rantau Vendors and the Yik Wang Vendors in accordance with the terms and conditions of the SSAs;

THAT approval be and is hereby given for the Company to allot and issue such new ordinary shares in DBE ("**DBE Shares**") to Lagenda pursuant to the conversion of the Blossom Consideration RCPS, subject to the rights, privileges and restrictions of the DBE RCPS as set out in Appendix III of the Company's Circular to Shareholders dated 22 June 2020 ("**Circular**");

THAT the Blossom Consideration Shares, the Blossom Settlement Shares, the Rantau Settlement Shares and the Yik Wang Consideration Shares and new DBE Shares to be allotted and issued pursuant to the conversion of the Blossom Consideration RCPS shall, upon allotment and issuance, rank *pari passu* in all respects with each other and with the then existing DBE Shares, save and except that the holders of such new DBE Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the shareholders of the Company, the entitlement date of which is prior to the date of allotment and issuance of the Blossom Consideration Shares, the Blossom Settlement Shares, the Rantau Settlement Shares or the Yik Wang Consideration Shares or such new DBE Shares to be allotted and issued pursuant to the conversion of the Blossom Consideration RCPS;

THAT the DBE RCPS shall constitute direct, unconditional, unsecured and unsubordinated obligations of DBE and shall upon allotment and issuance, rank *pari passu* without any preference or priority among themselves and in priority to other redeemable convertible preference shares that may be created in future, but shall rank behind all secured and unsecured obligations of DBE and shall rank in priority to the ordinary shares with regard to dividend payment;

AND THAT the Board of Directors of the Company ("**Board**") be and is hereby authorised and empowered to give full effect to the Proposed Blossom Acquisition, the Proposed Rantau Acquisition and the Proposed Yik Wang Acquisition (collectively, the "**Proposed Acquisitions**") and the respective SSAs with full power to deal with all matters incidental, ancillary to and/or relating thereto, to take all such steps and to execute and deliver and/or cause to be executed and delivered the respective SSAs and all such other agreements, deeds, arrangements, undertakings, indemnities, transfers, extensions, assignments, confirmations, declarations and/or guarantees to or with any party or parties, and to do all such acts, things and matters as it may deem fit, necessary and/or expedient in the best interests of DBE and/or appropriate in order to implement, finalise and give full effect to the Proposed Acquisitions under the terms and conditions of the respective SSAs, with full powers to negotiate, approve, agree and assent to any conditions, revaluations, modifications, variations and/or amendments as may be required by any relevant authorities and/or as the Board deem fit, appropriate and in the best interest of DBE."

ORDINARY RESOLUTION 2

PROPOSED EXEMPTION UNDER PARAGRAPH 4.08(1)(A) OF THE RULES ON TAKE-OVERS, MERGERS AND COMPULSORY ACQUISITIONS TO BE SOUGHT BY LAGENDA AND ITS PERSONS ACTING IN CONCERT ("PACS") FROM THE OBLIGATION TO UNDERTAKE A MANDATORY TAKE-OVER OFFER TO ACQUIRE THE REMAINING DBE SHARES AND EXISTING FIVE-YEAR WARRANTS (2017/2022) CONSTITUTED BY THE DEED POLL DATED 20 JANUARY 2017, EXPIRING ON 22 JANUARY 2022 ("WARRANTS B") NOT ALREADY OWNED BY LAGENDA AND ITS PACS UPON THE COMPLETION OF THE PROPOSED ACQUISITIONS

"**THAT** subject to the passing of Ordinary Resolution 1, Ordinary Resolution 3, Special Resolution 1, Special Resolution 2 and the approval of all the relevant authorities or parties being obtained, including the approval of Securities Commission Malaysia, approval be and is hereby given for Lagenda and its PACs to be exempted from the obligation to undertake a mandatory general offer for the remaining DBE Shares and Warrants B not already held by them after the Proposed Acquisitions in accordance with Paragraph 4.08(1)(a) of the Rules On Take-overs, Mergers And Compulsory Acquisitions ("**Proposed Exemption**");

AND THAT the Board be and is hereby authorised and empowered to implement, finalise and give effect to the Proposed Exemption with full powers to effect or assent to any conditions, modifications, variations and/or amendments to the terms of the Proposed Exemption as the Board may deem fit, necessary and/or expedient in the best interests of the Company or as may be required or imposed by any relevant authority or consequent upon the implementation of the said conditions, modifications, variations and/or amendments and to do all acts, deed and things and execute and deliver all such transactions, arrangements, agreements and/or documents as it considers necessary or expedient in connection with the Proposed Exemption."

