



ANNUAL REPORT 2019





Cover

The Bandar Tun Razak development is located within the thriving township of Bandar Tun Razak in Cheras, next to a 90-acre park. This project consists of residential units with aged care facilities.



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Management Discussion and Analysis

OVERVIEW OF GROUP'S BUSINESS AND OPERATIONS

In financial year 2019, UOA Development Bhd and its subsidiaries (the "Group") continued to derive its revenue and profit predominantly from development activities. The Group achieved total property sales of approximately RM786.5 million during the financial year. The Group maintained its geographical focus in the Klang Valley with an emphasis on residential properties which made up approximately 88% of the total properties sold. The balance of 12% of the total sales was from commercial properties.

Both progressive recognition of on-going development projects and sale of inventories contributed to the revenue for the year.

The Group continues to derive other income from the operations of its hospitality division and rental income from its investment properties.

Summary of the Group's financial and share price performance for the past five years:

Year Ended 31 December (RM'000)	2019	2018	2017 (Restated)	2016	2015
Revenue	1,104,457	1,263,677	1,078,257	996,193	1,643,188
Profit Before Tax	510,097	505,850	676,019	929,364	645,286
Finance Cost	7,375	6,663	4,171	6,705	8,275
Profit After Tax	408,422	411,598	541,946	710,638	488,033
Profit Attributable to Shareholders	399,474	378,916	506,735	676,726	417,016
Paid-Up Capital	2,286,285	546,343	309,607	81,623	76,039
Shareholders' Equity	5,064,894	4,680,733	4,329,842	3,813,100	3,150,810
Total Assets Employed	5,962,879	5,791,404	5,591,517	4,984,862	4,382,720
Total Net Tangible Assets	5,271,868	4,945,838	4,587,024	3,937,145	3,294,500
Total Borrowings	98,613	120,296	126,830	125,127	208,528
Debt / Equity (times)	0.02	0.03	0.03	0.03	0.07
Basic Earnings Per Share (RM)	0.21	0.21	0.30	0.43	0.28
Net Tangible Assets Per Share (RM)	2.68	2.68	2.64	2.41	2.17
Share Price - Year High (RM)	2.45	2.71	2.76	2.77	2.32
Share Price - Year Low (RM)	1.87	1.84	2.30	2.03	1.68
Closing Share Price @ End of Financial Year (RM)	2.03	2.12	2.39	2.35	2.06
Total Yearly Share Volume Traded ('000)	121,029	122,670	222,111	261,429	107,694
Market Capitalisation @ End of Financial Year (RM 'billion)	3.99	3.91	4.14	3.84	3.13

REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION

The Group recorded a total revenue from property development of RM1.10 billion and an operating profit after tax and minority interests ("PATAMI") of RM399.5 million for the financial year ended 31 December 2019.

The revenue of the Group in financial year 2019 was lower at RM1.10 billion compared to RM1.26 billion in the previous financial year. The higher revenue in the previous year was attributable to the sale of two office towers in UOA Business Park and Bangsar South in financial year 2018.

The Group's PATAMI for financial year 2019 was higher at RM399.5 million compared to RM378.9 million in the preceding year despite lower revenue. The higher PATAMI of the Group was mainly due an increase in other income. The Group also undertook a revaluation exercise during the year to ascertain the fair value of its investment properties.



Other Income comprises, mainly, rental income and income from the operation of the Group's hospitality division that includes hotel as well as conference and event centres. The increase in other income to RM274.2 million from RM214.4 million in the previous financial year was mainly attributable to higher rental income. The income from the hospitality division remained stable in financial year 2019.

TOTAL
REVENUE

RM1.10
BILLION

Management Discussion and Analysis (Continued)

Finance costs were higher at RM7.4 million compared to RM6.7 million in the preceding year. The increase was mainly a result of expensing of borrowing costs in respect of the purchase of land which was previously capitalised in development expenditure. Total borrowings were lower at RM98.6 million primarily due to settlement of loans in two of the Group's subsidiaries. The cash and cash equivalents remained positive at RM943.2 million as at 31 December 2019.

The capital commitment of the Group as at 31 December 2019 was at RM40.8 million. The capital commitment is mainly for construction of investment properties and is expected to be funded from internally generated funds.



The Sphere, Bangsar South



Sentul Point

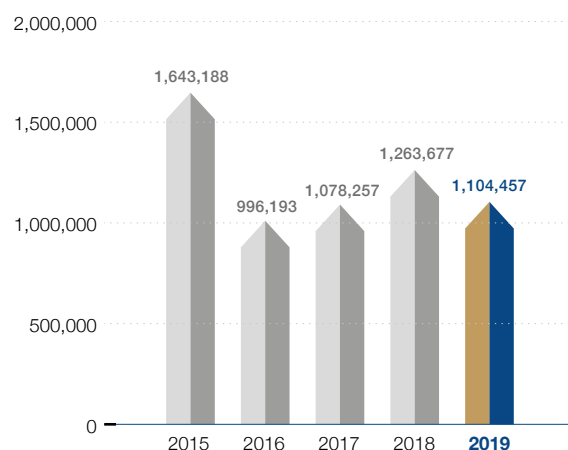
PATAMI

RM399.5
MILLION

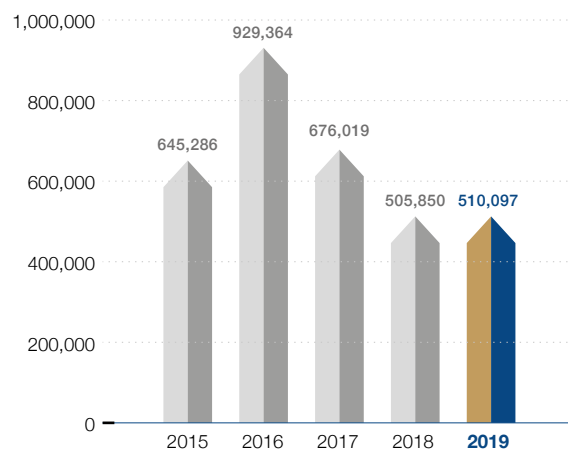


On 31 December 2018, two wholly-owned subsidiaries of the Company were served by the Inland Revenue Board of Malaysia (IRB) with Notices of Additional Assessment for the Year of Assessment 2013 for additional income tax and penalties totalling RM39.6 million. The additional assessments arose from adjustments by the IRB to the market value and selling price of properties that were withdrawn from inventories and assigned to another wholly-owned subsidiary respectively. Upon consulting the Group's tax solicitors, the Company is of the view that there are good grounds to challenge the basis and validity of the disputed Notice of Additional Assessments raised by the IRB and penalties imposed. The subsidiary companies have respectively filed in their appeal with the Special Commissioners of Income Tax (SCIT). The appeals have been fixed for mention before the SCIT in June 2020. Accordingly, the Directors are of the opinion that no provisions in respect of the tax liabilities and penalty in dispute are required to be made in the financial statements as at the reporting date. The Company continues to engage with IRB to resolve the disputed assessments and penalties.

Revenue (RM'000)



Profit Before Tax (RM'000)



Management Discussion and Analysis (Continued)

REVIEW OF OPERATING ACTIVITIES

In financial year 2019, the Group registered total property sales of RM786.5 million. The property sales were attributable mainly to The Goodwood Residence, Sentul Point, South Link Lifestyle Apartments United Point Residence, Aster Green Residence and Southbank. The Group launched The Goodwood Residence and Aster Green Residence in the fourth quarter of 2019.

Completed Developments

The Komune Living (formerly known as South Point), a co-living concept space located within the vicinity of Bangsar South development adjacent to the existing South View Serviced Apartments, saw its completion during the fourth quarter of 2019. This project consists of 648 rooms with community facilities. It caters to both long and short-term stays.



Komune Living



South Link Lifestyle Apartments



The Goodwood Residence, Bangsar South

Current Developments

Sentul Point in Sentul consists of 3 blocks of residences with 2,352 units of serviced apartments and 142 units of retail shops and United Point Residence in Kepong, consists of 2,509 units of serviced apartments and a commercial complex. The construction of both Sentul Point and United Point Residence are expected to complete in early 2020. The two projects have a combined GDV of RM3.00 billion.

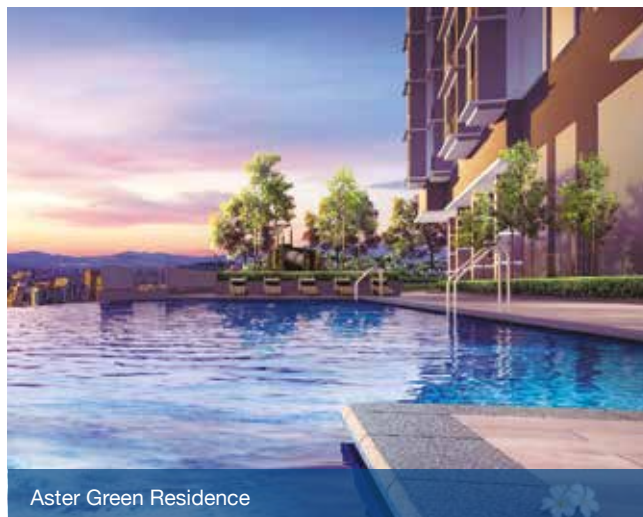
South Link Lifestyle Apartments is located within close proximity to Bangsar South and is adjacent to our newly completed project, Komune Living. This project comprises 1 block of 44-storey freehold lifestyle apartments with 1,422 units, along with a 2-storey lifestyle retail podium. The Goodwood Residence is another project located within Bangsar South. It is situated adjacent to Acacia and Begonia (The Park Residences Phase I). This project consists of 1 block of 40-storey residential tower with 678 units.

The construction of both South Link Lifestyle Apartments and The Goodwood Residence are on-going. The former is expected to be completed in year 2022 while the latter is expected to be completed in year 2023. These two projects have an anticipated GDV on completion of RM1.15 billion.

Aster Green Residence is a development located within the matured township of Sri Petaling, which has the convenience of ample supporting amenities within a short distance. This project comprises a single block of 440 residential units along with some commercial space. The GDV for this development is expected to be RM250.0 million.



United Point Residence



Aster Green Residence



Bandar Tun Razak development

TOTAL
REVENUERM1.10
BILLION

Future Developments

Bandar Tun Razak development is a project located within the thriving township of Bandar Tun Razak in Cheras, which is approximately 11 kilometers from Kuala Lumpur City Centre. This project consists of residential units which includes elderly friendly facilities at the same time. The project is slated to commence in year 2020 with an estimated GDV of RM300.0 million.

UOA Business Park (Phase II) in consists of single block of commercial space adjacent to UOA Business Park (Phase I). This project has an estimated GDV of RM140.0 million.

ANTICIPATED / KNOWN RISKS AND MOVING FORWARD

The outlook of the Malaysian property market continues to be weak and the property supply in the market continues to weigh on the property prices. Since the enforcement of the Movement Control Order (MCO) by the government, the effort in driving property sales is limited to marketing preparatory work. This will allow the Group to immediately resume its sales and marketing activities at full force once the MCO is lifted. The Group is mindful of the potential effects of the outbreak of novel coronavirus (COVID-19) which can result in a downturn in both the local as well as global economy. An economic downturn can potentially put further pressure on the property market.

The Group remains cautious and will maintain its focus on the mid-end residential sector within the Klang Valley. In order to reward our shareholders, it is the Group's intention to continue its dividend policy of paying 30% to 50% of realised profit after tax.

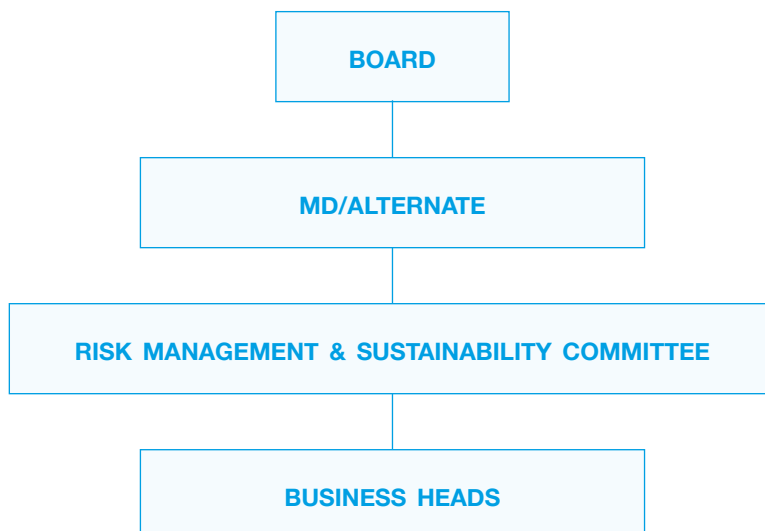
Sustainability Statement

INTRODUCTION

The foundation of UOA's success lies in our strong commitment to building a sustainable future from the economic, environmental and social perspectives. We achieve this by consistently identifying and adapting to industry challenges and market uncertainties. For FY2019, we continued our efforts to engage in sustainable development initiatives as an integral part of our business strategy to ensure long-term growth and business excellence that have significant positive impacts.

SUSTAINABILITY GOVERNANCE STRUCTURE

UOA's sustainability strategy is overseen by the Board based on the following governance structure:



The Risk Management & Sustainability Committee ("RMC"), chaired by the Managing Director/Alternate Director, is responsible for the formulation of sustainability policies and implementation of sustainability initiatives while the financial and day-to-day business operations are undertaken by the business heads.



Lake Garden and The Vertical, Bangsar South



STAKEHOLDER ENGAGEMENT

The table below highlights UOA's outreach efforts to its various stakeholder groups for FY2019. Feedback and suggestions are reviewed regularly to better understand their expectations, identify areas for improvement and facilitate future action plans.

Stakeholder	Engagement Channel	Frequency
Customers	Buyer appreciation events	On-going
	Buyer-Get-Buyer incentive programme	On-going
	Social media channels (project-based)	On-going
	Tenants and office building management committee meetings	On-going
	Customer service and experience (UOA Care Line)	On-going
	UOA newsletter	Yearly
Shareholders	Annual General Meetings	Yearly
	Interim financial reports	Quarterly
	Corporate announcements	On-going
	UOA newsletter	Yearly
Employees	Recruitment, training and development programmes	On-going
	Staff engagement events	On-going
	Staff induction programme	On-going
	Long service award	Yearly
	Staff-Get-Staff incentive programme	On-going
	Internship programme	On-going
Investors/Fund Providers	Analyst briefings	On-going
	Regular meetings with analysts, fund managers and other investors	On-going
Regulatory Authorities	Regular meetings with relevant authorities	On-going
	Applications/submissions/compliance (based on project requirements)	On-going
Suppliers/Contractors	Dialogues with suppliers and contractors	On-going
	Regular meetings/industry updates/compliance	On-going
	Traffic and environmental impact studies (project based)	On-going
Local Communities	Community engagement programmes	On-going
	Collaborations with NGOs	On-going
	Donations and financial aid	On-going
Media	Press releases	On-going
	Regular updates and engagement sessions	On-going

Sustainability Statement (Continued)

MATERIALITY ASSESSMENT

UOA is committed to delivering the long-term sustainability of our business by evaluating key issues that have significant economic, environmental and social impacts. In light of the challenging business landscape, we are proactively identifying and addressing relevant material issues to further strengthen our efforts in developing a sustainability strategy that supports our business goals, reduces environmental footprint and contributes positively to the communities in which we operate.

MATERIAL ISSUES

Economic

Financial Sustainability

In our pursuit of excellence, we strive to operate our business responsibly and steadfastly based on strong corporate governance and prudent financial management in a challenging market environment. As such, we will continue our focus on the following areas:

- maintain a positive operating cash flow
- respond to market needs
- ensure sufficient land bank for present and future developments
- diversify our project locations for better risk management
- improve on resource efficiency
- deliver value added properties with hallmark quality

Key milestones include:

- establishing Bangsar South - UOA's award winning integrated development - as the preferred business address with high concentration of foreign MSC status companies
- encouraging foreign direct investment (FDI) by attracting a rapid growing number of multinational companies to its commercial developments
- spurring the development of e-related businesses such as gaming, fintech, etc.
- adding value to projects by linking our developments to LRT, MRT and KTM railway stations which in turn lead to reduction in traffic and car pollution



The Sphere, Bangsar South

Proper financial management is crucial as it allows us to make timely, well informed decisions in response to changing conditions. The key initiatives taken to ensure financial sustainability include:

- monitoring of financial performance with constructive measures to manage potential issues
- maintaining prudence in financial management to sustain growth and earnings in challenging market conditions
- managing the timing of new launches in view of weak market environment while focusing on sales of current inventories and ensuring that projects are completed on time
- improving the rental yield and recurring income for our investment properties and hotels through renovations, space planning and reviews on lease agreements and hotel room rates

• Regulatory Compliance

We integrate the compliance culture within our business by observing legal, regulatory and internal regulations as well as the observance of common standards and rules of professional conduct. Our business activities are conducted based on ethical and legal standards with high levels of integrity, which foster a sense of responsibility and trust with our stakeholders.

We are committed to our obligation to ensure compliance with applicable laws, rules and regulations in the areas of:

- construction and development activities
- occupational health and safety standards
- minimum wage order 2016
- labour practices
- environment

Corporate Code of Conduct

The Corporate Code of Conduct (“Code”) sets out the standards which our directors, officers, managers, employees and consultants (together “Personnel”) are expected to comply with, in relation to the affairs of the Company’s businesses and when dealing with each other, shareholders and the broader community.

Compliance

- All Personnel must comply with all applicable laws, rules and regulations.
- Where necessary, Personnel must, after consultation with the Managing Director (“MD”) seek appropriate legal advice.

Conflicts

- Conflicts of interest are to be avoided and any actual or potential conflict is to be reported to the MD. Personnel must not exploit their position with the Company for personal gain.
- Personnel must declare to the MD a significant ownership interest in any enterprise that may compromise loyalty to the Company.
- Personnel have a duty to bring business opportunities identified through the use of Company property, information or position to the attention of the Company.

Fair Dealing

- All dealings with customers, suppliers, competitors, employees and other stakeholders of the Company are to be conducted with honesty, integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

Company Assets & Property

- All assets of the Company are to be properly used in the best interest of the Company and must be safeguarded from loss and misuse.

Knowledge & Information

- The accuracy, use and handling of information are critical to the Company’s integrity and reputation.
- Personnel must ensure that information is recorded by them honestly and accurately and is made known to their relevant supervisor to enable the Company to meet its obligation to keep the market fully informed.
- Personnel must never make improper use of knowledge, information, documents or other company resources obtained in the course of their employment with the Company. Personnel must respect the confidentiality and observe the privacy of information about the Company, its customers and fellow Personnel. The security and proper use of Company information is mandatory.
- Personnel must use computer facilities appropriately. Unauthorised use, manipulation or other interference will be treated seriously. For example, private passwords to computer files should be kept confidential and unauthorised access to confidential information is prohibited.

Confidential Information

- Confidential or commercially sensitive information must not be disclosed without proper authorisation.

Disclosure & Securities Trading Prohibited

- All Personnel must refrain from disclosing any information, documents or any forms of data concerning the Company that a reasonable person would expect to have an effect on the price or value of the Company’s securities; or that would be likely to influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company’s securities.
- Securities trading must be conducted in compliance with the Company’s Securities Trading Policy. Personnel are prohibited from dealing in the Company’s securities when those persons possess privileged information.

Sustainability Statement (Continued)

Health, Safety & Environment

- The Company is committed to protecting the health and safety of its Personnel.
- The Company is committed to protecting the environment during the conduct of its operations.
- All health and safety obligations and good practices are to be recognised, respected and adhered to.

Employment Practices

The Company subscribes to good employment practices, specifically:

- All employment practices are fair and non-discriminatory;
- A safe system of work and workplace is to be maintained;
- All forms of discrimination and harassment are prohibited; and
- All privacy rights of individuals associated with the Company are to be respected.

Gifts & Entertainment

- All business entertainment received or provided is to be reasonable and properly authorised.
- Only gifts that are not in cash or equivalent, are of small value and are appropriate to the business relationship may be accepted. Personnel must not under any circumstances make offers of, or receive bribes or other improper payments.

Whistle Blowing Policy

- The Whistle Blowing Policy is formulated to enable the Personnel, business partners and members of the public to report instances of unethical behaviour, actual or suspected fraud and/or abuse within the Company. The implementation of the Policy is also in line with the Whistle Blower Protection Act 2010, Companies Act 2016, Malaysian Anti-Corruption Commission Act 2009, Capital Market and Services Act 2007, Personal Data Protection Act 2010 and all other applicable laws and regulations in Malaysia.

In addition, we are undertaking a study on the Guidelines on Adequate Procedures issued pursuant to subsection (5) of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Act 694), which will come into effect in June 2020. All other existing policies will be revised accordingly.

Please refer to the Statement of Corporate Governance, Audit and Risk Management Committee Report, and Statement on Risk Management and Internal Control of this Annual Report for more details on compliance.

• **Occupational Health & Safety**

We recognise that occupational health and safety is an integral part of all our business operations. This is evident in the award of the OHSAS 18001 certification - an International Organisation for Standardisation (ISO) standard on occupational health and safety management - for our projects.

We also endeavour to prevent workplace accidents and ensure a safe and healthy working environment for our employees and contractors. This covers:

- reviewing practices on an issue-by-issue basis and develop recommendations for improvement
- ensuring adoption of best practices by adhering to the guidelines of the OHSAS certification
- maintaining work site safety with the provision of necessary personal protective equipment (safety helmets, safety shoes, high-visibility vests, gloves and goggles)
- eliminating health threats by employing pest control services such as fogging, larvaciding, rat baiting and chemical spraying for termites and ants on a monthly basis
- engaging all contractors in the implementation and enforcement of safety procedures and practices. A penalty system is imposed to fine contractors on offences
- setting up a Safety division that performs a daily walkabout inspection of work practices and monitoring of occupational accident statistics regularly as well as provide recommendations for improvement
- mandatory training programmes for employees organised by Construction Industry Development Board (CIDB) to continuously improve site condition, work practices and ethics
- monthly report on health, safety and environment (HSE) to monitor and respond to issues at work sites as well as to better prepare for an emergency
- adoption of emergency response plan which highlights the procedures for various types of emergency scenarios. Depending on the size of the projects, emergency response teams comprising 9 to 16 members are stationed at each site

- implementation of the wet riser system in high rise buildings to provide firefighting support to work sites during construction stage
- utilisation of industrialised building system (IBS) as a more convenient method of construction with less dependence on site workers that enables us to reduce manpower cost and wastage of materials

• **Product Responsibility**

Our product responsibility approach requires our operations to comply with all regulatory requirements pertaining to the health and safety, marketing, sales and privacy (PDPA) matters related to our products. In addition, our products integrate environmental considerations into the planning, design, development and operations of our businesses. These key principles contribute to the delivery of our exceptional, customer-focused and responsible products.

We carry out various measures to assure the quality of our products. Whilst all our buildings are equipped with fire services and security systems, we also arrange daily patrols by security guards and auxiliary police in order to ensure the safety of our buildings.

Crisis management policies and procedures have also been adopted to ensure annual testing, simulations and training for crisis situations. These scenarios include electricity supply, lift system, gas and fuel supply, fire alarm system and water supply failure, and flooding.

In addition, we organise fire drills twice a year to ensure that our tenants and other co-owners of our projects are familiar with the evacuation process. We also ensure annual certification of our elevators and escalators. Certified chargemen are engaged to continuously assess the safety and maintenance of our electrical wiring and installations.

A property and facilities management solution was introduced to help ensure that the properties and facilities of the buildings are in good condition and are being maximised at all times. The pilot site that subscribed to the property and facilities management solution was The Vertical Business Suites (Tower A and Tower B) in Bangsar South. The solution was further deployed to other sites in the fourth quarter of 2019.

The benefits of the property and facilities management solution include:

- Lower maintenance costs as technicians can proactively respond to issues within the facilities with improved response time and work order efficiency through automated work progress tracking and prompt reporting
- Reduction in printing costs as we can streamline work order processes and automate routine tasks
- Optimising workforce utilisation as supervisors are able to automatically assign tasks to technicians with greater transparency and effectiveness, supported by electronic KPI tracking and automated report generation

As part of our sustainability efforts to improve efficiency and reduce paper footprint, e-billing and e-payment systems have been implemented, whereby invoices and reminders are electronically emailed to unit owners of UOA properties to enable online payments. Enhancements would be added in year 2020 to enable web-payment channels.

An electronic parking payment platform was also introduced in Bangsar South. For visitor parking, the electronic payment platform was introduced on a phase-by-phase basis. The first phase was implemented at the end of year 2019 to provide visitors with the option to make parking payments via electronic payment channels at the autopay machines.

This would be followed by the second phase - paperless and cashless visitor parking - which is scheduled to be implemented in year 2020, that enables visitors to Bangsar South to enter and exit the car park premises using a cashless system instead of a parking ticket.

As for season parking, the electronic payment platform is slated for implementation in year 2020 for season parking users to login, view statements and make payments through electronic payment channels.

Sustainability Statement (Continued)

ENVIRONMENTAL

• Material Sourcing & Supply Chain Management

UOA adopts an integrated approach in the design, construction and development of its projects. We are committed to managing our supply chain across the life cycle of the projects, from conceptual design development phase to subsequent construction and operation phases. This allows us to effectively manage our vendors, contractors and subcontractors, as well as the diverse range of materials, equipment and services required to successfully deliver the developments. Vendors are selected based on their track record, financial strength, commitment towards high quality, as well as environmental and safety standards.

Our supply chain principles are derived by the following principles:

- compliance with applicable laws
- equality and diversity
- no forced or compulsory labour
- no child labour
- environmental impact

We are also committed to the concept of buying locally as our business' carbon footprint, operational and transportation costs are vastly reduced by using local suppliers. For construction materials, 100% of our suppliers are local. Our panel of consultants and IT programmers are also locally-based. Keeping our supply chain local has enabled us to become more economically, operationally, environmentally and socially sustainable.

• Energy Efficiency & Waste Management

As a responsible developer, UOA is constantly seeking to improve energy, water and resource efficiency across our portfolio while working to minimise and mitigate the impacts of our building operations.

