

# ANNUAL REPORT 2018



# Rationale



## COVER

The Sphere@Bangsar South is a vibrant lifestyle hub encompassing an exciting spectrum of restaurants, cafés and retail outlets; weaved into a modern atmosphere enriched with lush green elements and cool, calming water features.



# Contents

2	Management Discussion and Analysis	39	Statement on Risk Management and Internal Control
7	Sustainability Statement	45	Additional Compliance Information
17	Corporate Information	47	Directors' Responsibility Statement for the Audited Financial Statements
18	Financial Calendar	48	Reports and Financial Statements
19	Corporate Structure	145	List of Material Properties Held by the Group
20	Board of Directors	146	Analysis of Shareholdings
21	Profile of Board of Directors	149	Statement of Directors' Interest
25	Key Management Team	150	Notice of the Fifteenth Annual General Meeting
26	Profile of Key Management Team	156	Statement Accompanying Notice of Annual General Meeting
28	Corporate Governance Statement		
35	Audit and Risk Management Committee Report		
			• Proxy Form

# Management Discussion and Analysis

## OVERVIEW OF GROUP'S BUSINESS AND OPERATIONS

In financial year 2018, UOA Development Bhd and its subsidiaries (the "Group") achieved total property sales of approximately RM1.48 billion. The Group maintained its geographical focus in Klang Valley with an emphasis on residential properties which formed circa 80% of the total sales. The balance 20% of the total sales was from commercial properties.

Revenue for the year was derived both from progressive recognition of ongoing development projects as well as sale of inventories.

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

A summary of the Group's financial and share price performance for the past five years is as follows:

Year Ended 31 December (RM'000)	2018	(Restated) 2017	2016	2015	2014
Revenue	1,263,677	1,078,257	996,193	1,643,188	1,077,849
Profit Before Tax	505,850	676,019	929,364	645,286	460,704
Finance Cost	6,663	4,171	6,705	8,275	5,821
Profit After Tax	411,598	541,946	710,638	488,033	356,840
Profit Attributable to Shareholders	378,916	506,735	676,726	417,016	316,122
Paid-Up Capital	546,343	309,607	81,623	76,039	71,587
Shareholders' Equity	4,680,733	4,329,842	3,813,100	3,150,810	2,750,573
Total Assets Employed	5,791,404	5,591,517	4,984,862	4,382,720	3,448,468
Total Net Tangible Assets	4,945,838	4,587,024	3,937,145	3,294,500	2,841,622
Total Borrowings	78,331	126,830	125,127	208,528	78,105
Debt / Equity (times)	0.02	0.03	0.03	0.07	0.03
Basic Earnings Per Share (RM)	0.21	0.30	0.43	0.28	0.23
Net Tangible Assets Per Share (RM)	2.68	2.64	2.41	2.17	1.98
Share Price – Year High (RM)	2.71	2.76	2.77	2.32	2.42
Share Price – Year Low (RM)	1.84	2.30	2.03	1.68	1.79
Closing Share Price @ End of Financial Year (RM)	2.12	2.39	2.35	2.06	2.11
Total Yearly Share Volume Traded ('000)	122,670	222,111	261,429	107,694	181,427
Market Capitalisation @ End of Financial Year (RM 'billion)	3.91	4.14	3.84	3.13	3.02



## REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION

In financial year 2018, the Group posted an operating profit after tax and minority interests ("PATAMI") of RM378.9 million. The total revenue from property development in the financial year was RM1.26 billion.

Compared to the previous year, the revenue of the Group increased by 16.8% from RM1.08 billion to RM1.26 billion for the year ended 31 December 2018. The higher revenue was attributable predominantly to sale of inventories as well as progressive billing for two major development projects.

Despite higher revenue, the Group's PATAMI for financial year 2018 was lower at RM378.9 million compared to RM506.7 million in the preceding year. Apart from higher cost of sales in financial year 2018, the relatively higher PATAMI in the preceding financial year was mainly the result of a one-off gain on remeasurement arising from acquisition of an associated company, which is now a subsidiary.

The absence of gain on remeasurement was also reflected in the other income where it was lower at RM214.4 million compared to RM279.0 million in the previous financial year. The other income was derived mainly from rental income and the operations of the Group's hospitality division that includes hotels as well as conference and event centres.

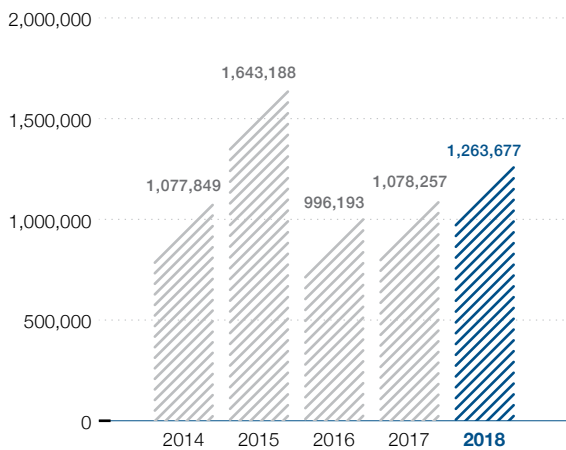
The finance costs was higher at RM6.7 million compared to RM4.2 million in the preceding year. The increase was mainly a result of consolidating the accounts of a subsidiary which was previously an associate company. The total borrowings were lower at RM78.3 million primarily due to settlement of loans in two of the Group's subsidiaries. The cash and cash equivalents remained positive at RM578.6 million as at 31 December 2018.

The capital commitment of the Group as at 31 December 2018 was at RM175.9 million. The capital commitment is mainly for construction of investment properties and is expected to be funded from internally generated funds.

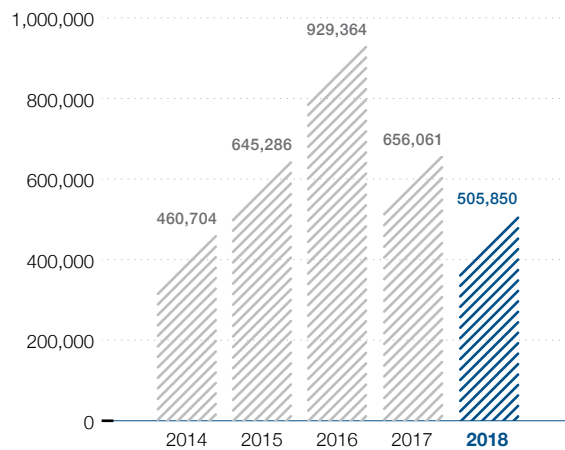
## Management Discussion and Analysis (Cont'd.)

On 31 December 2018, two wholly-owned subsidiaries of the Company were served by the Inland Revenue Board of Malaysia 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 stock and assigned to another wholly-owned subsidiary respectively. Upon consulting the Group's tax solicitors, the Company is of the view that there are strong grounds to challenge the basis and validity of the disputed assessments and penalties. Accordingly, the Directors are of the opinion that no provisions in respect of the tax liabilities in dispute are required to be made in the financial statements as at the reporting date.

### Revenue (RM'000)



### Profit Before Tax (RM'000)



### REVIEW OF OPERATING ACTIVITIES

In financial year 2018, the Group achieved total property sales of RM1.48 billion. The property sales were derived mainly from a development project which was launched during the financial year, namely, South Link Lifestyle Apartments. United Point Residence, Sentul Point and the sale of inventories also contributed substantially to the property sales in 2018.



Sentul Point



The Sphere, Bangsar South

### Completed Developments

The redevelopment of The Sphere, a lifestyle hub which is located in Bangsar South, saw its completion during the first quarter of 2018. This project consists of 3 levels of retail spaces with approximately 50 units, predominantly for food and beverage outlets.

Southbank (Phase II), consisting of one block of suite apartments with strata offices and is located along Old Klang Road, was completed in the second quarter of 2018, while a commercial project, namely Desa Commercial Center which is located near Taman Desa, Old Klang Road, off the East-West Link Highway, and a mixed development, namely Danau Kota Suite Apartments which is located in the matured township of Setapak, off Jalan Genting Kelang, were completed in the subsequent quarter. Collectively, the three development projects have a total Gross Development Value (“GDV”) of RM660.0 million.



Bandar Tun Razak Development

### 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, while United Point Residence in Kepong consists of 2,509 units of serviced apartments and a commercial complex that has a link to the future KTM commuter train station. The construction of both Sentul Point and United Point Residence are on schedule. The two projects have a combined GDV of RM3.0 billion.

South Link Lifestyle Apartments comprises 1,422 units of freehold serviced apartments, along with a 2-storey lifestyle retail podium, while South Point is a hotel adjacent to South Link Lifestyle Apartments. Both projects are located within close proximity to Bangsar South. The construction of these projects is ongoing and the latter is expected to be completed in year 2019 while the former is expected to be completed in year 2022. These two projects have an anticipated GDV on completion of RM770.0 million.



United Point Residence

### Future Developments

Bandar Tun Razak development is a project located within the thriving township of Bandar Tun Razak in Cheras, which is approximately 11 kilometres from Kuala Lumpur City Centre. This project consists of residential units with aged care facilities and is slated to be completed in year 2020 with an estimated GDV of RM300.0 million.

The Goodwood Residence is a residential project which is located within Bangsar South adjacent to Acacia and Begonia complexes. This project comprises a single block of 40-storey residences and is slated to be completed in year 2021 with an anticipated GDV of RM600.0 million.

The Group is also planning to launch the initial phase of the project at its Sri Petaling Land which consists of 440 residential units with some commercial space. The GDV for the entire development is expected to be at RM1.0 billion where a quarter of it is scheduled to be launched in year 2019.

**ANTICIPATED / KNOWN RISKS AND MOVING FORWARD**

The property market sentiment continues to be weak and the outlook remains flat. The property supply in the market will continue to put pressure on property prices.

The Group remains cautious while acknowledging the potential in the mid-end residential segment where affordability in homes continues to be the key consideration for home buyers. The Group will maintain its focus on the mid-end residential sector within 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.



*The Goodwood Residence*



*South Link Lifestyle Apartments*



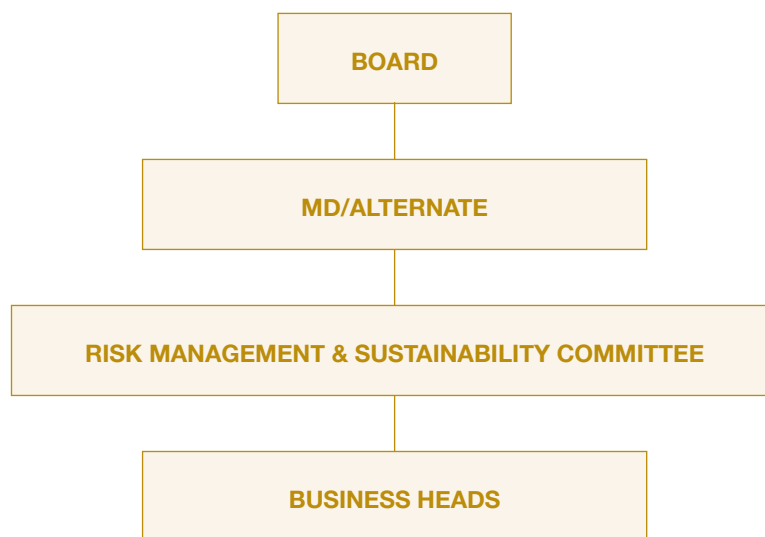
# Sustainability Statement

## INTRODUCTION

At UOA Development Bhd (“UOA”), we are committed to creating a positive and enduring social impact through our sustainability initiatives that support our business, the environment and the communities in which we operate. Our approach to sustainability is defined by our corporate philosophy of building excellence with a definitive focus on the economic, environmental and social aspects as we strive to shape a sustainable future for generations to come.

## 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 sustainable policies and implementation of sustainability initiatives while the financial and day-to-day business operations will be undertaken by the business managers or Heads of Departments.

### STAKEHOLDER ENGAGEMENT

The table below illustrates UOA's outreach efforts to its various stakeholder groups in 2018.

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

## MATERIAL ANALYSIS

In determining sustainability priorities, UOA continues to reach out to its stakeholders with the purpose to identify and address key sustainability issues which have significant economic, environmental and social impact on its business. We are committed to the long-term sustainability of our business as we strive to align our sustainability efforts with business growth by improving business practices, reducing environmental impact, enhancing livelihoods and nurturing communities in which we operate.



### MATERIAL ISSUES

#### Economic

##### Financial Sustainability

Our commitment to business excellence is underpinned by an unwavering focus 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; and
- 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 rapidly growing number of multinational companies to its commercial developments;
- Spurring the development of e-related businesses such as gaming, fintech, etc; and
- Adding value to projects by linking our developments to LRT, MRT and KTM railway stations, which in turn lead to reduction in traffic congestion and car pollution.

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 a weak market environment while focusing on sales of current inventories and ensuring that projects are completed on time; and
- 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.

For FY2019, we intend to introduce several projects in anticipation of a property market improvement. Below is the list of upcoming project launches:

No.	Projects	Estimated GDV (RM)
1.	Bandar Tun Razak Development, Cheras	300 mil
2.	Goodwood Residence, Bangsar South	600 mil
3.	Sri Petaling Land (Phase 1)	250 mil
4.	UOA Business Park (Phase II)	140 mil
5.	Jalan Ipoh Land	-

### • Regulatory Compliance

We implement 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; and
- Environment.

#### *Corporate Code of Conducts*

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 when dealing with each other, shareholders and the broader community.

#### Compliance

- All Personnel must comply with all applicable laws, rules and regulations; and
- 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 which may compromise loyalty to the Company; and
- 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 interest of the Company and must be safeguarded from loss and misuse.

#### Knowledge & Information

- The accuracy, use and handling of information is 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 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; and
- 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; and

- 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.

#### Health Safety and 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; and
- 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 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; and
- 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 applicable laws and regulations in Malaysia.

#### • **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 includes:

- 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 daily walkabout inspection of work practices and monitoring occupational accident statistics regularly and 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; and
- 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 curtail 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 our security guards and auxiliary police in order to ensure the safety of our buildings.

Our building management division has adopted crisis management policies and procedures 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, as well as 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.

To better serve our stakeholders and the general public in the communities in which we operate, we have invested in improving accessibility to the local infrastructure and public services. The various improvement and enhancement works include:

#### *Bangsar South*

- An award-winning 6-acre central park with water features that serves as the green lung of the development while encouraging exercise-related activities such as jogging and walking;
- Direct access to covered link bridges that connect the commercial precincts within Bangsar South (The Sphere, Nexus and The Vertical); and
- Direct access to covered link bridge from The Horizon at Bangsar South across Federal Highway to Kerinchi LRT Station.

#### *UOA Business Park (UBP)*

- Direct access to covered link bridge to Subang Jaya KTM and LRT Station.

#### *Kepong 5*

- Direct access to covered link bridge to a proposed KTM station.

### 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; and
- 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**

Reducing the environmental impact is an important objective to us. As a responsible developer, UOA aims to deliver resource and energy-efficient products. This commitment is reflected in our projects including our award-winning flagship development, Bangsar South.

Listed below are the green initiatives for designated buildings in Bangsar South with a focus on energy efficiency, indoor environment quality, sustainable site planning and management, materials and resources, water efficiency and waste management:

Double Glazing Unit

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

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. Installation of 9W/5W radar sensor lights in staircases and replacement of T5 (28W) fluorescent lights with T5 (16W) LED lights in designated areas have led to 25.62 tonnes and 171.76 tonnes of CO2 emission reduction respectively.

Motion Sensor

- Occupants are able to use the motion sensor to detect movements and automatically switch off the lighting during non-occupancy in their offices and toilets.

Sub-Metering

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

Energy Management System

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

Hand Air Dryer

- Replacement of hand towels with hand (air) dryers in common toilets has resulted in the reduction of 2.83 million pieces of hand towel per annum.

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 building.

Carbon Dioxide Monitoring & Control System

- This is a typical energy conservation measure that ensures the ventilation system is able to adjust the ventilation rate to meet changing requirements and ensure that occupants receive adequate outdoor air at all times.

Smoke Free Zone

- Smoking is prohibited in the building and within 3 metres of the building.

Indoor Air Pollutants

- Materials with minimal volatile organic compounds (VOC) and formaldehyde content such as paint and coating are used throughout the building to minimise detrimental impact on occupants' health.

Centralised Air-Conditioning System

- The use of centralised air-conditioning system reduces the overall energy consumption in the building. 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).

Refrigerant & Clean Agents

- The use of environmentally friendly refrigerants and clean agents demonstrates our leadership in accelerating the phase out of all ozone depleting substances and promoting the use of low global warming substances.

Rainwater Harvesting

- The collection of rainwater from roof top to a designated water tank by gravity fed system to be used for applications such as landscape irrigation, toilets and cleaning of common areas has led to a reduction in portable water consumption.

### Water Efficient Landscaping

- The use of native or adaptive plants helps to reduce portable water consumption.

### Water Efficient Fittings

- Water flow rate is reduced by water consumption monitoring and installation of water saving fittings such as self-closing basin tap, toilet cistern with half/full flush and spray bidet.

### Non-Chemical Water Treatment for Cooling Tower

- Non-chemical water treatment system is used for cooling tower to reduce airborne disease.

### Cut & Fill Earthworks

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

### Tree Removal

- Trees that obstructed construction works are removed and relocated to other work sites, whenever suitable, to preserve and conserve resources.

### Temporary Soil Stabilisation

- Slope protections are monitored during construction for erosion and dust control.

### Pollution Control Mechanism

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

### Durable Aluminium Formwork System

- This system is used in concrete construction to reduce waste associated with wood formwork as it is readily demountable and reusable on other projects.

### Noise Pollution Control

- The usage of noise-free machineries and low-vibration equipment at work sites minimises noise pollution.

### 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 safety checklist;
- Appointing a licensed disposal company to dispose waste output at work sites in a responsible manner; and
- Selling back of card boards, pallets, plastics, wood and scrap metals to recycling company.

