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ASX ANNOUNCEMENT

28 March 2023

RELEASE OF ANNUAL AUDITED ACCOUNTS OF UOA DEVELOPMENT BHD

United Overseas Australia Ltd (**ASX: UOS**) provides the Annual Audited Reports and Financial Statements relating to its subsidiary, UOA Development Bhd, as released to the Bursa Malaysia Securities Bhd.

For further enquiries, please contact:

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Company Secretary

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COMPANY INFORMATION SECTION			
Announcement Type	<input checked="" type="radio"/> New Announcement <input type="radio"/> Amended Announcement		
Type Of User	<input type="radio"/> Investment Bank/Advisor <input checked="" type="radio"/> Listed Issuer <input type="radio"/> Secretarial Firm		
Company Name	UOA DEVELOPMENT BHD		
Stock Name	UOADEV		
Stock Code	5200		
Board	Main Market		
Submitting Secretarial Firm	KWAYAP CORPORATE SERVICES SDN BHD		

CONTACT DETAIL			
Contact Person	Designation	Contact No	Email Address
KWAYAP CORPORATE SERVICES SDN BHD		012-3341051	yapkaiweng@hotmail.com
YAP KAI WENG	Secretary	012-3341051	yapkaiweng@hotmail.com

MAIN			
Document Type	Public Use Annual Audited Accounts		
Financial Year End	31 Dec 2022		
Remarks			
Attachment(PDF format only)	No	File Name	Size
	1	UOA Development Bhd (AFS 31.12.2022).pdf	1.0MB

General Announcement for PLC (v13)

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COMPANY INFORMATION SECTION			
Announcement Type	<input checked="" type="radio"/> New Announcement <input type="radio"/> Amended Announcement		
Company Name	UOA DEVELOPMENT BHD		
Stock Name	UOADEV		
Stock Code	5200		
Board	Main Market		
Submitting Secretarial Firm	KWYAP CORPORATE SERVICES SDN BHD		

CONTACT DETAIL			
Contact Person	Designation	Contact No	Email Address
KWYAP CORPORATE SERVICES SDN BHD		012-3341051	yapkaiweng@hotmail.com
YAP KAI WENG	Secretary	012-3341051	yapkaiweng@hotmail.com

MAIN	
Type	Announcement
Subject	OTHERS
Description	UOA DEVELOPMENT BHD ("the Company") (I) Proposed renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature and Proposed New Shareholders' Mandate for New Recurrent Related Party Transactions of a revenue or trading nature and for the Provision of Financial Assistance. (II) Statement in relation to the proposed renewal of Share Buy-Back Authority. (collectively known as the "Proposals")
Shareholder Approval	Yes

Announcement Details/Table Section		
<p>The Company wishes to announce that the Company proposes to seek the approval of the shareholders of the Company ("Shareholders") for the Proposals at the forthcoming Nineteenth Annual General Meeting to be convened.</p>		
<p>The Circular and Statement to Shareholders setting out the details of the Proposals will be despatched to the Shareholders in due course.</p>		
<p>This announcement is dated 28 March 2023.</p>		
Attachment	No	File Name
		Size

Registration No.: 200401015520 (654023-V)

UOA DEVELOPMENT BHD

(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 2022

GRANT THORNTON MALAYSIA PLT

CHARTERED ACCOUNTANTS

Member of Grant Thornton International Ltd

Registration No.: 200401015520 (654023-V)

UOA DEVELOPMENT BHD
(Incorporated in Malaysia)

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UOA DEVELOPMENT BHD
(Incorporated in Malaysia)

CORPORATE INFORMATION

DIRECTORS

Kong Chong Soon @ Chi Suim
Kong Pak Lim
Ang Kheng Im
Fong Heng Boo
Eugene Lee Chin Jin (appointed on 18.8.2022)
Tuan Haji Ramley Bin Alan (appointed on 18.8.2022)
Kong Sze Choon (alternate for Kong Chong Soon @ Chi Suim)
Stephanie Kong Pei Zen (alternate for Kong Pak Lim)
Low Shu Nyok (retired on 25.5.2022)
Teo Chee Seng (retired on 25.5.2022)

SECRETARIES

Yap Kai Weng
Wong Yoke Leng

AUDITORS

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

REGISTERED OFFICE

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

**PRINCIPAL PLACE
OF BUSINESS**

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

UOA DEVELOPMENT BHD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

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

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

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Attributable to:		
Owners of the Company	219,937	
Non-controlling interests	<u>2,823</u>	
Net profit for the financial year	<u>222,760</u>	<u>116,794</u>

DIVIDENDS

During an Annual General Meeting held on 25 May 2022, 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 dividends were declared and paid by the Company:-

A first and final single tier dividend of 10 sen per ordinary share amounting to RM232,646,550 in respect of the financial year ended 31 December 2021, as proposed in the Directors' report for that financial year.