Our efforts to reduce unnecessary usage and wastage are reflected in the following initiatives for our projects such as the designated commercial buildings in Bangsar South ("BS"), Southlink ("SL"), The Goodwood Residence ("TGR"), UOA Business Park ("UBP") and United Point ("UP"):

Double Glazing Unit

- Building façades are equipped with curtain glass wall using DGU (Double Glaze Glass) to reduce heat penetration into the buildings

(Project: BS)

Lighting Zoning & Energy Saving Light Fitting

- The lighting zones allow for more flexible control by owners and tenants to reduce energy consumption and cost by lighting only areas or zones that are occupied. This is complemented by the energy saving light fittings to reduce energy throughout the office spaces. Sensor stairway lights are also installed and tested with a digital power meter in designated buildings to reduce energy consumption

(Project: BS)

Sub-Metering

- Separate metering facilities are installed for lighting, power, domestic water and rainwater in designated offices for effective overall consumption monitoring

(Projects: BS, UBP & UP Mall)

Energy Management System

- The system is designed to monitor energy usage and the mechanical and electrical system in the buildings

(Projects: BS & UBP)

Heat Recovery Wheel

- This system serves to shift lower temperature air from outside into indoor office areas by heat transfer through the heat wheel. The method reduces the air-conditioning usage by bringing in lower temperature air (fresh air) into the buildings

(Project: BS)

Smoke Free Zone

- Smoking is prohibited in the building

(Projects: BS, UBP & UP Mall)

Indoor Air Pollutants

- The use of materials with minimal volatile organic compounds (VOC) and formaldehyde content such as paint and coating are used throughout the buildings to minimise detrimental impact on occupants' health

(Project: BS)



Bangsar South

Centralised Air-Conditioning System

- The use of centralised air-conditioning system to reduce the overall energy consumption in the buildings. Other initiatives include the installation of chilled water and condenser water treatment, usage of high efficiency water cooled chiller and the default setting of room temperature to 24 degree celsius (main lobby, lift lobby and office areas)

(Projects: BS, UBP & UP Mall)

Refrigerant & Clean Agents

- Use of environmentally friendly refrigerants and clean agents as well as demonstrated leadership in accelerating the phase out of all ozone depleting substances and promoting the use of low global warming substances

(Projects: BS, UBP & UP Mall)

Rainwater Harvesting

- Reduction in potable water consumption through rainwater collection from roof top to designated water tank by gravity fled system to applications such as landscape irrigation, toilets and cleaning of common areas

(Projects: BS, UBP & UP Mall)

Water Efficient Landscaping

- Use of native or adaptive plants to reduce potable water consumption

(Projects: BS, UBP & UP Mall)

Water Efficient Fittings

- Water consumption monitoring and installation of water saving fittings such as self-closing basin tap, toilet cistern with half/full flush and spray bidet to reduce water flow rate. A flood sensor is also installed at designated buildings to monitor potential flooding and early detection as well as to safeguard against water damage and prevent water waste

(Projects: BS, UBP & UP Mall)

Non-Chemical Water Treatment for Cooling Tower

- Use of non-chemical water treatment system for cooling tower to reduce airborne disease

(Project: BS)

Green Nursery

- A nursery was built at a designated green space in The Sphere to grow and nurture plants in support of urban greening efforts in Bangsar South

(Project: BS)

Recycled Festive Decoration Materials

- Reduce waste generation by recycling and reusing materials for festive decorations at UOA's corporate office and lifestyle centres

(Project: BS)

Sustainability Statement (Continued)

Cut & Fill Earthworks

- Soil excavated during construction is stored on site in a designated area for re-use after the completion of the foundation and basement structure

(Projects: BS, SL, TGR, UBP & UP)

Temporary Soil Stabilisation

- Slope protections are used during construction for both erosion and dust control

(Projects: BS, SL, TGR, UBP & UP)

Pollution Control Mechanism

- Silt traps and temporary earth drains with concrete lining are utilised

(Projects: BS, SL, TGR, UBP & UP)

Durable Aluminium Formwork System

- For use in concrete construction to reduce waste associated with wood formwork as it is readily demountable and reusable on other projects

(Projects: SL, TGR & UP Residence)

Noise Pollution Control

- Minimise noise pollution with the usage of noise-free machineries and low-vibration equipment at work sites

(Projects: BS, SL, TGR, UBP & UP)

Construction Waste Management

- Regular watering at work sites to minimise ambient dust emissions
- Restricting the amount of soil taken out of project sites
- Reducing the transportation distance (of building materials)
- Reducing the usage of dangerous chemical substances based on a safety checklist
- Appointing a licensed disposal company to dispose waste output at work sites in a responsible manner
- Setting up of batching plant to produce concrete for use in projects
- Re-selling of construction waste materials (steel bar/scaffolding/mould scrap/angle scrap/zinc scrap/plastic scrap/wire rope/copper) to recycling companies

(Projects: BS, SL, TGR, UBP & UP)

Our hospitality division has also undertaken the following energy saving and green initiatives for its hotel portfolio:

Energy Conservation

- Conversion of existing lighting system to LED lighting system
- Dimming of the lights across foyers to only 25% capacity during non-event days
- Escalators are set on energy saving mode
- Turning off the foyer air-conditioning during non-event days and pre-setup days
- Air-conditioning and lighting are set on timer

Go Green Initiatives

- Voluntary reduction in linen and amenities replenishment for long stay guests
- Voluntary reduction in towel change for short stay guests
- Water stations are encouraged for most events to prevent usage of single-use plastics
- Provision of water jugs in guest rooms in place of plastic bottles at Komune Living. Filter water dispenser is also located on every floor for guests
- All internal reports are sent via email and no physical reports are distributed
- Meetings are conducted with projectors
- Biodegradable cleaning chemicals are used wherever possible to reduce both water and air pollution
- Usage of rainwater for all landscape irrigation purposes as well as washing and cleaning of car park areas

UOA aligns itself with internationally-recognised standards, including the International Organisation for Standardisation (ISO) standards such as ISO 9001:2015 certification for quality management as well as OHSAS 18001:2007 for occupational health and safety management.

UOA also obtained the Building Quality Assessment System (BuildQAS, formerly known as BQUAS) certification - a standard assessment system in Singapore - for its two projects, namely Komune Living (2019) and United Point (2020).

SOCIAL

ENGAGING WORKPLACE

UOA is committed to creating a progressive and dynamic workplace while nurturing a competent and robust talent pool. We recognise the importance of employee performance as it contributes significantly to our business growth and success.

Our performance management system is structured to support our business plans based on a top-down strategy. As part of our sustainability efforts to reduce our paper footprint, we have shifted from a paper-based appraisal system to an e-appraisal system. Employees are encouraged to support the move towards a more environmentally friendly paperless operation by submitting internal paper forms and reports using the platform.

UOA also adopted the Agile Performance Management practice, whereby ongoing discussions on performance with employees based on their individual and team KPIs were held throughout the year. A series of workshops and training was also organised for the Heads of Departments and Managers as well as new employees during orientation to ensure transparency and clear understanding on the performance management process.

As of 31 December 2019, there were 1,011 employees under UOA's employment. The employee profile background is as follows:

EMPLOYEE BREAKDOWN

Total Number	1,011
Gender	
Female	428 (42%)
Male	583 (58%)
Race	
Malay	503 (50%)
Chinese	434 (43%)
Indian	33 (3%)
Others	41 (4%)
Age	
<30	354 (35%)
31-40	307 (30%)
41-50	208 (21%)
51-60	124 (12%)
>60	18 (2%)

Our human resource policies are established to maintain the welfare and interest of our employees. The key areas of focus cover:

Recruitment

We strive to formulate a people-centric human resource approach to retain and recruit personnel. This is reflected in our conduct of employment, including recruitment, hiring, compensation, training and promotion opportunities for all employees, regardless of race, gender or age.

Training & Development

Relevant internal and external training programmes that tailor to different divisions and individual employees were organised. Internal courses included induction programmes that were attended by 122 new employees for 2019 while external courses and public programmes amounted close to 3,400 hours with 382 employees. For our hospitality division, more than 17,200 training hours were achieved with the average training hours per employee amounting to approximately 47 hours.

Employee Engagement

Various activities such as Annual Dinner, Bowling Tournament, Futsal Tournament and Badminton Tournament were held to promote engagement and camaraderie among the employees. These activities were organised by our Sports & Recreational Club Committee, which is run by UOA employees. The committee is responsible for the in-house gymnasium that offers recreational classes such as yoga, tai-chi and dance sessions to promote a healthy work-life balance among the employees.

Internship

We offer internships to qualified graduates to help them gain real-world experience and develop skills beyond the classroom. It also provides opportunities for our current employees to connect with the new generation through day-to-day work interaction. In addition, the internship programme enables us to identify potentially suitable candidates for long-term employment with UOA.

Office Sustainable Practices

Our employees are encouraged to adhere to the following practices in our continued efforts to minimise paper usage and wastage within our workplace:

- print and photocopy required copies only
- print emails and documents only when necessary
- practice double-side printing and photocopying
- access the Company's policies, administration documents and application forms via online portal
- use electronic soft copies to reduce paper consumption
- turn off the lights, computers and air-conditioning of their divisions when not in use

Sustainability Statement (Continued)

COMMUNITY CARE

As a responsible corporate citizen, we give back to communities wherever we operate through our multi-faceted approach towards corporate social responsibility, which is derived from education and community activities.

Education

UOA continued its support to the free intensive reading programme offered to children in Sentul and Kerinchi under the Jombaca Children Literacy Campaign by ADRF Malaysia. The campaign was held in collaboration with i-Sina, an intensive reading programme provider that assists children to be able to read in less than three months. More than 120 children aged 6 to 12 in Sentul and Kerinchi participated in the school holiday initiative.

UOA also sponsored the ExcelLearn English Camp organised by ADRF Malaysia for underprivileged children in Kerinchi for the second consecutive year. The child learning enhancement programme was held to help the children improve their English literacy through brain stimulation exercises.

ADRF Malaysia is a non-profit organisation that helps underprivileged and vulnerable children to better their lives through education by organising free intensive reading programmes for communities in need within Klang Valley.



Community Activities

UOA organised 'Kempen Kembali Ke Sekolah', a back to school campaign, for the fifth consecutive year for the underprivileged children in Kerinchi. New school bags, water bottles and stationery sets were distributed to 750 primary and secondary school children from low income families in the Kerinchi area. The event was graced by YB Fahmi Fadzil, Member of Parliament for Lembah Pantai.

In conjunction with the Hari Raya festive celebration, an annual raya hamper distribution event was held to add some cheer to more than 100 single mothers and their children in the Kerinchi community in the true spirit of sharing and giving.

UOA recognises the importance of such engaging initiatives as they form the basis of a caring community, thereby helping to shape a better and more sustainable society.

This is part of our commitment to establishing long-term relationships with the communities in which we operate through collaboration with various charity groups.



Corporate Information

BOARD OF DIRECTORS

Alan Charles Winduss

(Chairman/Independent Non-Executive Director)

Kong Chong Soon @ Chi Suim (Managing Director/
Non-Independent Director)

Kong Pak Lim

(Executive Director/Non-Independent Director)

Ang Kheng Im

(Executive Director/Non-Independent Director)

Terence Teo Chee Seng

(Independent Non-Executive Director)

Ar. Steve Low Shu Nyok

(Independent Non-Executive Director)

Kong Sze Choon

(Alternate Director to Kong Chong Soon @ Chi Suim)

Stephanie Kong Pei Zen

(Alternate Director to Kong Pak Lim)

AUDIT AND RISK MANAGEMENT COMMITTEE

Ar. Steve Low Shu Nyok

(Chairman, Independent Non-Executive Director)

Alan Charles Winduss

(Independent Non-Executive Director)

Terence Teo Chee Seng

(Independent Non-Executive Director)

NOMINATION AND REMUNERATION COMMITTEE

Ar. Steve Low Shu Nyok

(Chairman, Independent Non-Executive Director)

Alan Charles Winduss

(Independent Non-Executive Director)

Terence Teo Chee Seng

(Independent Non-Executive Director)

SECRETARIES

Yap Kai Weng (MAICSA No: 74580)

Wong Yoke Leng (MAICSA No: 7032314)

COMPANY NO.

200401015520 (654023-V)

REGISTERED OFFICE

No. 9, Jalan Indah 16

Taman Cheras Indah

56100 Kuala Lumpur

Telephone : +603 9287 1000

Facsimile : +603 9287 2000

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd

Unit 32-01, Level 32, Tower A

Vertical Business Suite

Avenue 3, Bangsar South

No. 8, Jalan Kerinchi

59200 Kuala Lumpur

Telephone : +603 2783 9299

Facsimile : +603 2783 9222

PRINCIPAL PLACE OF BUSINESS

UOA Corporate Tower

Lobby A, Avenue 10, The Vertical

Bangsar South City

No. 8, Jalan Kerinchi

59200 Kuala Lumpur

Telephone : +603 2245 9188

Facsimile : +603 2245 9128

AUDITORS

Grant Thornton Malaysia PLT (201906003682 &
AF No. 0737)

Level 11, Sheraton Imperial Court

Jalan Sultan Ismail

50250 Kuala Lumpur

Telephone : +603 2692 4022

Facsimile : +603 2732 5119

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad

RHB Bank Berhad

United Overseas Bank (M) Bhd

CIMB Bank Berhad

Industrial and Commercial Bank of China

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad

STOCK CODE

5200

WEBSITE

www.uoa.com.my

INVESTOR RELATIONS

Email : uoacare@uoa.com.my

Telephone : 1 300 88 6668

Financial Calendar

FINANCIAL YEAR

1 January to 31 December 2019

ANNOUNCEMENT OF QUARTERLY RESULTS

29 May 2019

Announcement of unaudited consolidated results for the first quarter ended 31 March 2019

26 August 2019

Announcement of unaudited consolidated results for the second quarter ended 30 June 2019

26 November 2019

Announcement of unaudited consolidated results for the third quarter ended 30 September 2019

26 February 2020

Announcement of unaudited consolidated results for the fourth quarter ended 31 December 2019

ANNUAL REPORT & ANNUAL GENERAL MEETING

29 May 2020

Date of notice of 16th Annual General Meeting and issuance of Annual Report 2019

29 June 2020

Date of 16th Annual General Meeting

DIVIDEND

To be proposed at the 16th Annual General Meeting



Komune Living

Corporate Structure



UOA DEVELOPMENT



Board of Directors

The members of the Board of Directors are as follows:

ALAN CHARLES WINDUSS

Chairman/Independent Non-Executive Director

KONG CHONG SOON @ CHI SUIM

Managing Director/Non-Independent Director

KONG PAK LIM

Executive Director/Non-Independent Director

ANG KHENG IM

Executive Director/Non-Independent Director

TERENCE TEO CHEE SENG

Independent Non-Executive Director

AR. STEVE LOW SHU NYOK

Independent Non-Executive Director

KONG SZE CHOON

Alternate Director to Kong Chong Soon @ Chi Suim

STEPHANIE KONG PEI ZEN

Alternate Director to Kong Pak Lim

Profile of Board of Directors

ALAN CHARLES WINDUSS

Chairman/Independent Non-Executive Director

Alan Charles Winduss, Australian, male, aged 79, was appointed a Director of our Company on 24 January 2011. He is a member of the Audit and Risk Management Committee and the Nomination and Remuneration Committee. He was re-designated to Independent Non-Executive Director on 11 April 2018. He was appointed Chairman on 23 May 2018. He is a Director of Winduss & Associates Pty Ltd Chartered Accountants. He has been involved in professional Public Practice for over 32 years, specialising in matters relating to corporate management, restructuring, corporate finance and company secretarial matters including the Australian Securities Exchange (“ASX”) and the Australian Securities Exchange and Investments Commission compliance. The accounting practice of Winduss & Associates Pty Ltd lists among its field of expertise matters relating to property development, management and ownership.

Mr. Winduss sits on the Board of two companies listed on the ASX and serves on the Board of Australian incorporated private limited companies. He is a Director of United Overseas

Australia Ltd and is also an Independent, Non-Executive Chairman of UOA Asset Management Sdn Bhd, which is the Manager for the UOA Real Estate Investment Trust.

Mr. Winduss graduated from Perth Technical College (now known as Curtin University) with a Diploma in Accounting in 1963. He is a member of various professional bodies including the Institute of Chartered Accountants in Australia and the Certified Public Accountants Australia. In addition, he is an Associate Fellow of the Australian Institute of Management, a Fellow of the Taxation Institute of Australia, a Fellow of the Australian Institute of Company Directors and a registered Australian Company Auditor.

He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences and there is no sanction or penalty imposed on him by any regulatory bodies over the past 5 years.

KONG CHONG SOON @ CHI SUIM

Managing Director/Non-Independent Director

Kong Chong Soon @ Chi Suim, Malaysian, male, aged 79, was appointed a Director of the Company on 27 May 2004. He is responsible for the overall group management and strategy development. He has over 35 years of experience in the construction and property development industries, both in Malaysia and Singapore. He played a key role as Project Advisor to the Harapan group of companies where he was instrumental in overseeing the successful construction of three internationally-rated hotels in Singapore, namely Hotel Meridien, Glass Hotel and Changi Meridien Hotel, valued in excess of SGD866.0 million, during the 1970s and 1980s.

In 1987, Mr. Kong co-founded United Overseas Australia Ltd (“UOA” or “Parent Group”) and spearheaded our Parent Group’s rapid growth in Malaysia. Over the last 31 years, our Parent Group together with other Group members have successfully completed numerous residential, industrial and commercial developments in various parts of Kuala Lumpur. He has in the past served in various capacities in several public-listed companies both in Malaysia and Singapore which included Raleigh Bhd, Town and City Properties Ltd and Tuan Sing Holdings Ltd.

Mr. Kong graduated with an Associateship in Civil Engineering from the then Perth Technical College (now known as Curtin University) in 1964 and is a member of the Chartered Engineers of Australia.

He is the father of Mr. Kong Sze Choon, who is his Alternate Director. He does not have any family relationship with any other Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences, and there is no sanction or penalty imposed on him by any regulatory bodies over the past 5 years.

Profile of Board of Directors (Continued)

KONG PAK LIM

.....

Executive Director/Non-Independent Director

Kong Pak Lim, Malaysian, male, aged 67, was appointed a Director of the Company on 27 May 2004. He oversees the planning and design of the Group's commercial and residential projects and is also responsible for the identification and negotiation of all new land acquisitions.

Mr. Kong has over 41 years of experience in the construction, mining and property development industries in both Malaysia and Australia. He has worked extensively in various capacities in Australia, among them as Project Engineer in Davis Wemco in charge of mining design, construction and material handling and as a Director of Ferro Engineering Pty Ltd responsible for structural and mechanical fabrication of oil & gas and mining equipment.

He co-founded United Overseas Australia Ltd ("UOA" or "Parent Group") with Mr. Kong Chong Soon and played an integral part in spearheading the Parent and our Group's rapid growth.

Mr. Kong graduated with a Bachelor of Engineering Degree with Honours from University of Western Australia in 1975. He is a member of the Institute of Engineers Malaysia and the Association of Professional Engineers Malaysia.

He is the father of Ms. Stephanie Kong Pei Zen, who is his Alternate Director. He does not have any family relationship with any other Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences, and there is no sanction or penalty imposed on him by any regulatory bodies over the past 5 years.

ANG KHENG IM

.....

Executive Director/Non-Independent Director

Ang Kheng Im, Malaysian, female, aged 54, was appointed a Director of the Company on 11 April 2018. She has been the Chief Financial Officer of our Parent Group since 1994. Following the reorganisation pursuant to the listing of our Company, she was transferred to our Company. She is responsible for our finance and accounts departments and also oversees the internal control function, company secretarial compliance, tax compliance, management information system and legal matters. Prior to joining our Group, she spent four years as a Senior Auditor at Khoo Wong and Chan. She completed the final year of professional education at Emile Woolf College, London, United Kingdom in 1992 and obtained her professional qualification from the Association of Chartered Certified Accountants in London, United Kingdom in the same year. She is a Chartered Accountant of Malaysia and is a member of the Malaysian Institute of Accountants.

She does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. She has no convictions for any offences, and there is no sanction or penalty imposed on her by any regulatory bodies over the past 5 years.

AR. STEVE LOW SHU NYOK

Independent Non-Executive Director

Ar. Steve Low Shu Nyok, Malaysian, male, aged 66, was appointed a Director of the Company on 30 May 2012. He is also a member of the Audit and Risk Management Committee and the Nomination and Remuneration Committee.

Ar. Low was Founder/Director of SN Low & Associates Sdn Bhd in 1987. He is currently Managing Director of SN Low & Associates Sdn Bhd. Prior to this, he was Architect at Stewart & Riddick & Partners in Finchley, London, and Owen-Ward & Palmer Architect in Palmer Green, London, United Kingdom. He has more than 32 years' experience in the building/construction industry.

Ar. Low holds a Diploma (Hons) in Architecture from Thames Polytechnic London in United Kingdom. He is a Corporate Member of Pertubuhan Akitek Malaysia and Lembaga Arkitek Malaysia.

He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences, and there is no sanction or penalty imposed on him by any regulatory bodies over the past 5 years.

TERENCE TEO CHEE SENG

Independent Non-Executive Director

Terence Teo Chee Seng, Singaporean, male, aged 65, was appointed an Independent Non-Executive Director to the Company on 20 December 2012. He is also a member of the Audit and Risk Management Committee and the Nomination and Remuneration Committee. He is in legal practice in Singapore, specialising primarily in the corporate sector. He has been in practice for more than 32 years.

Mr. Teo also sits on the Board of United Overseas Australia Ltd, the Company's ultimate holding company, listed in Australia. He also sits on the Board of Lasseters International Holdings Limited, Envictus International Holdings Limited and Soilbuild Group Holdings Ltd, all listed on the Singapore Stock Exchange.

He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences, and there is no sanction or penalty imposed on him by any regulatory bodies over the past 5 years.

Profile of Board of Directors (Continued)

KONG SZE CHOON

(Alternate Director to Kong Chong Soon @ Chi Suim)

Kong Sze Choon, Singaporean, male, aged 43, was appointed on 20 August 2015 as Alternate Director to Mr. Kong Chong Soon @ Chi Suim, who is Managing Director of the Company. He is a graduate of Curtin University of Technology, Perth, Australia with a Bachelor of Commerce Degree in Finance. He has worked in financial institutions in Singapore where he was involved in managing and growing the investment portfolio of high net worth individuals. He was part of the management team of UOA Asset Management Sdn Bhd ("UOA Asset Management") which is the Manager for UOA Real Estate Investment Trust, and held the position of Assets Management Manager prior to his appointment as Chief Executive Officer of UOA Asset Management.

Mr. Kong joined UOA Holdings Group in 2002 and his roles in UOA Holdings Group were predominantly in leasing as well as sales and marketing of commercial and residential developments of the Group. Apart from his key role in the Leasing department, he was also involved in business development of UOA Holdings Group.

He is currently Chief Executive Officer and Non-Independent Executive Director of UOA Asset Management and Director of UOA (Singapore) Pte Ltd, a subsidiary company of the ultimate holding company of the Manager, United Overseas Australia Ltd.

He is the son of Mr. Kong Chong Soon @ Chi Suim, and does not have any family relationship with any other Director and/or major shareholder of the Company. He has no convictions for any offences and there is no sanction or penalty imposed on him by any regulatory bodies over the past 5 years.

STEPHANIE KONG PEI ZEN

(Alternate Director to Kong Pak Lim)

Stephanie Kong Pei Zen, Malaysian, female aged 35, was appointed on 12 October 2017 as Alternate Director to Mr. Kong Pak Lim, who is the Executive Director of the Company. She is a First Class Honours graduate from The University of Sydney, Australia with a Bachelor Degree in Mechanical/Biomedical Engineering.

Ms. Kong worked at The Agency for Science, Technology & Research (A*Star), Singapore as a Commercialisation Manager for over four years. Her role focused on technical assessment and analysis of innovative science and technology to identify commercial opportunities for intellectual property. As the link between scientific research and industry, she raised both internal gap funding and industry capital to bring early stage technologies to the market. She led several projects that focused on diagnostic product development, most noteworthy were the setup of an international MNC R&D investment business in Singapore and the licensing arrangement for the diagnostic test used in Singapore for the 2009 H1N1 flu epidemic.

Ms. Kong joined UOA Development Bhd in January 2016. Her role as General Manager, Projects includes overseeing project planning, design development and construction implementation as well as ensuring timely project completion within budget.

She is the daughter of Mr. Kong Pak Lim, and does not have any family relationship with any other Director and/or major shareholder of the Company. She has no convictions for any offences and there is no sanction or penalty imposed on her by any regulatory bodies over the past 5 years.

Key Management Team

The key management team is responsible for the day-to-day management and operations of the Group. The key management team consists of experienced personnel in charge of departments related to construction, human resource, corporate affairs, risk management, legal and corporate secretariat, finance and administration.

The members of the key management team, as at 31 December 2019, are as follows:

KONG CHONG SOON @ CHI SUIM

Nationality : Malaysian
Designation : Managing Director

KONG SZE CHOON

Nationality : Singaporean
Designation : Alternate Director to Kong Chong Soon @ Chi Suim

KONG PAK LIM

Nationality : Malaysian
Designation : Executive Director

STEPHANIE KONG PEI ZEN

Nationality : Malaysian
Designation : Alternate Director to Kong Pak Lim

ANG KHENG IM

Nationality : Malaysian
Designation : Executive Director/Chief Financial Officer

CECELIA CHAN

Nationality : Singaporean
Designation : Property Director

TONG EE PING

Nationality : Malaysian
Designation : Chief Operating Officer (Construction)

NG BOON HWEE

Nationality : Malaysian
Designation : Chief Operating Officer (Planning)

KONG SZE HOU

Nationality : Singaporean
Designation : Head of Hospitality

YAP KANG BENG

Nationality : Malaysian
Designation : Senior Manager, Corporate Affairs

Profile of Key Management Team

CECELIA CHAN

Property Director

Cecelia Chan, Singaporean, female, aged 65, was Property Director of UOA Holdings Sdn Bhd from 1989 to 2004, a position she held until the establishment of UOA Real Estate Investment Trust (UOA REIT) in 2005. She was then appointed as Chief Executive Officer of UOA Asset Management Sdn Bhd (Manager for UOA REIT), a position she held until her resignation on 14 January 2011. Whilst at UOA Asset Management Sdn Bhd, she oversaw the property leasing and building management activities of UOA REIT. At UOA Holdings Sdn Bhd as Property Director, she was responsible for leading and formulating its marketing and sales strategies. Following the reorganisation pursuant to the listing of our Company, she was transferred to our Company and redesignated as our Property Director. Before joining United Overseas Australia Ltd ("Parent Group"), she held various positions in a number of private property development companies in Singapore. She graduated from YMCA in 1974 with a Diploma in Marketing Management.

She does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. She has no convictions for any offences, and there is no sanction or penalty imposed on her by any regulatory bodies over the past 5 years.

TONG EE PING

Chief Operating Officer (Construction)

Tong Ee Ping, Malaysian, male, aged 61, who is our Chief Operating Officer (Construction) has been with our Parent Group since 1988. He is responsible for overseeing our Parent Group's construction activities undertaken through Allied Engineering Construction Sdn Bhd and URC Engineering Sdn Bhd. Following the reorganisation pursuant to the listing of our Company, he was transferred to our Company. Prior to joining our Group, he was Senior Site Foreman at Progressive Builders Pte Ltd between 1985 and 1988 where he supervised building works. He holds a Bachelor of Science Degree in BioChemistry with Honours from Punjab Agricultural University where he graduated in 1981.

He is the nephew of Mr. Kong Chong Soon who is the Managing Director and a major shareholder of the Company. He has no conflict of interest with the Company, no convictions for any offences, and no sanction or penalty was imposed on him by any regulatory bodies over the past 5 years.

NG BOON HWEE

Chief Operating Officer (Planning)

Ng Boon Hwee, Malaysian, male, aged 60, who is our Chief Operating Officer (Planning), joined our Company in 2014 and is responsible for overseeing project management of our development projects. Prior to joining our Company, he had worked in several development companies and overseas projects in the Middle East. He graduated in 1984 with a Bachelor Degree in Civil Engineering from University of Malaya.

He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences, and there is no sanction or penalty imposed on his by any regulatory bodies over the past 5 years.

KONG SZE HOUHead, Hospitality
.....

Kong Sze Hou, Singaporean, male, aged 36, heads the hospitality division of the UOA Group. He joined our Group in 2016. He is responsible for the expansion, branding and operation of the Hospitality division.

Prior to joining the Group, he was working in Merrill Lynch as an investment banking corporate finance analyst. He graduated from Singapore Management University in 2009 with a double major in accounting and finance.

He is the son of Mr. Kong Chong Soon @ Chi Suim and the brother of Kong Sze Choon. He does not have any family relationship with any other Director and/or major shareholder, nor any conflict of interest with the Company. He has no conviction for any offences, and there is no sanction or penalty imposed on him by any regulatory bodies over the past 5 years.

YAP KANG BENGSenior Manager, Corporate Affairs
.....

Yap Kang Beng, Malaysian, male, aged 44, who is our Senior Manager, Corporate Affairs, joined UOA Group in 2010. He is responsible for corporate affairs and investor relations matters. He is also involved in leasing as well as sales and marketing of commercial developments of the Group.

He has worked in the financial industry for over 13 years prior to joining UOA Group. Before he assumed the present position, he was a global investment specialist in J.P. Morgan Private Bank (Singapore). Prior to that, he also took up different roles in Treasury and Risk Management in Hong Leong Bank Berhad and Standard Chartered Bank Berhad. He holds a degree in Economics and Social Studies from The University of Manchester.

He was appointed Non-Independent Non-Executive Director of UOA Asset Management Sdn Bhd, the manager for UOA Real Estate Investment Trust, on 18 March 2016.

He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no conviction for any offences, and there is no sanction or penalty imposed on him by any regulatory bodies over the past 5 years.

Corporate Governance Statement

The Board of Directors (“the Board”) of UOA Development Bhd recognises the importance of adopting the principles and best practices of the Malaysian Code on Corporate Governance 2017, issued by the Securities Commission (“the CG Code”). The Board is committed to good corporate governance, accountability and transparency towards creation of wealth in achieving short term and long term shareholders’ value.