Our hospitality arm, UOA Hospitality, has also undertaken the following energy saving initiatives for V E Hotel & Residence in Bangsar South:

- Usage of chiller system (2 units plus 1 back up unit);
- Setting the usage time for AHU in the hotel corridor. 4 to 5 units of AHU are turned on during day time due to high outside temperature and reduced to 1 unit to cool the corridor during night time;

- Setting the usage time for AHU in the hotel restaurant. A total of 10 units are turned on during peak hours (breakfast and lunch times) and reduced to 5 units for dinner service;
- Setting the usage time for the air-conditioning and lighting at the hotel lobby. The air-conditioning and lighting are turned off (in selective zones) during night time; and
- Setting the usage time for lifts in the hotel. For the hotel room zone, a total of 4 lifts are operating during day time and reduced to 2 units during night time. For the hotel residence zone, 3 lifts are operating during day time and reduced to 1 unit for the same duration as the hotel room zone.

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 South Point (2019) and Kepong 5 (2020).



## Social

### Promising Workplace

Our employees are our greatest assets. As an employer of choice, we are committed to growing and nurturing our talent pool through various channels, not only to help our employees reach their full potential, but also to ensure our business growth and sustainability.

In 2018, we continued to step up on staff communication and employee engagement through diverse initiatives. Our focus remains on people development through performance management and manpower planning to groom a new generation of capable employees within a dynamic workplace.

As of 31 December 2018, there are 957 employees under UOA's employment. The employee profile background is as follows:

### Employee Breakdown

Total Number	957
<b>Gender</b>	
Female	377 (39%)
Male	580 (61%)
<b>Race</b>	
Malay	484 (50%)
Chinese	410 (43%)
Indian	26 (3%)
Others	37 (4%)
<b>Age</b>	
<30	371 (39%)
31-40	296 (31%)
41-50	175 (18%)
51-60	102 (11%)
>60	13 (1%)

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 talents. 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 including induction programmes were attended by close to 70 new employees for 2018 while external courses comprising technical and non-technical training workshops, seminars as well as conferences amounted to a total of 210 days by more than 218 employees. For UOA Hospitality, more than 17,000 training hours were achieved with the average training hours per employee amounting to approximately 46 hours.

### Employee Engagement

Various activities such as Annual Dinner, Bowling Tournament, Futsal Tournament, Badminton Tournament and UOA Day 3.0 Eco Challenge 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 which 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 promote sustainability within our workplace:

- Print and photocopy required copies only;
- Print emails and documents only when necessary;
- Practice double sided printing and photocopying;
- Access the Company's policies, documents and application forms via online portal;
- Use electronic soft copies to reduce paper consumption; and
- Switch off lights when not in use.

## Sustainability Statement (Cont'd.)

### COMMUNITY OUTREACH

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 for the second consecutive year to the free intensive reading programme offered to children at PPR Batu and PPR Batu Muda in Sentul 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 14 participated in the school holiday initiative.

UOA also sponsored the ExcelLearn English Camp organised by ADRF Malaysia for underprivileged children in Kampung Kerinchi. The child learning enhancement programme was held to help slow learning 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 fourth consecutive year for the underprivileged children in Kampung Kerinchi. New school bags and stationery sets were distributed to more than 500 primary and secondary



UOA advocates improved learning through the ExcelLearn English Camp in Kerinchi

school children from low income families in the Kerinchi area. Graced by YB Fahmi Fadzil, Member of Parliament for Lembah Pantai, the event was held at Suria Bangsar South – a community centre operated by ADRF Malaysia and sponsored by UOA Group.

UOA also supports the Community Livelihood Advancement Programme (CLAP) by ADRF Malaysia, an entrepreneur development platform for the Kerinchi community. The training programme is designed to help participants develop the necessary skills to operate a business that is self-sustainable on a long-term basis.

In conjunction with the Hari Raya festive celebration, an annual raya hamper distribution event was held to add some cheer to more than 200 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.



UOA distributes new school bags and stationery sets to the underprivileged school children in Kerinchi



UOA continues its support for the Jombaca Children Literacy Campaign in Sentul

# 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

**Terence Teo Chee Seng**

(Chairman, Independent Non-Executive Director)

**Alan Charles Winduss**

(Independent Non-Executive Director)

**Ar. Steve Low Shu Nyok**

(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)

## 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  
(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

## STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad

## STOCK CODE

5200

## WEBSITE

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

## INVESTOR RELATIONS

Email : [uoacare@uoa.com.my](mailto:uoacare@uoa.com.my)

Telephone : 1 300 88 6668

FINANCIAL YEAR  
1 January to  
31 December  
2018

## **ANNOUNCEMENT OF QUARTERLY RESULTS**

### **24 MAY 2018**

– announcement of unaudited consolidated results for the first quarter ended 31 March 2018

### **28 AUGUST 2018**

– announcement of unaudited consolidated results for the second quarter ended 30 June 2018

### **27 NOVEMBER 2018**

– announcement of unaudited consolidated results for the third quarter ended 30 September 2018

### **25 FEBRUARY 2019**

– announcement of unaudited consolidated results for the fourth quarter ended 31 December 2018

## **ANNUAL REPORT & ANNUAL GENERAL MEETING**

### **30 APRIL 2019**

– date of notice of 15th Annual General Meeting and issuance of Annual Report 2018

### **29 MAY 2019**

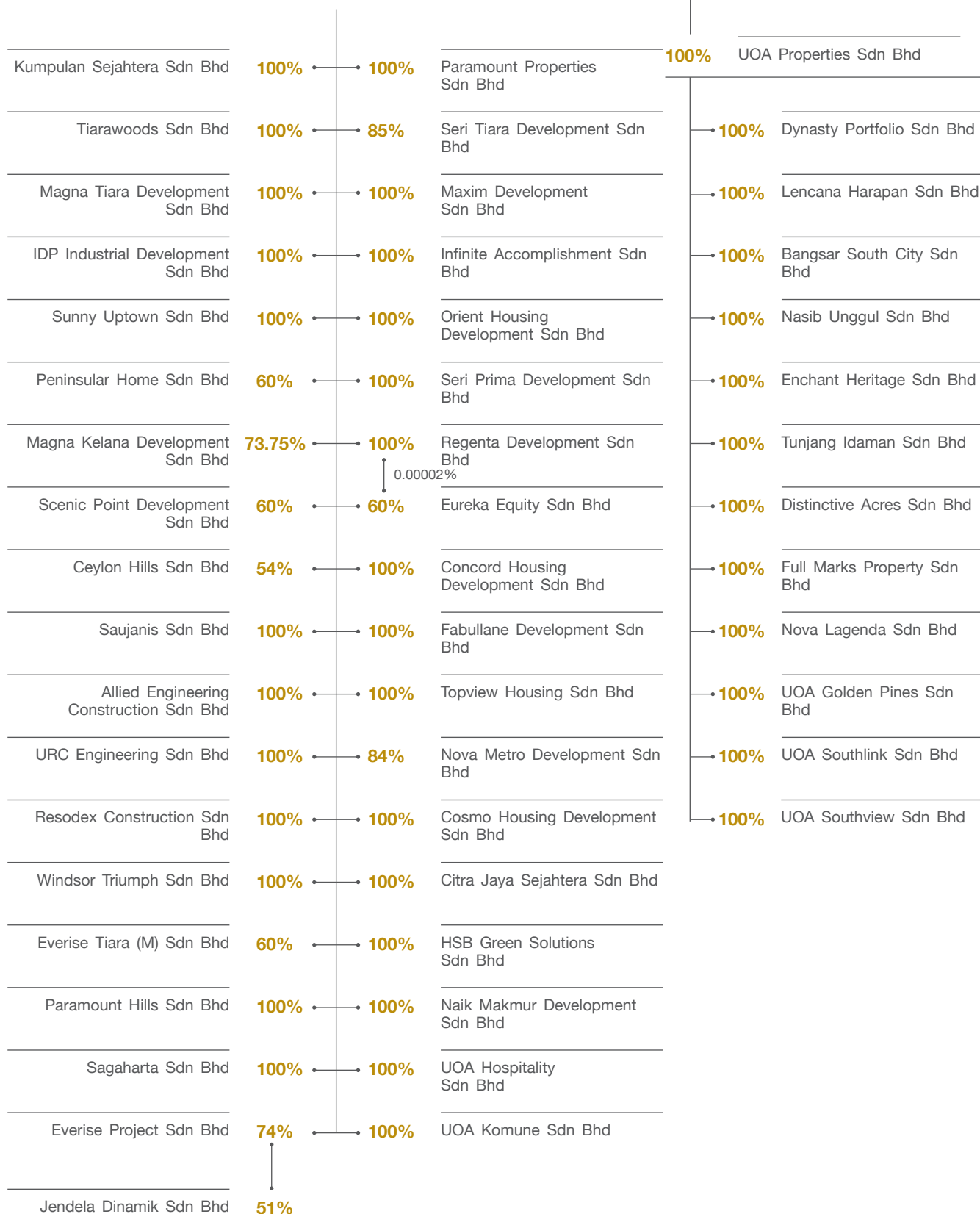
– date of 15th Annual General Meeting

## **DIVIDEND**

To be proposed at the 15th Annual General Meeting

# Corporate Structure

## UOA DEVELOPMENT



# Board of Directors

The members of the Board of Directors are as follows:

Name	Designation
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 78, 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 31 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 78, 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 30 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 (Cont'd.)

### **KONG PAK LIM**

Executive Director/Non-Independent Director

Kong Pak Lim, Malaysian, male, aged 66, 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 40 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 53, 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.



## **TERENCE TEO CHEE SENG**

Independent Non-Executive Director

Terence Teo Chee Seng, Singaporean, male, aged 64, 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 31 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.

## **AR. STEVE LOW SHU NYOK**

Independent Non-Executive Director

Ar. Steve Low Shu Nyok, Malaysian, male, aged 65, 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 31 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 Arkitek 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.

### **KONG SZE CHOON**

(Alternate Director to Kong Chong Soon @ Chi Suim)

Kong Sze Choon, Singaporean, male, aged 42, 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 34, 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 2018, are as follows:

Name	Nationality	Designation
Kong Chong Soon @ Chi Suim	Malaysian	Managing Director
Kong Sze Choon	Singaporean	Alternate Director to Kong Chong Soon @ Chi Suim
Kong Pak Lim	Malaysian	Executive Director
Stephanie Kong Pei Zen	Malaysian	Alternate Director to Kong Pak Lim
Ang Kheng Im	Malaysian	Executive Director/Chief Financial Officer
Cecelia Chan	Singaporean	Property Director
Tong Ee Ping	Malaysian	Chief Operating Officer (Construction)
Puah Kim Wee	Malaysian	Chief Operating Officer (Contracts)
Ng Boon Hwee	Malaysian	Chief Operating Officer (Planning)
Kong Sze Hou	Singaporean	Head, Hospitality
Yap Kang Beng	Malaysian	Senior Manager, Corporate Affairs

# Profile of Key Management Team

## **CECELIA CHAN**

Property Director

Cecelia Chan, Singaporean, female, aged 64, 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 60, 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. He holds a Bachelor of Science Degree in BioChemistry with Honours from Punjab Agricultural University where he graduated from in 1981.

He is the nephew of Mr. Kong Chong Soon @ Chi Suim 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.

## **PUAH KIM WEE**

Chief Operating Officer (Contracts)

Puah Kim Wee, Malaysian, male, aged 59, who is our Chief Operating Officer (Contracts), joined our Company in 2012 and is responsible for negotiating contracts for our Company and overseeing the Contracts Department. Prior to joining our Company, he had worked in several engineering and construction companies with vast experience as head of Contracts Department, Building and Tender Department. He holds a Bachelor of Applied Science degree in Construction Management and Economics from the Curtin University of Technology. He has also completed his studies in Contract Law and was accepted as an Associate Member of the Chartered Institute of Arbitrators, England.

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.

## **NG BOON HWEE**

Chief Operating Officer (Planning)

Ng Boon Hwee, Malaysian, male, aged 59, 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 HOU**

Head, Hospitality

Kong Sze Hou, Singaporean, male, aged 35, 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 Mr. 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 BENG**

Senior Manager, Corporate Affairs

Yap Kang Beng, Malaysian, male, aged 43, 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, sales and the marketing of commercial developments of the Group.

He has worked in the financial industry for over 14 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, United Kingdom.

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.

### 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 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	6/6	100
Kong Pak Lim	6/6	100
Terence Teo Chee Seng	6/6	100
Ar. Steve Low Shu Nyok	6/6	100
Ang Kheng Im (appointed on 11 April 2018)	4/4	100

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

### 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 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 2018.

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 16 April 2019.

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 Constitution, 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 Constitution 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) Nexus Alliance: monthly financial, taxation and corporate matters seminars
Kong Chong Soon @ Chi Suim	(1) Green Financing Forum at IGEM 2018 (2) Establishing Organisation and Business Unit Performance Metrics / KPI
Kong Pak Lim	(1) Workshop on Renewable Energy Certificate in Malaysia (2) Green Financing Forum at IGEM 2018 (3) Establishing Organisation and Business Unit Performance Metrics / KPI
Ang Kheng Im	(1) Mandatory Accreditation Programme (2) Focus Group Discussion for CFO and Equivalent (3) Establishing Organisation and Business Unit Performance Metrics / KPI (4) Tax Budget Briefing 2018 (5) Navigating Change in Malaysia
Terence Teo Chee Seng	(1) Globalisation of the Legal Profession – A Comparative Discussion of Singapore and Japan
Ar. Steve Low Shu Nyok	(1) International Architecture Conference KL – ESC 2018 (2) Datum KL
Kong Sze Choon (Alternate Director to Kong Chong Soon @ Chi Suim)	(1) Disruptive Technology in Financial Services (2) Wealth Management on Advising High Net Worth Client & Institutional (3) KPI Project Management System / KPI-based Performance Management System
Stephanie Kong Pei Zen (Alternate Director to Kong Pak Lim)	(1) Green Financing Forum at IGEM 2018 (2) KPI Project Management System / KPI-based Performance Management System

## 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 <sup>#</sup> RM'000	Benefits in Kind RM'000	Total RM'000
Kong Chong Soon @ Chi Suim	–	1,228	2,810	484	80	4,602
Kong Pak Lim	–	1,228	2,810	484	80	4,602
Ang Kheng Im	–	647	609	254	10	1,520
Alan Charles Winduss	60	–	–	10	–	70
Ar. Steve Low Shu Nyok	60	–	–	8	–	68
Terence Teo Chee Seng	60	–	–	9	–	69

### The Company

Directors	Fees RM'000	Salaries RM'000	Bonuses RM'000	Other Emoluments <sup>#</sup> RM'000	Benefits in Kind RM'000	Total RM'000
Kong Chong Soon @ Chi Suim	–	1,228	2,810	484	80	4,602
Kong Pak Lim	–	1,228	2,810	484	80	4,602
Ang Kheng Im	–	647	609	254	10	1,520
Alan Charles Winduss	60	–	–	10	–	70
Ar. Steve Low Shu Nyok	60	–	–	8	–	68
Terence Teo Chee Seng	60	–	–	9	–	69

<sup>#</sup> Other Emoluments include Traveling, 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.uoadev.com.my](http://www.uoadev.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 44 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 2018. The CG Report can be viewed at the Company's website, <http://uoa.com.my>.

The disclosure of this Statement on Corporate Governance was approved by the Board during the Board Meeting held on 16 April 2019.

# 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 following three (3) Independent Non-Executive Directors:

Terence Teo Chee Seng – Independent Non-Executive Director / Chairman of the ARMC

Ar. Steve Low Shu Nyok – 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; and
- 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 record its conclusions and then report 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.

## Audit and Risk Management Committee Report (Cont'd.)

The ARMC held six (6) meetings during the financial year ended 31 December 2018. The details of attendance of the ARMC are as follows:

Name of Director	Total Meetings Attended
Terence Teo Chee Seng	6/6
Ar. Steve 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 RM193,306 for the financial year ended 31 December 2018.

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.

#### 4. SUMMARY OF ACTIVITIES OF THE ARMC DURING THE YEAR

The ARMC met six (6) times during the financial year ended 31 December 2018. 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; and
  - 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 2018;
- v. Reviewed and approved the internal audit plan for year 2018, revised internal audit charter and revised internal audit manual;
- 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:
  - Review the Group wide risk register and heat map subsequent to the yearly risk assessment;
  - Review of purchasing, account payable, contract and food & beverage income for VE Hotel & Residence;
  - Review of sales, collection, discount, purchasing and accounts payable for Connexion Conference & Event Centre @ Nexus;
  - Review of accounts receivable for Capri By Fraser Hotel Residences;
  - Review of sales & marketing and credit control for United Point Residence; and
  - Review of purchasing and accounts payable for Allied Engineering Construction Sdn Bhd; and
- 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 the shareholders’ investment and 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 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 have unrestricted access of information within the Group.

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

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 2018, the Internal Audit Department comprises of 2 internal auditors. The department is headed by Mr. Look Chee Leong, a member of The Institute of Internal Auditors Malaysia and assisted by a Certified Internal Auditor ("CIA"). All internal audit personnel are free from any relationship or conflicts of interest, which could impair their independence and objectivity.

### **RISK MANAGEMENT**

The company has adopted a Risk Management Policy encompassing a sound Risk Management Framework and Internal Control System. A Risk Management Working Committee comprising 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 the 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 that 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 emphasized in 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 9001:2000 Quality Management System which is subject to regular internal review and improvement continuously manages and controls the quality requirement of the Group's products and services.
- Where relevant, external certifications such as Malaysia Green Building Index ("GBI") and Singapore Construction Quality Assessment System ("CONQUAS") were adopted to strengthen and improve the 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 controls 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.
- The Human Resource Department periodically informs the staff through employee engagement and new policies to govern staff code of conduct, cultivate corporate culture and define employee performance and ethical behaviour. Also included in the Human Resource policies are a set of Personal Data Protection Notices 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.

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

- 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 ongoing 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 assistance from the 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 controls, impact 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 levels identified by the RMWC. The risk heat map takes into consideration quantitative and qualitative aspects that assess their likelihood and impact matrices as well as current internal control effectiveness in mitigating those identified risks. As market and business process changes, new risks are identified and deliberated by the RMWC. The current framework covers risks from the following 5 aspects: market, strategic, operational, compliance and financial risk.