DIVIDENDS (CONT'D)

The dividends of RM232,646,550 were settled as follows:

- RM132,003,757 was reinvested via the issuance of 80,983,900 new ordinary shares pursuant to the DRS to shareholders who have elected for the DRS.
- RM100,642,793 was paid to shareholders who elected to receive the dividends in cash.

The Directors now recommend a first and final single tier dividend of 10 sen per ordinary share in respect of the financial year ended 31 December 2022 amounting to RM240,744,940 based on 2,407,449,400 ordinary shares (net of treasury shares at the reporting date) 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 2023.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM2,821,766,612 to RM2,953,770,369 by way of issuance of 80,983,900 new ordinary shares pursuant to the DRS of the Company.

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

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

SHARE OPTIONS

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

TREASURY SHARES

During an Annual General Meeting held on 25 May 2022, the shareholders of the Company resolved to approve the Company's share buy-back of up to 10% of the Company's issued and paid-up ordinary shares.

TREASURY SHARES (CONT'D)

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

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

HOLDING COMPANIES

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

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

SUBSIDIARY COMPANIES

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

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

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

DIRECTORS

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

Kong Chong Soon @ Chi Suim
Kong Pak Lim
Ang Kheng Im
Fong Heng Boo
Eugene Lee Chin Jin (appointed on 18.8.2022)
Tuan Haji Ramley Bin Alan (appointed on 18.8.2022)
Kong Sze Choon (alternate for Kong Chong Soon @ Chi Suim)
Stephanie Kong Pei Zen (alternate for Kong Pak Lim)
Low Shu Nyok (retired on 25.5.2022)
Teo Chee Seng (retired on 25.5.2022)

DIRECTORS (CONT'D)

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

Chang Cheng Wah	Martin Yap Lu Hoong
Foong Kin Fai	Yap Woon Bin
Koh Koek Hung	Lan Leong Chung
Kong Sze Hou	Ng Yoong Duong
Tong Ee Ping	Vyshnevi Vijayanandan (appointed on 16.2.2022)
Carol Philomena Clark	Chan Cecelia (appointed on 29.6.2022)
Albert Chan Kin Soong	Khoo Chian Yi (resigned on 29.6.2022)
Cao Qiang	

DIRECTORS' INTERESTS

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

The Company	At	Number of ordinary shares		At
	<u>1.1.2022</u>	<u>Bought/DRS</u>	<u>Sold</u>	<u>31.12.2022</u>
<u>Direct interests</u>				
Kong Sze Choon	114,600	7,000	-	121,600
Ang Kheng Im	186,820	-	-	186,820
<u>Indirect interests</u>				
Kong Chong Soon @ Chi Suim*	1,664,246,240	77,258,100	-	1,741,504,340
Kong Pak Lim*	1,663,995,120	77,242,900	-	1,741,238,020
Kong Sze Choon*	42,200	2,500	-	44,700
United Overseas Australia Ltd				
(ultimate holding company)				
<u>Direct interests</u>				
Kong Chong Soon @ Chi Suim	2,877,104	65,978	-	2,943,082
<u>Indirect interests</u>				
Kong Chong Soon @ Chi Suim*	1,106,951,557	25,384,491	-	1,132,336,048
Kong Pak Lim*	850,944,407	18,285,703	-	869,230,110

- * 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., Global Transact Sdn. Bhd. and close family members.

DIRECTORS' INTERESTS (CONT'D)

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

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.

	<u>Number of ordinary shares</u>			
	At <u>1.1.2022</u>	<u>Bought</u>	<u>Sold</u>	At <u>31.12.2022</u>
Directors' interest in subsidiary companies				
<u>Indirect interests</u>				
Kong Chong Soon @ Chi Suim#:				
Peninsular Home Sdn. Bhd.	40	-	-	40
Scenic Point Development Sdn. Bhd.	100,000	-	-	100,000
Ceylon Hills Sdn. Bhd.	90,000	-	-	90,000
Everise Tiara (M) Sdn. Bhd.	120,000	-	-	120,000
Everise Project Sdn. Bhd.	120,000	-	-	120,000

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

DIRECTORS' BENEFITS

During the financial year, the fees, remunerations and other benefits received and receivable by the Directors of the Company are as follows:

	<u>Incurred by the Group RM</u>	<u>Incurred by the Company RM</u>
Directors' fees	160,000	160,000
Directors' remunerations and other benefits*	8,197,602	8,197,602
Insurance paid for Directors' indemnity given	18,295	18,295

* Included in the Directors' remunerations and other benefits are benefits-in-kind (based on estimated monetary value) for the Group and the Company of RM146,779 and RM146,779 respectively.