As such, the Board strives to adopt the substance behind corporate governance principles and not merely the form. The Board is pleased to provide a narrative statement on the application of the principles and the extent of compliance with the best practices as set out in the CG Code issued by the Securities Commission, aimed to enhance the effectiveness of corporate governance framework to safeguard the interest of shareholders and other stakeholders as prescribed under Paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”).

A. BOARD OF DIRECTORS

Board Responsibilities

The Board is responsible for the overall corporate governance of the Group, including its strategic direction, overseeing the proper conduct of the Group’s business, identifying principal risks and ensuring the implementation of systems to manage risks, succession planning, developing an investor relations program, reviewing the adequacy and integrity of the Group’s internal control systems and management information systems, establishing goals for management and monitoring the achievement of these goals.

The Board delegates the day to day management of the Company to the Executive Directors and Senior Management of the various departments in the Company. The Executive Directors have oversight of these departments and the daily operations of the Company.

The Board has formalised its Board Charter setting out the roles and responsibilities of the Board together with its corporate objectives. The Board Charter serves as a guide to the Board in carrying out its duties. The Board Charter is published on UOA’s website. The Board Charter was last reviewed on 16 April 2019.

The Board has established a Whistle Blowing Policy that allows the public to have access to the Independent Directors of the Company.

The Company is undertaking a study on the Guidelines of Adequate Procedures issued pursuant to subsection (5) of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Act 694) which comes into effect in June 2020.

Independence and Time Commitment

The Board receives annual written confirmation from the Independent Directors confirming their independence and in which the Directors acknowledge their respective positions. All the Directors are able to devote sufficient time and attention to the operations of UOA Development Bhd and to update themselves with knowledge and skills by attending seminars and training. The Directors are also accessible by email and telecommunication should the need arises.

Supply of Information

The Board recognises that the decision making process is highly dependent on the quality of information furnished. As such, the Board has unrestricted access to all information pertaining to the Company. Updates on operational, financial, corporate issues and strategic matters as well as current developments of the Group which require the Board members’ attention are disseminated without delay, with Board papers distributed in advance of the meetings to enable Directors to obtain further explanations if required.

All Directors have access to the advice and services of the Company Secretary in ensuring the effective functioning of the Board, management representatives and, if deemed necessary, other independent professionals at the expense of the Company in the discharge of their duties.

The Directors are regularly updated by the Company Secretary on new statutory and regulatory requirements relating to Directors’ duties and responsibilities. The Company Secretary ensures that accurate and proper records of the proceedings and resolutions passed at meetings are recorded and maintained.

Board Composition

As at the date of this Annual Report, the Board consists of six (6) members comprising three (3) Executive Directors, one of which is a female, and three (3) Independent Non-Executive Directors. The Board composition fulfills the prescribed requirements of the Listing Requirements and the CG Code.

The Board composition reflects a mix of suitably qualified and experienced professionals in the fields of accountancy, real estate development, architecture and legal professions. This combination of different professionals and skills working together enables the Board to effectively lead and govern the Company.

The Independent Non-Executive Directors bring independent advice and unbiased judgement on issues of strategy, business performance and standard of conduct and thus help to ensure that the interest of shareholders and stakeholders of the Company are safeguarded. There is a clear segregation of responsibilities between the Chairman and the Managing Director to ensure a balance of power and authority. The Chairman's primary role is to lead and manage the Board and is responsible for conducting meetings of the Board and shareholders. He also ensures that the Directors are properly briefed during Board discussion and shareholders are informed of any subject matters requiring their approval

in General Meeting. The Managing Director has the primary responsibility of managing the Group's business and resources and is responsible for the development, implementation of strategy and overseeing and managing the day-to-day operations of the Group. Currently, the tenure of Independent Directors on the Board has not exceeded nine (9) years, the tenure stated in the CG Code and which the Board adopts.

The Board having reviewed its size and composition is satisfied that its current size and composition is well balanced, with diverse professional backgrounds, skills, expertise and knowledge in discharging its responsibilities for the proper functioning of the Board and fairly reflects the investment in the Company by shareholders.

Board Meetings

The Board meets at least once every quarter and additional meetings are convened as and when necessary. The Board is provided in advance with the Agenda together with reports and supporting documents for Board Meetings. All proceedings of the Board Meetings are duly minuted and signed by the Chairman of the meeting. During the financial year under review, the Board met six (6) times and the attendance record for each Director is as follows:

Name of Director	Total Meetings Attended	Percentage of Attendance (%)
Alan Charles Winduss	6/6	100
Kong Chong Soon @ Chi Suim	5/6	90
Kong Pak Lim	6/6	100
Low Shu Nyok	6/6	100
Teo Chee Seng	5/6	90
Ang Kheng Im	6/6	100
Kong Sze Choon (Alternate Director to Mr. Kong Chong Soon @ Chi Suim)	6/6	100
Stephanie Kong Pei Zen (Alternate Director to Mr. Kong Pak Lim)	6/6	100

All the Directors have complied with the minimum 50% attendance requirement in respect of Board meetings as stipulated by the Listing Requirements.

Corporate Governance Statement (Continued)

Board Committees

The Board delegates specific responsibilities to various committees such as the Audit and Risk Management Committee and the Nomination and Remuneration Committee to assist in discharging their duties. All committees have written terms of reference and the Board receives reports of their proceedings and deliberations, where appropriate. The Chairman of the committee will report to the Board on the outcome of the committee meetings and the minutes of meetings are circulated to the Board. These committees are formed in order to enhance business and operational efficiency as well as efficacy of the Group.

- **Audit and Risk Management Committee**

The Audit and Risk Management Committee also oversees the risk management and internal control functions of the Company. The key functions and responsibilities of the Audit and Risk Management Committee, its activities during the financial year, details of attendance of each member and the number of meetings held, are set out in the Audit and Risk Management Committee Report contained in this Annual Report. The Audit and Risk Management Committee meets with the external auditors to assess their independence and reviews their reports on the audit of the Company's financial statements.

- **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee comprises entirely of Non-Executive Directors, all of whom are independent. The Chairman is an Independent Non-Executive Director. The role of the Nomination and Remuneration Committee is to assist the Board in their responsibilities in nominating new nominees to the Board and assessing the effectiveness of the Board, the committee of the Board and the contribution of each individual Director on an annual basis. All assessment and evaluations carried out by the Nomination and Remuneration Committee and the discharge of all its functions are documented. The Company Secretary will ensure that all appointments are properly made and that legal and regulatory obligations are met.

There is a clear segregation of responsibilities between the Chairman and the Managing Director to ensure a balance of power and authority. The Chairman's primary role is to lead and manage the Board and is responsible for conducting meetings of the Board and shareholders. The Managing Director has the primary responsibility of managing the Group's business and resources and is responsible for the development, implementation of strategy and overseeing and managing the day-to-day operations of the Group. The Nomination and Remuneration Committee is of the opinion that the Board is adequate and functions well as a whole.

The Nomination and Remuneration Committee determines the policy and structure of the remuneration package of the Executive Directors. In the case of the Independent Non-Executive Directors, determination of their remuneration is a matter for the Board as a whole. The respective directors will abstain from deliberation of their own remuneration. The Nomination and Remuneration Committee held two (2) meetings during the financial year ended 31 December 2019.

The Nomination and Remuneration Committee also reviews the term of office and performance of the Audit and Risk Management Committee annually and determines whether the Audit and Risk Management Committee has functioned effectively during the year under review. As the members of both committees are the same Directors, the Audit and Risk Management Committee is assessed as a whole based on its achievements in reviewing the external auditors' and internal auditors' reports and bringing up significant issues to the Board. The last review by way of an assessment form was performed on 12 May 2020.

In regards to new appointments to the Board, proposed directors are given disclosure forms to complete and a checklist to verify and confirm their independence in respect of Independent Directors.

The Nomination and Remuneration Committee is guided by the principles of meritocracy and fairness with regards to appointment of directors and key management personnel. There is no preference with regards to ethnicity and age. Appointments and promotions of all employees are based on the same principles.

Retirement by Rotation and Re-election to the Board

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to retirement and re-election by shareholders at the next annual general meeting subsequent to their appointment. The Articles of Association also provide that one-third (1/3) of the Directors shall be subject to retirement by rotation and be eligible for re-election at each annual general meeting. All Directors shall retire from office, once every three (3) years. A retiring Director shall retain office until the close of the meeting at which he retires.

Directors' Training

In order to keep abreast with the latest regulatory development, all Directors are required to attend the Mandatory Accreditation Programme ("MAP") and other

continuing education programme prescribed by Bursa Securities. The Directors will continue to undergo relevant training programmes on a continuous basis in compliance with Paragraph 15.08 of the Listing Requirements.

The Board has taken on the responsibility in evaluating and determining the specific and continuous training needs of the Directors on a regular basis. Programmes are sent regularly to all the Directors for them to select the programmes that they are able to attend. During the financial year, the Directors attended the following training programmes and seminars to further broaden their skills, knowledge and perspective and keep them abreast with the new and relevant developments pertaining to changes in legislation and regulations in order to discharge their duties more effectively.

Directors	Training/Seminars Attended
Alan Charles Winduss	(1) Webb-Martin Monthly Corporate and Taxation Seminars (2) AIM - Inspirational Leaders Series
Kong Chong Soon @ Chi Suim	(1) Dialogue on Using Social Media Responsibly
Kong Pak Lim	(1) Session on Corporate Governance and Anti-Corruption
Ang Kheng Im	(1) EY C-Suite Forum 2019 - Special Voluntary Disclosure Program (2) Integrated Reporting: Communicating Value Creation (3) CG Advocacy Programme - Cyber Security in the Boardroom (4) MIA - CFO Circle Session (5) EY C-Suite - Budget 2020
Terence Teo Chee Seng	(1) Globalisation of the Legal Profession - A Comparative Discussion of Singapore and Japan
Ar. Steve Low Shu Nyok	(1) Session on Corporate Governance and Anti-Corruption (2) Financial Language in the Boardroom
Kong Sze Choon Alternate Director to Kong Chong Soon @ Chi Suim	(1) Fundamentals of Financial Services: Investment Banking (2) Valuation Fundamentals (3) Valuation of Intangible Assets (4) Malaysia REIT Forum 2019
Stephanie Kong Pei Zen Alternate Director to Kong Pak Lim	(1) Dialogue on Using Social Media Responsibly

Corporate Governance Statement (Continued)

B. DIRECTORS' REMUNERATION

The Nomination and Remuneration Committee which comprises entirely Non-Executive Directors, all of whom are independent, recommends to the Board the remuneration package for the Executive Directors. Remuneration packages for Executive Directors are structured on the basis of linking rewards to corporate and individual performance. Performance is measured against the result achieved by the Group and individual achievement against targets set. It is the ultimate responsibility of the entire Board to approve the

remuneration of these Directors with the Executive Directors concerned abstaining from deliberations on their own remuneration.

The remuneration packages for Non-Executive Directors are determined by the Board as a whole, with the Non-Executive Directors abstaining from discussion on their own remuneration.

The detailed disclosure on named basis for the remuneration of individual Directors are set out below:

The Group

Directors	Fees RM'000	Salaries RM'000	Bonuses RM'000	Other Emoluments* RM'000	Benefits in Kind RM'000	Total RM'000
Kong Chong Soon @ Chi Suim	-	1,278	2,330	433	80	4,121
Kong Pak Lim	-	1,278	2,330	433	88	4,129
Ang Kheng Im	-	934	871	217	20	2,042
Alan Charles Winduss	60	-	-	10	-	70
Ar. Steve Low Shu Nyok	60	-	-	9	-	69
Terence Teo Chee Seng	60	-	-	8	-	68

The Company

Directors	Fees RM'000	Salaries RM'000	Bonuses RM'000	Other Emoluments* RM'000	Benefits in Kind RM'000	Total RM'000
Kong Chong Soon @ Chi Suim	-	1,278	2,330	433	80	4,121
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Alan Charles Winduss	60	-	-	10	-	70
Ar. Steve Low Shu Nyok	60	-	-	9	-	69
Terence Teo Chee Seng	60	-	-	8	-	68

* Other Emoluments include Travelling, Meeting and Other Allowances, and Post Employment benefits

C. SHAREHOLDERS

The Board acknowledges the need for shareholders to be kept informed of all material business matters affecting the Group. Shareholders are provided with an overview of the Group's performance and operations through the timely release of financial results on a quarterly basis. Timely announcements are also made to the public on corporate proposals and other required announcements to ensure effective dissemination of information relating to the Company.

The Company's Annual General Meeting remains the principal forum for dialogue and communication with shareholders. Shareholders are encouraged to ask questions about the resolutions proposed and the operations of the Group. The Company's website, www.uoa.com.my also provides a comprehensive avenue for information dissemination.

D. ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual report and audited financial statements and quarterly announcements to shareholders, the Board aims to provide and present an accurate, balanced and meaningful assessment of the Group's financial performance and prospects. The Board is assisted by the Audit and Risk Management Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

The Audit and Risk Management Committee in assisting the Board, is responsible for ensuring that the financial statements are drawn up in accordance with applicable Malaysian and International Financial Reporting Standards and policies, and that judgements and estimates made are reasonable and prudent.

Related Party Transactions

Directors recognise that they have to declare their respective interests in transactions with the Company and the Group, and abstain from deliberation and voting on the relevant resolution in respect of such transactions at the Board. All related party transactions are presented to the Audit and Risk Management Committee for review on a quarterly basis and later circulated to the Board for notation.

Statement on Risk Management and Internal Control

The Statement on Risk Management and Internal Control furnished on page 39 to 42 of this Annual Report provides an overview on the status of internal controls within the Group.

Relationship with External Auditors

Key features underlying the relationship of the Audit and Risk Management Committee with the external auditors are included in the Audit and Risk Management Committee's terms of references as set out in the Audit and Risk Management Committee Report. The Audit and Risk Management Committee has always maintained a transparent relationship with the Company auditors in seeking professional advice and ensuring compliance with the appropriate accounting standards. The external auditors also meet with the Audit and Risk Management Committee in the absence of management during the Audit and Risk Management Committee's meetings.

The suitability and independence of the external auditors has been assessed by the Audit and Risk Management Committee annually, and the Board as a whole, has determined the suitability and independence of the external auditors.

Compliance with the Practices of the CG Code

The Board of Directors has taken measures to ensure that the Group fully complies with all the practices of corporate governance as identified in the CG Code throughout the financial year ended 31 December 2019. The CG Report can be viewed at the Company's website, www.uoa.com.my.

The disclosure of this Statement on Corporate Governance was approved by the Board during the Board Meeting held on 12 May 2020.

Audit and Risk Management Committee Report

FORMATION

The Audit and Risk Management Committee (“ARMC”) was formed by the Board pursuant to its meeting on 25 January 2011. Its primary responsibility is to provide assistance to the Board of Directors (“Board”) in fulfilling its corporate governance responsibilities in relation to the Company and Group financial reporting, internal control structure, related party transactions and external and internal audit functions. The ARMC may invite any of the key management or employees to participate in its meetings and to appoint any relevant consultants or professionals to assist it to discharge its functions.

COMPOSITION

The ARMC consists of the following three (3) Independent Non-Executive Directors:

Ar. Steve Low Shu Nyok	- Independent Non-Executive Director / Chairman of the ARMC
Terence Teo Chee Seng	- Independent Non-Executive Director
Alan Charles Winduss	- Independent Non-Executive Director

SUMMARY OF TERMS OF REFERENCE

(1) COMPOSITION

The ARMC shall be appointed by the Board with the following requirements:

- Comprise at least three (3) members of whom the majority shall be independent
- All members must be non-executive Directors
- All members should be financially literate and at least one member must be a member of the Malaysian Institute of Accountants or similar professional accounting association or body
- The Chairman shall be an Independent Director

The Terms of Reference of the ARMC is published on the Company’s website.

(2) FREQUENCY AND ATTENDANCE OF MEETINGS

A minimum of four (4) meetings a year shall be planned and any additional meetings will be on a need basis.

The ARMC meets with the External Auditors without Executive Board members present at least twice a year.

The ARMC meets regularly, with due notice of issues to be discussed, and records its conclusions and then reports to the full Board as and when necessary.

The Chairman of the ARMC should engage on a continuous basis with Senior Management, such as the Chief Operating Officer, the Chief Financial Officer, the Head of Internal Audit and the External Auditors in order to keep abreast of matters affecting the Group.

The Chief Financial Officer, Head of Internal Audit and a representative of the External Auditor shall attend meetings as and when required.

Other Board members and employees may attend any particular ARMC meeting with the invitation of the ARMC on a matter specific to the meeting.

The ARMC held six (6) meetings during the financial year ended 31 December 2019. The details of attendance of the ARMC are as follows:

Name of Director	Total Meetings Attended
Teo Chee Seng	5/6
Low Shu Nyok	6/6
Alan Charles Winduss	6/6

(3) KEY FUNCTIONS & RESPONSIBILITIES

The key functions and responsibilities of the ARMC shall be:

External Audit

- i. To recommend to the Board any matters relating to the appointment of external auditors, the fees and any matters in relation to resignation or dismissal of the external auditors;
- ii. To review the external auditors audit planning memorandum, discuss problems and reservations arising from the interim and final audits and to present the audit findings and recommendations of the external auditors to the Board; and
- iii. To assess the suitability and independence of the external auditors. The ARMC reviews the independence of the external auditors at the meeting where the external auditors confirm their independence when they table their audit findings to the ARMC.

Internal Audit

- i. To review the internal audit plans, consider the major findings of internal audits and management's responses and ensure coordination between the internal and external auditors;
- ii. To review the adequacy of the scope, functions, competency and resources of the internal audit departments and ensure that it has the necessary authority to carry out its work;
- iii. To review the audit reports; and
- iv. To direct internal auditors to any specific area or procedure where necessary.

The Internal Audit Function of the Company is performed in-house, undertaken by the Internal Audit Department of the ultimate holding company, United Overseas Australia Ltd. The share of cost for the Internal Audit Function amounted to approximately RM159,102 for the financial year ended 31 December 2019.

The ARMC reviews the reports of the Internal Auditors at its quarterly meetings and directs the focus of the Internal Auditors where necessary. Any significant issues will be brought to the Board's attention.

Financial Reporting Review

To review with management and the external auditors the quarterly results and year-end financial statements prior to approval by the Board and make applicable recommendations to the Board.

The ARMC ensures that the Financial Statements comply with applicable Malaysian and International Financial Reporting Standards and policies. The ARMC reviews significant findings and audit reports of the Auditors at least two times a year.

Related Party Transactions

To review any related party transactions and conflict of interest situation that may have arisen or have the possibility to arise within the Group.

Internal Control Systems

To keep under review the effectiveness of internal control systems and the internal and/or external auditors' evaluation of these systems.

Other matters

- i. To discuss problems and reservations arising from the internal audit, interim and final audits and matters the internal and external auditors may wish to discuss (in the absence of management where necessary);
- ii. Where the ARMC is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the ARMC must promptly report such matter to Bursa Securities; and
- iii. To carrying out any other functions that may be mutually agreed upon by the ARMC and the Board.

Audit and Risk Management Committee Report (Continued)

(4) SUMMARY OF ACTIVITIES OF THE ARMC DURING THE YEAR

The ARMC met six (6) times during the financial year ended 31 December 2019. The activities of the ARMC for the financial year were as follows:

- i. Reviewed the quarterly financial results announcements and year-end financial statements of the Group examining:
 - the overall performance of the Group
 - the prospects for the Group
 - the implementation of major accounting policies and practices
 - compliance with accounting standards and other legal requirements
- ii. Discussed any significant audit findings in respect of the financial statements of the Group with External Auditors.
- iii. Reviewed the External Auditors' Audit Progression Memorandum, Audit Completion Memorandum and Audit Plan.
- iv. Reviewed the reports and statements for the Annual Report 2019.
- v. Reviewed and approved the internal audit plan for year ending 31 December 2020.
- vi. Reviewed the internal audit reports including details of planned activities that were carried out, audit findings and recommendations, which were tabled at the quarterly ARMC Meetings. A summary of internal audit activities are as follows:
 - Reviewed the Group wide risk register and heat map subsequent to the yearly risk assessment
 - Review of sales & marketing and credit control process for South Link Lifestyle Apartment.
 - Review of payment & purchasing process for Capri by Fraser Hotel Residences.
 - Review of purchasing process for Resodex Construction SdnBhd.
- vii. Reviewed the independence and performance of the External Auditors and the non-audit services of the External Auditors.

Statement on Risk Management and Internal Control

The Malaysian Code on Corporate Governance 2017 (“the CG Code”) sets out the Principles and Recommendations for the Board of a company listed on the Bursa Malaysia Berhad (“Bursa Malaysia”) to establish a sound risk management framework and internal control system to safeguard shareholders’ investment and the Group’s assets.

The Board is committed to establish a sound risk management framework to manage risks and is pleased to provide the following statement in accordance with paragraph 15.26(b) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”) and the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD’S RESPONSIBILITIES

The Board affirmed that sound corporate governance practices are essential to safeguard shareholders’ investment and the Group’s assets. With this in view, the Board undertakes the responsibility for the Group’s overall system of corporate governance including risk management and internal controls, financial or otherwise which:

- Provides reasonable assurance on the achievement of the Group’s objectives; and
- Ensures the effectiveness and the efficiency of operations, reliability of financial information and compliance with laws and regulations.

The Board recognises that reviewing the Group’s system of internal controls is a concerted and ongoing process, designed to manage and mitigate, rather than eliminate the risk of failure to achieve the Group’s corporate objectives. It should be noted that such systems are designed to provide only reasonable but not absolute assurance against material misstatement or loss. The system of internal controls includes, inter-alia, financial, budgetary, organisational, operational and compliance controls. The system of internal controls also encompasses sufficient preventive and detective control that could mitigate risk to meet company objectives.

INTERNAL AUDIT FUNCTION

The internal audit function is undertaken by the Internal Audit Department of the ultimate holding company, United Overseas Australia Ltd (“UOA Ltd”). The Audit Committee assisted by the Internal Audit Department of UOA Ltd (“Internal Auditors”), provides the Board with the assurance it requires on the adequacy and integrity of the system of internal control. The Audit Committee has an oversight function of all activities carried out by the Internal Auditors. The principal role of the Internal Auditors is to independently review whether internal

controls and risk management of the Group are appropriate for its business and is operating as intended, a framework of controls and an effective risk management framework are in place to manage risks and management responses to these risks are acceptable.

The Internal Audit Department function is guided by Institute of Internal Auditors’ International Professional Practices Framework (“IPPF”). The internal audit framework is designed to be in line with the Committee of Sponsoring Organisations of the Treadway Commission (“COSO”) Internal Control - Integrated Framework. The Internal Audit Department reports directly to the Audit Committee and has unrestricted access of information within the Group.

The Internal Auditors engage in regular communication with the management team and various departments within the organisation in relation to its internal audit activities and efforts for continuous improvement in operations and systems. Scheduled internal audits are carried out by the Internal Auditors based on the internal audit plan presented to and approved by the Audit Committee. The internal audit plan is designed based on a risk based approach, which takes into consideration the risk profile of the Group and the Board’s risk appetite. During internal audit assignments, the Internal Audit Department also undertook, wherever relevant, the following:

- Assessment of operating efficiencies;
- Regular and comprehensive information provided to management, covering financial and operational performance and key business indicators, for effective monitoring and decision making; and
- Ensuring compliance with the Group’s policies and relevant legislations.

On a quarterly basis, the internal auditors report to the Audit Committee on areas for improvement and will subsequently follow up to determine the extent that their recommendations have been implemented.

The professionalism and competency of internal auditors are being emphasised through continuous training, regular performance evaluation by the Audit Committee and professional certification attained. For the year ended 31 December 2019, the Internal Audit Department comprises 2 internal auditors. The department is headed by Mr. Look Chee Leong, a member of The Institute of Internal Auditors Malaysia. All internal audit personnel are free from any relationship or conflicts of interest, which could impair their independence and objectivity.

Statement on Risk Management and Internal Control (Continued)

RISK MANAGEMENT

The Group has adopted a Risk Management Policy encompassing a sound Risk Management Framework and Internal Control System. A Risk Management Working Committee comprises of key personnel from various departments has been formed to identify potential risks, to assess the effectiveness of existing controls, to develop mitigating measures to manage significant risks and continuous monitoring of Group's risk profile and appetite.

The management has given assurance to the Board that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the Group's risk management and internal control system.

A revised Risk Management Policy was tabled for review to the Audit and Risk Management Committee and approved for adoption by the Board on 21 November 2017. The revised Risk Management Policy reflects a conclusive and updated Risk Management Framework adopted by the Group in ensuring a high standard internal control is working effectively and risks are well assessed and mitigated.

KEY ELEMENTS OF INTERNAL CONTROL

- Established a conducive internal control environment in respect of the overall attitude, awareness and actions of Directors and management regarding the internal control system and its importance to the Group.
- Clear Group vision, mission, corporate philosophy and strategic direction which are communicated to employees at all levels.
- Relevant Board Committees with formal Terms of References clearly outlining their functions and duties delegated by the Board. The authorities and accountabilities are further emphasised in the Board Charter.
- Key responsibilities and accountability in the organisational structure are clearly defined, with clear reporting lines up to the Board and its committees. Established delegation of authority which sets out the appropriate authority levels for decision making, including matters requiring the Board's approval. A process of hierarchical reporting has been established which provides a documented and auditable trail of accountability.
- Management meetings involving discussion on operational issues at the respective departmental levels.
- Internal policies and guidelines are effectively communicated to all employees through memos and internal information portals.
- Establishment of an effective segregation of duties via independent checks, reviews and reconciliation activities to prevent human errors, fraud and abuses.
- Continuous quality improvement initiatives to obtain accreditation for all operating subsidiaries such as ISO certification.
- An ISO 9001:2015 Quality Management System which is subject to regular internal review and improvement which continuously manages and controls the quality requirement of the Group's products and services.
- Where relevant, external certifications such as Singapore Construction Quality Assessment System ('CONQUAS') were adopted to strengthen and improve delivery process and quality.
- Internal policies and procedures, which are set out in a series of clearly documented standard operating manuals covering a majority of areas within the Group, are maintained and subject to periodical review and updated to reflect changing risks to resolve operational deficiencies. Instances of non-compliance with such policies and procedures are reported thereon by Internal Auditors to the Board via the Audit Committee.
- The Group's management team monitors and reviews financial and operational results, including monitoring and reporting of performance against the operational plans. The management team formulates and communicates action plans to address areas of concern.
- A budget is prepared and regular budget meetings are held to ensure variances are promptly identified and addressed by the management.
- Establishment of an in-house Internal Audit Department which undertakes the responsibility as independent reviewer of internal control to provide sufficient and reasonable assurance to the Audit Committee.
- A Whistle Blowing Policy has been implemented to provide a channel for staff to voice any concerns.
- Human Resource Department periodically informs the staff through employee engagement and new policy to govern staff code of conduct, cultivate corporate culture and define employee performance and ethical behaviour. Also included in the Human Resource policy is a set of Personal Data Protection Notice and handling of confidential and sensitive information which help to govern staff on handling customer data during their course of work.
- The Audit Committee regularly convenes meetings to deliberate on the findings and recommendations for improvement by internal auditors, external auditors as well as regulatory authorities. The Audit Committee reviews the actions taken to rectify the findings in a timely manner, and to evaluate the effectiveness and adequacy of the Group's internal control system.

- The preparation of periodic and annual results and the state of affairs of the Group is reviewed and approved by the Board before release of the same to the regulators whilst the full year financial statements are audited by the external auditors prior to their issuance to the regulators and shareholders.
- Directors and Senior Management conduct regular site visits and communicate with employees of different levels to have first-hand knowledge of significant operational matters and risks.
- An on-going training and educational program has been implemented for Directors and relevant staff in assessing the adequacy and integrity of the Group's risks and control processes.
- Implementation of proper guidelines for hiring and termination of staff, formal training programs for staff, annual performance appraisals and other procedures are in place to ensure professionalism and competency of staff have been emphasised through continuous training and regular performance evaluation.
- The Group takes continuous efforts in maintaining the quality of products and service. Safety and health regulations, environmental requirements and relevant legislations affecting the Group's operations have been considered and complied with, as appropriate.