For year 2018, the Group identified major risk and mitigating actions undertaken within appropriate timeframes. The significant risks identified for financial year 2018 are the subdued property market, construction cost and timeline and stock of completed development properties.

#### **1. Subdued Property Market**

This risk concerns the Group as decline in market conditions have significant repercussions to 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 products. 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 including affordable products. Moving away from conventional property is also the Group's strategy to combat such threats. Recently the Group has developed a community office space called UOA Komune to cater to a different commercial sector.

## 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 economic 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 purchaser's financial burden. Meanwhile, management has performed an ongoing monitoring and review of marketing package along with incentives to marketing staff and property agent. This is to ensure our marketing effort is in line with current market sentiments while achieving management expectations. In addition, management has actively engaged foreign property agents to promote our products in the overseas markets. This has successfully attracted foreign buyers to our properties and enlarged our customer base.

## 3. Construction Cost and Timeline

The risk of fluctuation of construction material costs could squeeze the Group's profit margin while weather conditions and staff inadequacy could hamper the completion timeline of the developments.

Mitigation Plan: The Group's purchasing department negotiates competitive prices for all construction materials. This transparent tender procedures ensure that the Group is able to sub-contract the construction packages at the most competitive pricing while ensuring highest quality of workmanship. Our plan of standardising construction materials helps save construction costs and time. Weekly progress meetings are conducted to monitor the completion timeline where any delays are immediately investigated and an expedite plan is implemented to counter those delays. Continuous staff and foreign worker planning are done to ensure any vacant positions are replaced in a timely manner.

## 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 controls, introducing policies and procedures and providing training to staff with 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 the Board would accept the risk as long as it meets the objective of the Group and processes are efficiently and effectively carried out at the minimal cost to the Group.

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

### Other Risks and Control Process

The Board has also put in place an organisational structure with formally defined reporting lines, segregation of responsibilities 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 considers 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 2018.

As at 31 December 2018, 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 2018.

## AMERICAN DEPOSITORY RECEIPTS (ADR) OR GLOBAL DEPOSITORY RECEIPTS (GDR)

There were no ADR or GDR sponsored by the Company during the financial year ended 31 December 2018.

## 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 2018.

## NON-AUDIT FEES

Non-audit fees paid/payable to External Auditors of the Company and the Group for the financial year ended 31 December 2018 amounted to RM4,000 (2017: RM4,000) and RM22,000 (2017: RM20,200) 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 2018.

## PROFIT GUARANTEE

There were no profit guarantees given by the Company and its subsidiaries during the financial year ended 31 December 2018.

## 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 41(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 2018.

### **RECURRENT RELATED PARTY TRANSACTIONS**

At the Extraordinary General Meeting of the Company held on 23 May 2018, 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 23 May 2018 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 41 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.



# Reports & Financial Statements

49	Corporate Information
50	Directors' Report
56	Statement by Directors
57	Statutory Declaration
58	Independent Auditors' Report
62	Statements of Financial Position
65	Statements of Profit or Loss and Other Comprehensive Income
66	Statements of Changes in Equity
68	Statements of Cash Flows
71	Notes to the Financial Statements

# Corporate Information

<b>DIRECTORS</b>	Kong Chong Soon @ Chi Suim Kong Pak Lim Alan Charles Winduss Low Shu Nyok Teo Chee Seng Kong Sze Choon (alternate for Kong Chong Soon @ Chi Suim) Stephanie Kong Pei Zen (alternate for Kong Pak Lim) Ang Kheng Im (appointed on 11.4.2018)
<b>SECRETARIES</b>	Yap Kai Weng Wong Yoke Leng
<b>AUDITORS</b>	Grant Thornton Malaysia (Member Firm of Grant Thornton International Ltd) Chartered Accountants Level 11, Sheraton Imperial Court Jalan Sultan Ismail 50250 Kuala Lumpur
<b>REGISTERED OFFICE</b>	No 9, Jalan Indah 16 Taman Cheras Indah 56100 Kuala Lumpur
<b>PRINCIPAL PLACE OF BUSINESS</b>	UOA Corporate Tower Lobby A, Avenue 10, The Vertical Bangsar South City No. 8, Jalan Kerinchi 59200 Kuala Lumpur
<b>PRINCIPAL BANKERS</b>	HSBC Bank Malaysia Berhad RHB Bank Berhad United Overseas Bank (M) Bhd CIMB Bank Berhad

# Directors' Report

for the year ended 31 December 2018

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 2018.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

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	378,916	167,978
Non-controlling interests	32,682	–
Net profit for the financial year	411,598	167,978

## DIVIDENDS

During an Extraordinary General Meeting held on 23 May 2018, 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 15 sen per ordinary share amounting to RM259,967,025 in respect of the financial year ended 31 December 2017, as proposed in the Directors' report for that financial year.

The dividend of RM259,967,025 was issued as follows:

- RM236,736,644 have been issued as 110,624,600 new ordinary shares at an issue price of RM2.14 per ordinary share, pursuant to the DRS to shareholders who have elected for the DRS.
- RM23,230,381 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 2018 amounting to RM258,123,334 based on 1,843,738,100 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 2019.

## **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 has increased its issued and paid-up ordinary share capital from RM309,606,842 to RM546,343,486 by way of issuance of 110,624,600 new ordinary shares at an issue price of RM2.14 per ordinary share 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 Extraordinary General Meeting held on 23 May 2018, 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 share capital.

During the financial year, there was no buyback 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.

## **SUBSIDIARIES**

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

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

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

## Directors' Report (Cont'd.)

for the year ended 31 December 2018

### DIRECTORS

The Directors who held office during the financial year 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

Kong Sze Choon

Stephanie Kong Pei Zen

Ang Kheng Im

(alternate for Kong Chong Soon @ Chi Suim)

(alternate for Kong Pak Lim)

(appointed on 11.4.2018)

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

Chang Cheng Wah

Eugene Lee Chin Jin

Foong Kin Fai

Kok Koek Hung

Kong Sze Hou

Tong Ee Ping

Hairuddin bin Abdul Wahab

Carol Philomena Clark

Soo Yi Xin

(resigned on 14.11.2018)

### 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 year end are as follows:-

	Number of ordinary shares			
	At 1.1.2018	Bought	Sold	At 31.12.2018
<b>The Company</b>				
<u>Direct interests</u>				
Alan Charles Winduss	105,700	–	–	105,700
Kong Sze Choon	75,000	11,200	–	86,200
Ang Kheng Im	149,120	10,400	–	159,520
<u>Indirect interests</u>				
Kong Chong Soon @ Chi Suim*	1,206,023,640	84,533,900	–	1,290,557,540
Kong Pak Lim*	1,205,849,620	84,522,000	–	1,290,371,620
Kong Sze Choon*	27,100	5,700	–	32,800

**DIRECTORS' INTERESTS (CONT'D.)**

	Number of ordinary shares			
	At 1.1.2018	Bought	Sold	At 31.12.2018
<b>United Overseas Australia Ltd (ultimate holding company)</b>				
<u>Direct interests</u>				
Kong Chong Soon @ Chi Suim	106,101	64,013	–	170,114
Kong Pak Lim	507,132	19,233	526,365	–
<u>Indirect interests</u>				
Kong Chong Soon @ Chi Suim*	992,827,881	48,260,380	–	1,041,088,261
Kong Pak Lim*	761,671,985	35,991,726	–	797,663,711

\* 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.

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 1.1.2018	Bought	Sold	At 31.12.2018

**Directors' interest in subsidiary companies**Indirect interests

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	–	–	78,000

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

## Directors' Report (Cont'd.)

for the year ended 31 December 2018

### **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 has 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 41 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 41 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.

### **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.



**OTHER STATUTORY INFORMATION (CONT'D.)**

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.

**AUDITORS**

Details of auditors' remuneration is set out in Note 35 to the Financial Statements.

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

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

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

.....	)	
<b>KONG PAK LIM</b>	)	
	)	
	)	
	)	
	)	
	)	DIRECTORS
	)	
	)	
	)	
.....	)	
<b>KONG CHONG SOON @ CHI SUIM</b>	)	

Kuala Lumpur  
26 March 2019

# Statement by Directors

In the opinion of the Directors, the financial statements set out on the pages 62 to 144 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 2018 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**

Kuala Lumpur  
26 March 2019

.....  
**KONG CHONG SOON @ CHI SUIM**

# 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 62 to 144 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 )  
26 March 2019 )

.....  
**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) Company No: 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 2018 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 62 to 144.

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 2018, 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 an independent professional valuer. These valuations rely on the accuracy of assumptions, estimates and financial information provided to the valuer.

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 competency, capabilities and objectivity of the independent valuer, 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 equivalent 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.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

### Key Audit Matters (cont'd.)

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.

**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, 11, 32 and 33 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 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.

## Independent Auditors' Report (Cont'd.)

to the members of UOA DEVELOPMENT BHD  
(Incorporated in Malaysia) Company No: 654023-V

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

#### 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.

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.

## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)**

### **Auditors' Responsibilities for the Audit of the Financial Statements (cont'd.)**

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 Matters**

1. As stated in Note 2.4 to the Financial Statements, the Group and the Company adopted Malaysian Financial Reporting Standards on 1 January 2018 with a transition date of 1 January 2017. These standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2017 and 1 January 2017, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the financial year ended 31 December 2017 and related disclosures. We were not engaged to report on the MFRS transition comparative information, and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and the Company for the financial year ended 31 December 2018, have in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2018 do not contain misstatements that materially affect their financial position as at 31 December 2018, financial performance and cash flows for the financial year then ended.
2. 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.
3. The financial statements of the Group and the Company as at 31 December 2017 were audited by another firm of Chartered Accountants whose report dated 28 March 2018, expressed an unqualified opinion on those financial statements.

**GRANT THORNTON MALAYSIA**  
(NO. AF: 0737)  
CHARTERED ACCOUNTANTS

Kuala Lumpur  
26 March 2019

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

# Statements of Financial Position

as at 31 December 2018

	Note	Group		
		31.12.2018 RM'000	(restated) 31.12.2017 RM'000	(restated) 1.1.2017 RM'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	4	401,609	297,020	285,366
Investment properties	5	1,755,242	1,707,544	1,476,898
Inventories	6	509,085	500,906	462,939
Investment in subsidiary companies	7	–	–	–
Investment in an associate company	8	–	–	64,149
Investments in quoted shares	9	20,259	25,053	30,518
Deferred tax assets	10	45,585	39,840	36,483
<b>Total non-current assets</b>		<b>2,731,780</b>	2,570,363	2,356,353
<b>Current assets</b>				
Inventories	6	1,636,526	1,715,901	1,206,393
Contract assets	11	295,059	300,766	187,728
Trade receivables	12	369,129	274,607	360,143
Other receivables	13	117,755	117,613	96,409
Amount owing by immediate holding company	14	–	10	48
Amount owing by related companies	16	4	364	74
Amount owing by an associate company	17	–	–	3,782
Current tax assets		62,505	42,192	27,162
Short term investments	18	134,137	193,786	224,082
Fixed deposits with licensed banks	19	179,791	151,317	167,953
Cash and bank balances	20	264,718	224,598	390,824
<b>Total current assets</b>		<b>3,059,624</b>	3,021,154	2,664,598
<b>TOTAL ASSETS</b>		<b>5,791,404</b>	5,591,517	5,020,951
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	21	546,343	309,607	81,623
Share premium	22	1,496,594	1,496,594	1,496,594
Merger reserve	23	2,252	2,252	2,252
Fair value reserve	24	2,165	6,959	7,024
Retained earnings		2,635,498	2,516,549	2,254,515
Treasury shares	25	(2,119)	(2,119)	(2,094)
Equity attributable to owners of the Company		4,680,733	4,329,842	3,839,914
Non-controlling interests	7	265,105	257,182	124,658
<b>Total equity</b>		<b>4,945,838</b>	4,587,024	3,964,572



	Note	Group		
		31.12.2018 RM'000	(restated) 31.12.2017 RM'000	(restated) 1.1.2017 RM'000
<b>Non-current liabilities</b>				
Amount owing to non-controlling shareholders of subsidiary companies	26	5,060	26,630	25,362
Hire purchase and finance lease liabilities	27	1,832	3,234	7,067
Borrowings	28	–	10,000	18,584
Deferred tax liabilities	29	93,756	129,617	124,276
<b>Total non-current liabilities</b>		<b>100,648</b>	169,481	175,289
<b>Current liabilities</b>				
Contract liabilities	11	–	–	28,372
Trade payables	30	358,087	470,437	509,276
Other payables	31	201,361	173,183	219,544
Amount owing to immediate holding company	14	552	34	29
Amount owing to related companies	16	42,972	46,220	495
Amount owing to non-controlling shareholders of subsidiary companies	26	49,632	9,332	6,811
Hire purchase and finance lease liabilities	27	2,499	4,980	6,123
Borrowings	28	74,000	108,616	93,353
Current tax liabilities		15,815	22,210	17,087
<b>Total current liabilities</b>		<b>744,918</b>	835,012	881,090
<b>Total liabilities</b>		<b>845,566</b>	1,004,493	1,056,379
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,791,404</b>	5,591,517	5,020,951

The accompanying notes form an integral part of the financial statements

## Statements of Financial Position (Cont'd.)

as at 31 December 2018

	Note	Company		
		31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	4	5,185	4,577	4,691
Investment in subsidiary companies	7	576,582	391,782	53,779
Investment in an associate company	8	–	–	18,570
Investment in quoted shares	9	–	–	3,300
<b>Total non-current assets</b>		<b>581,767</b>	<b>396,359</b>	<b>80,340</b>
<b>Current assets</b>				
Other receivables	13	9,600	8,191	7,635
Amount owing by immediate holding company	14	–	10	–
Amount owing by subsidiary companies	15	1,796,024	1,785,559	1,704,362
Amount owing by related companies	16	3	115	71
Amount owing by an associate company	17	–	–	3,782
Current tax assets		446	486	89
Short term investments	18	2,940	137,304	15,536
Fixed deposits with licensed banks	19	16,266	3,227	23,192
Cash and bank balances	20	11,566	12,439	8,916
<b>Total current assets</b>		<b>1,836,845</b>	<b>1,947,331</b>	<b>1,763,583</b>
<b>TOTAL ASSETS</b>		<b>2,418,612</b>	<b>2,343,690</b>	<b>1,843,923</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	21	546,343	309,607	81,623
Share premium	22	1,496,594	1,496,594	1,496,594
Fair value reserve	24	–	–	(2,100)
Retained earnings		329,133	421,122	253,275
Treasury shares	25	(2,119)	(2,119)	(2,094)
<b>Total equity</b>		<b>2,369,951</b>	<b>2,225,204</b>	<b>1,827,298</b>
<b>Non-current liability</b>				
Hire purchase and finance lease liabilities	27	779	851	917
<b>Total non-current liability</b>		<b>779</b>	<b>851</b>	<b>917</b>
<b>Current liabilities</b>				
Other payables	31	15,884	17,313	15,017
Amount owing to immediate holding company	14	30	–	17
Amount owing to subsidiary companies	15	31,274	99,625	–
Amount owing to related companies	16	131	261	268
Hire purchase and finance lease liabilities	27	563	436	406
<b>Total current liabilities</b>		<b>47,882</b>	<b>117,635</b>	<b>15,708</b>
<b>Total liabilities</b>		<b>48,661</b>	<b>118,486</b>	<b>16,625</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,418,612</b>	<b>2,343,690</b>	<b>1,843,923</b>

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 2018

	Note	Group		Company	
		2018 RM'000	(restated) 2017 RM'000	2018 RM'000	2017 RM'000
Revenue	32	1,263,677	1,078,257	180,250	253,800
Cost of sales	33	(761,119)	(519,715)	-	-
Gross profit		502,558	558,542	180,250	253,800
Fair value adjustments on investment properties		10,479	-	-	-
Other income		214,431	279,006	54,813	202,452
Impairment (losses)/gain of financial assets		(10,173)	(4,033)	(15,946)	101
Administrative and general expenses		(148,761)	(135,720)	(50,909)	(45,156)
Other expenses		(71,057)	(62,042)	-	-
Finance income		15,036	23,656	1,505	1,619
Finance costs	34	(6,663)	(4,171)	(64)	(69)
Share of profit of an associate company		-	20,781	-	-
Profit before tax	35	505,850	676,019	169,649	412,747
Tax expense	36	(94,252)	(134,073)	(1,671)	(200)
Net profit for the financial year		411,598	541,946	167,978	412,547
Other comprehensive (loss)/income:					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Fair value (loss)/gain on available-for-sale financial assets		-	(965)	-	1,200
Fair value loss reclassified to profit or loss upon disposal of available-for-sale financial assets		-	900	-	900
<i>Item that will not be reclassified subsequently to profit or loss</i>					
Fair value loss on remeasurement of financial assets		(4,794)	-	-	-
Other comprehensive (loss)/income, net of tax		(4,794)	(65)	-	2,100
Total comprehensive income for the financial year		406,804	541,881	167,978	414,647
Net profit for the financial year attributable to:					
Owners of the Company		378,916	506,735	167,978	412,547
Non-controlling interests		32,682	35,211	-	-
		411,598	541,946	167,978	412,547
Total comprehensive income attributable to:					
Owners of the Company		374,122	506,670		
Non-controlling interests		32,682	35,211		
		406,804	541,881		
Earnings per share (RM)	37	0.21	0.30		

The accompanying notes form an integral part of the financial statements

# Statements of Changes In Equity

for the financial year ended 31 December 2018

Group	Note	Attributable to owners of the Company						Treasury shares RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
		Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000					
Balance at 1 January 2017 (restated)		81,623	1,496,594	2,252	7,024	2,254,515	(2,094)	3,839,914	124,658	3,964,572	
Total comprehensive income for the financial year		-	-	-	(65)	506,735	-	506,670	35,211	541,881	
Purchase of treasury shares		-	-	-	-	-	(25)	(25)	-	(25)	
Dividend to non-controlling shareholder of a subsidiary company		-	-	-	-	-	-	-	(21,200)	(21,200)	
Dividends to shareholders of the Company	38	227,984	-	-	-	(244,700)	-	(16,716)	-	(16,716)	
Acquisition of additional shares in a subsidiary company		-	-	-	-	-	-	-	118,512	118,512	
Increase in shares in a subsidiary company		-	-	-	-	(1)	-	(1)	1	-	
Balance at 31 December 2017 (restated)		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	38	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	

