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DBE Gurney to see Taiwanese partners take up 20% stake

BY CHESTER TAY

KUALA LUMPUR: DBE Gurney Resources Bhd may see seven of its new Taiwanese partners take up a 20% equity stake in the company through a consortium entity at the current market price of five sen per share or equivalent to RM7.68 million.

Speaking to the media, its managing director Alex Ding Seng Huat said his Taiwan counterparts have expressed interest in investing in the integrated poultry company, but further details are still being ironed out.

As at May 5, 2015, DBE Gurney co-founder Datuk Ding Chong Chow, Seng Huat and executive director Cheng Lay Miew collectively owned a 19.98% stake in the poultry farming firm. Seng Huat and Cheng are both Chong Chow's nephews.

Yesterday, DBE Gurney announced that it is collaborating with seven Taiwanese companies in secondary processing of chickens and marketing of its value-added chicken products via franchising.

The group told Bursa Malaysia that its wholly-owned subsidiary, DBE Poultry Sdn Bhd, had signed a memorandum of understanding with seven partners, namely Taiwan Shing Shang Co Ltd, JienPeng International Co Ltd, FuHsin International Co Ltd, Solatek Co Ltd, HTS Technology Co Ltd, UltraBrave Technology Co Ltd and Formosa Food King Co Ltd.

Seng Huat said DBE Gurney en-



Filepic of DBE Gurney's chicken processing plant in Sitiawan, Perak. DBE Gurney has announced that it is collaborating with seven Taiwanese companies in secondary processing of chickens and marketing of its value-added chicken products via franchising. Photo by Chu Juck Seng

tered into the agreement to enhance its business activities by venturing into retailing of fried chicken products under the "Harumi" brand via a franchising model.

"We haven't worked out the model with our Taiwan partners for the technical supply that they provide. Probably, we [will] pay through a combination of cash and shares," he said.

Seng Huat explained that by venturing into the downstream poultry business, DBE Gurney would be able to earn an 18% gross margin, compared with the 5% to 10% margin the group is earning in its existing businesses.

"We are restructuring our business now by focusing more on processed chicken meat, while eliminating sales of live chickens, as the

upstream businesses are less profitable," he said.

All seven partners will have a role to play in the new business, ranging from equipment supply and technical know-how transfer to product development and marketing.

Seng Huat told the media during a site visit to its poultry farm over the weekend that DBE Gurney intends to open its first fast-food restaurant in Perak by mid-2016.

For the financial year ending Dec 31, 2016 (FY16), Seng Huat said DBE Gurney is aiming to achieve sales of RM100 million, which are 36% lower than RM157.08 million in FY15.

"Despite the lower sales, we are targeting a bottom line of about RM6 million for FY16, as our businesses would have higher margins by then," he explained.