RISK MANAGEMENT FRAMEWORK

The Risk Management Working Committee (RMWC) comprises various head of departments from different departments and subsidiaries principally involved in the development, execution and maintenance of the risk management system with the assistance from Group Internal Audit to ensure that the Group's corporate objective and strategies are achieved within the acceptable risk appetite of the Group. Its review consists of action taken to counter significant risk identified including changes to internal control, impacts from changes in law, rules, regulations and guidelines as well as continuous monitoring and review process of identifying risk and effectiveness of mitigation strategies and control.

A risk heat map is plotted and presented to the Board to notify the Board on the risk level identified by the RMWC. The risk heat map takes into consideration the quantitative and qualitative aspect that assess their likelihood and impact matrices as well as current internal control effectiveness in mitigating those identified risk. As market and business process changes, new risks are identified and deliberated by RMWC. The current framework covers risk from the following 5 aspects: market, strategic, operational, compliance and financial risk.

For year 2019, the Group identified major risks and mitigating actions were undertaken within appropriate timeframes. The significant risks identified for financial year 2019 are subdued property market, stock of completed development properties and changes on Government policies.

1. Subdued Property Market

This risk concerns the Group as decline in market conditions have significant repercussions in Revenue. The highest contribution to the Group is from the Property Sector and thus any negative market condition could have significant impact on the Group's financial performance. Sluggish economic growth and over supply have affected the demand on residential as well as commercial properties.

Mitigation Plan: In response to this, the Group has developed an innovative incentive plan to market our product. In addition to our expertise in getting land at strategic locations, the Group has carried out market surveys to ensure the buyer's positive response to the products introduced which include affordable products. Moving away from conventional property is also the Group's strategy to combat such threats through diversification of revenue. The Group has ventured into businesses such as hotel, convention centre and community office & living space.

2. Stock of Completed Development Properties

The growing size of completed development properties could have significant impact on the Group's cash flow and profitability. Slower economy growth and stringent lending requirements from financial institutions have contributed to increasing stocks of completed development properties.

Mitigation Plan: In this regard, management has continuously developed innovative marketing packages to alleviate the purchaser's financial burden. Meanwhile, management has performed an on-going monitoring and review of marketing packages along with incentives to marketing staff and property agents. This is to ensure our marketing effort is in line with current market sentiments while meeting management expectation. In addition, management has actively engaged foreign property agents to promote our products in the overseas market. This has successfully attracted foreign buyers to our properties and enlarged our customer base.

Statement on Risk Management and Internal Control (Continued)

3. Changes on Government Policies

Due to the rapid changes in the business environment, the Group is exposed to the risk of uncertain implementation and changes of Government policies. The changes of Government policies and procedures will influence and affect the planning and decision making of the Group especially when construction plans involve long term planning and decision.

Mitigation Plan: In this regard, management has continuously updated themselves with the current and latest announcements from the Government on the update of Government policies. Management takes every piece of the information seriously where it will be brought up for discussion among the Board and to discuss on the action needed. In addition, the management ensures that they are equipped with sufficient and adequate knowledge and skills by attending training. In addition, the Group also consistently updates and revises the product's pricing in accordance with market trend and adhere with the latest government policies to ensure the product maintains its competitiveness and going concern.

RISK MANAGEMENT STRATEGIES

The Group has set 4 strategies in response to any identified risk. The 4 strategies are as follows:

Risk Mitigation / Reduction - Taking steps to reduce the risk of loss by implementing more internal control, introducing policies and procedures, providing training to staff and continuous monitoring.

Risk Transfer - Taking steps to transfer the risk by using business strategies, opportunities, negotiation, outsourcing, sharing business risk via joint venture or partnership and transferring financial risk via insurance coverage.

Risk Avoidance - Taking steps to avoid the risk by either stopping business dealings/processes that potentially may give threat to the Group, avoiding unnecessary business ventures which the Group is unfamiliar with and altering processes to avoid those risk.

Risk Acceptance - In cases where risks are insignificant or inherent due to business nature, the RMWC and Board would accept the risk as long as it meets the objective of the Group and processes are efficiently and effectively carried out at minimal cost to the Group.

Other Risks and Control Process

The Board has also put in place an organisational structure with formally defined reporting lines, segregation of responsibility and delegation of authority. A process of hierarchical reporting has been established which provides for a documented and auditable trail of accountability.

Review of monthly financial information which includes actual results compared against budget, an explanation on significant variances and management actions taken, where necessary. In addition, the Audit Committee and the Board review the quarterly financial results. Where areas of improvement in the internal control system are identified, the Board considered the recommendations made by the Audit Committee.

Review of the Statement by External Auditors

As required by paragraph 15.23 of Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with Audit and Assurance Practice Guides 3 ("AAPG 3") issued by Malaysian Institute of Accountants. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control of the Group. AAPG 3 does not require the external auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures.

The Board's Commitment

The Board is committed towards maintaining a sound system of internal control and is of the view that the current system of internal control is responsive to the business environment of the Group. In addition, the Board is of the view that the Group could attain its business objective and operational efficiency by continuous commitment towards a sound system of internal control. The Board continues to take measures to enhance the system of internal control.

Additional Compliance Information

Share Buy Backs

There were no share buy backs during the financial year ended 31 December 2019.

As at 31 December 2019, there were 1,133,800 treasury shares held by the Company.

Options, Warrants or Convertible Securities

There were no options granted or convertible securities issued during the financial year ended 31 December 2019.

American Depositary Receipts (ADR) or Global Depositary Receipts (GDR)

There were no ADR or GDR sponsored by the Company during the financial year ended 31 December 2019.

Sanctions and/or Penalties

There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors and Management by the relevant regulatory bodies during the financial year ended 31 December 2019.

Non-Audit Fees

Non-audit fees paid/payable to External Auditors of the Company and the Group for the financial year ended 31 December 2019 amounted to RM4,000 (2018: RM4,000) and RM24,000 (2018: RM22,000) respectively. The non-audit fees were in respect of services for the review of the Statement on Risk Management and Internal Control of the Company and audit of Housing Development Accounts.

The provision of non-audit services by the External Auditors to the Group is both cost effective and efficient due to their knowledge and understanding of the operations of the Group, and did not compromise their independence and objectivity.

Variation in Results

There were no profit estimations, forecasts and projections made or released by the Company during the financial year ended 31 December 2019.

Profit Guarantee

There were no profit guarantees given by the Company and its subsidiaries during the financial year ended 31 December 2019.

Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving directors' and major shareholders' interest which were still subsisting as at the end of the financial year under review or which were entered into since the end of the previous financial year except as disclosed in note 39(a) to the Financial Statements.

Employees Share Option Scheme ("ESOS")

The Company did not have any ESOS in place for the year ended 31 December 2019.

Recurrent Related Party Transactions

At the Annual General Meeting of the Company held on 29 May 2019, the Company had obtained the approval from its shareholders for the proposed renewal of shareholders' mandate and proposed new mandate to enter into recurrent related party transactions of a revenue or trading nature, which are necessary for its day-to-day operations and in the ordinary course of its business, with related parties.

The said mandate took effect on 29 May 2019 and will continue until the conclusion of the forthcoming Annual General Meeting of the Company. The Company will be seeking its shareholders' approval to renew this mandate at the forthcoming general meeting. Details of the recurrent related party transactions undertaken by the Group during the financial year are disclosed in note 39 to the Financial Statements in this Annual Report.

Directors' Responsibility Statement

for the Audited Financial Statements

The Directors are required by the Companies Act 2016 to prepare the financial statements for each financial year which have been made out in accordance with applicable Malaysian Financial Reporting Standards and the requirements of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year, and of the results and cash flows of the Group and the Company for the financial year.

In preparing the financial statements, the Directors have:

- Adopted appropriate accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent; and
- Prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and the Company which enable them to ensure that the financial statements comply with the Companies Act 2016. The Directors have taken reasonable steps to detect and prevent fraud and other irregularities, and to safeguard the assets of the Group and of the Company.

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Corporate Information

DIRECTORS

Kong Chong Soon @ Chi Suim
Kong Pak Lim
Alan Charles Winduss
Low Shu Nyok
Teo Chee Seng
Ang Kheng Im
Kong Sze Choon (alternate for Kong Chong Soon @ Chi Suim)
Stephanie Kong Pei Zen (alternate for Kong Pak Lim)

SECRETARIES

Yap Kai Weng
Wong Yoke Leng

AUDITORS

Grant Thornton Malaysia PLT
(Member Firm of Grant Thornton International Ltd)
Chartered Accountants
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

REGISTERED OFFICE

No 9, Jalan Indah 16
Taman Cheras Indah
56100 Kuala Lumpur

PRINCIPAL PLACE OF BUSINESS

UOA Corporate Tower
Lobby A, Avenue 10, The Vertical
Bangsar South City
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
RHB Bank Berhad
United Overseas Bank (M) Bhd
CIMB Bank Berhad
Industrial and Commercial Bank of China

Directors' Report

for the Year Ended 31 December 2019

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

There has been no significant change in the Company's principal activity during the financial year.

The principal activities of the subsidiary companies are disclosed in Note 7 to the Financial Statements.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year attributable to:		
Owners of the Company	399,474	213,452
Non-controlling interests	8,948	-
Net profit for the financial year	408,422	213,452

DIVIDENDS

During an Annual General Meeting held on 29 May 2019, the shareholders of the Company resolved to approve the Company's Dividend Reinvestment Scheme ("DRS").

The DRS provides an option to the shareholders to reinvest either all or a portion of the declared dividends in new shares in lieu of receiving cash. Shareholders who did not elect to participate in the option to reinvest will receive the entire dividend wholly in cash.

During the financial year, the following dividend was declared and paid by the Company:-

A first and final single tier dividend of 14 sen per ordinary share amounting to RM258,123,334 in respect of the financial year ended 31 December 2018, as proposed in the Directors' report for that financial year.

Directors' Report for the Year Ended 31 December 2019 (Continued)

DIVIDENDS (Continued)

The dividend of RM258,123,334 was settled as follows:

- RM243,347,349 have been settled via the issuance of 122,285,100 new ordinary shares pursuant to the DRS to shareholders who have elected for the DRS.
- RM14,775,985 was paid to shareholders who elected to receive the dividends in cash.

The Directors now recommend a first and final single tier dividend of 14 sen per ordinary share in respect of the financial year ended 31 December 2019 amounting to RM275,243,248 based on 1,966,023,200 ordinary shares (net of treasury shares at the date of this report) for shareholders' approval at the forthcoming Annual General Meeting.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend will be accounted for in the statements of changes in equity as an appropriation of retained profits in the financial year ending 31 December 2020.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM546,343,486 to RM789,690,835 by way of issuance of 122,285,100 new ordinary shares pursuant to the DRS of the Company.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

There were no issuance of any debentures during the financial year.

SHARE OPTIONS

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

TREASURY SHARES

During an Annual General Meeting held on 29 May 2019, the shareholders of the Company resolved to approve the Company's share buy-back of up to 10% of the Company's issued and paid-up ordinary share capital.

During the financial year, there was no buy-back of treasury shares.

The authority from shareholders to repurchase shares will expire and is required to be renewed at the conclusion of the forthcoming Annual General Meeting.

HOLDING COMPANIES

The Directors regard United Overseas Australia Ltd, a company incorporated in Australia and listed on the Australian Stock Exchange and the Stock Exchange of Singapore as the ultimate holding company.

The immediate holding company is UOA Holdings Sdn Bhd, a company incorporated and domiciled in Malaysia.

SUBSIDIARY COMPANIES

Details of the subsidiary companies are set out in Note 7 to the Financial Statements.

There is no qualified auditors' report on the financial statements of any subsidiary company for the financial year in which this report is made.

As at the end of the financial year, none of the subsidiary companies hold any shares in the holding company or in other related corporations.

DIRECTORS

The Directors who held office during the financial year and up to the date of this report are:-

Kong Chong Soon @ Chi Suim
Kong Pak Lim
Alan Charles Winduss
Low Shu Nyok
Teo Chee Seng
Ang Kheng Im
Kong Sze Choon (alternate for Kong Chong Soon @ Chi Suim)
Stephanie Kong Pei Zen (alternate for Kong Pak Lim)

Directors' Report for the Year Ended 31 December 2019 (Continued)

DIRECTORS (Continued)

The Directors of the Company's subsidiary companies in office during the financial year and up to the date of this report other than those named above are:-

Chang Cheng Wah
Eugene Lee Chin Jin
Foong Kin Fai
Koh Koek Hung
Kong Sze Hou
Tong Ee Ping
Carol Philomena Clark
Albert Chan Kin Soong (appointed on 19.4.2019)
Hairuddin bin Abdul Wahab (resigned on 19.4.2019)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the interests and deemed interests in the ordinary shares of the Company and its related corporations of those who were Directors as at financial year end are as follows:-

	Number of ordinary shares			
	At 1.1.2019	Bought	Sold	At 31.12.2019
The Company				
<u>Direct interests</u>				
Alan Charles Winduss	105,700	-	-	105,700
Kong Sze Choon	86,200	9,000	-	95,200
Ang Kheng Im	159,520	11,200	-	170,720
<u>Indirect interests</u>				
Kong Chong Soon @ Chi Suim*	1,290,557,540	90,806,200	-	1,381,363,740
Kong Pak Lim*	1,290,371,620	90,779,700	-	1,381,151,320
Kong Sze Choon*	32,800	2,300	-	35,100
United Overseas Australia Ltd (ultimate holding company)				
<u>Direct interests</u>				
Kong Chong Soon @ Chi Suim	170,114	6,514	-	176,628
<u>Indirect interests</u>				
Kong Chong Soon @ Chi Suim*	1,041,088,261	39,857,217	-	1,080,945,478
Kong Pak Lim*	797,663,711	30,521,004	-	828,184,715

* deemed interests by virtue of their shares in Griyajaya Sdn Bhd, Transmetro Corporation Sdn Bhd, Transmetro Sdn Bhd, Macrolantic Technology Sdn Bhd, Mahareno Sdn Bhd, Dream Legacy Sdn Bhd, Amerena Sdn Bhd, Accomplished Portfolio Sdn Bhd, United Overseas Corporation Pty Ltd, Metrowana Development Sdn Bhd and close family members.

DIRECTORS' INTERESTS (Continued)

By virtue of their substantial interests in the shares of United Overseas Australia Ltd, Kong Chong Soon @ Chi Suim and Kong Pak Lim are deemed to be interested in the shares of all the subsidiary companies of United Overseas Australia Ltd to the extent that United Overseas Australia Ltd has an interest.

	Number of ordinary shares			
	At 1.1.2019	Bought	Sold	At 31.12.2019
Directors' interest in subsidiary companies				
<u>Indirect interests</u>				
Kong Chong Soon @ Chi Suim#:				
Peninsular Home Sdn Bhd	40	-	-	40
Scenic Point Development Sdn Bhd	100,000	-	-	100,000
Ceylon Hills Sdn Bhd	90,000	-	-	90,000
Everise Tiara (M) Sdn Bhd	120,000	-	-	120,000
Everise Project Sdn Bhd	78,000	42,000	-	120,000

deemed interest by virtue of his shares in Transmetro Sdn Bhd.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Directors of the Company have received or become entitled to receive any benefit (other than benefits included in the aggregate amount of remuneration received or due and receivable by the Directors shown in the financial statements or the fixed salary of a full-time employee of the Company as shown in Note 39 to the Financial Statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than those related party transactions as disclosed in Note 39 to the Financial Statements.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

There was no indemnity coverage to or insurance premium paid for Directors and officers of the Company during the financial year.

Directors' Report for the Year Ended 31 December 2019 (Continued)

OTHER STATUTORY INFORMATION

Before the financial statements were made out, the Directors took reasonable steps:-

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

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

- (a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the respective financial statements misleading.

At the date of this report, there does not exist:-

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

In the opinion of the Directors:-

- (a) no contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
- (b) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (c) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

Significant events after the reporting date are disclosed in Note 50 to the Financial Statements.

AUDITORS

Details of auditors' remuneration is set out in Note 33 to the Financial Statements.

There was no indemnity given to or insurance effected for the auditors of the Company.

The auditors, Grant Thornton Malaysia PLT, have expressed their willingness to continue in office.

Signed on behalf of the Directors in accordance with a resolution of the Directors,

_____)	
KONG PAK LIM)	
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)	DIRECTORS
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_____)	
KONG CHONG SOON @ CHI SUIM)	

12 May 2020

Statement By Directors

In the opinion of the Directors, the financial statements set out on the pages 59 to 135 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Directors in accordance with a resolution of the Directors,

KONG PAK LIM

KONG CHONG SOON @ CHI SUIM

12 May 2020

Statutory Declaration

I, Ang Kheng Im, being the Director primarily responsible for the financial management of UOA Development Bhd, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 59 to 135 are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in)
the Federal Territory this day of)
12 May 2020)

ANG KHENG IM
(MIA No: 11954)
CHARTERED ACCOUNTANT

Before me:

Commissioner for Oaths

Independent Auditors' Report

to the Members of UOA DEVELOPMENT BHD (Incorporated in Malaysia) 200401015520 (654023-V)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of UOA Development Bhd, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 59 to 135.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Fair value of investment properties

The risk - The Group has investment properties that are stated at fair values based on valuation reports prepared by independent professional valuers. These valuations rely on the accuracy of assumptions, estimates and financial information provided to the valuers.

Consequently, the determination of the fair values of investment properties involves significant management judgement and estimations by the Directors. As such, we have identified this area as a significant risk requiring special audit consideration.

Our response - Our audit procedures included, amongst others, evaluating the competencies, capabilities and objectivities of the independent valuers, performing site visits of all material investment properties, checking the accuracy and relevance of input data used in the valuations, evaluating the valuation amounts by comparing against comparable property sales and market data and evaluating and challenging the key assumptions used in the valuations.

The Group's disclosures regarding investment properties are included in Notes 3.3 and 5 to the Financial Statements.

Revenue and cost of sales recognition for property development activities

The risk - The Group recognises revenue and cost of sales for property development activities based on the measurement of the Group's progress towards complete satisfaction of the Group's performance obligations.

In determining the progress, management is required to exercise significant judgement in estimating total costs to complete and total estimated revenue. As such, we have identified this area as a significant risk requiring special audit consideration.

Independent Auditors' Report to the Members of UOA DEVELOPMENT BHD (Incorporated in Malaysia) 200401015520 (654023-V) (Continued)

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Revenue and cost of sales recognition for property development activities (Continued)

Our response - Our audit procedures included, amongst others, inquiries with the operational and financial personnel of the Group for the assumptions used, comparing estimated costs to actual costs to assess the reliability of management's budgeting process and control, inspecting contracts with sub-contractors, performing analyses of cost budgets, understanding and evaluating the operating effectiveness of key controls surrounding revenue and cost of sales, performing site visits of all ongoing projects, performing analyses of total estimated revenue and testing the computation of revenue and cost of sales recognised over time.

The Group's disclosures regarding property development activities are included in Notes 3.10, 6, 10, 30 and 31 to the Financial Statements.

There are no key audit matters in relation to the financial statements of the Company.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Report on the Audit of the Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Independent Auditors' Report to the Members of UOA DEVELOPMENT BHD (Incorporated in Malaysia) 200401015520 (654023-V) (Continued)

Report on the Audit of the Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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

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

Other Matter

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

GRANT THORNTON MALAYSIA PLT
(201906003682 & AF 0737)
CHARTERED ACCOUNTANTS

KHO KIM ENG
(NO: 03137/10/2020 J)
CHARTERED ACCOUNTANT

Kuala Lumpur
12 May 2020

Statements of Financial Position

As at 31 December 2019

	Note	Group		Company	
		2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	439,132	401,609	4,124	5,185
Investment properties	5	1,850,584	1,755,242	-	-
Inventories	6	594,162	509,085	-	-
Investment in subsidiary companies	7	-	-	954,268	576,582
Investments in quoted shares	8	31,858	20,259	12,836	-
Deferred tax assets	9	57,758	45,585	-	-
Total non-current assets		2,973,494	2,731,780	971,228	581,767
Current assets					
Inventories	6	1,451,349	1,636,526	-	-
Contract assets	10	281,014	295,059	-	-
Trade receivables	11	150,995	369,129	-	-
Other receivables	12	92,659	117,755	8,973	9,600
Amount owing by subsidiary companies	13	-	-	1,518,383	1,796,024
Amount owing by related companies	14	258	4	1	3
Current tax assets		69,717	62,505	143	446
Short term investments	15	223,773	134,137	13,428	2,940
Fixed deposits with licensed banks	16	200,136	179,791	36,305	16,266
Cash and bank balances	17	519,484	264,718	41,332	11,566
Total current assets		2,989,385	3,059,624	1,618,565	1,836,845
TOTAL ASSETS		5,962,879	5,791,404	2,589,793	2,418,612
EQUITY AND LIABILITIES					
Equity					
Share capital	18	2,286,285	546,343	2,286,285	546,343
Share premium	19	-	1,496,594	-	1,496,594
Merger reserve	20	2,252	2,252	-	-
Fair value reserve	21	4,888	2,165	3,960	-
Retained earnings		2,773,588	2,635,498	284,462	329,133
Treasury shares	22	(2,119)	(2,119)	(2,119)	(2,119)
Equity attributable to owners of the Company		5,064,894	4,680,733	2,572,588	2,369,951
Non-controlling interests	7	206,974	265,105	-	-
Total equity		5,271,868	4,945,838	2,572,588	2,369,951

Statements of Financial Position

As at 31 December 2019 (Continued)

	Note	Group		Company	
		2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
LIABILITIES					
Non-current liabilities					
Amount owing to non-controlling shareholders of subsidiary companies	23	1,641	5,060	-	-
Lease liabilities	24	1,404	1,832	455	779
Deferred tax liabilities	25	82,128	93,756	-	-
Total non-current liabilities		85,173	100,648	455	779
Current liabilities					
Trade payables	26	233,580	358,087	-	-
Other payables	27	207,431	201,361	16,066	15,884
Amount owing to immediate holding company	28	402	552	51	30
Amount owing to subsidiary companies	13	-	-	-	31,274
Amount owing to related companies	14	42,245	42,972	262	131
Amount owing to non-controlling shareholders of subsidiary companies	23	50,984	49,632	-	-
Lease liabilities	24	1,244	2,499	371	563
Borrowings	29	54,000	74,000	-	-
Current tax liabilities		15,952	15,815	-	-
Total current liabilities		605,838	744,918	16,750	47,882
Total liabilities		691,011	845,566	17,205	48,661
TOTAL EQUITY AND LIABILITIES		5,962,879	5,791,404	2,589,793	2,418,612

The accompanying notes form an integral part of the financial statements

Statements of Profit or Loss and Other Comprehensive Income

for the Financial Year Ended 31 December 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue	30	1,104,457	1,263,677	241,373	180,250
Cost of sales	31	(691,209)	(761,119)	-	-
Gross profit		413,248	502,558	241,373	180,250
Fair value adjustments on investment properties		34,238	10,479	-	-
Fair value gain on non-cash distribution		11,396	-	-	-
Other income		262,804	214,431	50,648	54,813
Impairment (losses)/reversal of financial assets		(2,525)	(10,173)	202	(15,946)
Administrative and general expenses		(155,150)	(148,761)	(78,618)	(50,909)
Other expenses		(70,580)	(71,057)	-	-
Finance income		24,041	15,036	822	1,505
Finance costs	32	(7,375)	(6,663)	(52)	(64)
Profit before tax	33	510,097	505,850	214,375	169,649
Tax expenses	34	(101,675)	(94,252)	(923)	(1,671)
Net profit for the financial year		408,422	411,598	213,452	167,978
Other comprehensive income/(loss):					
<i>Item that will not be reclassified subsequently to profit or loss</i>					
Fair value gain/(loss) on remeasurement of financial assets		2,723	(4,794)	3,960	-
Total comprehensive income for the financial year		411,145	406,804	217,412	167,978
Net profit for the financial year attributable to:					
Owners of the Company		399,474	378,916	213,452	167,978
Non-controlling interests		8,948	32,682	-	-
		408,422	411,598	213,452	167,978
Total comprehensive income attributable to:					
Owners of the Company		402,197	374,122		
Non-controlling interests		8,948	32,682		
		411,145	406,804		
Earnings per share (RM)	35	0.21	0.21		

The accompanying notes form an integral part of the financial statements

Statements of Changes in Equity

for the Financial Year Ended 31 December 2019

	Attributable to owners of the Company									
	Note	Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Treasury shares RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group										
Balance at 1 January 2018		309,607	1,496,594	2,252	6,959	2,516,549	(2,119)	4,329,842	257,182	4,587,024
Total comprehensive income for the financial year		-	-	-	(4,794)	378,916	-	374,122	32,682	406,804
Dividends to non-controlling shareholders of subsidiary companies		-	-	-	-	-	-	-	(24,759)	(24,759)
Dividends to shareholders of the Company	36	236,736	-	-	-	(259,967)	-	(23,231)	-	(23,231)
Balance at 31 December 2018		546,343	1,496,594	2,252	2,165	2,635,498	(2,119)	4,680,733	265,105	4,945,838
Transition to no-par value regime		1,496,594	(1,496,594)	-	-	-	-	-	-	-
Total comprehensive income for the financial year		-	-	-	2,723	399,474	-	402,197	8,948	411,145
Dividends to non-controlling shareholders of subsidiary companies		-	-	-	-	-	-	-	(104,082)	(104,082)
Dividends to shareholders of the Company	36	243,348	-	-	-	(258,123)	-	(14,775)	-	(14,775)
Partial disposal of shares in a subsidiary company		-	-	-	-	(3,261)	-	(3,261)	37,003	33,742
Balance at 31 December 2019		2,286,285	-	2,252	4,888	2,773,588	(2,119)	5,064,894	206,974	5,271,868

Company	Note	Share capital RM'000	Share premium RM'000	Fair value reserve RM'000	Retained earnings RM'000	Treasury shares RM'000	Total equity RM'000
Balance at 1 January 2018		309,607	1,496,594	-	421,122	(2,119)	2,225,204
Total comprehensive income for the financial year		-	-	-	167,978	-	167,978
Dividends	36	236,736	-	-	(259,967)	-	(23,231)
Balance at 31 December 2018		546,343	1,496,594	-	329,133	(2,119)	2,369,951
Transition to no-par value regime		1,496,594	(1,496,594)	-	-	-	-
Total comprehensive income for the financial year		-	-	3,960	213,452	-	217,412
Dividends	36	243,348	-	-	(258,123)	-	(14,775)
Balance at 31 December 2019		2,286,285	-	3,960	284,462	(2,119)	2,572,588

Statements of Cash Flows

for the Financial Year Ended 31 December 2019

	Note	Group		Company	
		2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
OPERATING ACTIVITIES					
Profit before tax		510,097	505,850	214,375	169,649
Adjustments for:					
Fair value adjustments on investment properties		(34,238)	(10,479)	-	-
Impairment losses/(reversal) of financial assets		2,525	10,173	(202)	15,946
Depreciation		21,208	20,640	1,365	1,347
Fair value gain on non-cash distribution		(11,396)	-	-	-
Gain on disposal of property, plant and equipment		(34)	(52)	-	(2)
Gain on disposal of quoted shares		(606)	-	(606)	-
Property, plant and equipment written off		212	200	1	-
Loss on partial disposal of a subsidiary company		-	-	30,072	-
Distribution income from investments in quoted shares		(1,443)	(1,301)	-	-
Distribution income from short term investments		(5,504)	(3,458)	(384)	(1,119)
Dividend income from subsidiary companies		-	-	(241,373)	(180,250)
Interest income		(18,537)	(11,578)	(438)	(386)
Interest expense		7,375	6,663	52	64
Discount on acquisition		-	(359)	-	-
Operating profit before working capital changes		469,659	516,299	2,862	5,249
Changes in working capital:-					
Inventories		58,137	199,734	-	-
Contract assets		14,045	5,707	-	-
Receivables		240,705	(100,382)	(2,166)	(2,036)
Payables		(92,078)	(159,149)	313	(1,591)
Cash generated from operations		690,468	462,209	1,009	1,622
Interest received		11,496	5,618	-	-
Dividend received		-	-	241,373	180,250
Net tax paid		(132,551)	(162,616)	(620)	(1,631)
Net cash from operating activities		569,413	305,211	241,762	180,241

	Note	Group		Company	
		2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
INVESTING ACTIVITIES					
Additions to investment properties		(81,772)	(94,476)	-	-
Purchase of property, plant and equipment	A	(57,946)	(67,033)	(256)	(1,536)
Proceeds from disposal of property, plant and equipment		38	67	-	2
Proceeds from disposal of quoted shares		1,740	-	1,740	-
Repayments from immediate holding company		-	10	-	10
Repayments from/(advances to) subsidiary companies		-	-	280,636	(9,834)
(Advances to)/repayments from related companies		(254)	360	2	112
Acquisition of shares in existing subsidiary companies		-	-	(441,500)	(135,000)
Acquisition of shares in new subsidiary companies, net of cash acquired	37	-	(60,863)	-	(65,750)
Acquisition of quoted shares		(10,010)	-	(10,010)	-
Proceeds from partial disposal of shares in a subsidiary company		33,742	-	33,742	-
Distribution received from short term investments		5,504	3,458	384	1,119
Distribution received from investments in quoted shares		1,443	1,301	-	-
Interest received		6,854	5,960	438	386
Net cash used in investing activities		(100,661)	(211,216)	(134,824)	(210,491)
FINANCING ACTIVITIES					
Drawdown of bank borrowings		-	64,000	-	-
Repayment of bank borrowings		(20,000)	(108,616)	-	-
Fixed deposits unpledged/(pledged)		1,527	967	(5)	(5)
Payment of lease liabilities		(2,684)	(5,037)	(565)	(364)
(Repayments to)/advances from immediate holding company		(150)	518	21	30
Repayments to related companies		(611)	(3,340)	-	-
Repayments to subsidiary companies		-	-	(31,274)	(68,319)
(Repayments to)/advances from non-controlling shareholders of subsidiary companies		(2,145)	17,398	-	-
Interest paid		(7,110)	(1,983)	(52)	(64)
Dividends paid to owners of the Company		(14,775)	(23,231)	(14,775)	(23,231)
Dividends paid to non-controlling shareholders of subsidiary companies		(56,530)	(24,759)	-	-
Net cash used in financing activities		(102,478)	(84,083)	(46,650)	(91,953)

Statements of Cash Flows **for the Financial Year Ended 31 December 2019** (Continued)

	Note	Group		Company	
		2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
CASH AND CASH EQUIVALENTS					
Net changes		366,274	9,912	60,288	(122,203)
At beginning of financial year		576,965	567,053	30,623	152,826
At end of financial year		943,239	576,965	90,911	30,623
Represented by:					
Short term investments		223,773	134,137	13,428	2,940
Fixed deposits with licensed banks		200,136	179,791	36,305	16,266
Cash and bank balances		519,484	264,718	41,332	11,566
		943,393	578,646	91,065	30,772
Fixed deposits pledged		(154)	(1,681)	(154)	(149)
		943,239	576,965	90,911	30,623

NOTES TO THE STATEMENTS OF CASH FLOWS

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Aggregate cost of property, plant and equipment acquired	58,947	68,187	305	1,955
Financed via lease liabilities arrangements	(1,001)	(1,154)	(49)	(419)
Total cash acquisitions	57,946	67,033	256	1,536

B. CASH OUTFLOWS FOR LEASES AS A LESSEE

	Group	Company
	2019 RM'000	2019 RM'000
<i>Included in net cash from operating activities:</i>		
Payment relating to short-term leases	7,634	7,476
<i>Included in net cash from financing activities:</i>		
Payment of lease liabilities	2,684	565
Interest paid in relation to lease liabilities	199	52
Total cash outflows for leases	10,517	8,093

The accompanying notes form an integral part of the financial statements

Notes to the Financial Statements

for the Financial Year Ended 31 December 2019

1. GENERAL INFORMATION

UOA Development Bhd (the “Company”) is a public limited liability company incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are disclosed in page 19.