The accompanying notes form an integral part of the financial statements

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 2017		81,623	1,496,594	(2,100)	253,275	(2,094)	1,827,298
Total comprehensive income for the financial year		-	-	2,100	412,547	-	414,647
Purchase of treasury shares		-	-	-	-	(25)	(25)
Dividends	38	227,984	-	-	(244,700)	-	(16,716)
Balance at 31 December 2017		309,607	1,496,594	-	421,122	(2,119)	2,225,204
Total comprehensive income for the financial year		-	-	-	167,978	-	167,978
Dividends	38	236,736	-	-	(259,967)	-	(23,231)
Balance at 31 December 2018		546,343	1,496,594	-	329,133	(2,119)	2,369,951

The accompanying notes form an integral part of the financial statements

# Statements of Cash Flows

for the financial year ended 31 December 2018

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>OPERATING ACTIVITIES</b>					
Profit before tax		<b>505,850</b>	676,019	<b>169,649</b>	412,747
Adjustments for:					
Fair value adjustments on investment properties		<b>(10,479)</b>	–	–	–
Impairment losses/(gain) of financial assets		<b>10,173</b>	4,033	<b>15,946</b>	(101)
Depreciation		<b>20,640</b>	20,516	<b>1,347</b>	1,213
Gain on disposal of property, plant and equipment		<b>(52)</b>	(442)	<b>(2)</b>	–
Gain on disposal of available-for-sale financial assets		–	(156)	–	(156)
Property, plant and equipment written off		<b>200</b>	410	–	–
Gain on remeasurement		–	(89,737)	–	(159,198)
Distribution income from available-for-sale financial assets		–	(1,460)	–	–
Distribution income from investments in quoted shares		<b>(1,301)</b>	–	–	–
Distribution income from short term investments		<b>(3,458)</b>	(2,936)	<b>(1,119)</b>	(1,083)
Dividend income from subsidiary companies		–	–	<b>(180,250)</b>	(253,800)
Interest income		<b>(11,578)</b>	(20,720)	<b>(386)</b>	(536)
Interest expense		<b>6,663</b>	4,171	<b>64</b>	69
Share of profit of an associate company		–	(20,781)	–	–
Discount on acquisition		<b>(359)</b>	–	–	–
Unrealised loss from associate		–	(3,101)	–	–
Operating profit/(loss) before working capital changes		<b>516,299</b>	565,816	<b>5,249</b>	(845)
Changes in working capital:-					
Inventories		<b>199,734</b>	(73,854)	–	–
Contract assets		<b>5,707</b>	(113,038)	–	–
Receivables		<b>(100,382)</b>	(141,691)	<b>(2,036)</b>	18,105
Payables		<b>(159,149)</b>	(19,486)	<b>(1,591)</b>	2,321
Cash generated from operations		<b>462,209</b>	217,747	<b>1,622</b>	19,581
Interest received		<b>5,618</b>	15,269	–	–
Dividend received		–	–	<b>180,250</b>	253,800
Net tax paid		<b>(162,616)</b>	(147,520)	<b>(1,631)</b>	(597)
Net cash from operating activities		<b>305,211</b>	85,496	<b>180,241</b>	272,784

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>INVESTING ACTIVITIES</b>					
Additions to investment properties		<b>(94,476)</b>	(71,573)	-	-
Purchase of property, plant and equipment	A	<b>(67,033)</b>	(31,595)	<b>(1,536)</b>	(674)
Proceeds from disposal of property, plant and equipment		<b>67</b>	947	<b>2</b>	-
Proceeds from disposal of available-for-sale financial assets		-	5,556	-	5,556
Repayments from/(advances to) immediate holding company		<b>10</b>	38	<b>10</b>	(10)
Advances to subsidiary companies		-	-	<b>(9,834)</b>	(95,975)
Repayments from/(advances to) related companies		<b>360</b>	(290)	<b>112</b>	(44)
Acquisition of shares in existing subsidiary companies		-	-	<b>(135,000)</b>	(700)
Acquisition of shares in new subsidiary companies, net of cash acquired	39	<b>(60,863)</b>	(152,002)	<b>(65,750)</b>	(159,535)
Distribution received from short term investments		<b>3,458</b>	2,936	<b>1,119</b>	1,083
Distribution income from available-for-sale financial assets		-	1,460	-	-
Distribution income from investments in quoted shares		<b>1,301</b>	-	-	-
Interest received		<b>5,960</b>	5,451	<b>386</b>	536
Net cash used in investing activities		<b>(211,216)</b>	(239,072)	<b>(210,491)</b>	(249,763)
<b>FINANCING ACTIVITIES</b>					
Drawdown of bank borrowings		<b>64,000</b>	88,705	-	-
Repayment of bank borrowings		<b>(108,616)</b>	(101,192)	-	-
Fixed deposits unpledged/(pledged)		<b>967</b>	(76)	<b>(5)</b>	(5)
Repayment of hire purchase and finance lease liabilities		<b>(5,037)</b>	(6,321)	<b>(364)</b>	(461)
Advances from/(repayments to) immediate holding company		<b>518</b>	(25)	<b>30</b>	(17)
Repayments to related companies		<b>(3,340)</b>	(23)	-	-
(Repayments to)/advances from subsidiary companies		-	-	<b>(68,319)</b>	99,593
Advances from non-controlling shareholders of subsidiary companies		<b>17,398</b>	-	-	-
Interest paid		<b>(1,983)</b>	(2,785)	<b>(64)</b>	(69)
Dividends paid to owners of the Company		<b>(23,231)</b>	(16,716)	<b>(23,231)</b>	(16,716)
Dividends paid to non-controlling shareholders of subsidiary companies		<b>(24,759)</b>	(21,200)	-	-
Purchase of treasury shares		-	(25)	-	(25)
Net cash (used in)/from financing activities		<b>(84,083)</b>	(59,658)	<b>(91,953)</b>	82,300

## Statements of Cash Flows (Cont'd.)

for the financial year ended 31 December 2018

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>CASH AND CASH EQUIVALENTS</b>					
Net changes		<b>9,912</b>	(213,234)	<b>(122,203)</b>	105,321
At beginning of financial year		<b>567,053</b>	780,287	<b>152,826</b>	47,505
At end of financial year		<b>576,965</b>	567,053	<b>30,623</b>	152,826
Represented by:					
Short term investments		<b>134,137</b>	193,786	<b>2,940</b>	137,304
Fixed deposits with licensed banks		<b>179,791</b>	151,317	<b>16,266</b>	3,227
Cash and bank balances		<b>264,718</b>	224,598	<b>11,566</b>	12,439
Fixed deposits pledged		<b>578,646</b> <b>(1,681)</b>	569,701 (2,648)	<b>30,772</b> <b>(149)</b>	152,970 (144)
		<b>576,965</b>	567,053	<b>30,623</b>	152,826

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>NOTE TO THE STATEMENTS OF CASH FLOWS</b>					
<b>A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT</b>					
Aggregate cost of property, plant and equipment acquired		<b>68,187</b>	32,940	<b>1,955</b>	1,099
Financed via hire purchase and finance lease		<b>(1,154)</b>	(1,345)	<b>(419)</b>	(425)
Total cash acquisition		<b>67,033</b>	31,595	<b>1,536</b>	674

The accompanying notes form an integral part of the financial statements



# Notes to the Financial Statements

for the year ended 31 December 2018

## 1. GENERAL

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 17.

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 activities during the financial year. The principal activities of the subsidiaries 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 26 March 2019.

## 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.

## 2. BASIS OF PREPARATION (CONT'D.)

### 2.2 Basis of measurement (cont'd.)

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 First time adoption of MFRSs

In the previous financial years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards (“FRS”) issued by Malaysian Accounting Standards Board (“MASB”).

This is the Group’s and the Company’s first financial statements prepared in accordance with MFRSs and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards has been applied.

The explanation and financial impact on transition to MFRSs are disclosed in Note 51 to the Financial Statements.

## 2. BASIS OF PREPARATION (CONT'D.)

### 2.5 Standards issued but not yet effective

The Group and the Company have not applied the following MFRSs and amendments to MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Company:-

#### MFRS, Amendments to MFRSs and IC Interpretation effective 1 January 2019:-

MFRS 16	Leases
Amendments to MFRS 9*	Financial Instruments: Prepayment Features with Negative Compensation
Amendments to MFRS 119*	Employee Benefits: Post-employment Benefits: Defined Benefit Plans
Amendments to MFRS 128*	Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures
IC Interpretation 23*	Uncertainty over Income Tax Treatments
Annual Improvements to MFRS Standards 2015 – 2017 Cycle*	

#### Amendments to MFRSs and IC Interpretations effective 1 January 2020:-

Amendments to MFRS 3*	Business Combinations
Amendments to MFRS 101	Presentation of Financial Statements
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to Reference to the Conceptual Framework on 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
----------	---------------------

#### Amendments to MFRSs – effective date deferred indefinitely:-

Amendments to MFRS 10 and 128*	Consolidated Financial Statements and Investments in Associates and Joint Venture: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
--------------------------------	--

\* Not applicable to the Group's and the Company's operations

## 2. BASIS OF PREPARATION (CONT'D.)

### 2.5 Standards issued but not yet effective (cont'd.)

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

#### MFRS 16 Leases

MFRS 16 was issued in January 2016 and it replaces MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under MFRS 16 is substantially unchanged from today's accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under MFRS 117.

#### Transition to MFRS 16

The Group plans to adopt MFRS 16 retrospectively to each prior reporting year presented with the cumulative effect of initially applying MFRS 16 as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application. The Group will elect to apply the standard to contracts that were previously identified as leases applying MFRS 117 and IC Interpretation 4. The Group will therefore not apply the standard to contracts that were not previously identified as containing a lease applying MFRS 117 and IC Interpretation 4.

The Group has performed a detailed impact assessment of MFRS 16. As the Group mainly acts as a lessor, the impact of MFRS 16 adoption is expected to be insignificant to the financial statements.

The Group will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value.

Due to the adoption of MFRS 16, the Group's operating profit will improve, while its interest expense will increase. This is due to the change in the accounting for expenses of leases that were classified as operating leases under MFRS 117.

## 2. BASIS OF PREPARATION (CONT'D.)

### 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 ongoing 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 are depreciated on a straight-line basis to write off their costs to their residual values over their estimated useful lives. Management estimates the useful lives of property, plant and equipment to be between 5 and 10 years.

At the reporting date, management assesses that the useful lives represent the expected utility of the assets to the Group and the Company. However, changes in the expected level of usage, physical wear and tear and technological development could impact the economic useful lives and residual values of these assets, and therefore future depreciation charges could be revised.

##### Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unutilised tax losses to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and tax losses 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 Company's net profit to change.

##### 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 an independent professional valuer to determine fair value.

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

## 2. BASIS OF PREPARATION (CONT'D.)

### 2.6 Significant accounting estimates and judgements (cont'd.)

#### 2.6.1 Estimation uncertainty (cont'd.)

##### 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 trade/other receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade/other 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 letters 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.

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. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 47 to the Financial Statements.

##### 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.

## 2. BASIS OF PREPARATION (CONT'D.)

### 2.6 Significant accounting estimates and judgements (cont'd.)

#### 2.6.1 Estimation uncertainty (cont'd.)

##### Income taxes

Significant judgement is involved in determining the capital allowances and deductibility of expenses during the estimation of the provision for income tax. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for expected tax issues 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.

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

#### 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.

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 subsidiaries 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 investor 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.



### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 3.1 Consolidation (cont'd.)

##### 3.1.2 Basis of consolidation (cont'd.)

###### Changes of interests in subsidiaries

The changes of interests in subsidiaries 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. 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:-

- (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 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 at the date when control is lost.
- (iii) It recognises any investment retained in the former subsidiary at its fair value when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant FRS. 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.

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.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 3.1 Consolidation (cont'd.)

##### 3.1.3 Business combinations (cont'd.)

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 acquiree; 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.

##### 3.1.4 Investment in associate company

An associate is an entity in which the Group has significant influence and that is neither a subsidiary company nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has significant influence.

Investment in associate company is accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate company is initially recognised at cost and adjusted thereafter for post-acquisition changes in the Group's share of net assets of the associated company.

The Group's share of net profits or losses and changes recognised directly in other comprehensive income of the associate company is recognised in the consolidated statement of comprehensive income and consolidated statement of changes in equity respectively.

An investment in an associate company is accounted for using the equity method from the date on which the Group obtains significant influence until the date the Group ceases to have significant influence over the associated company.

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**

#### **3.1 Consolidation (cont'd.)**

##### **3.1.4 Investment in associate company (cont'd.)**

Premium relating to an associate company is included in the carrying value of the investment and it is not tested for impairment separately. Instead, the entire carrying amount of the investment is tested for impairment.

Discount on acquisition is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate company's profit or loss in the year in which the investment is acquired.

Unrealised gains or losses on transactions between the Group and its associate company are eliminated to the extent of the Group's interest in the associate company.

Equity accounting is discontinued when the carrying amount of the investment in an associate company diminishes by virtue of losses to zero, unless the Group has legal or constructive obligations or made payments on behalf of the associate company.

The results and reserves of associate company is accounted for in the consolidated financial statements based on audited financial statements made up to the end of the financial year and prepared using accounting policies that conform to those used by the Group for like transactions in similar circumstances.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate is recognised at fair value on the date when significant influence is lost. Any gain or loss arising from the loss of significant influence over an associate is recognised in profit or loss.

When changes in the Group's interests in an associate that do not result in a loss of significant influence, the retained interests in the associate are not remeasured. Any gain or loss arising from the changes in the Group's interests in the associate is recognised in profit or loss.

In the Company's separate financial statements, investment in associate company is stated at cost less impairment losses. Impairment losses are charged to profit or loss.

On disposal, the difference between the net disposal proceed and the carrying amount of the associate company disposed of is recognised in profit or loss.

#### **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 its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. All other repair and maintenance costs are recognised in profit or loss as incurred.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 3.2 Property, plant and equipment (cont'd.)

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. Properties under construction are not depreciated.

The principal annual rates used are as follows:-

Leasehold land and building	Over the remaining period of the lease
Plant, machinery and motor vehicles	10% – 20%
Furniture, fittings and equipment	10%

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.

#### 3.3 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.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 3.3 Investment properties (cont'd.)

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

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.

##### 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 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.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 3.4 Leases (cont'd.)

##### Finance leases (cont'd.)

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group 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.

##### 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 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.

##### **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 land. 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

##### **3.6.1 Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the Group or the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 3.6 Financial instruments (cont'd.)

##### 3.6.2 Classification and initial measurement of financial assets

###### Accounting policies applied from 1 January 2018

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with MFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss ("FVTPL")
- fair value through other comprehensive income ("FVOCI")

The classification is determined by both:

- the Company's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset

In the years presented, the Group and the Company do not have any financial assets categorised as FVTPL.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade and other receivables which is presented within other expenses.

###### Accounting policies applied until 31 December 2017

Financial assets are classified as either fair value through profit or loss, held-to-maturity financial assets, available-for-sale financial assets or loans and receivables, as appropriate. Management determines the classification of the financial assets upon initial recognition which depends on the nature and purpose of the financial assets. The Group does not have any fair value through profit or loss and held-to-maturity financial assets.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the market place. A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 3.6 Financial instruments (cont'd.)

##### 3.6.3 Financial assets – subsequent measurement

###### Accounting policies applied from 1 January 2018

###### Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

The Group's and the Company's trade and other receivables, amounts owing by immediate holding, subsidiary, related and associate companies, cash and cash equivalents fall into this category of financial instruments.

###### Financial assets at FVOCI

Financial assets at FVOCI comprise investments in quoted shares which are not held for trading, and which the Group or the Company has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group or the Company considers this classification to be more relevant.

On disposal of these investments, any related balance within the fair value reserve is reclassified to retained earnings.

###### Accounting policies applied until 31 December 2017

###### *Available-for-sale financial assets*

This category comprises investment in equity and debt securities that are not held for trading or designated at fair value through profit or loss.

The subsequent measurement of financial assets in this category is at fair value, unless the fair value cannot be measured reliably, in which case they are measured at cost less impairment loss.

Any gains or losses arising from changes in fair value of a financial asset in this category are recognised in other comprehensive income, except for impairment losses, until the investment is derecognised, at which time the cumulative gain or loss previously reported in other comprehensive income is reclassified to the statements of profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in the statements of profit or loss.



### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 3.6 Financial instruments (cont'd.)

##### 3.6.3 Financial assets – subsequent measurement (cont'd.)

Accounting policies applied until 31 December 2017 (cont'd.)

###### *Loans and receivables*

This category comprises debt instruments that are not quoted in an active market, trade and other receivables and cash and cash equivalents. They are included in current assets, except for those with maturities greater than 12 months after the reporting date, which are classified as non-current assets.

The subsequent measurement of financial assets in this category is at amortised cost using the effective interest method, less allowance for impairment losses.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment.

###### *Derecognition*

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received together with any cumulative gain or loss that has been recognised in equity is recognised in the profit or loss.

##### 3.6.4 Financial assets – impairment

Accounting policies applied from 1 January 2018

MFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss model'. This replaces MFRS 139's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under MFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group or the Company first identifying a credit loss event. Instead the Group or the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 3.6 Financial instruments (cont'd.)

##### 3.6.4 Financial assets – impairment (cont'd.)

###### Accounting policies applied from 1 January 2018 (cont'd.)

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

###### Trade/other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade/other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due. A detailed analysis of how the impairment requirements of MFRS 9 are applied is in Note 47 to the Financial Statements.

###### Accounting policies applied until 31 December 2017

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 3.6 Financial instruments (cont'd.)