ORDINARY RESOLUTION 3

PROPOSED PRIVATE PLACEMENT OF UP TO 135,000,000 NEW CONSOLIDATED SHARES AT AN ISSUE PRICE TO BE DETERMINED AND TO PLACEE(S) TO BE IDENTIFIED AT A LATER STAGE

"**THAT** subject to the passing of the Ordinary Resolution 1, Ordinary Resolution 2, Special Resolution 1, Special Resolution 2 and the approvals of all the relevant authorities or parties being obtained (if required), including the approval of Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing of and quotation for up to 135,000,000 new Consolidated Shares (as defined herein), representing approximately 13.78% of the enlarged issued share capital of DBE post Proposed Acquisitions and after adjusting for the Proposed Share Consolidation (as defined herein) (after conversion of the Consideration RCPS) ("**Placement Shares**") on the Main Market of Bursa Securities, approval be and is hereby given to Company to allot and issue the Placement Shares in tranches (if applicable) at an issue price for each tranche to be determined at later stage(s) based on the five (5)-day volume weighted average market price ("**VWAP**") of the Consolidated Shares immediately preceding the price-fixing date to be determined at later date by the Board ("**Price-Fixing Date**") upon such terms and conditions as disclosed in the circular to the shareholders of the Company dated 22 June 2020 ("**Proposed Private Placement**");

THAT the issue price for each tranche (if applicable) of the Placement Shares will be determined based on a discount of not more than ten percent (10%) discount to the 5-day VWAP of the Consolidated Shares up to and including the Price-Fixing Date;

THAT the proceeds of the Proposed Private Placement be utilised for the purposes as set out in Section 6.6 of Part A of the Circular, and the Board be and is hereby authorised with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient, subject (where required) to the approval of the relevant authorities and in the best interest of the Company;

THAT the Placement Shares, shall upon allotment and issue, rank *pari passu* in all respects with the then existing Consolidated Shares, save and except that the holders of such Placement Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the shareholders of the Company, the entitlement date of which is prior to the date of allotment and issuance of such Placement Shares;

THAT the Board be and is hereby authorised and empowered to implement, finalise and give effect to the Proposed Private Placement with full powers to effect or assent to any conditions, modifications, variations and/or amendments to the terms of the Proposed Private Placement as the Board may deem fit, necessary and/or expedient in the best interests of the Company or as may be required or imposed by any relevant authority or consequent upon the implementation of the said conditions, modifications, variations and/or amendments and to do all acts, deed and things and execute and deliver all such transactions, arrangements, agreements and/or documents as it considers necessary or expedient in connection with the Proposed Private Placement;

AND THAT this resolution constitutes a specific approval for the issuance of securities in the Company contemplated herein which is made pursuant to an offer, agreement or option and shall continue in full force and effect until all Placement Shares to be issued pursuant to or in connection with the Proposed Private Placement have been duly allotted and issued in accordance with the terms of the Proposed Private Placement."

SPECIAL RESOLUTION 1

PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY TO FACILITATE THE CREATION AND ISSUANCE OF THE CONSIDERATION RCPS

"**THAT** subject to the passing of Ordinary Resolution 1, Ordinary Resolution 2, Ordinary Resolution 3, Special Resolution 2 and the approval of all the relevant authorities or parties (if required) being obtained, approval be and is hereby given for the Company to carry out the amendments to the constitution of the Company ("**Constitution**") in the manner set out in Appendix VIII of the Circular to enable the Company to implement the Proposed Acquisitions ("**Proposed Amendments**").

AND THAT the Board be and is hereby authorised and empowered to take all steps and to do all acts, deeds, things and to execute, enter into, sign and deliver for and on behalf of the Company all documents as it may consider necessary to give full effect to the Proposed Amendments, with full powers to assent to and accept any conditions, modifications, variations, arrangements and/or amendments as may be required by the relevant authority(ies)."