The Directors regard United Overseas Australia Ltd, a company incorporated in Australia and listed on the Australian Stock Exchange and the Stock Exchange of Singapore as the ultimate holding company.

The immediate holding company is UOA Holdings Sdn Bhd, a company incorporated and domiciled in Malaysia.

The Company is principally engaged in investment holding. There is no significant change in the Company’s principal activity during the financial year. The principal activities of the subsidiary companies are disclosed in Note 7 to the Financial Statements.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors passed on 12 May 2020.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention except for certain land, buildings and investments that are measured at fair values at the reporting date as disclosed in the summary of significant accounting policies.

Historical cost is generally based on the fair value of consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group or the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial market 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.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Notes to the Financial Statements for the Financial Year Ended 31 December 2019 (Continued)

2. BASIS OF PREPARATION (Continued)

2.2 Basis of measurement (Continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:

- (a) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- (b) Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable
- (c) Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting year.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

2.3 Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Group's and the Company's functional currency. All amounts in the financial statements are rounded to the nearest thousand, unless otherwise indicated.

2.4 Adoption of new standards/amendments/improvements to MFRS

The Group and the Company have consistently applied the accounting policies set out in Note 3 to all years presented in these financial statements.

At the beginning of the current financial year, the Group and the Company adopted new standards/amendments/improvements to MFRS which are mandatory for the financial periods beginning on or after 1 January 2019.

Initial application of the new standards/amendments/improvements to the standards did not have material impact to the financial statements, except for:

MFRS 16 Leases

MFRS 16 supersedes MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Leases-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 does not have an impact for leases where the Group or the Company is a lessor.

2. BASIS OF PREPARATION (Continued)

2.4 Adoption of new standards/amendments/improvements to MFRS (Continued)

Initial application of the new standards/amendments/improvements to the standards did not have material impact to the financial statements, except for (Continued):

MFRS 16 Leases (Continued)

The Group and the Company adopted MFRS 16 retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application of 1 January 2019. Consequently, comparative information has not been restated. The Group and the Company elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 January 2019. Instead, the Group and the Company applied the standard only to contracts that were previously identified as leases applying MFRS 117 and IC Interpretation 4 at the date of initial application.

The Group and the Company have leasehold land and buildings and lease contracts for premises, plant and machineries and motor vehicles. Before the adoption of MFRS 16, the Group and the Company classified each of its lease (as lessee) at the inception date as either a finance or an operating lease.

Upon adoption of MFRS 16, the Group and the Company applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients which have been applied by the Group and the Company.

Leases previously classified as finance leases

The Group and the Company did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e. the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under MFRS 117). The requirements of MFRS 16 were applied to these leases from 1 January 2019.

The Group's and the Company's right-of-use assets recognised previously under finance leases of RM228,542,000 and RM1,394,000 respectively in the statements of financial position were identified as follows:

	Group	Company
	Carrying amount	
1.1.2019	RM'000	RM'000
Leasehold land	2,016	-
Leasehold buildings	221,320	-
Motor vehicles	1,631	1,394
Plant and machineries	3,575	-
Total right-of-use assets	228,542	1,394

In the statements of financial position, right-of-use assets continue to be included in property, plant and equipment.

Leases previously accounted for as operating leases

The Group and the Company elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases).

The Group's operating lease commitments as of 31 December 2018 were related to short-term leases. Hence, no lease liabilities were recognised in respect of those commitments.

Notes to the Financial Statements for the Financial Year Ended 31 December 2019 (Continued)

2. BASIS OF PREPARATION (Continued)

2.5 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective are disclosed below. The Group and the Company intend to adopt these new and amended standards and interpretations, if applicable, when they become effective:

Amendments to MFRS and IC Interpretations effective 1 January 2020:-

Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 7*, 9* and 139*	Interest Rate Benchmark Reform
Amendments to MFRS 101 and 108	Definition of Material
Conceptual Framework	Amendments to References to the Conceptual Framework in MFRS Standards (MFRS 2, 3, 6, 14, 101, 108, 134, 137, 138 and IC Interpretation 12, 19, 20, 22 and 132)

MFRS effective 1 January 2021:-

MFRS 17*	Insurance Contracts
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Amendments to MFRS - effective date deferred indefinitely:-

MFRS 10 and 128*	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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* Not applicable to the Group's and the Company's operations

The initial application of the above standards, amendments and interpretation are not expected to have any financial impacts to the financial statements, except for:-

Amendments to MFRS 101 and MFRS 108: Definition of Material

In October 2018, the MASB issued amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The above amendments are not expected to have a significant impact on the Group's and the Company's financial statements.

2. BASIS OF PREPARATION (Continued)

2.6 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and the Company's accounting policies and reported amounts of assets, liabilities, income, 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 result may differ from the judgements, estimates and assumptions made by management and will seldom equal the estimated results.

2.6.1 Estimation uncertainty

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below:-

Useful lives of depreciable assets

Property, plant and equipment and right-of-use assets are depreciated on a straight-line basis over their useful lives. Management estimates the useful lives of the depreciable assets to be within 5 and 99 years and reviews the useful lives of depreciable assets at each reporting date. At the reporting date, management assesses that the useful lives represent the expected utility of the assets to the Group and the Company. Actual results, however, may vary due to change in the expected level of usage, physical wear and tear and technological developments, which may result in adjustments to the Group's and the Company's assets.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unabsorbed tax losses, unutilised capital allowances and unutilised investment tax allowances to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and unabsorbed tax losses, unutilised capital allowances and unutilised investment tax allowances can be utilised.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the time the estimates are made. The Group's core business is subject to economical changes which may cause selling prices to change rapidly and the Group's net profit to change.

Notes to the Financial Statements for the Financial Year Ended 31 December 2019 (Continued)

2. BASIS OF PREPARATION (Continued)

2.6 Significant accounting estimates and judgements (Continued)

2.6.1 Estimation uncertainty (Continued)

Fair value of investment properties

The Group measures its investment properties at fair value with any change in fair value recognised in the profit or loss. Significant judgement is required in the determination of fair value which may be derived based on different valuation methods. In making the judgement, the Group evaluates based on past experience and reliance on the work of specialists. The Group engages independent professional valuers to determine fair value.

Information regarding the valuation techniques and inputs used in determining the fair value are disclosed in Note 5 to the Financial Statements.

Property development activities and construction contracts

As revenue from ongoing property development activities and construction contracts are recognised over time, the amount of revenue recognised at the reporting date depends on the extent to which the performance obligation has been satisfied. This is done by determining the stage of completion. The stage of completion is determined by the proportion that property development or contract costs incurred for work performed to date bear to the estimated total property development or contract costs.

Significant judgement is required in determining the stage of completion, the extent of the development and contract costs incurred, the estimated total revenue and total costs and the recoverability of the development project and contract cost. In making these judgements, management relies on past experience and, if necessary, the work of specialists.

Provision for expected credit losses ("ECLs") of receivables and contract assets

The Group uses a provision matrix to calculate ECLs for receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. by geography, product type, customer type and rating, coverage by letter of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e. gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the real estate sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

2. BASIS OF PREPARATION (Continued)

2.6 Significant accounting estimates and judgements (Continued)

2.6.1 Estimation uncertainty (Continued)

Provision for expected credit losses (“ECLs”) of receivables and contract assets (Continued)

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of customer’s actual default in the future.

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset’s or cash-generating unit’s carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Group’s and the Company’s assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustments to market risk and the appropriate adjustment to asset-specific risk factors.

Income taxes

Significant judgement is involved in determining the Group/Company-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

2.6.2 Significant management judgements

The following are significant judgements made by management in the process of applying the Group’s accounting policies that have the most significant effect on the financial statements.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property and has developed the criteria in making that judgement. Investment property is a property held to earn rental or for capital appreciation or both.

Notes to the Financial Statements for the Financial Year Ended 31 December 2019 (Continued)

2. BASIS OF PREPARATION (Continued)

2.6 Significant accounting estimates and judgements (Continued)

2.6.2 Significant management judgements (Continued)

Classification between investment properties and owner-occupied properties (Continued)

Certain properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. The Group accounts for the portions separately if the portions could be sold separately (or leased out separately under a finance lease). If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Deferred tax on investment properties

For the purposes of measuring deferred tax liabilities arising from investment properties that are measured using the fair value model, the management of the Group reviews the investment properties and concluded that the Group's investment properties are held under a business model whose objective is to recover the carrying amount of the investment properties through sale.

Accordingly, the Group recognises deferred taxes in respect of the changes in fair value of investment properties based on Real Property Gains Tax ("RPGT"). The final tax outcome could be different from the deferred tax liabilities recognised in the financial statements should the economic benefits embodied in the investment properties be subsequently substantially consumed over time rather than through sale.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies, as summarised below, consistently throughout all years presented in the financial statements, unless otherwise stated.

3.1 Consolidation

3.1.1 Subsidiary companies

Subsidiary companies are entities, including structured entities, controlled by the Company. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. Besides, the Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Consolidation (Continued)

3.1.1 Subsidiary companies (Continued)

Investments in a subsidiary is stated at cost less any impairment losses in the Company's financial position, unless the investment is held for sale or distribution.

Upon the disposal of investment in a subsidiary company, the difference between the net disposal proceeds and its carrying amounts is included in profit or loss.

3.1.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and of all its subsidiary companies and entities controlled by the Company (including structured entities) made up to the end of the financial year.

The Company controls an investee if and only if the Company has all the following:

- (i) power over the investee;
- (ii) exposure, or rights, to variable returns from its involvement with the investee; and
- (iii) the ability to use its power over the investee to affect the amount of the investor's returns.

Potential voting rights are considered when assessing control only if the rights are substantive.

The Company reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of an investee shall begin from the date the Company obtains control of the investee and cease when the Company loses control of the investee.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

All intra-group balances, transactions, income and expenses are eliminated in full on consolidation and the consolidated financial statements reflect external transactions only.

The Company attributes the profit or loss and each component of other comprehensive income to the owners of the Company and to the non-controlling interests. The Company also attributes total comprehensive income to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Notes to the Financial Statements for the Financial Year Ended 31 December 2019 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Consolidation (Continued)

3.1.2 Basis of consolidation (Continued)

Changes of interests in subsidiary companies

The changes of interests in subsidiary companies that do not result in a loss of control are treated as equity transactions between the Group and non-controlling interest holders. Any gain or loss arising from equity transactions is recognised directly in equity.

Transactions with non-controlling interests

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary company. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

Loss of control

When the Company loses control of a subsidiary company:-

- (i) It derecognises the assets and liabilities, non-controlling interests, and other amounts previously recognised in other comprehensive income relating to the former subsidiary.
- (ii) It recognises any gain or loss in profit or loss attributable to the Group, which is calculated as the difference between (i) the aggregate of the fair value of the consideration received, if any, from the transaction, event or circumstances that resulted in the loss of control; plus any investment retained in the former subsidiary company at its fair value at the date when control is lost; and (ii) the net carrying amount of assets, liabilities, goodwill and any non-controlling interests attributable to the former subsidiary company at the date when control is lost.
- (iii) It recognises any investment retained in the former subsidiary company at its fair value when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary company in accordance with relevant MFRS. That fair value shall be regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

3.1.3 Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group, except for Allied Engineering Construction Sdn Bhd, URC Engineering Sdn Bhd and UOA Properties Sdn Bhd, which are consolidated using the merger method of accounting.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Consolidation (Continued)

3.1.3 Business combinations (Continued)

Under the merger method of accounting, the results of entities or businesses under common control are accounted for as if the acquisition had occurred at the date that common control was established. The cost of an acquisition is measured at the nominal value of ordinary shares issued as consideration. The assets and liabilities acquired are included in the consolidated statement of financial position at their existing carrying amounts.

The difference between the cost of acquisition and the nominal value of shares acquired together with any share premium are taken to merger reserve (or adjusted against a suitable reserve, if any, in the case of debit differences). The other components of equity of the acquired entities are added to the same components within the Group.

The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer.

For each business combination, the Group measures at the acquisition date, components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation at either (i) fair value; or (ii) the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets.

On the date of acquisition, goodwill is measured as the excess of (a) over (b) below:

- (a) The aggregate of: (i) the fair value of consideration transferred; (ii) the amount of any non-controlling interest in the acquire; and (iii) in a business combination achieved in stages, the fair value of the Group's previously held equity interest in the investee.
- (b) The net fair value of the identifiable assets acquired and the liabilities assumed.

A business combination in which the amount in (b) above exceeds the aggregate of the amounts in (a) above, the Group recognises the resulting gain in profit or loss on the acquisition date.

Notes to the Financial Statements for the Financial Year Ended 31 December 2019 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Property, plant and equipment

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

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bring the assets to working condition for their 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. All other repair and maintenance costs are recognised in profit or loss as incurred.

All property, plant and equipment are subsequently stated at cost less accumulated depreciation and less any impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group or the Company recognise such costs as individual assets with specific useful lives and depreciation respectively.

Property, plant and equipment are written down to recoverable amount if, in the opinion of the Directors, it is less than their carrying value. Recoverable amount is the net selling price of the property, plant and equipment, that is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties less the costs of disposal.

Depreciation is recognised on the straight-line method in order to write off the cost of each asset over its estimated useful life. Freehold land with an infinite life is not depreciated. Properties under construction are not depreciated.

The principal annual depreciation rates used are as follows:-

Leasehold land	Over the period of the lease
Leasehold buildings	2%
Freehold buildings	2%
Plant, machineries and motor vehicles	10% – 20%
Furniture, fittings and equipment	10% – 20%

Fully depreciated assets 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 assets.

Restoration cost relating to an item of property, plant and equipment is capitalised only if such expenditure is expected to increase the future benefits from the existing asset beyond its previously assessed standard of performance.

The residual values, useful lives and depreciation method are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable, or at least annually to ensure that the amount, method and rate of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

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 amounts of the assets and are recognised in profit or loss in the financial year in which such assets are derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Investment properties

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost, including transaction cost. Cost includes expenditures that are directly attributable to the acquisition of the investment property.

Subsequent to initial recognition, investment properties are measured at fair value and are revalued annually and are included in the statements of financial position at their open market values. Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognised in profit or loss in the year in which they arise. The fair values are determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment property and are supported by market evidence.

If the fair value of an investment property under construction is not reliably measurable but the Group expects the fair value of the investment property to be reliably measurable when construction is complete, that investment property under construction is measured at cost until either its fair value becomes reliably measurable or construction is completed (whichever is earlier).

Investment properties are derecognised when either they are disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the financial year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change.

3.4 Leases

Accounting policies applied from 1 January 2019

The Group and the Company assess at contract inception whether a contract is, or contains a lease, that is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

3.4.1 As a lessee

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

Notes to the Financial Statements for the Financial Year Ended 31 December 2019 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Leases (Continued)

Accounting policies applied from 1 January 2019 (Continued)

3.4.1 As a lessee (Continued)

3.4.1.1 Lease liabilities

At the commencement date of the lease, the Group and the Company recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Company and payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

3.4.1.2 Short-term leases

The Group and the Company apply the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expenses on a straight-line basis over the lease term.

3.4.1.3 Right-of-use assets

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

- Leasehold land - 99 years
- Leasehold buildings - 50 years
- Motor vehicles - 5 years
- Plant and machineries - 5 to 10 years

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Leases (Continued)

Accounting policies applied from 1 January 2019 (Continued)

3.4.1 As a lessee (Continued)

3.4.1.3 Right-of-use assets (Continued)

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

The right-of-use assets are also subject to impairment test as set out in Note 3.9 to the Financial Statements.

On the statements of financial position, right-of-use assets have been included in property, plant and equipment.

3.4.2 As a lessor

Leases in which the Group and the Company do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other income in the statements of profit or loss due to its operating nature. Contingent rents are recognised as other income in the year in which they are earned.

Accounting policies applied until 31 December 2018

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

3.4.3 Finance leases

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group or the Company is classified as a finance lease.

Management applies judgement in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Group or the Company obtains ownership of the asset at the end of the lease term.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments 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 statements of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group or the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Notes to the Financial Statements for the Financial Year Ended 31 December 2019 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Leases (Continued)

3.4.4 Operating leases

All other leases are treated as operating leases. Payments on operating lease agreements are recognised as expenses on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance are expensed as incurred.

3.5 Inventories

Inventories comprise land held for property development, properties under construction, completed properties held for sale and consumables.

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

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

Cost of consumables is determined on first in first out method. The cost of inventories comprises the original cost of purchase plus the cost of bringing the inventories to their present location and condition.

3.5.1 Land held for property development and properties under construction

Land held for property development is defined as land on which development is not expected to be completed within the normal operating cycle. Usually, no significant development work would have been undertaken on these lands. Accordingly, land held for property development are classified as non-current assets on the statement of financial position and are stated at cost plus incidental expenditure incurred to put the land in a condition ready for development.

Land on which development has commenced and is expected to be completed within the normal operating cycle is included in 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.

3.6 Financial instruments

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

3.6.1 Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price as disclosed in Note 3.10 to the Financial Statements.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 Financial instruments (Continued)

3.6.1 Financial assets (Continued)

Initial recognition and measurement (Continued)

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest (“SPPI”)’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group’s and the Company’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets are classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group or the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

At the reporting date, the Group and the Company carry only financial assets at amortised cost and financial assets at fair value through OCI (equity instruments) on their statements of financial position.

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest (“EIR”) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group’s and the Company’s financial assets at amortised cost include trade, other receivables, amounts owing by subsidiary companies, related companies and cash and cash equivalents.

Notes to the Financial Statements for the Financial Year Ended 31 December 2019 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 Financial instruments (Continued)

3.6.1 Financial assets (Continued)

Subsequent measurement (Continued)

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group and the Company can elect to classify irrevocably their equity investments as equity instruments designated at fair value through OCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group and the Company elected to classify irrevocably their investments in quoted shares under this category.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a 'pass-through' arrangement, they evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 Financial instruments (Continued)

3.6.1 Financial assets (Continued)

Impairment

The Group and the Company recognise an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group and the Company consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group or the Company may also consider a financial asset to be in default when internal or external information indicates that the Group or the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group or the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

3.6.2 Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group’s and the Company’s financial liabilities include trade, other payables, amounts owing to immediate holding company, subsidiary companies, related companies, non-controlling shareholders of subsidiary companies and borrowings.

Notes to the Financial Statements for the Financial Year Ended 31 December 2019 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 Financial instruments (Continued)

3.6.2 Financial liabilities (Continued)

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

At the reporting date, the Group and the Company carry only financial liabilities at amortised cost on their statements of financial position.

Financial liabilities at amortised cost

After initial recognition, carrying amounts are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statements of profit or loss.

Derecognition

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

3.6.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances, short term investments and short-term demand deposits which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.8 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company or its subsidiary companies after deducting all of their respective liabilities. Ordinary shares are equity instruments.

Gains and losses on certain financial instruments are included in fair value reserves.

Retained earnings include all current year's profit and prior years' retained profits.

All transactions with owners of the Company are recorded separately within equity.

Interim dividends on ordinary shares are accounted for in equity in the financial year in which they are declared while final dividends are recognised in equity upon approval of the shareholders in meeting.

When share capital recognised as equity is bought-back, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Purchased shares that are not subsequently cancelled are classified as treasury shares. When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

3.9 Impairment of non-financial assets

At each reporting date, the Group and the Company review the carrying amounts of their non-financial assets to determine whether there is any indication of impairment by comparing the carrying amounts with the recoverable amounts. Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses recognised in respect of a cash-generating unit or group of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to those units or group of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised as an expense in profit or loss immediately.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses for an asset other than goodwill may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior financial years. Such reversal is recognised in profit or loss.

Notes to the Financial Statements for the Financial Year Ended 31 December 2019 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10 Revenue from contracts with customers

3.10.1 Revenue recognition

Revenue is recognised when or as a performance obligation in the contract with the customer is satisfied, i.e. when the “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or services (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group’s customary business practices.

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties such as services taxes.

If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with the customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

The control over the goods or services is transferred over time and revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group’s performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

The Group recognises revenue from property development over time if it creates an asset with no alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of the performance obligation is measured based on the Group’s efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the property development or contract costs incurred to date as a percentage of the estimated total development or contract costs of the contract, i.e. the stage of completion).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10 Revenue from contracts with customers (Continued)

3.10.1 Revenue recognition (Continued)

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

Where the outcome of a development cannot be reasonably estimated, revenue is recognised to the extent of property development costs incurred that is probable will be recoverable, and the property development costs on the development units sold shall be recognised as expenses in the year in which they are incurred.

When it is probable that total costs will exceed total revenue, the foreseeable loss is immediately recognised in the profit or loss irrespective of whether development work has commenced or not, or of the stage of completion of development activity, or of the amounts of profits expected to arise on other unrelated development projects.

The excess of revenue recognised in the profit or loss over the billings to purchasers of properties is recognised as contract asset.

The excess of billings to purchasers of properties over revenue recognised in the profit or loss is recognised as contract liability.

Other revenue earned by the Group and the Company are recognised on the following bases:-

- Distribution income is recognised when the right to receive payment is established.
- Dividend income is recognised when the right to receive payment is established.
- Interest income is recognised on a time proportion basis.
- Hotel room income is recognised when services are rendered.
- Food and beverage and other related income are recognised when services are rendered.

3.10.2 Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

3.10.3 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Notes to the Financial Statements for the Financial Year Ended 31 December 2019 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10 Revenue from contracts with customers (Continued)

3.10.4 Contract costs

The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained (for example, a sales commission). These costs are recognised in contract assets if the Group expects to recover those costs.

3.11 Employee benefits

3.11.1 Short-term employee benefits

Wages, salaries, paid annual leave, paid sick leave and bonuses are recognised as expenses in the year in which the associated services are rendered by employees other than those that are attributable to property development activities or construction contracts in which case such expenses are recognised in property development costs.

3.11.2 Post-employment benefits

The Group and the Company pay monthly contributions to the Employees Provident Fund ("EPF") which is a defined contribution plan.

The legal or constructive obligation of the Group and the Company is limited to the amount that it is required to contribute to EPF. The contributions to EPF are charged to the profit or loss in the year to which they relate.

3.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

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

3.13 Tax expenses

Tax expenses comprise current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss.

3.13.1 Current tax

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and are measured using tax rates that have been enacted by the end of the reporting year and any adjustment to tax payable in respect of previous years.

Current tax is recognised in the statements of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.13 Tax expenses (Continued)

3.13.2 Deferred tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. 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 year.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting year and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Freehold building RM'000	Leasehold buildings RM'000	Leasehold land RM'000	Plant, machineries and motor vehicles RM'000	Furniture, fittings and equipment RM'000	Construction in progress RM'000	Total RM'000
Cost								
At 1.1.2018	-	-	242,457	2,294	96,570	55,299	-	396,620
(Reversal)/Additions	-	-	(1,012)	-	5,152	10,306	53,741	68,187
Disposals	-	-	-	-	(97)	(42)	-	(139)
Written off	-	-	(16)	-	(93)	(356)	-	(465)
Reclassification	-	-	(9)	-	-	9	-	-
Transferred from investment properties	-	-	-	-	-	-	57,257	57,257
At 31.12.2018	-	-	241,420	2,294	101,532	65,216	110,998	521,460
Additions	-	-	245	-	2,134	8,065	48,503	58,947
Disposals	-	-	-	-	(108)	(6)	-	(114)
Written off	-	-	-	-	(6,811)	(467)	-	(7,278)
Reclassification	18,500	141,001	-	-	-	-	(159,501)	-
At 31.12.2019	18,500	141,001	241,665	2,294	96,747	72,808	-	573,015

Notes to the Financial Statements for the Financial Year Ended 31 December 2019 (Continued)

4. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group (Continued)	Freehold land RM'000	Freehold building RM'000	Leasehold buildings RM'000	Leasehold land RM'000	Plant, machineries and motor vehicles RM'000	Furniture, fittings and equipment RM'000	Construction in progress RM'000	Total RM'000
Accumulated depreciation								
At 1.1.2018	-	-	15,015	255	73,704	10,626	-	99,600
Charge for the financial year	-	-	5,086	23	9,083	6,448	-	20,640
Disposals	-	-	-	-	(96)	(28)	-	(124)
Written off	-	-	(1)	-	(93)	(171)	-	(265)
At 31.12.2018	-	-	20,100	278	82,598	16,875	-	119,851
Charge for the financial year	-	705	4,808	23	8,239	7,433	-	21,208
Disposals	-	-	-	-	(108)	(2)	-	(110)
Written off	-	-	-	-	(6,804)	(262)	-	(7,066)
At 31.12.2019	-	705	24,908	301	83,925	24,044	-	133,883
Net carrying amount								
At 31.12.2019	18,500	140,296	216,757	1,993	12,822	48,764	-	439,132
At 31.12.2018	-	-	221,320	2,016	18,934	48,341	110,998	401,609

4. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Total RM'000
Cost			
At 1.1.2018	3,496	5,976	9,472
Additions	636	1,319	1,955
Disposals	(11)	-	(11)
At 31.12.2018	4,121	7,295	11,416
Additions	54	251	305
Written off	-	(16)	(16)
At 31.12.2019	4,175	7,530	11,705
Accumulated depreciation			
At 1.1.2018	2,185	2,710	4,895
Charge for the financial year	535	812	1,347
Disposals	(11)	-	(11)
At 31.12.2018	2,709	3,522	6,231
Charge for the financial year	567	798	1,365
Written off	-	(15)	(15)
At 31.12.2019	3,276	4,305	7,581
Net carrying amount			
At 31.12.2019	899	3,225	4,124
At 31.12.2018	1,412	3,773	5,185

Notes to the Financial Statements for the Financial Year Ended 31 December 2019 (Continued)

4. PROPERTY, PLANT AND EQUIPMENT (Continued)

Information on right-of-use assets are as follows:

	Group			Company		
	Carrying amount included in property, plant and equipment RM'000	Depreciation charged for the financial year RM'000	Additions RM'000	Carrying amount included in property, plant and equipment RM'000	Depreciation charged for the financial year RM'000	Additions RM'000
31.12.2019						
Leasehold land	1,993	23	-	-	-	-
Leasehold buildings	216,757	4,808	245	-	-	-
Motor vehicles	1,099	540	173	885	445	49
Plant and machineries	1,466	910	828	-	-	-
Total right-of-use assets	221,315	6,281	1,246	885	445	49

The right-of-use assets are included in the same items as where the corresponding underlying assets would be presented if they were owned.