##### 3.6.4 Financial assets – impairment (cont'd.)

Accounting policies applied until 31 December 2017 (cont'd.)

###### *Assets carried at amortised cost*

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against carrying amount of the financial asset.

If in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the profit or loss.

###### *Available-for-sale financial assets*

If there is objective evidence that an impairment loss on available-for-sale financial assets has been incurred, the amount of the loss is measured as the difference between the asset's acquisition cost and the asset's current fair value, less any impairment loss previously recognised. When a decline in the fair value of an asset has been previously recognised in other comprehensive income, the cumulative losses in other comprehensive income are reclassified from equity to profit or loss.

##### 3.6.5 Financial liabilities – classification and measurement

As the accounting for financial liabilities remains largely the same under MFRS 9 as compared to FRS 139, the Group's and the Company's financial liabilities were not impacted by the adoption of MFRS 9. However, for completeness, the accounting policy is disclosed below.

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

The Group's and the Company's financial liabilities comprise trade and other payables, amounts owing to immediate holding, subsidiary and related companies, amount owing to non-controlling shareholders of subsidiary companies, borrowings, hire purchase and finance lease liabilities.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group or the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

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

for the year ended 31 December 2018

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 3.7 Cash and cash equivalents

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

#### 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.

Share premium represents the excess of issue price over the par value of shares issued under the Companies Act 1965. Pursuant to the transitional provisions of the Companies Act 2016 ("CA 2016"), the Company may, within 24 months upon the commencement of CA 2016, use the amount standing to the credit of its share premium account for specific purposes set out in the transitional provisions of CA 2016. Thereafter, any unutilised credit balance in the share premium account shall be transferred and credited to share capital of the Company.

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.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 3.9 Impairment of non-financial assets (cont'd.)

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.

#### 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 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 service (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 sales taxes or goods and 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 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.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 3.10 Revenue from contracts with customers (cont'd.)

##### 3.10.1 Revenue recognition (cont'd.)

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).

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 an expense 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.
- Rental income is recognised on a straight-line basis over the specific tenure of the respective leases. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.
- Hotel room income is recognised when services are rendered.
- Food and beverage and other related income are recognised when services are rendered.

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**

#### **3.10 Revenue from contracts with customers (cont'd.)**

##### **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.

##### **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 ("the 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 the 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 3.13 Income taxes

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 statement of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

##### 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 statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting 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.

#### 3.14 Goods and services tax

Goods and services tax ("GST") is a consumption tax based on value-added concept. GST was imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at the applicable tax rate of 6% up until 31 May 2018. Input GST that the Group or the Company paid on purchases of business inputs can be deducted from output GST.

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

- (a) where the GST incurred in a purchase of assets or services is not recoverable from the authority, in which case the GST is recognised as part of the cost of acquisition of the assets or as part of the expense item as applicable; and
- (b) receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from or payable to the taxation authority is included as part of receivables or payables in the statements of financial position.



#### 4. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold building RM'000	Leasehold land RM'000	Plant, machinery and motor vehicles RM'000	Furniture, fittings and equipment RM'000	Construction in progress RM'000	Total RM'000
<b>Cost</b>						
At 1.1.2017	242,144	2,294	91,711	29,509	–	365,658
Additions	345	–	5,552	27,043	–	32,940
Disposals	(32)	–	(553)	(843)	–	(1,428)
Write-offs	–	–	(140)	(576)	–	(716)
Acquisition of a subsidiary company	–	–	–	166	–	166
At 31.12.2017	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)
Write-offs	(16)	–	(93)	(356)	–	(465)
Reclassification	(9)	–	–	9	–	–
Transfer from investment properties	–	–	–	–	57,257	57,257
At 31.12.2018	241,420	2,294	101,532	65,216	110,998	521,460
<b>Accumulated depreciation</b>						
At 1.1.2017	10,109	232	62,503	7,448	–	80,292
Charge for the financial year	4,907	23	11,849	3,737	–	20,516
Disposals	(1)	–	(524)	(398)	–	(923)
Write-offs	–	–	(124)	(182)	–	(306)
Acquisition of a subsidiary company	–	–	–	21	–	21
At 31.12.2017	15,015	255	73,704	10,626	–	99,600
Charge for the financial year	5,086	23	9,077	6,454	–	20,640
Disposals	–	–	(96)	(28)	–	(124)
Write-offs	(1)	–	(93)	(171)	–	(265)
At 31.12.2018	20,100	278	82,592	16,881	–	119,851
<b>Net carrying amount</b>						
At 31.12.2018	221,320	2,016	18,940	48,335	110,998	401,609
At 31.12.2017	227,442	2,039	22,866	44,673	–	297,020
At 1.1.2017	232,035	2,062	29,208	22,061	–	285,366

Notes to the Financial Statements (Cont'd.)  
for the year ended 31 December 2018

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Company	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Total RM'000
<b>Cost</b>			
At 1.1.2017	3,104	5,282	8,386
Additions	405	694	1,099
Disposals	(13)	–	(13)
At 31.12.2017	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
<b>Accumulated depreciation</b>			
At 1.1.2017	1,698	1,997	3,695
Charge for the financial year	500	713	1,213
Disposals	(13)	–	(13)
At 31.12.2017	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
<b>Net carrying amount</b>			
At 31.12.2018	1,412	3,773	5,185
At 31.12.2017	1,311	3,266	4,577
At 1.1.2017	1,406	3,285	4,691

Included in property, plant and equipment are assets acquired under unexpired hire purchase and finance lease arrangements with net carrying amounts as follows:

	Group			Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Plant and machinery	3,575	8,629	14,417	–	–	–
Motor vehicles	1,631	1,835	2,328	1,394	1,311	1,405
	5,206	10,464	16,745	1,394	1,311	1,405

## 5. INVESTMENT PROPERTIES

Group	At fair value			At cost	Total RM'000
	Freehold condominium and apartment RM'000	Freehold commercial properties RM'000	Leasehold commercial properties RM'000	Properties under construction RM'000	
At 1.1.2017	2,285	130,400	1,300,460	43,753	1,476,898
Additions or subsequent enhancement	–	–	–	71,573	71,573
Transfer from inventories – land held for property development	–	–	–	28,509	28,509
Acquisition of a subsidiary company	–	130,564	–	–	130,564
At 31.12.2017	2,285	260,964	1,300,460	143,835	1,707,544
Additions or subsequent enhancement	–	2,355	–	92,121	94,476
Reclassifications	–	4,486	68,230	(72,716)	–
Transfer to property, plant and equipment	–	–	–	(57,257)	(57,257)
Fair value adjustments	–	13,709	(3,230)	–	10,479
At 31.12.2018	2,285	281,514	1,365,460	105,983	1,755,242

Included in investment properties is freehold land that has been pledged to secure bank borrowings as disclosed in Note 28 to the Financial Statements.

Investment properties as at 31 December 2018 are stated at fair value based on an assessment by the Board of Directors and also by reference to full valuations by a registered independent valuer 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 2018 carried out by PA International Property Consultants (KL) Sdn. Bhd., 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 2018 ("Book Values") was 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.

## 5. INVESTMENT PROPERTIES (CONT'D.)

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) In 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 which land component was previously valued based on the comparison method as the building on the land was still under construction. In the current year, the construction has been completed. The Group adopted the cost method instead, to reflect the current use of the property in arriving at its valuation.

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

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Freehold condominium and apartment	–	2,285	–
Freehold commercial properties	–	281,514	–
Leasehold commercial properties	–	388,460	977,000

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

### Level 3

	RM'000
At 1 January	792,000
Transferred from Level 2	120,000
Reclassifications from properties under construction	68,230
Fair value adjustments	(3,230)
At 31 December	977,000

## 5. INVESTMENT PROPERTIES (CONT'D.)

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%	The higher the discount rate, the lower the fair value.
	Estimated capitalisation rate of 6.50% to 7.00%	The higher the estimated capitalisation rate, the lower the fair value.
	Occupancy rates of 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 2018. The fair value of the property is expected to be reliably determinable when the construction is complete.

### Income and expenses recognised in profit or loss

	Group	
	2018 RM'000	2017 RM'000
Rental income	68,788	42,670
Direct operating expenses:		
– quit rent and assessment	7,301	6,174
– insurance	627	434
– repairs and maintenance	5,670	4,360
– others	17,769	10,377

Notes to the Financial Statements (Cont'd.)  
for the year ended 31 December 2018

6. INVENTORIES

	Group		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Non-current:			
Land held for property development (Note 6.1)	509,085	500,906	462,939
Current:			
Property development costs (Note 6.2)	558,830	746,734	989,186
Completed properties (Note 6.3)	1,077,239	968,685	216,679
Consumables	457	482	528
	1,636,526	1,715,901	1,206,393
	2,145,611	2,216,807	1,669,332

6.1 Land held for property development

	Group		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Freehold land at cost	313,897	318,053	283,630
Leasehold land at cost	45,633	45,633	44,710
Development cost	141,376	99,253	57,506
At beginning of year	500,906	462,939	385,846
Development cost incurred during the year	19,590	70,671	16,297
Transferred (to)/from inventories			
– property development costs	(36,274)	(12,650)	60,796
Transferred to investment properties	–	(28,509)	–
Disposal	–	(7,829)	–
Acquisition of a subsidiary company	24,863	16,284	–
At end of year	509,085	500,906	462,939

## 6. INVENTORIES (CONT'D.)

### 6.2 Property development costs

	Group		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Freehold land at cost	435,424	389,723	500,820
Leasehold land at cost	35,053	40,819	9,538
Development cost	1,529,732	1,746,286	1,801,746
Cost recognised as expense in prior years	(1,253,475)	(1,187,642)	(1,378,127)
<b>At beginning of year</b>	<b>746,734</b>	<b>989,186</b>	<b>933,977</b>
Cost incurred during the financial year			
– freehold land at cost	250	93,000	28,455
– development cost	554,637	422,776	619,921
	<b>1,301,621</b>	<b>1,504,962</b>	<b>1,582,353</b>
Cost recognised as an expense in the current year	(535,899)	(452,693)	(422,079)
Cost transferred to inventories – completed properties	(344,415)	(318,185)	(91,572)
Cost transferred to investment properties	–	–	(18,720)
Cost transferred from/(to) inventories – land held for property development	36,274	12,650	(60,796)
Acquisition of subsidiary companies	101,249	–	–
<b>At end of year</b>	<b>558,830</b>	<b>746,734</b>	<b>989,186</b>

Included in development cost is the following interest expense incurred during the financial year:

	Group		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Term loan interest	485	530	1,237
Bridging loan interest	1,765	1,807	1,993
Revolving credit interest	176	–	–
	<b>2,426</b>	<b>2,337</b>	<b>3,230</b>

Freehold and leasehold land with carrying amount of Nil (31.12.2017: RM23,175,000 and 1.1.2017: RM86,675,000) had been charged to secure bank borrowings referred to in Note 28 to the Financial Statements.

### 6.3 Completed properties

The title deeds for the completed properties totalling RM10,995,000 (31.12.2017: RM11,486,000 and 1.1.2017: RM11,467,000) are registered in the name of a third party.

Notes to the Financial Statements (Cont'd.)  
for the year ended 31 December 2018

7. INVESTMENT IN SUBSIDIARY COMPANIES

	Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Unquoted shares at cost	592,532	391,782	53,779
Less : Impairment losses	(15,950)	–	–
	<b>576,582</b>	391,782	53,779

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

	Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
At beginning of financial year	–	–	–
Impairment made	15,950	–	–
At end of financial year	<b>15,950</b>	–	–

The subsidiary companies, all incorporated in Malaysia, are as follows:

	Equity interest			Principal activities
	31.12.2018 %	31.12.2017 %	1.1.2017 %	
Ceylon Hills Sdn. Bhd.	54	54	54	Property development
Citra Jaya Sejahtera Sdn. Bhd.	100	100	–	Property development
Concord Housing Development Sdn. Bhd.	100	100	100	Property development
Cosmo Housing Development Sdn. Bhd.	100	–	–	Property development
Eureka Equity Sdn. Bhd.	60	60	60	Property development
Everise Project Sdn. Bhd.	74	74	39	Property development
Everise Tiara (M) Sdn. Bhd.	60	60	60	Property development
HSB Green Solutions Sdn. Bhd.	100	–	–	Property development
IDP Industrial Development Sdn. Bhd.	100	100	100	Property development
Infinite Accomplishment Sdn. Bhd.	100	100	100	Property development
Kumpulan Sejahtera Sdn. Bhd.	100	100	100	Property development
Magna Kelana Development Sdn. Bhd.	74	74	74	Property development
Magna Tiara Development Sdn. Bhd.	100	100	100	Property development
Maxim Development Sdn. Bhd.	100	100	100	Property development
Naik Makmur Development Sdn. Bhd.	100	–	–	Property development
Nova Metro Development Sdn. Bhd.	84	84	84	Property development



## 7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D.)

The subsidiary companies, all incorporated in Malaysia, are as follows (cont'd.):

	Equity interest			Principal activities
	31.12.2018 %	31.12.2017 %	1.1.2017 %	
Orient Housing Development Sdn. Bhd.	100	100	100	Property development
Paramount Hills Sdn. Bhd.	100	100	100	Property development
Paramount Properties Sdn. Bhd.	100	100	100	Property development
Peninsular Home Sdn. Bhd.	60	60	60	Property development
Sagaharta Sdn. Bhd.	100	100	100	Property development
Saujanis Sdn. Bhd.	100	100	100	Property development
Scenic Point Development Sdn. Bhd.	60	60	60	Property development
Seri Tiara Development Sdn. Bhd.	85	85	85	Property development
Sunny Uptown Sdn. Bhd.	100	100	100	Property development
Tiarawoods Sdn. Bhd.	100	100	100	Property development
Topview Housing Sdn. Bhd.	100	100	100	Property development
Windsor Triumph Sdn. Bhd.	100	100	100	Property development
Allied Engineering Construction Sdn. Bhd.	100	100	100	Civil contractor
Resodex Construction Sdn. Bhd.	100	100	100	Civil contractor
URC Engineering Sdn. Bhd.	100	100	100	Civil contractor
UOA Hospitality Sdn. Bhd.	100	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	100	Investment holding
Fabullane Development Sdn. Bhd.	100	100	100	Dormant
Regenta Development Sdn. Bhd.	100	100	100	Dormant
Seri Prima Development Sdn. Bhd.	100	100	100	Dormant
Held through UOA Properties Sdn. Bhd.:-				
Bangsar South City Sdn. Bhd.	100	100	100	Property investment
Distinctive Acres Sdn. Bhd.	100	100	100	Property investment
Dynasty Portfolio Sdn. Bhd.	100	100	100	Property investment
Enchant Heritage Sdn. Bhd.	100	100	85	Property investment
Lencana Harapan Sdn. Bhd.	100	100	100	Property investment
Nasib Unggul Sdn. Bhd.	100	100	100	Property investment
Nova Lagenda Sdn. Bhd.	100	100	100	Property investment
Tunjang Idaman Sdn. Bhd.	100	100	100	Property investment
Full Marks Property Sdn. Bhd.	100	100	100	Dormant
UOA Southlink Sdn. Bhd.	100	–	–	Property investment
UOA Southview Sdn. Bhd.	100	–	–	Property investment
UOA Golden Pines Sdn. Bhd.	100	–	–	Dormant
Held through Everise Project Sdn. Bhd.:-				
Jendela Dinamik Sdn. Bhd.	51	51	100	Dormant

**7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D.)**

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

Name of subsidiary	Proportion of ownership interests held by non-controlling interests		Profit allocated to non-controlling interests		Carrying amount of non-controlling interests		
	31.12.2018 %	31.12.2017 %	1.1.2017 %	2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Eureka Equity Sdn. Bhd.	40%	40%	40%	20,993	62,234	54,364	33,371
Everise Tiara (M) Sdn. Bhd.	40%	40%	40%	4,306	25,508	42,348	50,042
Everise Project Sdn. Bhd.	26%	26%	–	–	131,395	118,512	–
Seri Tiara Development Sdn. Bhd.	15%	15%	15%	5,182	27,487	25,636	20,454

## 7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D.)

The summary of financial information before intra-group elimination for the Group's subsidiaries 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
<b>2018</b>				
<b>Financial position as at reporting date</b>				
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
<b>Summary of financial performance for the financial year</b>				
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
<b>Summary of cash flows for the financial year</b>				
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)
<b>Other information</b>				
Dividends paid to non-controlling interests	-	23,600	-	-

## 7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D.)

The summary of financial information before intra-group elimination for the Group's subsidiaries that have material non-controlling interests is as below (cont'd.):

	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
<b>2017</b>				
<b>Financial position as at reporting date</b>				
Non-current assets	–	–	146,992	122
Current assets	222,832	123,427	517,454	266,071
Non-current liabilities	(21,811)	–	(1,100)	(10,054)
Current liabilities	(65,111)	(17,557)	(207,531)	(85,232)
Net assets	135,910	105,870	455,815	170,907
<b>Summary of financial performance for the financial year</b>				
Net profit/ total comprehensive income for the financial year	52,484	10,764	–	34,550
Included in the net profit/ total comprehensive income is:				
Revenue	151,890	33,233	–	48,526
<b>Summary of cash flows for the financial year</b>				
Net cash inflows/(outflows) from operating activities	(12,871)	10,653	–	3,171
Net cash inflows/(outflows) from investing activities	32	562	–	201
Net cash inflows/(outflows) from financing activities	(1,966)	(30,000)	–	(8,897)
Net cash outflows	(14,805)	(18,785)	–	(5,525)
<b>Other information</b>				
Dividends paid to non-controlling interests	–	12,000	–	–

## 8. INVESTMENT IN AN ASSOCIATE COMPANY

On 1.1.2017, the associate company was Everise Project Sdn. Bhd., a company incorporated in Malaysia in which the Company held 39% of the equity interest. During the previous financial year as disclosed in Note 39 to the Financial Statements, the Company had increased its stake to 74%, thus making it a subsidiary with effect from 4 December 2017.