SPECIAL RESOLUTION 2

PROPOSED SHARE CONSOLIDATION OF EVERY TWENTY-FIVE (25) EXISTING DBE SHARES INTO ONE (1) DBE SHARE HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER

"**THAT** subject to the passing of Ordinary Resolution 1, Ordinary Resolution 2, Ordinary Resolution 3, Special Resolution 1 and the approval of all the relevant authorities or parties being obtained (if required), approval be and is hereby given for the Company to consolidate every 25 existing DBE Shares into one DBE Share ("**Consolidated Share**") held on an entitlement date to be determined later ("**Proposed Share Consolidation**");

THAT fractional entitlements arising from the Proposed Share Consolidation, if any, will be disregarded and dealt with in such a manner as the Board shall in its absolute discretion deem fit and expedient, and to be in the best interest of DBE;

THAT such Consolidated Shares shall rank *pari passu* in all respects with each other;

AND THAT the Board be and is hereby authorised and empowered to implement, finalise and give effect to the Proposed Share Consolidation with full powers to effect or assent to any conditions, modifications, variations and/or amendments to the terms of the Proposed Share Consolidation as the Board may deem fit, necessary and/or expedient in the best interests of the Company or as may be required or imposed by any relevant authority or consequent upon the implementation of the said conditions, modifications, variations and/or amendments and to do all acts, deed and things and execute and deliver all such transactions, arrangements, agreements and/or documents as it considers necessary or expedient in connection with the Proposed Share Consolidation."

SPECIAL RESOLUTION 3

PROPOSED CHANGE OF NAME OF THE COMPANY

"**THAT** subject to the approval of all the relevant authorities or parties being obtained (if required), the name of the Company be and is hereby changed from "D.B.E. Gurney Resources Berhad" to "Lagenda Properties Berhad" ("**Proposed Change of Name**") with effect from the date of the Notice of Registration of New Name issued by the Companies Commission of Malaysia and that the name of the Company wherever appearing in the Constitution be and is hereby amended accordingly;

AND THAT the Board and/or the Secretary be and is hereby authorised to do or procure to be done all acts, deeds, things and to execute, enter into, sign and deliver on behalf of the Company all documents as the Board may consider necessary, expedient and/or appropriate and to carry out all necessary formalities to give full effect to the Proposed Change of Name."

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
Dated this 22 June 2020

Notes:-

1. *In light of the COVID-19 outbreak and as part of the safety measures, the EGM 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 EGM in order to register, participate and vote remotely via the RPV Facilities.*

2. *The venue of the EGM 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 EGM.*

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 EGM. 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 EGM 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 EGM 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 EGM or at any adjournment thereof.*

PERSONAL DATA PRIVACY

By submitting a Form of Proxy or an instrument appointing a representative(s) to attend, speak and vote at the EGM 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 EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (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.

D.B.E. GURNEY RESOURCES BERHAD
(Registration No: 200101000008 (535763-A))
(Incorporated in Malaysia)

FORM OF PROXY

I/We...
(FULL NAME IN BLOCK LETTERS)

(NRIC No. /Passport No. /Company Registration No. ....)

of ....
(FULL ADDRESS)

being member/members of **D.B.E. GURNEY RESOURCES BERHAD**, do hereby appoint ....

.... NRIC No / Passport No. ....
(FULL NAME IN BLOCK LETTERS)

Email Address ....

of ....
(FULL ADDRESS)

or failing him/her,.. NRIC No / Passport No...
(FULL NAME IN BLOCK LETTERS)

Email Address ....

of ....
(FULL 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 Extraordinary General Meeting ("**EGM**") 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 11.30 a.m. or at any adjournment thereof, on the resolutions as set out in the notice of the EGM as hereunder indicated:-

(Please indicate with an "X" in the spaces provided below on how you wish your vote to be cast. If no specific instruction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.)

RESOLUTIONS	FOR	AGAINST
Ordinary Resolution 1: Proposed Acquisitions		
Ordinary Resolution 2: Proposed Exemption		
Ordinary Resolution 3: Proposed Private Placement		
Special Resolution 1: Proposed Amendments		
Special Resolution 2: Proposed Share Consolidation		
Special Resolution 3: Proposed Change of Name		

No of Shares Held	
CDS Account No.	
Telephone No.	
Email Address	
If more than one proxy is appointed, please specify below the proportion of your vote in percentage represented by each proxy :-	
First Named Proxy	%
Second Named Proxy	%

Dated this .... day of .... 2020 : ....
Signature(s) of Member(s) / Common Seal

Notes:-

1. *In light of the COVID-19 outbreak and as part of the safety measures, the EGM 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 EGM in order to register, participate and vote remotely via the RPV Facilities.*

2. *The venue of the EGM 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 EGM.*

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 EGM. 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 EGM 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 EGM 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 EGM or at any adjournment thereof.*

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 EGM dated 22 June 2020.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary
D.B.E. GURNEY RESOURCES BERHAD
(Registration No: 200101000008 (535763-A))
No. 54-4-8, Wisma Sri Mata
Jalan Van Praagh
11600 Penang
Malaysia

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