In prior year, included in property, plant and equipment are assets under unexpired hire purchase and finance lease arrangements with net carrying amounts as follows:

31.12.2018	Group	Company
	Carrying amount	
	RM'000	RM'000
Plant and machineries	3,575	-
Motor vehicles	1,631	1,394
	5,206	1,394

5. INVESTMENT PROPERTIES

Group	At fair value RM'000	At cost RM'000	Total RM'000
At 1.1.2018	1,563,709	143,835	1,707,544
Additions or subsequent enhancement	2,355	92,121	94,476
Reclassifications	72,716	(72,716)	-
Transferred to property, plant and equipment	-	(57,257)	(57,257)
Fair value adjustments	10,479	-	10,479
At 31.12.2018	1,649,259	105,983	1,755,242
Additions or subsequent enhancement	183	81,589	81,772
Reversal of cost	(26,475)	-	(26,475)
Reclassifications	155,235	(155,235)	-
Transferred from inventories - land held for property development	5,800	7	5,807
Fair value adjustments	34,238	-	34,238
At 31.12.2019	1,818,240	32,344	1,850,584

5. INVESTMENT PROPERTIES (Continued)

The Group's investment properties comprise freehold condominium and apartment, freehold commercial properties, leasehold commercial properties and properties under construction.

Investment properties as at 31 December 2019 are stated at fair value either based on an assessment by the Board of Directors or by reference to full valuations by registered independent valuers having appropriate recognised professional qualifications. The fair value represents the amount at which the properties could be exchanged on an open market basis between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the reporting date.

Whilst a full valuation has not been conducted for certain investment properties, the Board of Directors have obtained updated market values of the investment properties as at 31 December 2019 carried out by a firm of independent professional valuers who has appropriate professional qualification and recent experience in the relevant location and assets being valued.

For investment properties where the assessment by the Board of Directors were based on updated valuations, the existing book values of the investment properties as at 31 December 2019 ("Book Values") were not materially different from the updated valuations performed.

In view of the above and taking into account current market conditions, the Board of Directors assessed that the Book Values are fair. Hence, the Book Values were not adjusted and were taken to represent the fair values of the investment properties at the same date.

The fair values of the investment properties were determined using comparison method, cost method or investment method.

The following assumptions have been applied in the valuations:

- (i) The comparison method entails comparing the property with comparable properties which have been sold or are being offered for sale and making adjustments for factors which affect value such as location and accessibility, size, building construction and finishes, building services, management and maintenance, age and state of repair, market conditions and other relevant characteristics.
- (ii) Under the cost method, the value of the land is added to the replacement cost of the buildings and other site improvements. The replacement cost of the buildings is derived from estimation of reproduction cost of similar new buildings based on current market prices for materials, labour and present construction techniques and deducting therefrom the accrued depreciation due to use and disrepair, age and obsolescence through technology and market changes.
- (iii) The investment method entails the determination of the probable gross annual rental the property is capable of producing and deducting therefrom the outgoings to arrive at the annual net income.

The fair value of investment properties classified under level 2 were determined using comparison method and level 3 were determined using cost or investment method.

There has been no change in valuation methods used during the year except for the valuation of a leasehold commercial property of which was previously valued based on comparison method in the prior year. In the current year, the property has been substantially tenanted. As such, the Group adopted the investment method instead, to reflect the current use of the property in arriving at its valuation.

Notes to the Financial Statements for the Financial Year Ended 31 December 2019 (Continued)

5. INVESTMENT PROPERTIES (Continued)

The fair value hierarchy of the Group's investment properties as at the reporting date is as follows:

Group	2019			2018		
	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Freehold and leasehold properties	733,740	1,084,500	1,818,240	672,259	977,000	1,649,259

There is no transfer between the fair value hierarchies during the financial year except for the transferred from Level 2 to Level 3 as below:

Level 3

	2019 RM'000	2018 RM'000
At 1 January	977,000	792,000
Transferred from Level 2	65,000	120,000
Reversal	(25,192)	-
Reclassification from properties under construction	-	68,230
Fair value adjustments	67,692	(3,230)
At 31 December	1,084,500	977,000

Details of Level 3 fair value measurements are as follows:

Valuation method and key inputs	Significant unobservable inputs	Relationship of unobservable inputs and fair value
Cost method which estimates the amount of reconstruction cost of the building based on current market prices net of depreciation.	Estimated replacement costs	The higher the estimated replacement costs, the higher the fair value.
Investment method which capitalises the actual or estimated rental income stream, net of projected operating costs, using a discount rate derived from capitalisation rate.	Discount rate of 6.50% to 7.00% (2018: 6.50% to 7.00%)	The higher the discount rate, the lower the fair value.
	Estimated capitalisation rate of 6.25% to 7.00% (2018: 6.50% to 7.00%)	The higher the estimated capitalisation rate, the lower the fair value.
	Occupancy rates of 92.79% to 100% (2018: 87.51% to 100%)	The higher the occupancy rate, the higher the fair value.

The properties under construction are measured at cost because the fair value is not yet determinable as of 31 December 2019. The fair value of the property is expected to be reliably determinable when the construction is complete.

5. INVESTMENT PROPERTIES (Continued)

Income and expenses recognised in profit or loss

	Group	
	2019 RM'000	2018 RM'000
Rental income	87,927	68,788
Direct operating expenses	29,345	31,367

6. INVENTORIES

	Group	
	2019 RM'000	2018 RM'000
Non-current:		
Land held for property development (Note 6.1)	594,162	509,085
Current:		
Property development costs (Note 6.2)	519,060	558,830
Completed properties (Note 6.3)	931,940	1,077,239
Consumables	349	457
	1,451,349	1,636,526
	2,045,511	2,145,611

6.1 Land held for property development

	Group	
	2019 RM'000	2018 RM'000
Freehold land at cost	337,856	313,897
Leasehold land at cost	60,896	80,647
Development cost	110,333	106,362
At beginning of financial year	509,085	500,906
Development cost incurred during the financial year	21,712	19,590
Transferred from/(to) inventories - property development costs	71,522	(36,274)
Transferred to investment properties	(5,807)	-
Disposal	(2,350)	-
Acquisition of a subsidiary company	-	24,863
At end of financial year	594,162	509,085

Notes to the Financial Statements for the Financial Year Ended 31 December 2019 (Continued)

6. INVENTORIES (Continued)

6.2 Property development costs

	Group	
	2019 RM'000	2018 RM'000
Freehold land at cost	388,249	435,424
Leasehold land at cost	33,688	35,053
Development cost	1,046,759	1,529,732
Cost recognised as expenses in prior years	(909,866)	(1,253,475)
At beginning of financial year	558,830	746,734
Cost incurred during the financial year		
- freehold land at cost	359	250
- leasehold land at cost	1,845	-
- development cost	604,065	554,637
	1,165,099	1,301,621
Cost recognised as expenses in the current year	(559,420)	(535,899)
Cost transferred to inventories - completed properties	(15,097)	(344,415)
Cost transferred (to)/from inventories - land held for property development	(71,522)	36,274
Acquisition of subsidiary companies	-	101,249
At end of financial year	519,060	558,830

The following interest expense was capitalised under inventories during the financial year:

	Group	
	2019 RM'000	2018 RM'000
Term loan interest	-	485
Bridging loan interest	-	1,765
Revolving credit interest	-	176
	-	2,426

6.3 Completed properties

The title deeds for the completed properties totalling RM10,995,000 (2018: RM10,995,000) are registered in the name of a third party.

7. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2019 RM'000	2018 RM'000
Unquoted shares at cost	970,218	592,532
Less: Impairment losses	(15,950)	(15,950)
	954,268	576,582

The movement of impairment losses during the financial year is as follows:

	Company	
	2019 RM'000	2018 RM'000
At beginning of financial year	15,950	-
Impairment made	-	15,950
At end of financial year	15,950	15,950

The subsidiary companies of which principal places of business are in Malaysia, are as follows:

	Equity interest		Principal activities
	2019 %	2018 %	
Ceylon Hills Sdn Bhd	54	54	Property development
Citra Jaya Sejahtera Sdn Bhd	100	100	Property development
Concord Housing Development Sdn Bhd	100	100	Property development
Cosmo Housing Development Sdn Bhd	100	100	Property development
Eureka Equity Sdn Bhd	60	60	Property development
Everise Project Sdn Bhd	60	74	Property development
Everise Tiara (M) Sdn Bhd	60	60	Property development
HSB Green Solutions Sdn Bhd	100	100	Property development
IDP Industrial Development Sdn Bhd	100	100	Property development
Infinite Accomplishment Sdn Bhd	100	100	Property development
Kumpulan Sejahtera Sdn Bhd	100	100	Property development
Magna Kelana Development Sdn Bhd	74	74	Property development
Magna Tiara Development Sdn Bhd	100	100	Property development
Maxim Development Sdn Bhd	100	100	Property development
Naik Makmur Development Sdn Bhd	100	100	Property development
Nova Metro Development Sdn Bhd	84	84	Property development
Orient Housing Development Sdn Bhd	100	100	Property development
Paramount Hills Sdn Bhd	100	100	Property development
Paramount Properties Sdn Bhd	100	100	Property development
Peninsular Home Sdn Bhd	60	60	Property development
Sagaharta Sdn Bhd	100	100	Property development

Notes to the Financial Statements for the Financial Year Ended 31 December 2019 (Continued)

7. INVESTMENT IN SUBSIDIARY COMPANIES (Continued)

The subsidiary companies of which principal places of business are in Malaysia, are as follows (Continued):

	Equity interest		Principal activities
	2019 %	2018 %	
Saujanis Sdn Bhd	100	100	Property development
Scenic Point Development Sdn Bhd	60	60	Property development
Seri Tiara Development Sdn Bhd	85	85	Property development
Sunny Uptown Sdn Bhd	100	100	Property development
Tiarawoods Sdn Bhd	100	100	Property development
Topview Housing Sdn Bhd	100	100	Property development
Windsor Triumph Sdn Bhd	100	100	Property development
Allied Engineering Construction Sdn Bhd	100	100	Civil contractor
Resodex Construction Sdn Bhd	100	100	Civil contractor
URC Engineering Sdn Bhd	100	100	Civil contractor
UOA Hospitality Sdn Bhd	100	100	To manage and operate hotels and service apartments
UOA Komune Sdn Bhd	100	100	Managing co-sharing office
UOA Properties Sdn Bhd	100	100	Investment holding
Fabullane Development Sdn Bhd	100	100	Dormant
Regenta Development Sdn Bhd	100	100	Dormant
Seri Prima Development Sdn Bhd	100	100	Dormant
Held through UOA Properties Sdn Bhd:-			
Bangsar South City Sdn Bhd	100	100	Property investment and hotel operations
Distinctive Acres Sdn Bhd	100	100	Property investment
Dynasty Portfolio Sdn Bhd	100	100	Property investment
Enchant Heritage Sdn Bhd	100	100	Property investment and hotel operations
Lencana Harapan Sdn Bhd	100	100	Property investment and hotel operations
Nasib Unggul Sdn Bhd	100	100	Property investment
Nova Lagenda Sdn Bhd	100	100	Property investment
Tunjang Idaman Sdn Bhd	100	100	Property investment
Full Marks Property Sdn Bhd	100	100	Property investment
UOA Southlink Sdn Bhd	100	100	Property investment
UOA Southview Sdn Bhd	100	100	Property investment
UOA Golden Pines Sdn Bhd	100	100	Property investment
Held through Everise Project Sdn Bhd:-			
Jendela Dinamik Sdn Bhd	51	51	Managing and maintaining pedestrian bridge for the purpose of advertising

7. INVESTMENT IN SUBSIDIARY COMPANIES (Continued)

Details of the Group's subsidiary companies that have material non-controlling interests at the end of the reporting year are as follows:

Name of subsidiary companies	Proportion of ownership interests held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Carrying amount of non-controlling interests	
	2019 %	2018 %	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Eureka Equity Sdn Bhd	40%	40%	12,553	7,870	26,605	62,234
Everise Tiara (M) Sdn Bhd	40%	40%	(566)	6,760	24,942	25,508
Everise Project Sdn Bhd	40%	26%	(6,776)	12,884	105,722	131,395
Seri Tiara Development Sdn Bhd	15%	15%	2,000	1,851	29,487	27,487

The summary of financial information before intra-group elimination for the Group's subsidiary companies that have material non-controlling interests is as below:

	Eureka Equity Sdn Bhd RM'000	Everise Tiara (M) Sdn Bhd RM'000	Everise Project Sdn Bhd RM'000	Seri Tiara Development Sdn Bhd RM'000
2019				
Financial position as at reporting date				
Non-current assets	-	-	99,213	6
Current assets	73,325	81,048	370,802	204,188
Non-current liabilities	-	-	(52,578)	-
Current liabilities	(6,812)	(18,693)	(153,133)	(7,615)
Net assets	66,513	62,355	264,304	196,579
Summary of financial performance for the financial year				
Net profit/(loss)/total comprehensive income/(loss) for the financial year	31,382	(1,415)	(26,063)	13,332
Included in the net profit/(loss)/total comprehensive income/(loss) is:				
Revenue	16,578	28,129	21,457	48,773

Notes to the Financial Statements for the Financial Year Ended 31 December 2019 (Continued)

7. INVESTMENT IN SUBSIDIARY COMPANIES (Continued)

The summary of financial information before intra-group elimination for the Group's subsidiary companies that have material non-controlling interests is as below (Continued):

	Eureka Equity Sdn Bhd RM'000	Everise Tiara (M) Sdn Bhd RM'000	Everise Project Sdn Bhd RM'000	Seri Tiara Development Sdn Bhd RM'000
2019				
Summary of cash flows for the financial year				
Net cash inflows from operating activities	31,905	30,087	43,275	55,459
Net cash inflows/(outflows) from investing activities	(1,126)	6,370	23,400	(681)
Net cash inflows/(outflows) from financing activities	(58,841)	5	(99,928)	(42,366)
Net cash inflows/(outflows)	(28,062)	36,462	(33,253)	12,412
Other information				
Dividends paid to non-controlling interests	48,182	-	55,900	-

	Eureka Equity Sdn Bhd RM'000	Everise Tiara (M) Sdn Bhd RM'000	Everise Project Sdn Bhd RM'000	Seri Tiara Development Sdn Bhd RM'000
2018				
Financial position as at reporting date				
Non-current assets	-	-	147,777	56
Current assets	221,675	72,285	455,671	239,515
Non-current liabilities	-	-	(2,200)	-
Current liabilities	(66,090)	(8,516)	(95,883)	(56,324)
Net assets	155,585	63,769	505,365	183,247

7. INVESTMENT IN SUBSIDIARY COMPANIES (Continued)

The summary of financial information before intra-group elimination for the Group's subsidiary companies that have material non-controlling interests is as below (Continued):

	Eureka Equity Sdn Bhd RM'000	Everise Tiara (M) Sdn Bhd RM'000	Everise Project Sdn Bhd RM'000	Seri Tiara Development Sdn Bhd RM'000
Summary of financial performance for the financial year				
Net profit/total comprehensive income for the financial year	19,675	16,900	49,550	12,340
Included in the net profit/total comprehensive income is:				
Revenue	70,476	25,880	198,176	36,716
Summary of cash flows for the financial year				
Net cash inflows from operating activities	46,751	51,867	55,642	27,250
Net cash inflows/(outflows) from investing activities	680	(4,892)	(21,846)	352
Net cash inflows/(outflows) from financing activities	103	(58,999)	2,391	(34,613)
Net cash inflows/(outflows)	47,534	(12,024)	36,187	(7,011)
Other information				
Dividends paid to non-controlling interests	-	23,600	-	-

8. INVESTMENTS IN QUOTED SHARES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
At market value:-				
Shares quoted in Malaysia	31,858	20,259	12,836	-

The fair value hierarchy of the Group's and of the Company's investment in quoted shares listed in Malaysia are at Level 1.

There is no transfer between the fair value hierarchy during the financial year.

Notes to the Financial Statements for the Financial Year Ended 31 December 2019 (Continued)

9. DEFERRED TAX ASSETS

	Group	
	2019 RM'000	2018 RM'000
At 1 January	45,585	39,840
Transferred to profit or loss	12,173	5,745
At 31 December	57,758	45,585

Deferred tax assets arose mainly from the tax impact on temporary differences between the manner in which property development profits are recognised for tax and accounting purposes.

10. CONTRACT ASSETS

	Group	
	2019 RM'000	2018 RM'000
<u>Contract assets</u>		
Revenue recognised to date	2,195,004	3,013,532
Progress billings issued to date	(1,948,661)	(2,778,609)
	246,343	234,923
<u>Contract costs</u>		
Costs to obtain contracts	34,671	60,136
	281,014	295,059

Costs to obtain contracts comprise the following costs which resulted from obtaining contracts:-

- sales commission paid to intermediaries; and
- expenses borne on behalf of customers (i.e. legal fees and other expenses).

Sales commission paid to intermediaries are amortised to cost of sales when the related revenues are recognised.

Expenses borne on behalf of customers are considered as consideration payable to customers and are amortised against revenue when the related revenues are recognised.

During the financial year, RM29,912,000 (2018: RM32,197,000) was amortised to cost of sales and RM12,948,000 (2018: RM8,714,000) was amortised against revenue.

11. TRADE RECEIVABLES

	Group	
	2019 RM'000	2018 RM'000
Progress billings receivable	83,898	256,372
Funds held by stakeholders	76,114	121,774
Other trade receivables	15	15
	160,027	378,161
Allowance for credit losses	(9,032)	(9,032)
	150,995	369,129

The movements of credit losses during the financial year are as follows:

	Group	
	2019 RM'000	2018 RM'000
At beginning of financial year	9,032	15
Allowance of credit losses made	-	9,017
At end of financial year	9,032	9,032

The progress billings receivable are due within 14 to 90 days (2018: 14 to 90 days) as stipulated in the sale and purchase agreements.

12. OTHER RECEIVABLES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Sundry receivables	73,631	88,880	7,937	8,904
Deposits and prepayments	29,736	37,063	2,344	2,206
	103,367	125,943	10,281	11,110
Allowance for credit losses	(10,708)	(8,188)	(1,308)	(1,510)
	92,659	117,755	8,973	9,600

Notes to the Financial Statements for the Financial Year Ended 31 December 2019 (Continued)

12. OTHER RECEIVABLES (Continued)

The movement of credit losses during the financial year is as follows:-

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
At beginning of financial year	8,188	7,041	1,510	1,514
Allowance of credit losses made	2,789	1,535	-	-
Reversal	(264)	(379)	(202)	(4)
Written off	(5)	(9)	-	-
At end of financial year	10,708	8,188	1,308	1,510

Included in the sundry receivables of the Group and of the Company is amount owing by associate companies of immediate holding company of RM722,184 and RM16,526 (2018: RM721,193 and RM12,390) respectively.

13. AMOUNTS OWING BY/TO SUBSIDIARY COMPANIES

The amount owing by subsidiary companies is analysed as follows:

	Company	
	2019 RM'000	2018 RM'000
Interest free advances	1,511,204	1,791,840
Management fee receivable	7,025	3,875
Rental receivable	154	309
	1,518,383	1,796,024

The interest free advances are non-trade, unsecured and receivable within 12 months (2018: 12 months). The management fee receivable and rental receivable are expected to be settled within the normal credit terms of 30 to 60 days (2018: 30 to 60 days).

The amount owing to subsidiary companies is non-trade, unsecured, interest free advances and had been fully settled during the financial year.

14. AMOUNTS OWING BY/TO RELATED COMPANIES

Related companies are the fellow subsidiary companies of the Company.

The amount owing by related companies are non-trade, unsecured, interest free advances which are receivable on demand.

The amount owing to related companies comprises:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Management fee payable	262	131	262	131
Landscaping fee payable	-	45	-	-
Administrative fee payable	-	202	-	-
Unsecured loan payable	41,965	41,965	-	-
Interest free advances	18	629	-	-
	42,245	42,972	262	131

Management, landscaping and administrative fee payables are expected to be settled within the normal credit terms of 30 to 60 days (2018: 30 to 60 days).

The unsecured loan payable bears interest at 4.50% (2018: 4.50%) per annum and is repayable on demand.

The interest free advances are non-trade, unsecured and repayable on demand.

15. SHORT TERM INVESTMENTS

The short term investments are managed and invested into fixed income securities and money market instruments by fund management companies. The short term investments are readily convertible to cash.

16. FIXED DEPOSITS WITH LICENSED BANKS

Included in fixed deposits is an amount of RM153,710 (2018: RM1,680,616) of the Group and RM153,710 (2018: RM148,584) of the Company pledged to secure the Group's bank guarantees facilities.

The effective interest rates of the fixed deposits range between 2.50% to 3.45% (2018: 2.50% to 3.30%) per annum. All deposits have maturity periods of less than three months.

17. CASH AND BANK BALANCES

Cash and bank balances of the Group include an amount of RM400,475,539 (2018: RM183,072,214) maintained in Housing Development Accounts. Withdrawals from the Housing Development Accounts are restricted in accordance with the Housing Development (Housing Development Account) Regulations, 1991.

Funds maintained in the Housing Development Accounts earn interest at 1.70% to 2.85% (2018: 1.70% to 2.65%) per annum.

Notes to the Financial Statements for the Financial Year Ended 31 December 2019 (Continued)

18. SHARE CAPITAL

	Group and Company			
	2019		2018	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Issued and fully paid:				
<u>Ordinary shares</u>				
At 1 January	1,844,872	546,343	1,734,247	309,607
Issued pursuant to the DRS	122,285	243,348	110,625	236,736
Transition to no-par value regime (Note 19)	-	1,496,594	-	-
At 31 December	1,967,157	2,286,285	1,844,872	546,343

The new Companies Act 2016 ("the Act"), which came into operation on 31 January 2017 abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act as the twenty-four months period set out in Section 618(3) of the Act had lapsed. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

19. SHARE PREMIUM

	Group and Company	
	2019	2018
	RM'000	RM'000
At 1 January	1,496,594	1,496,594
Transition to no-par value regime (Note 18)	(1,496,594)	-
At 31 December	-	1,496,594

20. MERGER RESERVE

The merger reserve arose from the acquisition of Allied Engineering Construction Sdn Bhd, URC Engineering Sdn Bhd and UOA Properties Sdn Bhd.

21. FAIR VALUE RESERVE

The fair value reserve arose from fair value changes in investments in quoted shares.

22. TREASURY SHARES

There was no buy-back of shares nor resale or cancellation of treasury shares during the financial year ended 31 December 2019.

The cumulative treasury shares of the Group and of the Company are as follows:

	Group and Company	
	2019/2018	
	Number of shares '000	RM'000
At 1 January/31 December	1,134	2,119

23. AMOUNT OWING TO NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARY COMPANIES

The amount owing to non-controlling shareholders of subsidiary companies under non-current liabilities represents non-trade, unsecured, interest free advances which are not expected to be recalled within the next 12 months.

The amount owing to non-controlling shareholders of subsidiary companies under current liabilities represents non-trade, unsecured, interest free advances which are expected to be recalled within the next 12 months.

Included in the amount owing to non-controlling shareholders of subsidiary companies is an amount of RM1,371,715 (2018: RM1,918,609) owing to key management personnel of the Group and a company in which a Director has financial interest.

24. LEASE LIABILITIES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current	1,244	2,499	371	563
Non-current	1,404	1,832	455	779
	2,648	4,331	826	1,342

Set out below are the movements of lease liabilities during the financial year:

	Group 2019 RM'000	Company 2019 RM'000
As at 1 January	4,331	1,342
Additions	1,001	49
Lease payments/cash outflow in financing activities	(2,684)	(565)
Lease interest	199	52
Payment for lease interest in financing activities	(199)	(52)
As at 31 December	2,648	826

Notes to the Financial Statements for the Financial Year Ended 31 December 2019 (Continued)

24. LEASE LIABILITIES (Continued)

The lease liabilities are secured by the related underlying assets.

The maturity analysis of lease liabilities is disclosed in Note 46 to the Financial Statements.

With the exception of short-term leases, the Group and the Company have leases for plant, machineries and motor vehicles.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group and the Company to sublet the asset to another party, the right-of-use asset can only be used by the Group and the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. The Group and the Company are prohibited from selling or pledging the underlying leased assets as securities.

The table below describes the nature of the Group's and the Company's leasing activities by type of right-of-use assets recognised in property, plant and equipment on the statements of financial position:

Right-of-use assets	Range of remaining term	Number of leases with extension options	Number of leases with variable payment linked to an index	Number of leases with termination options
Group				
Leasehold land and buildings	87 to 91 years	-	-	-
Plant and machineries	1 to 4 years	-	-	-
Motor vehicles	1 to 5 years	-	-	-
Company				
Motor vehicles	1 to 5 years	-	-	-

The effective interest rates of the lease liabilities are between 4.46% to 6.45% (2018: 4.39% to 6.45%) per annum for the Group and 4.46% to 5.82% (2018: 4.39% to 5.82%) per annum for the Company.

25. DEFERRED TAX LIABILITIES

	Group	
	2019 RM'000	2018 RM'000
At 1 January	93,756	129,617
Transferred from profit or loss	(11,628)	(35,861)
At 31 December	82,128	93,756

25. DEFERRED TAX LIABILITIES (Continued)

	Group	
	2019 RM'000	2018 RM'000
Tax effects of temporary differences arising from:		
- Property, plant and equipment	8,560	7,459
- Real Property Gains Tax ("RPGT") on fair value adjustments of investment properties	72,860	79,278
- Other temporary differences	708	7,019
	82,128	93,756

Other temporary differences arose mainly from the tax impact on temporary differences between the manner in which property development profits are recognised for tax and accounting purposes.

26. TRADE PAYABLES

	Group	
	2019 RM'000	2018 RM'000
Sub-contractors' claims	30,448	23,346
Retention sums	75,683	81,696
Accrued construction costs	113,633	232,455
Other trade payables	13,816	20,590
	233,580	358,087

The normal credit terms extended by sub-contractors and suppliers range between 30 to 60 days (2018: 30 to 60 days).

The retention sums are repayable upon expiry of the defect liability period.

27. OTHER PAYABLES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Sundry payables	41,918	47,700	5,449	3,626
Deposits	46,771	39,247	272	272
Accruals	118,742	114,414	10,345	11,986
	207,431	201,361	16,066	15,884

Included in the sundry payables of the Group and of the Company is amount owing to associate companies of immediate holding company of RM504,191 and RM4,242 (2018: RM167,227 and RM4,831) respectively.