	Group			Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Unquoted ordinary shares, at cost	-	-	18,570	-	-	18,570
Discount on acquisition	-	-	260	-	-	-
Share of post-acquisition reserves	-	-	45,319	-	-	-
	-	-	64,149	-	-	18,570

On 1.1.2017, the summarised financial information of the associate company was as follows:

	1.1.2017 RM'000
<b>Assets and liabilities</b>	
Total assets	586,081
Total liabilities	362,431
<b>Results</b>	
Revenue	90,578
Net profit for the financial year	55,067

## 9. INVESTMENTS IN QUOTED SHARES

	Group			Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
At market value:-						
Shares quoted in Malaysia	20,259	25,053	30,518	-	-	3,300

The investments in quoted shares represent investments in a fellow subsidiary of the Company listed in Malaysia.

#### 10. DEFERRED TAX ASSETS

	Group		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
At 1 January	39,840	36,483	36,441
Origination during the year	5,745	3,357	42
At 31 December	45,585	39,840	36,483

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.

#### 11. CONTRACT ASSETS/(CONTRACT LIABILITIES)

	Group		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
<u>Contract assets</u>			
Revenue recognised to date	3,013,532	2,919,177	3,845,570
Progress billings issued to date	(2,778,609)	(2,674,458)	(3,722,303)
	234,923	244,719	123,267
<u>Contract costs</u>			
Costs to obtain contracts	60,136	56,047	36,089
	295,059	300,766	159,356
Contract assets	295,059	300,766	187,728
Contract liabilities	–	–	(28,372)
	295,059	300,766	159,356

Costs to obtain contracts comprises the following costs which were 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.

## 11. CONTRACT ASSETS/(CONTRACT LIABILITIES) (CONT'D.)

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, RM32,197,000 (2017: RM23,455,000) was amortised to cost of sales and RM8,714,000 (2017: RM3,345,000) was amortised against revenue.

## 12. TRADE RECEIVABLES

	Group		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Progress billings receivable	256,372	87,554	282,509
Funds held by stakeholders	121,774	187,053	77,634
Other trade receivables	15	15	15
	<b>378,161</b>	274,622	360,158
Allowance for credit losses	<b>(9,032)</b>	(15)	(15)
	<b>369,129</b>	274,607	360,143

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

	Group		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
At beginning of financial year	15	15	15
Allowance made	9,017	–	–
At end of financial year	<b>9,032</b>	15	15

The progress billings are due within 14 to 90 days (31.12.2017 and 1.1.2017: 14 to 90 days) as stipulated in the sale and purchase agreements.

On 1.1.2017, progress billings receivable included an amount of RM226,065,000 owing by an associate company of the Company.

**Notes to the Financial Statements (Cont'd.)**  
for the year ended 31 December 2018

**13. OTHER RECEIVABLES**

	Group			Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Sundry receivables	<b>88,880</b>	86,966	77,557	<b>8,904</b>	8,050	7,596
Deposits and prepayments	<b>37,063</b>	37,688	21,860	<b>2,206</b>	1,655	1,654
	<b>125,943</b>	124,654	99,417	<b>11,110</b>	9,705	9,250
Allowance for credit losses	<b>(8,188)</b>	(7,041)	(3,008)	<b>(1,510)</b>	(1,514)	(1,615)
	<b>117,755</b>	117,613	96,409	<b>9,600</b>	8,191	7,635

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

	Group			Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
At beginning of financial year	<b>7,041</b>	3,008	5,218	<b>1,514</b>	1,615	1,300
Allowance made	<b>1,535</b>	4,033	504	-	-	315
Reversal	<b>(379)</b>	-	(2,451)	<b>(4)</b>	(101)	-
Written off	<b>(9)</b>	-	-	-	-	-
Disposal of a subsidiary	-	-	(263)	-	-	-
At end of financial year	<b>8,188</b>	7,041	3,008	<b>1,510</b>	1,514	1,615

**14. AMOUNTS OWING BY/TO IMMEDIATE HOLDING COMPANY**

The amounts owing by/to immediate holding company are non-trade, unsecured, interest free advances which are receivable/repayable on demand.



## 15. AMOUNTS OWING BY/(TO) SUBSIDIARY COMPANIES

The amount owing by subsidiary companies is analysed as follows:

	Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Interest free advances	1,791,840	1,782,006	1,682,249
Management fee receivable	3,875	3,548	22,113
Rental receivable	309	5	–
	<b>1,796,024</b>	1,785,559	1,704,362

The interest free advances are non-trade, unsecured and receivable within 12 months (31.12.2017 and 1.1.2017: 12 months). The management fee receivable and rental receivable are expected to be settled within the normal credit period of 30 to 60 days (31.12.2017 and 1.1.2017: 30 to 60 days).

The amount owing to subsidiary companies is analysed as follows:

	Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Interest free advances	31,274	99,593	–
Rental payable	–	32	–
	<b>31,274</b>	99,625	–

The interest free advances are non-trade, unsecured and repayable on demand. The rental payable was expected to be settled within the normal credit period of 30 to 60 days and had been fully settled during the financial year.

## 16. AMOUNTS OWING BY/(TO) RELATED COMPANIES

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

The amount owing to related companies comprises:

	Group			Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Management fee payable	131	261	377	131	261	268
Landscaping fee payable	45	25	35	-	-	-
Administrative fee payable	202	-	24	-	-	-
Rental payable	-	-	3	-	-	-
Unsecured loan payable	41,965	45,898	-	-	-	-
Interest free advances	629	36	56	-	-	-
	<b>42,972</b>	46,220	495	<b>131</b>	261	268

The unsecured loan payable bears interest at 4.50% (31.12.2017: 12% and 1.1.2017: Nil) per annum and is repayable on demand.

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

Management fee, landscaping and administrative fee payables are expected to be settled within the normal credit period of 30 to 60 days (31.12.2017 and 1.1.2017: 30 to 60 days).

## 17. AMOUNT OWING BY AN ASSOCIATE COMPANY

On 1.1.2017, the amount owing by the associate company represents non-trade, unsecured, interest-free advances which were repayable on demand and had been settled in the previous financial year.

## 18. SHORT TERM INVESTMENTS

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

## 19. FIXED DEPOSITS WITH LICENSED BANKS

Included in fixed deposits is an amount of RM1,680,616 (31.12.2017: RM2,647,660, 1.1.2017: RM2,571,756) of the Group and RM148,584 (31.12.2017: RM143,977, 1.1.2017: RM139,468) of the Company pledged to secure the Group's banking facilities.

The effective interest rates of the fixed deposits range between 2.50% to 3.30% (31.12.2017: 2.50% to 3.40%, 1.1.2017: 2.40% to 3.40%) per annum. All deposits have maturities period of less than one year.

## 20. CASH AND BANK BALANCES

Cash and bank balances of the Group include an amount of RM183,072,214 (31.12.2017: RM137,066,516, 1.1.2017: RM316,674,094) maintained in the 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 2.65% (31.12.2017: 1.70% to 2.00% and 1.1.2017: 1.70% to 2.15%) per annum.

## 21. SHARE CAPITAL

	Company					
	31.12.2018		31.12.2017		1.1.2017	
	Number of shares '000	RM'000	Number of shares '000	RM'000	Number of shares '000	RM'000
<b>Issued and fully paid:</b>						
<u>Ordinary shares</u>						
At 1 January	<b>1,734,247</b>	<b>309,607</b>	1,632,469	81,623	1,520,789	76,039
Issued pursuant to the DRS	<b>110,625</b>	<b>236,736</b>	101,778	227,984	111,680	5,584
At 31 December	<b>1,844,872</b>	<b>546,343</b>	1,734,247	309,607	1,632,469	81,623

## 22. SHARE PREMIUM

	Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
At 1 January	<b>1,496,594</b>	1,496,594	1,289,004
111,679,600 ordinary shares at a premium of RM1.86 per share, pursuant to the DRS, net of issuance expenses	-	-	207,590
At 31 December	<b>1,496,594</b>	1,496,594	1,496,594

**Notes to the Financial Statements (Cont'd.)**  
for the year ended 31 December 2018

**23. MERGER RESERVE**

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

**24. FAIR VALUE RESERVE**

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

**25. TREASURY SHARES**

During the financial year ended 31.12.2017, the Company repurchased 10,000 of its issued ordinary shares from the open market at an average price of RM2.49 per share. The total consideration paid for the repurchase including transaction costs was RM25,082. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

The cumulative treasury shares of the Company are as follows:

	Company					
	31.12.2018		31.12.2017		1.1.2017	
	Number of shares '000	RM'000	Number of shares '000	RM'000	Number of shares '000	RM'000
At 1 January	1,134	2,119	1,124	2,094	1,109	2,061
Addition	-	-	10	25	15	33
At 31 December	1,134	2,119	1,134	2,119	1,124	2,094

**26. 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 RM1,918,609 (31.12.2017 and 1.1.2017: RM1,918,609) owing to key management personnel of the Group and a company in which a Director has financial interest.

## 27. HIRE PURCHASE AND FINANCE LEASE LIABILITIES

	Group			Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Total future instalments payable	<b>4,594</b>	8,677	14,090	<b>1,441</b>	1,392	1,443
Unexpired term charges	<b>(263)</b>	(463)	(900)	<b>(99)</b>	(105)	(120)
<b>Total outstanding principal</b>	<b>4,331</b>	8,214	13,190	<b>1,342</b>	1,287	1,323
Future instalments payable						
– not later than one year	<b>2,656</b>	5,295	6,677	<b>614</b>	489	461
– later than one year but not later than five years five years	<b>1,938</b>	3,382	7,413	<b>827</b>	903	982
<b>Total future instalments payable</b>	<b>4,594</b>	8,677	14,090	<b>1,441</b>	1,392	1,443

	Group			Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Outstanding principal						
– not later than one year (included under current liabilities)	<b>2,499</b>	4,980	6,123	<b>563</b>	436	406
– later than one year but not later than five years (included under non-current liability)	<b>1,832</b>	3,234	7,067	<b>779</b>	851	917
<b>Total outstanding principal</b>	<b>4,331</b>	8,214	13,190	<b>1,342</b>	1,287	1,323

The effective interest rates of the hire purchase and finance lease liabilities are between 4.39% to 6.45% (31.12.2017 and 1.1.2017: 4.37% to 6.45%) per annum for the Group and 4.39% to 5.82% (31.12.2017 and 1.1.2017: 4.37% to 5.82%) per annum for the Company.

## 28. BORROWINGS

	Group		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
<u>Non-current</u>			
Bridging loan	–	10,000	18,584
<u>Current</u>			
Revolving credit I	<b>74,000</b>	56,000	45,000
Revolving credit II	–	8,000	10,000
Revolving credit III	–	4,882	–
Bridging loan	–	39,734	19,000
Term loan	–	–	19,353
	<b>74,000</b>	108,616	93,353
	<b>74,000</b>	118,616	111,937

The term loan and bridging loan of the Group are secured as follows:

- (i) a charge over fixed deposit of the Group;
- (ii) a corporate guarantee from the Company;
- (iii) a legal charge over land included under inventories; and
- (iv) a legal charge over freehold land included under investment properties.

The term loan and bridging loan bear interest at 1.25% to 1.50% plus the bank's cost of funds ("COF"). The effective interest rates are 4.82% to 5.03% (31.12.2017: 4.60% to 4.92%, 1.1.2017: 4.59% to 5.02%) per annum.

The revolving credit I is secured by a corporate guarantee from the Company and bears interest at 1.50% plus COF. The effective interest rates are 5.07% to 5.28% (31.12.2017: 5.07%, 1.1.2017: 5.07% to 5.27%) per annum.

The revolving credit II is unsecured and bears interest at 1.50% plus COF. The effective interest rate is 5.20% (31.12.2017: 5.05% to 5.36%, 1.1.2017: 5.01% to 5.04%) per annum.

The revolving credit III is secured by a corporate guarantee from the Company and bears interest at 1.25% plus COF. The effective interest rates are 4.82% to 5.03% (31.12.2017: 4.82%) per annum.

## 29. DEFERRED TAX LIABILITIES

	Group		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
At 1 January	129,617	124,276	21,184
(Reversal)/origination during the year	(35,861)	4,241	103,092
Acquisition of subsidiary	-	1,100	-
<b>At 31 December</b>	<b>93,756</b>	<b>129,617</b>	<b>124,276</b>
Represented by:			
Tax effects of excess of capital allowances claimed over accumulated depreciation on property, plant and equipment	7,459	906	1,241
Real Property Gains Tax ("RPGT") on fair value adjustments of investment properties	79,278	115,259	114,373
Other temporary differences	7,019	13,452	8,662
	<b>93,756</b>	<b>129,617</b>	<b>124,276</b>

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.

## 30. TRADE PAYABLES

	Group		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Sub-contractors' claims	23,346	8,199	22,009
Retention sums	81,696	92,876	92,749
Accrued construction costs	232,455	358,269	381,503
Other trade payables	20,590	11,093	13,015
	<b>358,087</b>	<b>470,437</b>	<b>509,276</b>

The normal credit terms extended by sub-contractors and suppliers range between 30 to 60 days (31.12.2017 and 1.1.2017: 30 to 60 days).

Notes to the Financial Statements (Cont'd.)  
for the year ended 31 December 2018

**31. OTHER PAYABLES**

	Group			Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Sundry payables	47,700	51,428	51,074	3,626	6,336	5,925
Deposits	39,247	29,059	16,347	272	20	4
Accruals	114,414	92,696	152,123	11,986	10,957	9,088
	<b>201,361</b>	173,183	219,544	<b>15,884</b>	17,313	15,017

**32. REVENUE**

**32.1 Disaggregated revenue information**

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>Types of revenue</b>				
<u>Sales of properties</u>				
– Properties under construction	859,552	955,666	–	–
– Completed properties	404,125	122,591	–	–
Dividend income from subsidiary companies	–	–	180,250	253,800
	<b>1,263,677</b>	1,078,257	<b>180,250</b>	253,800
<b>Timing of recognition</b>				
Performance obligations:-				
– satisfied over time	859,552	955,666	–	–
– satisfied at a point in time	404,125	122,591	180,250	253,800
	<b>1,263,677</b>	1,078,257	<b>180,250</b>	253,800

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



## 32. REVENUE (CONT'D.)

### 32.2 Contract balances

	Group		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Trade receivables	369,129	274,607	360,143
Contract assets	295,059	300,766	187,728

The significant progress in development properties which met the conditions of the sale and purchase agreements signed with customers resulted in a significant increase of trade receivables.

The significant increase in contract assets in 2017 is the result of the significant progress in development properties where the actual progress was higher than the amount billed to customers. Contract assets decreased in 2018 as more billings were issued to customers in respect of work already performed.

	Group	
	2018 RM'000	2017 RM'000
Revenue recognised that was included in contract liabilities at the beginning of the year	-	28,372

There was no revenue recognised from performance obligations satisfied in previous years.

### 32.3 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 12 to the Financial Statements.

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

## 32. REVENUE (CONT'D.)

### 32.3 Performance obligations (cont'd.)

#### Sale of properties (cont'd.)

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

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

	Group	
	2018 RM'000	2017 RM'000
Sale of development properties under construction	1,619,814	1,338,646

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.

## 33. COST OF SALES

	Group	
	2018 RM'000	2017 RM'000
Cost of development properties under construction sold	568,096	476,148
Cost of completed properties sold	193,023	43,567
	761,119	519,715

## 34. FINANCE COSTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Amortisation of financial liabilities	1,332	1,268	-	-
Hire purchase and finance lease interest	343	600	64	69
Interest on revolving credit	3,468	2,303	-	-
Interest on bridging loan	450	-	-	-
Others	1,070	-	-	-
	6,663	4,171	64	69

### 35. PROFIT BEFORE TAX

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Auditors' remuneration				
– statutory audit	352	354	72	73
– assurance and related services	22	20	4	4
Rental expenses	5,372	6,391	7,366	5,529
Rental income (other than investment properties)	(32,002)	(19,103)	(336)	(11)

### 36. TAX EXPENSE

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Malaysian tax based on results for the financial year				
– current tax	144,951	142,019	1,639	144
– deferred tax	(50,060)	1,129	–	–
	94,891	143,148	1,639	144
(Over)/underprovision in prior years				
– current tax	(9,093)	(8,829)	32	56
– deferred tax	8,454	(246)	–	–
	(639)	(9,075)	32	56
	94,252	134,073	1,671	200

**Notes to the Financial Statements (Cont'd.)**  
for the year ended 31 December 2018

**36. TAX EXPENSE (CONT'D.)**

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit before tax	505,850	676,019	169,649	412,747
Tax at statutory rate	121,404	162,245	40,716	99,059
Tax effects of				
– non-deductible expenses	16,731	12,419	4,455	567
– non-taxable income	(1,908)	(22,922)	(43,532)	(99,482)
Effect of share of profit of an associate company	–	(4,988)	–	–
Movement in unrecognised deferred tax assets	(3,073)	(3,606)	–	–
Difference between income tax rate and RPGT rate applicable on fair value adjustments on investment properties	(1,332)	–	–	–
Change in RPGT rate on investment properties	(36,931)	–	–	–
(Over)/underprovision in prior years	(639)	(9,075)	32	56
	94,252	134,073	1,671	200

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

	Group	
	2018 RM'000	2017 RM'000
Excess of capital allowances over accumulated depreciation on property, plant and equipment	(68,835)	(68,681)
Unabsorbed tax losses	8,540	9,412
Unutilised capital allowances	46,724	43,551
Unutilised investment tax allowances	216,440	225,393
	202,869	215,675

The potential deferred tax assets of the Group have not been recognised in respect 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.

### 37. 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	
	2018 RM'000	2017 RM'000
Net profit attributable to owners of the Company (RM'000)	378,916	506,735
Weighted average number of ordinary shares ('000)	1,782,213	1,678,740
Net earnings per ordinary share (RM)	0.21	0.30

(b) Diluted

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

### 38. DIVIDENDS

	Company	
	2018 RM'000	2017 RM'000
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 at an issue price of RM2.14 per ordinary share pursuant to the DRS	236,736	–
– Payment in cash	23,231	–
In respect of the financial year ended 31 December 2016:		
First and final single tier dividend of 15 sen per share:		
– Dividend reinvested into 101,778,300 new ordinary shares at an issue price of RM2.24 per ordinary share pursuant to the DRS	–	227,984
– Payment in cash	–	16,716
	259,967	244,700

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 2018 amounting to RM258,123,334 based on 1,843,738,100 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 (Cont'd.)

for the year ended 31 December 2018

### 39. ACQUISITION OF SHARES IN NEW SUBSIDIARY COMPANIES

Details of the new subsidiary companies acquired are as follows:

Name of subsidiary companies acquired	Purchase consideration RM'000	Effective interest acquired %	Effective acquisition date	Effective interest after acquisition %
<u>2018</u>				
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
<u>2017</u>				
UOA Komune Sdn. Bhd.	2	100	5.5.2017	100
Citra Jaya Sejahtera Sdn. Bhd.	1	100	25.5.2017	100
Everise Project Sdn. Bhd.	159,535,101	35	4.12.2017	74

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

	Group	
	2018 RM'000	2017 RM'000
Property, plant and equipment	-	145
Investment properties	-	130,564
Inventories – land held for property development	24,863	16,284
Inventories – property development costs	101,249	-
Inventories – completed properties	-	485,846
Trade and other receivables	4,455	24,075
Cash and cash equivalents	4,887	7,533
Deferred tax liabilities	-	(1,100)
Other payables	(27,330)	(183,942)
Term loan	(41,965)	(19,166)
Current tax liabilities	(50)	(4,424)
Net assets acquired	66,109	455,815
Non-controlling interests	-	(118,512)
Discount on acquisition	(359)	-
Fair value on previously held stake	-	(177,768)
Total purchase consideration	65,750	159,535
Less: Cash and cash equivalents acquired	(4,887)	(7,533)
Net cash outflow on acquisition during the financial year	60,863	152,002

### 39. ACQUISITION OF SHARES IN NEW SUBSIDIARY COMPANIES (CONT'D.)

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	2017 RM'000
<u>Revenue</u>		
During the financial year/post-acquisition	-	1,164
<u>Net loss for the financial year</u>		
During the financial year	(10,921)	(583)
Less: Pre-acquisition	10,198	-
Post-acquisition	(723)	(583)

### 40. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Employee benefits expense	59,027	56,893	37,126	34,146

Included in the employee benefits expense are EPF contributions amounting to RM5,565,098 (2017: RM5,288,339) for the Group and RM3,769,692 (2017: RM3,491,297) for the Company.

#### 41. RELATED PARTY DISCLOSURES

(a) Significant related party transactions

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<i>Transactions with immediate holding company</i>				
Rental charged to	587	587	-	-
Administrative fee charged by	1,500	-	-	-
<i>Transactions with subsidiary companies</i>				
Management fee charged to	-	-	54,407	42,643
Rental charged to	-	-	336	11
Rental charged by	-	-	7,366	5,529
<i>Transactions with related companies</i>				
Management fee charged by	6,434	4,514	1,545	1,607
Rental charged to	12,283	11,920	-	-
Rental charged by	30	54	-	-
Administrative fee charged by	607	261	-	-
Landscaping fee charged by	258	401	-	-
Sale of property by	1,580	-	-	-
Distribution income received from	1,301	1,460	-	-
<i>Transactions with an associate company</i>				
Construction service income	-	39,045	-	-
Management fee charged to	-	198	-	198
<i>Transactions with associated companies of the immediate holding company</i>				
Security services charged by Asli Security Services Sdn. Bhd.	1,946	1,922	70	17
<i>Transactions with Directors</i>				
Sales of development properties to				
- Directors	927	-	-	-
- alternate Director	407	-	-	-
- close family member of a Director	422	-	-	-

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.



#### 41. RELATED PARTY DISCLOSURES (CONT'D.)

##### (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 subsidiaries, associate and certain members of senior management of the Group.

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<i>Directors of the Company</i>				
Remuneration	9,643	7,941	9,643	7,941
Estimated monetary value of benefits-in-kind	170	160	170	160
<hr/>				
Total short-term employee benefits	9,813	8,101	9,813	8,101
Post-employment benefits – EPF	1,118	926	1,118	926
	10,931	9,027	10,931	9,027
<hr/>				
<i>Other key management personnel</i>				
Salaries, allowances and bonuses	4,781	5,465	2,188	3,122
Estimated monetary value of benefits-in-kind	63	84	24	41
<hr/>				
Total short-term employee benefits	4,844	5,549	2,212	3,163
Post-employment benefits – EPF	413	505	148	266
	5,257	6,054	2,360	3,429
<hr/>				
Total compensation	16,188	15,081	13,291	12,456

#### 42. 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.

The additional assessment raised against Windsor by IRB arises from an adjustment by IRB of the market value of properties that Windsor has withdrawn as a stock-in-trade to hold as investment property.

The additional assessment raised against Sunny by IRB arises 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.

#### 42. CONTINGENT LIABILITIES (CONT'D.)

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 strong 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 appeals to dispute the said Notices of Additional Assessment.

Accordingly, the Directors are of the opinion that no provisions in respect of the tax liabilities in dispute are required to be made in the financial statements as at the reporting date.

#### 43. OPERATING LEASE COMMITMENTS

*The Group as lessee*

The Group leases premises from various parties under operating leases. These leases are non-cancellable and typically run for a period ranging from 1 to 2 years, with the 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 minimum lease payments payable under the non-cancellable operating leases contracted for as at the reporting date not recognised as payables, are as follows:

	2018 RM'000	2017 RM'000
<b>As lessee</b>		
Not later than 1 year	1,504	341
Later than 1 year but not later than 5 years	40	27
	<b>1,544</b>	<b>368</b>

#### 43. OPERATING LEASE COMMITMENTS (CONT'D.)

*The Group as lessor*

The Group leases out its investment properties under non-cancellable operating leases. These leases run typically for a period ranging from 1 to 3 years, with the option to renew. None of the leases include contingent rentals.

The future minimum lease payments receivable under the non-cancellable operating leases contracted for as at the reporting date not recognised as receivables, are as follows:

	2018 RM'000	2017 RM'000
<b>As lessor</b>		
Not later than 1 year	113,621	92,966
Later than 1 year but not later than 5 years	123,035	97,243
	<b>236,656</b>	190,209

#### 44. CAPITAL COMMITMENTS

	Group	
	2018 RM'000	2017 RM'000
Approved and contracted for		
– Purchase of property, plant and equipment	64,235	8,330
– Construction of investment properties	111,633	180,156

#### 45. 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.

45. SEGMENTAL INFORMATION (CONT'D.)

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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
External revenue	1,263,677	1,078,257	-	-	-	-	-	-	1,263,677	1,078,257
Inter segment revenue	18,939	612	758,137	561,135	-	-	(777,076)	(561,747)	-	-
Total revenue	1,282,616	1,078,869	758,137	561,135	-	-	(777,076)	(561,747)	1,263,677	1,078,257
Depreciation	(1,561)	(1,637)	(7,781)	(10,588)	(10,877)	(8,057)	(421)	(234)	(20,640)	(20,516)
Rental income	60,410	45,707	843	1,123	51,553	23,445	(12,016)	(8,502)	100,790	61,773
Fair value adjustments	(11,484)	-	-	-	9,514	-	12,449	-	10,479	-
Dividend income	-	-	-	-	180,250	253,800	(180,250)	(253,800)	-	-
Distribution income	1,792	1,498	342	-	2,625	2,898	-	-	4,759	4,396
Interest income	7,802	8,053	2,935	11,704	841	963	-	-	11,578	20,720
Interest expense	(2,856)	(1,276)	(3,649)	(2,302)	(158)	(593)	-	-	(6,663)	(4,171)
Other material non-cash items	(10,501)	(3,758)	-	(6)	328	89,468	-	-	(10,173)	85,704

45. SEGMENTAL INFORMATION (CONT'D.)

Group (cont'd.)	Property development		Construction		Others		Elimination		Consolidated	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Segment results	443,835	523,845	50,649	65,104	11,366	66,289	-	-	505,850	655,238
Share of profit of an associate									-	20,781
Tax expense									(94,252)	(134,073)
Net profit for the financial year									411,598	541,946
Segment assets	4,093,568	4,001,902	179,648	154,382	1,389,839	1,328,148	-	-	5,663,055	5,484,432
Segment liabilities	296,260	373,152	365,224	389,999	74,511	89,515	-	-	735,995	852,666
Additions to non-current assets: - capital expenditure	60,831	122,941	3,989	5,247	117,433	46,996	-	-	182,253	175,184

**Notes to the Financial Statements (Cont'd.)**  
for the year ended 31 December 2018

**45. SEGMENTAL INFORMATION (CONT'D.)**

Group (cont'd.)	Consolidated	
	2018 RM'000	2017 RM'000
Other material non-cash (expenses)/income consist of the following:-		
Impairment losses of financial assets	(10,173)	(4,033)
Gain on remeasurement	-	89,737
	<b>(10,173)</b>	<b>85,704</b>
Reconciliation of segment operating assets to total assets		
Segment operating assets	<b>5,663,055</b>	5,484,432
Investments in quoted shares	<b>20,259</b>	25,053
Deferred tax assets	<b>45,585</b>	39,840
Current tax assets	<b>62,505</b>	42,192
Total assets as per statement of financial position	<b>5,791,404</b>	5,591,517
Reconciliation of segment operating liabilities to total liabilities		
Segment operating liabilities	<b>735,995</b>	852,666
Current tax liabilities	<b>15,815</b>	22,210
Deferred tax liabilities	<b>93,756</b>	129,617
Total liabilities as per statement of financial position	<b>845,566</b>	1,004,493
Additions of capital expenditure consist of the following:-		
Property, plant and equipment	<b>68,187</b>	32,940
Investment properties	<b>94,476</b>	71,573
Inventories – land held for property development	<b>19,590</b>	70,671
	<b>182,253</b>	175,184

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 primarily 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.

## 46. FINANCIAL INSTRUMENTS

### Classification of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

Group	31.12.2018		31.12.2017		1.1.2017	
	Amortised cost RM'000	FVOCI RM'000	Loans and receivables RM'000	Available-for-sale RM'000	Loans and receivables RM'000	Available-for-sale RM'000
<b>Financial assets</b>						
Investments in quoted shares	-	20,259	-	25,053	-	30,518
Trade and other receivables	486,049	-	391,243	-	455,578	-
Amount owing by immediate holding company	-	-	10	-	48	-
Amount owing by related companies	4	-	364	-	74	-
Amount owing by an associate company	-	-	-	-	3,782	-
Short term investments	134,137	-	193,786	-	224,082	-
Fixed deposits with licensed banks	179,791	-	151,317	-	167,953	-
Cash and bank balances	264,718	-	224,598	-	390,824	-
<b>Total financial assets</b>	<b>1,064,699</b>	<b>20,259</b>	<b>961,318</b>	<b>25,053</b>	<b>1,242,341</b>	<b>30,518</b>

Company	31.12.2018		31.12.2017		1.1.2017	
	Amortised cost RM'000	FVOCI RM'000	Loans and receivables RM'000	Available-for-sale RM'000	Loans and receivables RM'000	Available-for-sale RM'000
<b>Financial assets</b>						
Investments in quoted shares	-	-	-	-	-	3,300
Trade and other receivables	9,600	-	8,191	-	7,635	-
Amount owing by immediate holding company	-	-	10	-	-	-
Amount owing by subsidiary companies	1,796,024	-	1,785,559	-	1,704,362	-
Amount owing by related companies	3	-	115	-	71	-
Amount owing by an associate company	-	-	-	-	3,782	-
Short term investments	2,940	-	137,304	-	15,536	-
Fixed deposits with licensed banks	16,266	-	3,227	-	23,192	-
Cash and bank balances	11,566	-	12,439	-	8,916	-
<b>Total financial assets</b>	<b>1,836,399</b>	<b>-</b>	<b>1,946,845</b>	<b>-</b>	<b>1,763,494</b>	<b>3,300</b>

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.

#### 47. 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, liquidity risk, interest rate risk and market 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 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.

From 1 January 2018, 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 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.



#### 47. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONT'D.)

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 (cont'd.):

(a) Credit risk (cont'd.)

*i. Receivables and contract assets* (cont'd.)

Group	Expected credit loss rate %	Total gross carrying amount RM'000	Expected credit loss RM'000
<b>31.12.2018</b>			
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
		<b>378,161</b>	<b>9,032</b>
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.

The ageing analysis of receivables as at 31.12.2017 and 1.1.2017 which is trade in nature is as follows:

Group	Gross RM'000	Impairment RM'000
<b>31.12.2017</b>		
Not past due	240,420	-
Less than 44 days past due	9,989	-
Between 44 and 110 days past due	10,098	-
More than 110 days past due	14,115	15
	<b>274,622</b>	<b>15</b>
<b>1.1.2017</b>		
Not past due	115,299	-
Less than 44 days past due	2,699	-
Between 44 and 110 days past due	23,924	-
More than 110 days past due	218,236	15
	<b>360,158</b>	<b>15</b>

#### 47. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONT'D.)

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 (cont'd.):

(a) Credit risk (cont'd.)

*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 immediate holding, 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 is amounted to RM153,760,000 (31.12.2017: RM195,936,000, 1.1.2017: RM188,528,000), represented by the outstanding banking facilities of 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 subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting year, there was no indication that any subsidiary 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 has investments in domestic security. The maximum exposure to credit risk is represented by the carrying amount 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.

(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.

#### 47. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONT'D.)

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 (cont'd.):

(b) Interest rate risk (cont'd.)

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 RM370,000 (2017: RM593,080), 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		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Fixed rate instruments:						
Financial assets	<b>179,791</b>	151,317	167,953	<b>16,266</b>	3,227	23,192
Financial liabilities	<b>4,331</b>	8,214	13,190	<b>1,342</b>	1,287	1,323
Floating rate instruments:						
Financial liabilities	<b>74,000</b>	118,616	111,937	-	-	-

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.

(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.

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

for the year ended 31 December 2018

### 47. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONT'D.)

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 (cont'd.):

(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.

Group	Less than 1 year RM'000	1 to 5 years RM'000	Total RM'000
<b>31.12.2018</b>			
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
Hire purchase and finance lease liabilities	2,656	1,938	4,594
Bank borrowings	77,907	–	77,907
	<b>733,167</b>	<b>7,254</b>	<b>740,421</b>
<b>31.12.2017</b>			
Trade and other payables	643,620	–	643,620
Amount owing to immediate holding company	34	–	34
Amount owing to related companies	46,220	–	46,220
Amount owing to non-controlling shareholders of subsidiary companies	9,332	28,218	37,550
Hire purchase and finance lease liabilities	5,295	3,382	8,677
Bank borrowings	114,045	10,964	125,009
	<b>818,546</b>	<b>42,564</b>	<b>861,110</b>

#### 47. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONT'D.)

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 (cont'd.):

(d) Liquidity risk (cont'd.)

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 (cont'd.).

Group (cont'd.)	Less than 1 year RM'000	1 to 5 years RM'000	Total RM'000
<b>1.1.2017</b>			
Trade and other payables	728,820	–	728,820
Amount owing to immediate holding company	29	–	29
Amount owing to related companies	495	–	495
Amount owing to non-controlling shareholders of subsidiary companies	6,811	28,218	35,029
Hire purchase and finance lease liabilities	6,677	7,413	14,090
Bank borrowings	97,984	20,375	118,359
	840,816	56,006	896,822
<b>Company</b>			
<b>31.12.2018</b>			
Trade and 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
Hire purchase and finance lease liabilities	614	827	1,441
	47,933	827	48,760
<b>31.12.2017</b>			
Trade and other payables	17,313	–	17,313
Amount owing to subsidiary companies	99,625	–	99,625
Amount owing to related companies	261	–	261
Hire purchase and finance lease liabilities	489	903	1,392
	117,688	903	118,591
<b>1.1.2017</b>			
Trade and other payables	15,017	–	15,017
Amount owing to subsidiary companies	17	–	17
Amount owing to related companies	268	–	268
Hire purchase and finance lease liabilities	461	982	1,443
	15,763	982	16,745

#### 48. 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:

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Total borrowings	78,331	126,830	125,127
Less : Cash and cash equivalents	(576,965)	(567,053)	(780,287)
Net cash available	(498,634)	(440,223)	(655,160)
Equity attributable to the owners of the Company	4,680,733	4,329,842	3,839,914
Debt-to-equity ratio (%)	1.7	2.9	3.3

There were no changes in the Group's approach to capital management during the year.

#### 49. FAIR VALUE 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 are measured at fair value at the end of the reporting year. Details of fair value measurement of those financial assets are as follows:

Financial assets	Fair value			Fair value hierarchy	Valuation method and key inputs
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000		
Investments in quoted shares:-					
Quoted shares in Malaysia	20,259	25,053	30,518	Level 1	Quoted bid price in active market

##### Financial assets that are not measured at fair value on a recurring basis

The carrying amounts of 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.

## 50. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	At 1.1.2018 RM'000	Cash flows RM'000	New leases RM'000	At 31.12.2018 RM'000
<b>Group</b>				
Hire purchase and finance 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

<b>Company</b>				
Hire purchase and finance lease liabilities	1,287	(364)	419	1,342

	At 1.1.2017 RM'000	Cash flows RM'000	New leases RM'000	Acquisition of subsidiary companies RM'000	At 31.12.2017 RM'000
<b>Group</b>					
Hire purchase and finance lease liabilities	13,190	(6,321)	1,345	–	8,214
Borrowings	111,937	(12,487)	–	19,166	118,616
	125,127	(18,808)	1,345	19,166	126,830

<b>Company</b>					
Hire purchase and finance lease liabilities	1,323	(461)	425	–	1,287

## 51. TRANSITION TO MFRS FRAMEWORK

As disclosed in Note 2.4 to the Financial Statements, these are the first financial statements of the Group and the Company prepared in accordance with the MFRS Framework. The accounting policies set out in Note 3 to the Financial Statements have been applied in preparing the financial statements of the Company for the financial year ended 31 December 2018, the comparative information presented in these financial statements for the financial year ended 31 December 2017 and the opening statement of financial position at 1 January 2017 (the Group's and the Company's date of transition to MFRS Framework).