Notes to the Financial Statements for the Financial Year Ended 31 December 2019 (Continued)

28. AMOUNT OWING TO IMMEDIATE HOLDING COMPANY

The amount owing to immediate holding company is analysed as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Interest free advances	152	302	51	30
Administrative fee payable	250	250	-	-
	402	552	51	30

The interest free advances are non-trade, unsecured and repayable on demand. The administrative fee payable is expected to be settled within the normal credit terms of 30 to 60 days (2018: 30 to 60 days).

29. BORROWINGS

	Group	
	2019 RM'000	2018 RM'000
Revolving credit	54,000	74,000

The revolving credit is secured by a corporate guarantee from the Company and bears interest at 1.50% plus the bank's cost of funds. The effective interest rates range from 5.08% to 5.28% (2018: 5.07% to 5.28%) per annum.

30. REVENUE

30.1 Disaggregated revenue information

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Types of revenue				
<u>Sales of properties</u>				
- Properties under construction	904,143	859,552	-	-
- Completed properties	200,314	404,125	-	-
Dividend income from subsidiary companies	-	-	241,373	180,250
	1,104,457	1,263,677	241,373	180,250

30. REVENUE (Continued)

30.1 Disaggregated revenue information (Continued)

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Timing of recognition				
<u>Performance obligations</u>				
- satisfied over time	904,143	859,552	-	-
- satisfied at a point in time	200,314	404,125	241,373	180,250
	1,104,457	1,263,677	241,373	180,250

All of the Group's and Company's revenue are generated from Malaysia.

30.2 Contract balances

	Group	
	2019	2018
	RM'000	RM'000
Trade receivables	150,995	369,129
Contract assets	281,014	295,059

The significant decrease in trade receivables was due to receipts collected.

Contract assets decreased as billings had been issued to customers in respect of work already performed.

There were no contract liabilities at the reporting date and in the previous year presented and no revenue was recognised from performance obligations satisfied in previous years.

30.3 Performance obligations

Sale of properties

For sale of development properties under construction, the performance obligation is satisfied over time as the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

For the sale of completed properties, the performance obligation is satisfied upon delivery of the properties.

The payment terms for progress billings made to purchasers are disclosed in Note 11 to the Financial Statements.

Notes to the Financial Statements for the Financial Year Ended 31 December 2019 (Continued)

30. REVENUE (Continued)

30.3 Performance obligations (Continued)

Sale of properties (Continued)

The nature of the properties that the Group has promised to transfer to purchasers are residential houses and commercial units/buildings.

The Group's properties are subject to a Defects Liability Period of generally twenty-four (24) months from the delivery of vacant possession. This requires the Group to rectify any defects which may appear and which are due to design, materials, goods, workmanship or equipment that are not in accordance with the sale and purchase agreement.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the reporting date is as follows:

	Group	
	2019 RM'000	2018 RM'000
Sale of development properties under construction	885,534	1,619,814

The remaining performance obligations are expected to be recognised within 1-5 years which are in accordance with the agreed time frames stated in the sale and purchase agreements signed with purchasers.

31. COST OF SALES

	Group	
	2019 RM'000	2018 RM'000
Cost of development properties under construction sold	597,473	568,096
Cost of completed properties sold	93,736	193,023
	691,209	761,119

32. FINANCE COSTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Amortisation of financial liabilities	265	1,332	-	-
Lease interest	199	343	52	64
Interest on revolving credit	3,693	3,468	-	-
Interest on bridging loan	-	450	-	-
Others	3,218	1,070	-	-
	7,375	6,663	52	64

33. PROFIT BEFORE TAX

Profit before tax has been determined after charging/(crediting) amongst others, the following items:-

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Auditors' remuneration				
- statutory audit	371	352	72	72
- assurance and related services	24	22	4	4
Rental expense - short-term leases	7,634	5,372	7,476	7,366
Rental income - other than investment properties	(51,006)	(32,002)	(926)	(336)

34. TAX EXPENSES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current tax provision	133,469	144,951	880	1,639
Deferred tax	(23,519)	(50,060)	-	-
	109,950	94,891	880	1,639
(Over)/underprovision in prior years				
- Current tax	(7,993)	(9,093)	43	32
- Deferred tax	(282)	8,454	-	-
	(8,275)	(639)	43	32
	101,675	94,252	923	1,671

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

Notes to the Financial Statements for the Financial Year Ended 31 December 2019 (Continued)

34. TAX EXPENSES (Continued)

The reconciliation of the tax expenses on profit before tax with the statutory income tax rate is as follows:-

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit before tax	510,097	505,850	214,375	169,649
Tax at statutory rate	122,423	121,404	51,450	40,716
Tax effects of				
- non-deductible expenses	11,493	16,731	7,665	4,455
- non-taxable income	(5,289)	(1,908)	(58,235)	(43,532)
Movement in unrecognised deferred tax assets	(3,270)	(3,073)	-	-
Difference between income tax rate and RPGT rate applicable on fair value adjustments on investment properties	(1,337)	(1,332)	-	-
Change in RPGT rate on investment properties	(14,070)	(36,931)	-	-
(Over)/underprovision in prior years	(8,275)	(639)	43	32
Tax expenses	101,675	94,252	923	1,671

Deferred tax assets have not been recognised in respect of the following items:-

	Group	
	2019 RM'000	2018 RM'000
Property, plant and equipment	(76,254)	(69,184)
Unabsorbed tax losses	8,418	8,908
Unutilised capital allowances	40,019	45,619
Unutilised investment tax allowances	224,491	224,956
	196,674	210,299

The potential deferred tax assets of the Group have not been recognised in respect of these items as it is uncertain whether sufficient future taxable profits will be available against which certain subsidiary companies can utilise these benefits. The Group's unabsorbed tax losses, unutilised capital allowances and investment tax allowances can be carried forward to offset against future taxable profits of the subsidiary companies.

35. EARNINGS PER SHARE**(a) Basic**

Basic earnings per share is calculated by dividing the Group's net profit attributable to owners of the Company for the financial year by the weighted average number of ordinary shares outstanding during the financial year held by the Company.

	Group	
	2019	2018
Net profit attributable to owners of the Company (RM'000)	399,474	378,916
Weighted average number of ordinary shares ('000)	1,896,002	1,782,213
Net earnings per ordinary share (RM)	0.21	0.21

(b) Diluted

Diluted earnings per share equals basic earnings per share because there are no potential dilutive instruments in existence at the reporting date.

36. DIVIDENDS

	Group and Company	
	2019	2018
	RM'000	RM'000

In respect of the financial year ended 31 December 2018:

First and final single tier dividend of 14 sen per share:

- Dividend reinvested into 122,285,100 new ordinary shares pursuant to the DRS	243,348	-
- Payment in cash	14,775	-

In respect of the financial year ended 31 December 2017:

First and final single tier dividend of 15 sen per share:

- Dividend reinvested into 110,624,600 new ordinary shares pursuant to the DRS	-	236,736
- Payment in cash	-	23,231
	258,123	259,967

The Directors now recommend a first and final single tier dividend of 14 sen per ordinary share in respect of the financial year ended 31 December 2019 amounting to RM275,243,248 based on 1,966,023,200 ordinary shares (net of treasury shares at the date of this report) for shareholders' approval at the forthcoming Annual General Meeting.

Notes to the Financial Statements for the Financial Year Ended 31 December 2019 (Continued)

37. ACQUISITION OF SHARES IN NEW SUBSIDIARY COMPANIES

Details of the new subsidiary companies acquired in prior year are as follows:

Name of subsidiary companies acquired	Purchase consideration RM	Effective interest acquired %	Effective acquisition date	Effective interest after acquisition %
2018				
Cosmo Housing Development Sdn Bhd	65,250,000	100	2.3.2018	100
HSB Green Solutions Sdn Bhd	500,000	100	13.8.2018	100
UOA Southlink Sdn Bhd	1	100	1.10.2018	100
UOA Golden Pines Sdn Bhd	1	100	1.10.2018	100
UOA Southview Sdn Bhd	1	100	2.10.2018	100
Naik Makmur Development Sdn Bhd	2	100	27.12.2018	100

Details of the assets, liabilities and net cash outflow arising from the acquisition of new subsidiary companies are as follows:

	Group 2018 RM'000
Inventories - land held for property development	24,863
Inventories - property development costs	101,249
Trade and other receivables	4,455
Cash and cash equivalents	4,887
Other payables	(27,330)
Term loan	(41,965)
Current tax liabilities	(50)
Net assets acquired	66,109
Discount on acquisition	(359)
Total purchase consideration	65,750
Less: Cash and cash equivalents acquired	(4,887)
Net cash outflow on acquisition during the financial year	60,863

37. ACQUISITION OF SHARES IN NEW SUBSIDIARY COMPANIES (Continued)

The revenue and net loss for the financial year in which the acquisitions took place and their post-acquisition contributions included in the consolidated profit or loss are as follows:

	Group
	2018
	RM'000
<u>Revenue</u>	
During the financial year/ post-acquisition	-
<u>Net loss for the financial year</u>	
During the financial year	(10,921)
Less: Pre-acquisition	10,198
Post-acquisition	(723)

38. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Employee benefits expense	59,734	59,027	35,119	37,126

Included in the employee benefits expense are EPF contributions amounting to RM5,360,585 (2018: RM5,565,098) for the Group and RM3,497,104 (2018: RM3,769,692) for the Company.

39. RELATED PARTY DISCLOSURES**(a) Significant related party transactions**

Significant related party transactions during the financial year are as follows:-

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<i>Transactions with immediate holding company</i>				
Rental charged to	587	587	-	-
Administrative fee charged by	1,500	1,500	-	-

Notes to the Financial Statements for the Financial Year Ended 31 December 2019 (Continued)

39. RELATED PARTY DISCLOSURES (Continued)

(a) Significant related party transactions (Continued)

Significant related party transactions during the financial year are as follows (Continued):-

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<i>Transactions with subsidiary companies</i>				
Management fee charged to	-	-	48,235	54,407
Rental charged to	-	-	926	336
Rental charged by	-	-	7,476	7,366
Sale of property to	-	-	74,601	-
Purchase of property from	-	-	3,273	-
<i>Transactions with related companies</i>				
Management fee charged by	4,712	6,434	1,569	1,545
Rental charged to	16,621	12,283	-	-
Rental charged by	1,118	30	-	-
Administrative fee charged by	437	607	-	-
Landscaping fee charged by	266	258	-	-
Sale of property by	-	1,580	-	-
Distribution income received from	1,443	1,301	-	-
<i>Transactions with associate companies of the immediate holding company</i>				
Management fee charged by	1,239	-	-	-
Rental charged to	93	-	-	-
Administrative fee charged by	146	-	-	-
Landscaping fee charged by	88	-	-	-
Security services charged by	1,782	1,946	64	70

39. RELATED PARTY DISCLOSURES (Continued)**(a) Significant related party transactions (Continued)**

Significant related party transactions during the financial year are as follows (Continued):-

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<i>Transactions with Directors</i>				
Sales of carpark/development properties to				
- Directors	15	927	-	-
- alternate Director	5	407	-	-
- close family member of a Director	55	422	-	-
- company connected to a Director	10	-	-	-
Partial disposal of shares in a subsidiary company				
- company connected to a Director	33,742	-	33,742	-

The Directors are of the opinion that the above transactions were entered into in the normal course of business and were established under negotiated terms.

(b) Key management personnel compensation

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key management personnel services to the Group.

Key management includes all the Directors of the Company, its subsidiary companies, associate and certain members of senior management of the Group.

	Group and Company	
	2019 RM'000	2018 RM'000
<i>Directors of the Company</i>		
Remuneration	9,228	9,643
Estimated monetary value of benefits-in-kind	188	170
Total short-term employee benefits	9,416	9,813
Post-employment benefits (EPF)	1,083	1,118
	10,499	10,931

Notes to the Financial Statements for the Financial Year Ended 31 December 2019 (Continued)

39. RELATED PARTY DISCLOSURES (Continued)

(b) Key management personnel compensation (Continued)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<i>Other key management personnel</i>				
Salaries, allowances and bonuses	4,088	4,781	2,323	2,188
Estimated monetary value of benefits-in-kind	112	63	41	24
Total short-term employee benefits	4,200	4,844	2,364	2,212
Post-employment benefits (EPF)	329	413	167	148
	4,529	5,257	2,531	2,360
Total compensation	15,028	16,188	13,030	13,291

40. CONTINGENT LIABILITIES

On 31 December 2018, two of the Company's wholly-owned subsidiaries, namely Windsor Triumph Sdn Bhd ("Windsor") and Sunny Uptown Sdn Bhd ("Sunny") were served by the Inland Revenue Board of Malaysia ("IRB") with Notices of Additional Assessment for the Year of Assessment 2013, for additional income tax totalling RM25,558,750.50 and penalties totalling RM14,057,312.78 ("Cases").

The additional assessment raised against Windsor by IRB arose from an adjustment by IRB of the market value of properties that Windsor has withdrawn as an inventory to hold as investment property.

The additional assessment raised against Sunny by IRB arose from an adjustment by IRB of the selling price at market value of properties that Sunny had assigned to another wholly-owned subsidiary of the Group on an "as is" basis.

Both subsidiaries relied on valuations by a professional, independent and experienced registered valuer. These valuations were adjusted by IRB by substituting them with valuations subsequently conducted by Jabatan Penilaian dan Perkhidmatan Harta.

Upon consulting the Group's tax solicitors, the Group is of the view that there are good grounds to challenge the basis and validity of the disputed Notices of Additional Assessment raised by the IRB and the penalties imposed. Windsor and Sunny have filed their appeals with the Special Commissioners of Income Tax ("SCIT"). The appeals have been fixed for mention before the SCIT in June 2020.

The Directors are of the opinion that no provisions in respect of the tax liabilities and penalty in dispute are required to be made in the financial statements as at the reporting date.

41. LEASE COMMITMENTS

(a) Operating lease commitments, as lessee

Group

The Group leases premises from various parties under operating leases. These leases typically run for 1 year, with no option to renew. None of the leases include contingent rentals. There are no restrictions placed upon the Group by entering into these leases.

The future undiscounted lease payments payable as at 31 December 2018, are as follows:

	2018 RM'000
Not later than 1 year	1,504
Later than 1 year but not later than 5 years	40
	<u>1,544</u>

- (b) As at the reporting date, the Group was committed to short-term leases and the total commitment at that date was RM1,140,000.
- (c) As at the reporting date, the Group and the Company were not committed to leases which had not yet commenced.

42. MATURITY ANALYSIS OF LEASE PAYMENTS

As lessor

The Group leases out its properties and temporarily leases out its inventories under non-cancellable operating lease arrangements. These leases run typically for a period ranging from 1 to 7 years, with the option to renew. Subsequent renewals are negotiated with the lease on average renewal period of 7 years. None of the leases include contingent rentals.

The future undiscounted lease payments receivable after the reporting date are as follows:

	2019 RM'000
Within 1 year	144,593
In the second year	81,409
In the third year	32,262
In the fourth year	9,659
In the fifth year	7,266
After the fifth year	11,876
	<u>287,065</u>

Notes to the Financial Statements for the Financial Year Ended 31 December 2019 (Continued)

42. MATURITY ANALYSIS OF LEASE PAYMENTS (Continued)

As lessor (Continued)

	2018 RM'000
Not later than 1 year	113,621
Later than 1 year but not later than 5 years	123,035
	236,656

43. CAPITAL COMMITMENTS

	Group	
	2019 RM'000	2018 RM'000
Approved and contracted for		
- Purchase of property, plant and equipment	8,218	64,235
- Construction of investment properties	32,543	111,633

44. SEGMENTAL INFORMATION

For management purposes, the Group is organised into business units based on their products and services, which comprises the following:-

- (i) Property development - development of residential and commercial properties
- (ii) Construction - construction of residential and commercial properties
- (iii) Others - holding of investment properties to generate rental income, capital appreciation or both

The Group has aggregated certain operating segments to form a reportable segment due to their similar nature and operational characteristics.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Group	Property development		Construction		Others		Elimination		Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	1,104,457	1,263,677	-	-	-	-	-	-	1,104,457	1,263,677
Inter segment revenue	(97,041)	18,939	769,911	758,137	-	-	(672,870)	(777,076)	-	-
Total revenue	1,007,416	1,282,616	769,911	758,137	-	-	(672,870)	(777,076)	1,104,457	1,263,677

44. SEGMENTAL INFORMATION (Continued)

Group	Property development		Construction		Others		Elimination		Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Depreciation	(1,700)	(1,561)	(6,891)	(7,781)	(12,598)	(10,877)	(19)	(421)	(21,208)	(20,640)
Rental income	89,412	60,410	476	843	64,140	51,553	(15,095)	(12,016)	138,933	100,790
Fair value adjustments	(29,458)	(11,484)	-	-	57,508	9,514	6,188	12,449	34,238	10,479
Dividend income	-	-	-	-	241,373	180,250	(241,373)	(180,250)	-	-
Distribution income	4,134	1,792	686	342	2,127	2,625	-	-	6,947	4,759
Interest income	14,210	7,802	3,069	2,935	1,258	841	-	-	18,537	11,578
Interest expense	(3,480)	(2,856)	(3,834)	(3,649)	(61)	(158)	-	-	(7,375)	(6,663)
Other material non-cash item	(2,682)	(10,501)	-	-	157	328	-	-	(2,525)	(10,173)
Segment results	349,857	443,835	92,021	50,649	68,219	11,366	-	-	510,097	505,850
Tax expense									(101,675)	(94,252)
Net profit for the financial year									408,422	411,598
Segment assets	4,065,960	4,093,568	121,763	179,648	1,615,823	1,389,839	-	-	5,803,546	5,663,055
Segment liabilities	268,034	296,260	249,110	365,224	75,787	74,511	-	-	592,931	735,995
Additions to non-current assets:										
- capital expenditure	29,920	60,831	1,649	3,989	130,862	117,433	-	-	162,431	182,253

Notes to the Financial Statements for the Financial Year Ended 31 December 2019 (Continued)

44. SEGMENTAL INFORMATION (Continued)

Group (Continued)	Consolidated	
	2019	2018
	RM'000	RM'000
Other material non-cash item consists of the following:-		
Impairment losses of financial assets	(2,525)	(10,173)
Reconciliation of segment operating assets to total assets		
Segment operating assets	5,803,546	5,663,055
Investments in quoted shares	31,858	20,259
Deferred tax assets	57,758	45,585
Current tax assets	69,717	62,505
Total assets as per statement of financial position	5,962,879	5,791,404
Reconciliation of segment operating liabilities to total liabilities		
Segment operating liabilities	592,931	735,995
Current tax liabilities	15,952	15,815
Deferred tax liabilities	82,128	93,756
Total liabilities as per statement of financial position	691,011	845,566
Additions of capital expenditure consist of the following:-		
Property, plant and equipment	58,947	68,187
Investment properties	81,772	94,476
Inventories - land held for property development	21,712	19,590
	162,431	182,253

Transactions between segments were entered into in the normal course of business and were established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties. The effects of such inter-segmental transactions are eliminated on consolidation.

The operations of the Group are wholly carried out in Malaysia. Group income taxes are presented on a group basis and are not allocated to operating segments.

There is no significant concentration of revenue from any major customers as the Group sells its development properties to various purchasers.

45. FINANCIAL INSTRUMENTS

Classification of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

	2019		2018	
	Amortised cost RM'000	FVOCI RM'000	Amortised cost RM'000	FVOCI RM'000
Group				
Financial assets				
Investments in quoted shares	-	31,858	-	20,259
Trade and other receivables	242,894	-	486,049	-
Amount owing by related companies	258	-	4	-
Short term investments	223,773	-	134,137	-
Fixed deposits with licensed banks	200,136	-	179,791	-
Cash and bank balances	519,484	-	264,718	-
Total financial assets	1,186,545	31,858	1,064,699	20,259
Company				
Financial assets				
Investments in quoted shares	-	12,836	-	-
Other receivables	8,973	-	9,600	-
Amount owing by subsidiary companies	1,518,383	-	1,796,024	-
Amount owing by related companies	1	-	3	-
Short term investments	13,428	-	2,940	-
Fixed deposits with licensed banks	36,305	-	16,266	-
Cash and bank balances	41,332	-	11,566	-
Total financial assets	1,618,422	12,836	1,836,399	-

At the reporting date and all years presented, the Group and the Company carry only financial liabilities measured at amortised cost on their statements of financial position.

Notes to the Financial Statements for the Financial Year Ended 31 December 2019 (Continued)

46. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. Financial risk management policies are established to ensure that adequate resources are available for the development of the Group's and the Company's businesses whilst managing its credit risk, interest rate risk, market risk and liquidity risk. The Group and the Company operate within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows:

(a) Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It is the Group's and the Company's policy to enter into financial instruments with a diversity of creditworthy counterparties. The Group and the Company do not expect to incur material credit losses of its financial assets or other financial instruments.

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's and the Company's total credit exposure. The Group's and the Company's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

The Group's and the Company's objective are to seek continual revenue growth while minimising losses incurred due to increase credit risk exposure. The Group and the Company extend credit only to recognised and creditworthy third parties. It is the Group's and the Company's policy that all customers are subject to credit verification procedures. In addition, receivables balances are monitored on an ongoing basis with the result that the Group's and the Company's exposure to bad debts is not significant.

i. Receivables and contract assets

In respect of the Group's development properties, most of the end-buyers obtain end-financing to fund their purchases of the Group's properties.

In such cases, the Group mitigates any credit risk it may have by maintaining its name as the registered owner of the development properties until full settlement by the purchasers of the self-financed portion of the purchase consideration and upon undertaking of end-financing by the purchaser's end-financier.

In respect of the Group's investment properties, the Group customarily obtains three months' rental deposit from tenants as security for the performance of their obligations under the tenancy agreements to mitigate the risk of non-collectability of monthly rentals.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. customer type and rating and coverage by collateral). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if the Directors deem them uncollectable. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. Collateral is considered an integral part of trade receivables and considered in the calculation of impairment. At the reporting date, all of the Group's trade receivables are covered by collateral other than the trade receivables that are credit impaired. As such, no expected credit losses are required as at reporting date for trade receivables that are covered by collateral. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as trade receivables consists of a large number of customers in various backgrounds.

46. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (Continued)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (Continued):

(a) Credit risk (Continued)**i. Receivables and contract assets (Continued)**

	Expected credit loss rate %	Total gross carrying amount RM'000	Expected credit loss RM'000
Group			
2019			
Not past due	-	138,777	-
Less than 44 days past due	-	1,147	-
Between 44 and 110 days past due	-	2,776	-
More than 110 days past due	-	8,295	-
Credit impaired	100	9,032	9,032
		160,027	9,032
Contract assets	-	281,014	-
2018			
Not past due	-	284,640	-
Less than 44 days past due	-	19,081	-
Between 44 and 110 days past due	-	37,424	-
More than 110 days past due	-	27,984	-
Credit impaired	100	9,032	9,032
		378,161	9,032
Contract assets	-	295,059	-

Receivables that are individually determined to be credit impaired at the financial year end relate to debtors who are in significant financial difficulties and had defaulted on payments.

Notes to the Financial Statements for the Financial Year Ended 31 December 2019 (Continued)

46. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (Continued)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (Continued):

(a) Credit risk (Continued)

ii. Intercompanies balances

The maximum exposure to credit risk for intercompanies balances is represented by their carrying amounts in the statements of financial position.

The Group and the Company provide unsecured advances to its related and subsidiary companies and monitors the results of these companies regularly. As at the reporting date, there was no indication that the advances to these companies are not recoverable.

iii. Financial institutions and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties.

iv. Financial guarantees

The maximum exposure to credit risk amounted to RM168,235,000 (2018: RM153,760,000), represented by the bank guarantees and outstanding banking facilities utilised by the subsidiary companies as at the end of the reporting year.

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiary companies. The Company monitors on an on-going basis the results of the subsidiary companies and repayments made by the subsidiary companies. As at the end of the reporting year, there was no indication that any subsidiary company would default on repayment.

Financial guarantees have not been recognised since the fair value on initial recognition was not material.

v. Investments and other financial assets

At the end of the reporting year, the Group and the Company have investments in domestic securities. The maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position.

Investments are allowed only in liquid securities and only with counterparties that have good credit ratings.

The Group's and the Company's maximum exposure to credit risk for the components of the statements of financial position at the reporting date are their carrying amounts.

46. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (Continued)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (Continued):

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's investments in fixed rate debt securities and fixed rate borrowings are exposed to a risk of change in their fair values due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short-term receivables and payables are not significantly exposed to interest rate risk.

The Group's and the Company's interest rate management objective is to manage the interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, the Group and the Company target a mix of fixed and floating debt based on assessment of its existing exposure and desired interest rate profile.

A sensitivity analysis has been performed based on the outstanding floating rate borrowings of the Group as at the reporting date. If interest rates increase or decrease by 50 basis points, with all other variables held constant, the Group's profit before tax would decrease or increase by approximately RM270,000 (2018: RM370,000), as a result of higher or lower interest expense on these borrowings.

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting year is as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Fixed rate instruments:				
Financial assets	200,136	179,791	36,305	16,266
Financial liabilities	44,613	46,296	826	1,342
Floating rate instruments:				
Financial liabilities	54,000	74,000	-	-

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group and the Company do not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting year would not affect profit or loss.

Notes to the Financial Statements for the Financial Year Ended 31 December 2019 (Continued)

46. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (Continued)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (Continued):

(c) Market risk

The Group's and the Company's principal exposure to market risk arises from changes in value caused by movements in market prices of their quoted investments. The risk of loss is minimised via thorough analysis before investing and continuous monitoring of the performance of the investments.

Common to all businesses, the overall performance of the Group's and the Company's investments are also driven externally by global and domestic economies that are largely unpredictable and uncontrollable.

(d) Liquidity risk

Liquidity risk is the risk that the Group or the Company will not be able to meet their financial obligations as and when they fall due, due to shortage of funds.

The Group and the Company seek to ensure all business units maintain optimum levels of liquidity at all times, sufficient for their operating, investing and financing activities.

Therefore, the policy seeks to ensure that each business unit, through efficient working capital management (i.e. inventories, accounts receivable and accounts payable management), must be able to convert its current assets into cash to meet all demands for payment as and when they fall due.

Owing to the nature of the businesses, the Group and the Company seek to maintain sufficient credit lines available to meet the liquidity requirements while ensuring an effective working capital management within the Group and the Company.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations:

	Less than 1 year RM'000	1 to 5 years RM'000	Total RM'000
Group			
2019			
Trade and other payables	441,011	-	441,011
Amount owing to immediate holding company	402	-	402
Amount owing to related companies	42,245	-	42,245
Amount owing to non-controlling shareholders of subsidiary companies	50,984	1,819	52,803
Lease liabilities	1,354	1,483	2,837
Bank borrowings	56,743	-	56,743
	592,739	3,302	596,041

46. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (Continued)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (Continued):

(d) Liquidity risk (Continued)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations (Continued):

	Less than 1 year RM'000	1 to 5 years RM'000	Total RM'000
2018			
Trade and other payables	559,448	-	559,448
Amount owing to immediate holding company	552	-	552
Amount owing to related companies	42,972	-	42,972
Amount owing to non-controlling shareholders of subsidiary companies	49,632	5,316	54,948
Lease liabilities	2,656	1,938	4,594
Bank borrowings	77,907	-	77,907
	733,167	7,254	740,421
Company			
2019			
Other payables	16,066	-	16,066
Amount owing to immediate holding company	51	-	51
Amount owing to related companies	262	-	262
Lease liabilities	402	478	880
Financial guarantees	168,235	-	168,235
	185,016	478	185,494
2018			
Other payables	15,884	-	15,884
Amount owing to immediate holding company	30	-	30
Amount owing to subsidiary companies	31,274	-	31,274
Amount owing to related companies	131	-	131
Lease liabilities	614	827	1,441
Financial guarantees	153,760	-	153,760
	201,693	827	202,520

Notes to the Financial Statements for the Financial Year Ended 31 December 2019 (Continued)

47. 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, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and determine an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Group's strategy was to maintain the debt-to-equity ratio between 10% to 25%. The debt-to-equity ratio at the reporting date is as follows:

	2019 RM'000	2018 RM'000
Total borrowings	98,613	120,296
Less: Cash and cash equivalents	(943,239)	(576,965)
Net cash available	(844,626)	(456,669)
Equity attributable to the owners of the Company	5,064,894	4,680,733
Debt-to-equity ratio (%)	1.9	2.6

There were no changes in the Group's approach to capital management during the financial year.

48. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The Group has established policies and procedures in respect of the fair value measurement.

Financial assets that are measured at fair value on a recurring basis

Certain financial assets of the Group and the Company are measured at fair value at the end of the reporting year. Details of fair value measurement of those financial assets are as follows:

	Fair value		Fair value hierarchy	Valuation method and key inputs
	2019 RM'000	2018 RM'000		

Group

Financial assets

Investments in quoted shares:-

Quoted shares in Malaysia	31,858	20,259	Level 1	Quoted bid price in active market
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Company

Financial assets

Investments in quoted shares:-

Quoted shares in Malaysia	12,836	-	Level 1	Quoted bid price in active market
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48. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Continued)

The carrying amounts of other financial assets and financial liabilities of the Group and of the Company at the reporting date approximate their fair values due to their short-term nature or immaterial discounting impact.

49. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	At 1.1.2018	Cash flows	New leases	At 31.12.2018
	RM'000	RM'000	RM'000	RM'000
Group				
Lease liabilities	8,214	(5,037)	1,154	4,331
Borrowings	118,616	(44,616)	-	74,000
	126,830	(49,653)	1,154	78,331
Company				
Lease liabilities	1,287	(364)	419	1,342

50. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On 11 March 2020, the World Health Organisation officially declared the novel coronavirus COVID-19 outbreak a pandemic. A nationwide movement control order ("MCO") was enforced with effect from 18 March 2020 to contain the COVID-19 outbreak, resulting in restrictions to travel and gatherings, and the closure of all business premises except for essential services.

At this stage, the Group's operations have not been materially impacted by the MCO. However, the extent of the effect of the MCO on the operations and results of the Group for the year ending 31 December 2020 will depend on the duration of the restriction. The Group will continue to monitor and assess the ongoing development and respond accordingly.

List of Material Properties Held by The Group

As at 31 December 2019

	Location/Address	Description	Year of Valuation/ Acquisition*	Land area (sq m)/Built up area (sq m)*/no of bays	Age of building	Tenure	Net Book Value (RM'000)
1	Vertical Corporate Tower A, Bangsar South, Jalan Kerinchi, Kuala Lumpur	38-storey office tower	2019	67,467*	3 years	Leasehold 99 years – expiring 16 August 2106	586,000
2	Lot 1035, 3571, 3572, 340, 1032, 949, 950, 4052, 4053, 47036, 47037, Mukim Batu, Daerah Kuala Lumpur Kuala Lumpur	Land held for development	2011*, 2012* & 2014*	27.3 acres		Freehold	336,596
3	Nexus Bangsar South, Jalan Kerinchi, Kuala Lumpur	Retail and convention centre	2019	71,373*	6 years	Leasehold 99 years – expiring 27 December 2110	200,000
4	The Vertical, Bangsar South, Jalan Kerinchi, Kuala Lumpur	Hotel & retail podium	2014* & 2018	50,408*	3 years	Leasehold 99 years – expiring 16 August 2106	189,323
5	Komune Living Jalan Kerinchi Kiri 3, Kuala Lumpur	Hotel	2018 & 2019*	2,233	<1 year	Freehold	182,875
6	The Sphere, Bangsar South, Jalan Kerinchi, Kuala Lumpur	Retail complex & commercial land	2019	28,578	2 years	Leasehold 99 years – expiring 16 August 2106	181,000
7	Commercial Area at United Point, Kepong, Kuala Lumpur	Retail units, Carpark & Cineplex	2019	60,943*	<1 year	Freehold	153,300
8	Camellia Serviced Suites, Jalan Kerinchi, Kuala Lumpur	Serviced suites & hotel	2013* & 2019	23,215*	6 years	Leasehold 99 years – expiring 27 December 2110	130,558
9	The Horizon Phase I & II Carpark, Bangsar South, Jalan Kerinchi, Kuala Lumpur	Car park	2019	4,356 bays	10 years	Leasehold 99 years – expiring 16 August 2106	97,000
10	UOA Business Park, Tower 8, Seksyen U1, Shah Alam, Selangor	14-storey office tower	2019	10,777*	3 years	Freehold	75,400

Analysis of Shareholdings

As At 4 May 2020

Authorised Share Capital	: RM100,000,000
Issued Share Capital	: 1,967,157,000
Treasury Shares	: 1,133,800
Class of Shares	: Ordinary Shares
Voting Rights	: One Vote per Ordinary Share

Distribution of Shareholdings*

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	205	4.31	1,671	0.00
100 to 1,000	1,099	23.09	719,649	0.04
1,001 to 10,000	2,152	45.21	9,775,118	0.50
10,001 to 100,000	1,055	22.16	30,945,814	1.57
100,001 to less than 5% of issued shares	247	5.19	400,653,448	20.38
5% and above of issued shares	2	0.04	1,523,927,500	77.51
	4,760	100.00	1,966,023,200	100.00

* Excluding treasury shares

LIST OF THIRTY LARGEST SHAREHOLDERS

	Name of Shareholders	No. of Shares	%
1	UOA Holdings Sdn Bhd	1,351,759,500	68.76
2	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	172,168,000	8.76
3	HSBC Nominees (Asing) Sdn Bhd TNTC for Edgbaston Asian Equity Trust	42,507,800	2.16
4	Amanahraya Trustees Berhad Amanah Saham Bumiputera	35,001,758	1.78
5	RHB Capital Nominees (Tempatan) Sdn Bhd UOA Holdings Sdn Bhd	25,802,800	1.31
6	Permodalan Nasional Berhad	24,885,500	1.27
7	Amanahraya Trustees Berhad Amanah Saham Bumiputera 2	19,524,000	0.99
8	HSBC Nominees (Asing) Sdn Bhd TNTC for the Edgbaston Asian Equity (Jersey) Trust	14,884,800	0.76
9	Citigroup Nominees (Asing) Sdn Bhd CBLDN for Pohjola Bank PLC (Client AC-EUR)	12,649,300	0.64
10	Amanahraya Trustees Berhad Amanah Saham Bumiputera 3 - Didik	11,776,254	0.60
11	Amanahraya Trustees Berhad Amanah Saham Malaysia	11,501,050	0.58
12	Amanahraya Trustees Berhad Amanah Saham Malaysia 2 - Wawasan	9,748,700	0.50

Analysis of Shareholdings As at 4 May 2020 (Continued)

	Name of Shareholders	No. of Shares	%
13	Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	8,795,900	0.45
14	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Amundi)	8,765,300	0.45
15	Citigroup Nominees (Asing) Sdn Bhd CBLDN for ASI Emerging Markets Income Equity Fund	8,738,323	0.44
16	Citigroup Nominees (Tempatan) Sdn Bhd Exempt An for AIA Bhd	7,746,802	0.39
17	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (PAR 3)	7,435,000	0.38
18	Citigroup Nominees (Asing) Sdn Bhd Exempt An for Citibank New York (Norges Bank 1)	6,349,306	0.32
19	Citigroup Nominees (Asing) Sdn Bhd CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	5,551,000	0.28
20	Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Small Cap Series	4,643,100	0.24
21	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Affin Hwang Aiiiman Growth Fund (4207)	4,185,500	0.21
22	Cartaban Nominees (Tempatan) Sdn Bhd RHB Trustees Berhad for Manulife Investment Shariah Progressfund	4,160,900	0.21
23	DB (Malaysia) Nominee (Asing) Sdn Bhd SSBT Fund J6S6 for Asia Oceania Dividend Yield Stock Mother Fund	4,000,000	0.20
24	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (LPF)	3,731,200	0.19
25	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (SHF)	3,600,000	0.18
26	United Overseas Australia Ltd	3,461,000	0.18
27	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (Non Par 1)	3,200,000	0.16
28	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Islamic Trustee Berhad for Affin Hwang Select Dividend Fund	3,110,000	0.16
29	Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Noah Foundation (PB)	3,069,200	0.16
30	DB (Malaysia) Nominee (Asing) Sdn Bhd SSBT Fund ZYEF for Vanguard Global Ex-U.S. Real Estate IndexFund	3,056,300	0.16

SUBSTANTIAL SHAREHOLDERS

Name	Direct Shares	%	Indirect Shares	%
UOA Holdings Sdn Bhd (“UOAH”)	1,377,690,300	70.07	20 ⁽¹⁾	*
United Overseas Australia Ltd (“UOAL”)	3,461,000	0.18	1,377,690,020 ⁽²⁾	70.07
Griyajaya Sdn Bhd	-	-	1,381,151,320 ⁽³⁾	70.25
Transmetro Sdn Bhd	20	*	1,381,151,800 ⁽⁴⁾	70.25
Kong Chong Soon @ Chi Suim	-	-	1,381,363,740 ⁽⁵⁾	70.26
Kong Pak Lim	-	-	1,381,151,320 ⁽⁶⁾	70.25
Employees Provident Fund Board	184,253,800	9.37	-	-

* negligible

Notes:

- (1) Deemed interested by virtue of Section 8 of the Companies Act 2016 (“the Act”) (shareholdings held through LTG Development Sdn Bhd).
- (2) Deemed interested by virtue of United Overseas Australia Ltd being entitled to control the exercise of 100% of the votes attached to the voting shares in UOA Holdings Sdn Bhd.
- (3) Deemed interested by virtue of Section 8 of the Act (shareholdings held through United Overseas Australia Ltd and as an associate of Kong Chong Soon @ Chi Suim and Kong Pak Lim) and deemed interested by virtue of United Overseas Australia Ltd being entitled to control the exercise of 100% of the votes attached to the voting shares of UOA Holdings Sdn Bhd.
- (4) Deemed interested by virtue of Section 8 of the Act (through its shareholdings in Griyajaya Sdn Bhd and Transmetro Corporation Sdn Bhd, its wholly owned subsidiary in United Overseas Australia Ltd) and as an associate of Kong Chong Soon @ Chi Suim.
- (5) Deemed interested by virtue of Section 8 of the Act (shareholdings held through his associates Griyajaya Sdn Bhd and Transmetro Sdn Bhd in United Overseas Australia Ltd, and Transmetro Sdn Bhd, Global Transact Sdn Bhd and his children in the Company).
- (6) Deemed interested by virtue of Section 8 of the Act (shareholdings held through his associate Griyajaya Sdn Bhd in United Overseas Australia Ltd).

Statement of Directors' Interest

As At 4 May 2020

Name	Direct		Indirect	
	Shares	%	Shares	%
Kong Chong Soon @ Chi Suim	-	-	1,381,363,740 ⁽¹⁾	70.26
Kong Pak Lim	-	-	1,381,151,320 ⁽²⁾	70.25
Alan Charles Winduss	105,700	*	-	-
Low Shu Nyok	-	-	-	-
Teo Chee Seng	-	-	-	-
Ang Kheng Im	170,720	0.01	-	-
Kong Sze Choon (Alternate to Kong Chong Soon @ Chi Suim)	95,200	*	35,100 ⁽³⁾	*
Stephanie Kong Pei Zen (Alternate to Kong Pak Lim)	-	-	-	-

* negligible

Notes:

- (1) Deemed interested by virtue of Section 8 of the Companies Act 2016 (shareholdings held through his associates Griyajaya Sdn Bhd and Transmetro Sdn Bhd in United Overseas Australia Ltd, and Transmetro Sdn Bhd, Global Transact Sdn Bhd and his children in the Company).
- (2) Deemed interested by virtue of Section 8 of the Companies Act 2016 (shareholdings held through his associate Griyajaya Sdn Bhd in United Overseas Australia Ltd).
- (3) Deemed interested by virtue of Section 8 of the Companies Act 2016 (shareholdings held through Global Transact Sdn Bhd).

Notice of the Sixteenth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Sixteenth Annual General Meeting of UOA Development Bhd (“AGM”) will be conducted entirely through live streaming from the broadcast venue at Meeting Room, Level 38, UOA Corporate Tower, Lobby A, Avenue 10, The Vertical, Bangsar South City, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia (“Broadcast Venue”) Monday, 29 June 2020 at 10.00 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

- | | | |
|---|--|--------------|
| 1 | To lay the Audited Financial Statements for the financial year ended 31 December 2019 together with the Directors’ and Auditors’ Reports thereon. (Please refer to Explanatory Note 1) | |
| 2 | To approve a First and Final Single Tier Dividend of 14 sen per share for the financial year ended 31 December 2019. | Resolution 1 |
| 3 | To approve the payment of Directors’ fees and meeting allowances payable up to an amount of RM210,000.00 for the financial year ending 31 December 2020. | Resolution 2 |
| 4 | To re-elect Mr. Kong Pak Lim who shall retire pursuant to Article 100 of the Constitution of the Company. | Resolution 3 |
| 5 | To re-elect Mr. Teo Chee Seng who shall retire pursuant to Article 100 of the Constitution of the Company | Resolution 4 |
| 6 | To re-appoint Messrs Grant Thornton Malaysia as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. | Resolution 5 |

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following as Ordinary Resolutions:

- | | | |
|---|--|--------------|
| 7 | Authority to Issue Shares pursuant to Section 75 and 76 of the Companies Act 2016 | Resolution 6 |
|---|--|--------------|

“**THAT** subject always to the Companies Act 2016, the Company’s Constitution and the approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby empowered pursuant to Section 75 and 76 of the Companies Act 2016 to issue and allot new shares in the Company at any time at such price, upon such terms and conditions, for such purposes and to such person(s) whomsoever as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total issued share capital of the Company for the time being and THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

- | | | |
|---|--|--------------|
| 8 | Proposed renewal of authority from shareholders to allot and issue new ordinary shares in UOA Development Bhd (“UOA” or “the Company”) (“Shares”) for the purpose of the Company’s Dividend Reinvestment Scheme (“DRS”) that provides the shareholders of UOA (“Shareholders”) the option to elect to reinvest their cash dividend in new Shares. | Resolution 7 |
|---|--|--------------|

“**THAT** pursuant to the DRS as approved by the Shareholders at the Extraordinary General Meeting held on 29 May 2012 and renewed at the Annual General Meeting held on 29 May 2019, subject to the approval of the relevant authority (if any), approval be and is hereby given to the Company to allot and issue such number of new Shares from time to time as may be required to be allotted and issued pursuant to the DRS until the conclusion of the next Annual General Meeting upon such terms and conditions and to such persons as the Directors may, in their sole and absolute discretion, deem fit and in the interest of the Company PROVIDED THAT the issue price of the said new Shares shall be fixed by the Directors at not more than ten percent (10%) discount to the adjusted five (5)-market-day volume weighted average market price (“VWAP”) of the Shares immediately prior to the price-fixing date, of which the VWAP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price;

Notice of the Sixteenth Annual General Meeting (Continued)

AND THAT the Directors of the Company be and are hereby authorised to do all such acts and enter into all such transactions, arrangements and documents as may be necessary or expedient in order to give full effect to the DRS with full power to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed or agreed to by any relevant authorities or consequent upon the implementation of the said conditions, modifications, variations and/or amendments or at the discretion of the Directors in the best interest of the Company.”

9 Proposed Renewal of Shareholders’ Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading nature and for Provision of Financial Assistance with UOA Holdings Group Resolution 8

“**THAT**, pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”), approval be and is hereby given to the Company and/or its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature with the UOA Holdings Group as set out in Part A of Appendix I of the Circular to Shareholders of the Company dated 29 May 2020 (“Circular”) with the related parties mentioned therein which are necessary for UOA Development and its subsidiaries’ (“UOA Development Group”) day to day operations subject further to the following:

- (a) the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public; and
- (b) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Proposed Renewal of Shareholders’ Mandate during the financial year;

THAT such approval shall continue to be in force until:

- (a) the conclusion of the next AGM of the Company following the general meeting at which the mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to section 340(2) of the Companies Act 2016 (“Act”) (but shall not extend to such extension as may be allowed pursuant to section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier.

AND THAT authority be and is hereby given to the Directors of the Company to do such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to this resolution.”

10 Proposed Renewal of Shareholders’ Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature and for Provision of Financial Assistance with Transmetro Group Resolution 9

“**THAT**, pursuant to the Listing Requirements, approval be and is hereby given to the Company and/or its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature with the Transmetro Group as set out in Part A of Appendix I of the Circular to Shareholders of the Company dated 29 May 2020 (“Circular”) with the related parties mentioned therein which are necessary for UOA Development Group’s day to day operations subject further to the following:

- (a) the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public; and
- (b) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Proposed Renewal of Shareholders’ Mandate during the financial year;

THAT such approval shall continue to be in force until:

- (a) the conclusion of the next AGM of the Company following the general meeting at which the mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to section 340(2) of the Companies Act 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier.

AND THAT authority be and is hereby given to the Directors of the Company to do such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to this resolution."

11 Proposed New Shareholders' Mandate for New Recurrent Related Party Transactions of a Revenue or Trading Nature Resolution 10

"**THAT**, pursuant to the Listing Requirements, approval be and is hereby given to the Company and/or its subsidiaries to enter into any of the recurrent related party transactions of a revenue or trading nature as set out in Part B of Appendix I of the Circular to Shareholders of the Company dated 29 May 2020 ("Circular") with the related parties mentioned therein which are necessary for UOA Development Group's day to day operations subject further to the following:

- (a) the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public; and
- (b) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Proposed New Shareholders' Mandate during the financial year;

THAT such approval shall continue to be in force until:

- (a) the conclusion of the next AGM of the Company following the general meeting at which the mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to section 340(2) of the Companies Act 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier.

AND THAT authority be and is hereby given to the Directors of the Company to do such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to this resolution."

12 Proposed Renewal of Share Buy-Back Authority Resolution 11

"**THAT**, subject always to the Companies Act 2016, the Constitution of Association of the Company, the Listing Requirements and all other relevant applicable laws, regulations and guidelines and the approvals of all relevant authorities, the approval granted by the shareholders of the Company at the Annual General Meeting ("AGM") of the Company held on 29 May 2019, authorising the Company to purchase and/or hold such amount of ordinary shares ("Shares") in the Company ("Proposed Share Buy-Back") as may be determined by the Directors from time to time through Bursa Securities, details as set out in the Circular to Shareholders of the Company dated 29 May 2020 ("Circular"), be and is hereby renewed, provided that:

Notice of the Sixteenth Annual General Meeting (Continued)

- (a) the aggregate number of Shares which may be purchased and/or held by the Company pursuant to this resolution shall not exceed ten percent (10%) of the issued share capital of the Company at the time of purchase; and
- (b) the maximum funds to be allocated by the Company for the purpose of the Proposed Share Buy-Back shall not exceed the Company's retained profits balance.

THAT the Directors of the Company be and are hereby authorised to deal with the Shares so purchased in their absolute discretion in any of the following manners:

- (a) cancel all the Shares so purchased; and/or
- (b) retain the Shares so purchased as treasury shares for distribution as dividend to the shareholders and/or resell on the market of Bursa Securities; and/or
- (c) retain part thereof as treasury shares and cancel the remainder;

AND THAT such authority shall commence immediately upon the passing of this resolution, until the conclusion of the next AGM of the Company or the expiry of the period within which the next AGM is required by law to be held unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting;

AND FURTHER THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary and/or enter into any and all agreements and arrangements with any party or parties to implement, finalise and give full effect to the Proposed Share Buy-Back with full power to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time to implement or to effect the purchase of its own Shares."

13 To transact any other business for which due notice has been given.

By Order of the Board
YAP KAI WENG (MAICSA 74580)
WONG YOKE LENG (MAICSA 7032314)
Company Secretaries

Kuala Lumpur, Malaysia
29 May 2020

NOTES:

1. IMPORTANT NOTICE

The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** which requires the Chairperson of the meeting to be present at the main venue of the meeting.

Shareholders **WILL NOT BE ALLOWED** to attend the AGM in person at the Broadcast Venue on the day of the meeting.

Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts)

and vote (collectively referred to as “participate”) remotely at the AGM via the Remote Participation and Voting facilities (“RPV”) provided by Tricor Investor & Issuing House Services Sdn Bhd (“Tricor”) via its TIIH Online website at <https://tiih.online>. **Please follow the Procedures for RPV in the Admin Notes and take note of Notes (2) to (12) below in order to participate remotely via RPV.**

2. For the purpose of determining who shall be entitled to participate in the AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, the **Record of Depositors as at 22 June 2020**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in the AGM via RPV.
3. A member who is entitled to participate in the AGM via RPV, is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
4. A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM via RPV.
5. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 (“Central Depositories Act”), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
6. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
7. A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at the AGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at <https://tiih.online>. **Please follow the Procedures for RPV in the Admin Notes.**
8. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

(i) In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia (“Tricor Office”).

(ii) By electronic form

The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiih.online> (applicable to individual shareholders only). Kindly refer to the Admin Notes on the procedures for electronic lodgement of proxy form via TIIH Online.

9. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
10. Last date and time for lodging the proxy form is **Saturday, 27 June 2020 at 10.00 a.m.**
11. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Office (please refer item 8(i)) not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

Notice of the Sixteenth Annual General Meeting (Continued)

12. For a corporate member who has appointed a representative, please deposit the ORIGINAL certificate of appointment with the Share Registrar of the Company at Tricor Office (please refer item 8(i)). The certificate of appointment should be executed in accordance with the constitution of the corporate member or the prevailing laws of the country under which the corporate member is incorporated.

EXPLANATORY NOTES

1. The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 and do not require approval of shareholders. This item is meant for discussion only under the Agenda and hence, will not be put forward for voting.

2. Resolution 6 - Authority to Issue Shares pursuant to Section 75 and 76 of the Companies Act 2016

The proposed Resolution 6 will give the Directors of the Company the flexibility to issue and allot new shares in the Company up to an amount not exceeding in total ten percent (10%) of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company.

The Company continues to consider opportunities to enhance the earnings potential of the Company and if such opportunities involve the issuance of new shares, the Directors would have to convene a general meeting to approve the issuance of new shares even though the number involved may be less than ten percent (10%) of the issued share capital. In order to avoid any delay and costs involved in convening a general meeting to approve the issuance of new shares, it is thus considered appropriate that the Directors be empowered to issue new shares in the Company, up to an amount not exceeding in total ten percent (10%) of the issued share capital of the Company at any time, for such purposes.

The authority for the allotment of new shares will provide flexibility to the Company for any potential fund raising activities, including but not limited to placement of shares, for purpose of funding future investments, working capital and/or acquisition. This authority will expire at the next Annual General Meeting ("AGM"), unless revoked or varied at a general meeting. As at the date of this notice, there were no shares issued pursuant to the mandate obtained in the last AGM.

3. Resolution 7 - Authority to Issue Shares pursuant to the DRS

The proposed Resolution 7 will give the Directors of the Company the authority to allot and issue new shares in the Company for the DRS in respect of the dividend declared at this AGM and subsequently until the next AGM.

4. Resolution 8, Resolution 9 and Resolution 10 - General Mandate for Recurrent Related Party Transactions

The proposed Resolution 8, 9, and 10, if passed, will allow the Company and its subsidiary companies to enter into recurrent related party transactions of a revenue and trading nature. The details of these proposals are set out in the Circular to Shareholders dated 29 May 2020, which is circulated together with the Annual Report for the financial year ended 31 December 2019.

5. Resolution 11 - Proposed Renewal of Share Buy-Back Authority

The proposed Resolution 11, if passed, will empower the Directors to buy-back and/or hold up to a maximum of ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company at the time of purchase. Details of this proposal is set out in the Circular to Shareholders dated 29 May 2020, which is circulated together with the Annual Report for the financial year ended 31 December 2019.

Statement Accompanying Notice of Annual General Meeting

Details of individuals who are standing for election as Directors

No individual is seeking election as Director (excluding Directors standing for re-election) at the Sixteenth Annual General Meeting of the Company.

General mandate for issue of securities in accordance with Paragraph 6.03(3) of the Listing Requirements of Bursa Malaysia Securities Berhad

The details of the proposed authority for Directors to issue shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 are set out in the Explanatory Note 2 of the Notice of the AGM.

Proxy Form

CDS Account No.:

No. of Shares held:

I/We _____ NRIC No. / Company No. _____
of _____

Tel No. _____

being a Shareholder/Shareholders of UOA DEVELOPMENT BHD, hereby appoint the following person(s) as my proxy:

No.	Name as per NRIC	NRIC No.	% shareholding to be represented
1.			
2.			

or failing him/her the Chairman of the Meeting as my/our proxy to attend on my/our behalf the Sixteenth Annual General Meeting of UOA DEVELOPMENT BHD to be conducted entirely through live streaming from the broadcast venue at Meeting Room, Level 38, UOA Corporate Tower, Lobby A, Avenue 10, The Vertical, Bangsar South City, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Monday, 29 June 2020 at 10.00 a.m., and at any adjournment in the manner indicated below:

Resolutions	For	Against	Abstain
Ordinary Resolution 1 To approve the First and Final Single Tier Dividend for the financial year ended 31 December 2019.			
Ordinary Resolution 2 To approve the payment of Directors' fees and meeting allowances for the financial year ending 31 December 2020.			
Ordinary Resolution 3 To re-elect Mr. Kong Pak Lim as a Director of the Company.			
Ordinary Resolution 4 To re-elected Mr. Teo Chee Seng as a Director of the Company.			
Ordinary Resolution 5 To re-appoint Messrs Grant Thornton Malaysia as Auditors of the Company.			
Ordinary Resolution 6 To authorise the Directors to allot and issue shares pursuant to Section 75 and 76 of the Companies Act 2016.			
Ordinary Resolution 7 To authorise the Directors to allot and issue shares pursuant to the DRS of the Company.			
Ordinary Resolution 8 To approve the renewal of the Shareholders' Mandate for existing recurrent related party transactions and provision of financial assistance with UOA Holdings Group.			
Ordinary Resolution 9 To approve the renewal of Shareholders' Mandate for existing recurrent related party transactions and for provision of financial assistance with Transmetro Group.			
Ordinary Resolution 10 To approve the new Shareholders' Mandate for new recurrent related party transactions.			
Ordinary Resolution 11 To approve the renewal of the Share Buy-Back Authority.			

(Please indicate with an "x" in the space provided how you wish your vote to be cast on the resolutions specified. If no specific direction as to the voting is given, the Proxy will vote or abstain at his/her discretion.)

Signature of Shareholder(s) / Common Seal _____

Date: _____

NOTES:

1. IMPORTANT NOTICE

The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** which requires the Chairperson of the meeting to be present at the main venue of the meeting.

Shareholders **WILL NOT BE ALLOWED** to attend the AGM in person at the Broadcast Venue on the day of the meeting.

Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively referred to as "participate") remotely at the AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") via its **TIH Online** website at <https://tiah.online>. Please follow the Procedures for RPV in the Admin Notes and take note of Notes (2) to (12) below in order to participate remotely via RPV.

2. For the purpose of determining who shall be entitled to participate in the AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, the **Record of Depositors as at 22 June 2020**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in the AGM via RPV.

3. A member who is entitled to participate in the AGM via RPV, is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.

4. A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM via RPV.

5. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

6. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

7. A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at the AGM via RPV must request his/her proxy to register himself/herself for RPV at **TIH Online** website at <https://tiah.online>. Please follow the Procedures for RPV in the Admin Notes.

Fold This Flap For Sealing

8. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

(i) In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia ("Tricor Office").

(ii) By electronic form

The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiah.online> (applicable to individual shareholders only). Kindly refer to the Admin Notes on the procedures for electronic lodgement of proxy form via TIIH Online.

9. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

10. Last date and time for lodging the proxy form is **Saturday, 27 June 2020 at 10.00 a.m.**

11. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Office (please refer item 8(i)) not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

12. For a corporate member who has appointed a representative, please deposit the ORIGINAL certificate of appointment with the Share Registrar of the Company at Tricor Office (please refer item 8(ii)). The certificate of appointment should be executed in accordance with the constitution of the corporate member or the prevailing laws of the country under which the corporate member is incorporated.

Then Fold Here

AFFIX
STAMP

TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia

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