The transition from FRSs to the MFRS Framework has had no material effect on the equity, total comprehensive income and cash flow generated by the Group.

The transition from FRSs to the MFRS Framework has had no material effect on the financial statements of the Company.

## 51. TRANSITION TO MFRS FRAMEWORK (CONT'D.)

The impacts of transition to the MFRS Framework to the Group and the Company are as follows:

### (a) MFRS 9 Financial Instruments

MFRS 9 addresses the classification, recognition, derecognition, measurement and impairment of financial assets and financial liabilities, as well as general hedge accounting. It replaces MFRS 139.

MFRS 9 requires financial assets to be classified into three measurement categories, i.e. FVTPL, FVOCI and amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the MFRS 139 requirements.

The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to changes in an entity's own credit risk is recorded in other comprehensive income, unless this creates an accounting mismatch. MFRS 9 contains a new impairment model based on expected losses (as opposed to 'incurred loss' model under MFRS 139), i.e. a loss event need not occur before an impairment loss is recognised, which will result in earlier recognition of losses.

The Group applied MFRS 9 prospectively, with an initial application date of 1 January 2018. The Group has not restated the comparative information, which continues to be reported under FRS 139. There were no material differences arising from the adoption of MFRS 9.

All of the Group's and the Company's financial assets previously classified and measured as loans and receivables under FRS 139 are classified and measured as amortised cost under MFRS 9 as at 1 January 2018 based on the business model assessment done.

The Group's quoted equity instruments previously classified as available-for-sale financial assets are now classified as investments in quoted shares and measured at FVOCI. The Group elected to classify irrevocably its quoted equity investments under this category as it intends to hold these investments for the foreseeable future.

### (b) MFRS 15 Revenue from Contracts with Customers

The Group assessed expenses incurred by the Group in securing contracts with customers will now be capitalised as costs to obtain the contract. The cost to obtain contract will be amortised to profit or loss by reference to the progress towards completing the performance obligation under the contracts.

In addition, legal fees borne by the Group in securing contracts with customers will be accounted for as a reduction against the gross development value of the projects.

### (c) Land held for property development and property development costs

All of the Group's land held for property development and property development costs previously measured under FRS 201 are measured under MFRS 102 as inventories.



## 51. TRANSITION TO MFRS FRAMEWORK (CONT'D.)

The financial impacts to the statements of financial position of the Group arising from the transition to the MFRS Framework are disclosed below:

	Audited as at 31.12.2017 RM'000	Effect of transition to MFRSs RM'000	Restated as at 31.12.2017 RM'000	Audited as at 1.1.2017 RM'000	Effect of transition to MFRSs RM'000	Restated as at 1.1.2017 RM'000
<b>Current assets</b>						
Property development costs	746,734	(746,734)	–	989,186	(989,186)	–
Inventories	969,167	746,734	1,715,901	217,207	989,186	1,206,393
Accrued billings	244,719	(244,719)	–	112,137	(112,137)	–
Amount due from contract customer	–	–	–	39,502	(39,502)	–
Contract assets	–	300,766	300,766	–	187,728	187,728
<b>Equity</b>						
Retained earnings	2,474,182	42,367	2,516,549	2,227,701	26,814	2,254,515
Non-controlling interests	256,954	228	257,182	124,045	613	124,658
<b>Non-current liability</b>						
Deferred tax liabilities	116,165	13,452	129,617	115,614	8,662	124,276
<b>Current liabilities</b>						
Progress billings	–	–	–	28,372	(28,372)	–
Contract liabilities	–	–	–	–	28,372	28,372

**Notes to the Financial Statements (Cont'd.)**  
for the year ended 31 December 2018

**51. TRANSITION TO MFRS FRAMEWORK (CONT'D.)**

The financial impacts to the statements of profit or loss of the Group arising from the transition to the MFRS Framework are disclosed below:

	<b>Audited financial year ended 31.12.2017 RM'000</b>	<b>Effect of transition to MFRSs RM'000</b>	<b>Restated as at 31.12.2017 RM'000</b>
Revenue	1,081,602	(3,345)	1,078,257
Cost of sales	(496,260)	(23,455)	(519,715)
Gross profit	585,342	(26,800)	558,542
Other income	302,763	(23,757)	279,006
Impairment loss of financial assets	–	(4,033)	(4,033)
Administrative and general expenses	(186,612)	50,892	(135,720)
Other expenses	(62,042)	–	(62,042)
Finance income	–	23,656	23,656
Finance costs	(4,171)	–	(4,171)
Share of results of associate company	20,781	–	20,781
Profit before tax	656,061	19,958	676,019
Tax expense	(129,283)	(4,790)	(134,073)
Net profit for the financial year	526,778	15,168	541,946
Other comprehensive (loss)/income, net of tax:			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Fair value loss on available-for-sale financial assets	(965)	–	(965)
Fair value loss reclassified to profit or loss upon disposal	900	–	900
Other comprehensive (loss), net of tax	(65)	–	(65)
Total comprehensive income for the financial year	526,713	15,168	541,881
Net profit for the financial year attributable to:			
Owners of the Company	491,182	15,553	506,735
Non-controlling interests	35,596	(385)	35,211
	526,778	15,168	541,946
Total comprehensive income for the financial year attributable to:			
Owners of the Company	491,117	15,553	506,670
Non-controlling interests	35,596	(385)	35,211
	526,713	15,168	541,881

**52. COMPARATIVE INFORMATION**

The comparative information was audited by another firm of Chartered Accountants other than Grant Thornton Malaysia. Certain comparative figures were reclassified to conform with current year's presentation.

# List of Material Properties Held by the Group

as at 31 December 2018

	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	2016	67,467*	1 year	Leasehold 99 years – expiring 16 August 2106	550,000
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	316,408
3	Nexus Bangsar South, Jalan Kerinchi, Kuala Lumpur	Retail and convention centre	2016	71,373*	5 years	Leasehold 99 years – expiring 27 December 2110	193,000
4	The Vertical, Bangsar South, Jalan Kerinchi, Kuala Lumpur	Vertical Hotel & Podium	2014* & 2018	50,408*	2 years	Leasehold 99 years – expiring 16 August 2106	191,764
5	The Sphere, Bangsar South, Jalan Kerinchi, Kuala Lumpur	Retail complex & commercial land	2018	28,578	1 year	Leasehold 99 years – expiring 16 August 2106	185,000
6	Camellia Service Suites, Jalan Kerinchi, Kuala Lumpur	306 units serviced suites	2013* & 2016	23,215*	5 years	Leasehold 99 years – expiring 27 December 2110	131,213
7	PN 51226 Lot 480556, PN 51228 Lot 480558, Mukim Kuala Lumpur, Daerah Kuala Lumpur Kuala Lumpur	Land held for development	2004*	50,280		Leasehold 99 years – expiring 27 December 2110	129,691
8	The Horizon Phase I & II Carpark, Bangsar South, Jalan Kerinchi, Kuala Lumpur	Car park	2016	4,152 bays	9 years	Leasehold 99 years – expiring 16 August 2106	91,300
9	UOA Business Park, Tower 8, Seksyen U1, Shah Alam, Selangor	14-storey office tower	2016	10,777*	2 years	Freehold	75,400
10	Geran 77273 Lot 480588, Mukim Kuala Lumpur, Dearah Kuala Lumpur, Kuala Lumpur	Vacant Commercial land	2018	10,749		Freehold	69,000

# Analysis of Shareholdings

as at 29 March 2019

Authorised Share Capital	:	RM100,000,000
Issued Share Capital	:	1,844,871,900
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	192	4.51	1,458	0.00
100 to 1,000	946	22.22	631,663	0.04
1,001 to 10,000	1,901	44.66	8,607,254	0.47
10,001 to 100,000	943	22.15	27,909,845	1.51
100,001 to less than 5% of issued shares	273	6.41	412,159,480	22.35
5% and above of issued shares	2	0.05	1,394,428,400	75.63
	4,257	100.00	1,843,738,100	100.00

\* Excluding treasury shares

## LIST OF THIRTY LARGEST SHAREHOLDERS

	Name of Shareholders	No. of Shares	%
1	UOA Holdings Sdn Bhd	1,262,911,500	68.50
2	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	131,516,900	7.13
3	HSBC Nominees (Asing) Sdn Bhd TNTC for Edgbaston Asian Equity Trust	47,225,900	2.56
4	Permodalan Nasional Berhad	31,078,800	1.69
5	RHB Capital Nominees (Tempatan) Sdn Bhd UOA Holdings Sdn Bhd	24,106,900	1.31
6	Amanahraya Trustees Berhad Amanah Saham Bumiputera	20,153,984	1.09
7	Amanahraya Trustees Berhad Amanah Saham Bumiputera 2	13,697,100	0.74
8	HSBC Nominees (Asing) Sdn Bhd TNTC for the Edgbaston Asian Equity (Jersey) Trust	13,226,900	0.72
9	Citigroup Nominees (Asing) Sdn Bhd CBLDN for Pohjola Bank PLC (Client AC-EUR)	12,460,600	0.68
10	Cartaban Nominees (Asing) Sdn Bhd Exempt An for State Street Bank & Trust Company (West CLT OD67)	11,032,700	0.60
11	Amanahraya Trustees Berhad Amanah Saham Bumiputera 3 - Didik	11,002,254	0.60

## LIST OF THIRTY LARGEST SHAREHOLDERS (CONT'D.)

	<b>Name of Shareholders</b>	<b>No. of Shares</b>	<b>%</b>
12	Amanahraya Trustees Berhad Amanah Saham Malaysia	10,723,550	0.58
13	Citigroup Nominees (Tempatan) Sdn Bhd Exempt An for AIA Bhd	9,972,202	0.54
14	Citigroup Nominees (Asing) Sdn Bhd CBLDN for Global Emerging Markets Equity Income Fund (SLIC)	8,738,323	0.47
15	Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	8,522,800	0.46
16	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (PAR 3)	6,946,400	0.38
17	Cartaban Nominees (Asing) Sdn Bhd BBH (Lux) SCA for Fidelity Funds Asean	6,814,900	0.37
18	Citigroup Nominees (Asing) Sdn Bhd Exempt An for Citibank New York (Norges Bank 1)	6,444,000	0.35
19	Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Small Cap Series	5,353,900	0.29
20	Citigroup Nominees (Asing) Sdn Bhd CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	5,272,300	0.29
21	Cartaban Nominees (Asing) Sdn Bhd BBH (Lux) SCA for Fidelity Asian Smaller Companies Pool (Fidelity Funds)	5,101,100	0.28
22	Cartaban Nominees (Tempatan) Sdn Bhd RHB Trustees Berhad for Manulife Investment Shariah Progressfund	4,928,200	0.27
23	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Affin Hwang Aiiman Growth Fund (4207)	4,825,000	0.26
24	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Amundi)	4,000,000	0.22
25	DB (Malaysia) Nominee (Asing) Sdn Bhd SSBT Fund J6S6 for Asia Oceania Dividend Yield Stock Mother Fund	4,000,000	0.22
26	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (SHF)	3,600,000	0.20
27	United Overseas Australia Ltd	3,233,600	0.18
28	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Islamic Trustee Berhad for Affin Hwang Select Dividend Fund	3,228,000	0.18
29	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (Non Par 1)	3,200,000	0.17
30	DB (Malaysia) Nominee (Asing) Sdn Bhd SSBT Fund ZYEF for Vanguard Global Ex-U.S. Real Estate IndexFund	3,137,500	0.17

## Analysis of Shareholdings (Cont'd.)

as at 29 March 2019

### SUBSTANTIAL SHAREHOLDERS

Name	Direct		Indirect	
	Shares	%	Shares	%
UOA Holdings Sdn Bhd ("UOAH")	1,287,138,000	69.81	20 <sup>(1)</sup>	*
United Overseas Australia Ltd ("UOAL")	3,233,600	0.18	1,287,138,020 <sup>(2)</sup>	69.81
Griyajaya Sdn Bhd	–	–	1,290,371,620 <sup>(3)</sup>	69.99
Transmetro Sdn Bhd	20	*	1,290,371,620 <sup>(4)</sup>	69.99
Kong Chong Soon @ Chi Suim	–	–	1,290,557,540 <sup>(5)</sup>	70.00
Kong Pak Lim	–	–	1,290,371,620 <sup>(6)</sup>	69.99
Employees Provident Fund Board	138,582,100	7.52	–	–

\* 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 29 March 2019

Name	Direct		Indirect	
	Shares	%	Shares	%
Kong Chong Soon @ Chi Suim	–	–	1,290,557,540 <sup>(1)</sup>	70.00
Kong Pak Lim	–	–	1,290,371,620 <sup>(2)</sup>	69.99
Alan Charles Winduss	105,700	0.01	–	–
Ar. Low Shu Nyok	–	–	–	–
Teo Chee Seng	–	–	–	–
Ang Kheng Im	159,520	0.01	–	–
Kong Sze Choon (Alternate to Kong Chong Soon @ Chi Suim)	86,200	*	32,800 <sup>(3)</sup>	*
Stephanie Kong Pei Zen (Alternate to Kong Pak Lim)	–	–	–	–

\* negligible

Notes:

- <sup>(1)</sup> 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).
- <sup>(2)</sup> 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).
- <sup>(3)</sup> Deemed interested by virtue of Section 8 of the Companies Act 2016 (shareholdings held through Global Transact Sdn Bhd).

# Notice of the Fifteenth Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Fifteenth Annual General Meeting of UOA Development Bhd will be held at Summit 1, Connexion Conference & Event Centre (CCEC), Level M1, The Vertical Podium, Avenue 3, Bangsar South City, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Wednesday, 29 May 2019 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 2018 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 2018. **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 2019. **Resolution 2**
- 4 To re-elect Mr. Alan Charles Winduss who shall retire pursuant to Article 100 of the Constitution of the Company. **Resolution 3**
- 5 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 4**

### AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following as Ordinary Resolutions:

- 6 **Authority to Issue Shares pursuant to Section 75 and 76 of the Companies Act 2016** **Resolution 5**

"**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 ten percent (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."



- 7 **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.**

“**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 23 May 2018, 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;

**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.”

- 8 **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**

“**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 30 April 2019 (“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;

## Notice of the Fifteenth Annual General Meeting (Cont'd.)

**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."

**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 Transmetro Group**

**Resolution 8**

"**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 30 April 2019 ("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."

**10 Proposed New Shareholders' Mandate for New Recurrent Related Party Transactions of a Revenue or Trading Nature**

**Resolution 9**

**“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 30 April 2019 (“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.”

11 **Proposed Renewal of Share Buy-Back Authority**

**Resolution 10**

**“THAT**, subject always to the Companies Act 2016, the Constitution 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 AGM of the Company held on 23 May 2018, 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 30 April 2019 (“Circular”), be and is hereby renewed, provided that:

- (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.”

12 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  
30 April 2019

## NOTES:

1. Only depositors whose names appear in the Record of Depositors as at 21 May 2019 shall be regarded as members and be entitled to attend and vote at this Annual General Meeting. A member of the Company entitled to attend and vote, is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a member of the Company. Only the first named proxy will be entitled to vote on a show of hands.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or if the appointer is a corporation, either under the corporation's seal, or under the hand of an officer or attorney duly authorised.
3. If a member appoints two (2) proxies, the appointment will be invalid unless he states the number of shares to be represented by each proxy.
4. Where a member is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
5. The instrument appointing a proxy must be deposited at the Share Registrar 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 its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

## 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 5 – Authority to Issue Shares pursuant to Section 75 and 76 of the Companies Act 2016

The proposed Resolution 5 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 6 – Authority to Issue Shares pursuant to the DRS

The proposed Resolution 6 is for the renewal of the authority given to the Directors of the Company 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 7, Resolution 8 and Resolution 9 – General Mandate for Recurrent Related Party Transactions

The proposed Resolution 7, 8, and 9, 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 30 April 2019, which is circulated together with the Annual Report for the financial year ended 31 December 2018.

5. Resolution 10 – Proposed Renewal of Share Buy-Back Authority

The proposed Resolution 10, 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 30 April 2019, which is circulated together with the Annual Report for the financial year ended 31 December 2018.

# 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 Fifteenth 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.

**UOA DEVELOPMENT BHD**

(Company No. 654023-V)  
(Incorporated in Malaysia)

CDS Account No.:

No. of Shares Held:

# Proxy Form

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 Fifteenth Annual General Meeting of UOA DEVELOPMENT BHD to be held at Summit 1, Connexion Conference & Event Centre (CCEC), Level M1, The Vertical Podium, Avenue 3, Bangsar South City, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Wednesday, 29 May 2019 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 2018.			
Ordinary Resolution 2	To approve the payment of Directors' fees and meeting allowances for the financial year ending 31 December 2019.			
Ordinary Resolution 3	To re-elect Mr. Alan Charles Winduss as a Director of the Company.			
Ordinary Resolution 4	To re-appoint Messrs Grant Thornton Malaysia as Auditors of the Company.			
Ordinary Resolution 5	To authorize the Directors to allot and issue shares pursuant to Section 75 and 76 of the Companies Act 2016.			
Ordinary Resolution 6	To authorize the Directors to allot and issue shares pursuant to the DRS of the Company.			
Ordinary Resolution 7	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 8	To approve the renewal of Shareholders' Mandate for existing recurrent related party transactions and for provision of financial assistance with Transmetro Group.			
Ordinary Resolution 9	To approve the new Shareholders' Mandate for new recurrent related party transactions.			
Ordinary Resolution 10	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. Only depositors whose names appear in the Record of Depositors as at 21 May 2019 shall be regarded as members and be entitled to attend and vote at this Annual General Meeting. A member of the Company entitled to attend and vote, is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a member of the Company. Only the first named proxy will be entitled to vote on a show of hands.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or if the appointer is a corporation, either under the corporation's seal, or under the hand of an officer or attorney duly authorised.
3. If a member appoints two (2) proxies, the appointment will be invalid unless he states the number of shares to be represented by each proxy.
4. Where a member is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
5. The instrument appointing a proxy must be deposited at the Share Registrar 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 its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

Then fold here

Affix  
Stamp  
Here

**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

First fold here