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

Since the end of the previous financial year, no Directors of the Company have received or become entitled to receive any benefit (other than benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the above) 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 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 that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

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

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

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

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

In the opinion of the Directors:-

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

AUDITORS

The total amount of fees paid to or receivable by the auditors, Grant Thornton Malaysia PLT, as remuneration for their services as auditors of the Group and the Company for the financial year ended 31 December 2022 are amounted to RM498,800 and RM77,000 respectively.

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

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

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

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

28 March 2023

UOA DEVELOPMENT BHD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on the pages 17 to 90 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 2022 and of their financial performance and their cash flows for the financial year then ended.

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

.....
KONG PAK LIM

.....
KONG CHONG SOON @ CHI SUIM

28 March 2023

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 17 to 90 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)
28 March 2023)

.....
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)

Registration No.: 200401015520 (654023-V)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of UOA Development Bhd, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of profit or loss and other 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 17 to 90.

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 2022, 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' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Registration No.: 200401015520 (654023-V)

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters

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

Fair value of investment properties

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

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

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

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

Revenue and cost of sales recognition for property development activities

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

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

Registration No.: 200401015520 (654023-V)

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 (cont'd)

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.

The Group's disclosures regarding property development activities are included in Notes 3.10, 6, 11, 29 and 30 to the Financial Statements.

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

Registration No.: 200401015520 (654023-V)

Report on the Audit of the Financial Statements (cont'd)

Responsibilities of the Directors for the Financial Statements (cont'd)

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.

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 skepticism 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.

Registration No.: 200401015520 (654023-V)

Report on the Audit of the Financial Statements (cont'd)

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

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

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's 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, actions taken to eliminate threats or safeguards applied.

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.

Registration No.: 200401015520 (654023-V)

Other Matter

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

GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

Kuala Lumpur
28 March 2023

KHO KIM ENG
(NO: 03137/10/2024 J)
CHARTERED ACCOUNTANT

UOA DEVELOPMENT BHD

(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	<u>Note</u>	Group		Company	
		<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	359,510	351,108	5,150	5,628
Investment properties	5	1,624,119	1,608,236	-	-
Inventories	6	421,947	591,433	-	-
Investment in subsidiary companies	7	-	-	2,492,568	2,051,991
Equity investments	8	85,842	92,942	12,917	20,017
Deferred tax assets	9	34,962	35,145	-	-
Other receivables	10	-	4,359	-	-
Total non-current assets		<u>2,526,380</u>	<u>2,683,223</u>	<u>2,510,635</u>	<u>2,077,636</u>
Current assets					
Inventories	6	1,421,655	1,315,994	-	-
Contract assets	11	24,501	124,022	-	-
Trade receivables	12	189,906	227,304	-	-
Other receivables	10	79,597	216,797	1,842	3,541
Amount owing by immediate holding company	13	-	2	-	-
Amount owing by subsidiary companies	14	-	-	198,336	696,539
Amount owing by related companies	15	205	1,571	1	1
Current tax assets		47,973	46,206	2,199	2,229
Short term investments	16	1,315,904	834,724	149,428	232,279
Fixed deposits with licensed banks	17	232,070	390,347	30,987	21,357
Cash and bank balances	18	615,396	569,228	128,824	10,947
Total current assets		<u>3,927,207</u>	<u>3,726,195</u>	<u>511,617</u>	<u>966,893</u>
TOTAL ASSETS		<u>6,453,587</u>	<u>6,409,418</u>	<u>3,022,252</u>	<u>3,044,529</u>
EQUITY AND LIABILITIES					
Equity					
Share capital	19	2,953,770	2,821,766	2,953,770	2,821,766
Merger reserve	20	2,252	2,252	-	-
Fair value reserve	21	6,124	13,224	4,041	11,141
Retained earnings		2,781,398	2,793,867	54,017	169,870
Treasury shares	22	(2,119)	(2,119)	(2,119)	(2,119)
Equity attributable to owners of the Company		5,741,425	5,628,990	3,009,709	3,000,658
Non-controlling interests	7	175,644	175,804	-	-
Total equity		<u>5,917,069</u>	<u>5,804,794</u>	<u>3,009,709</u>	<u>3,000,658</u>

UOA DEVELOPMENT BHD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 (CONT'D)

		Group		Company	
	<u>Note</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
		RM'000	RM'000	RM'000	RM'000
LIABILITIES					
Non-current liabilities					
Amount owing to non-controlling shareholders of subsidiary companies	23	1,948	258	-	-
Lease liabilities	24	431	413	259	106
Borrowings	25	212	256	-	-
Deferred tax liabilities	26	45,883	42,811	-	-
Total non-current liabilities		48,474	43,738	259	106
Current liabilities					
Trade payables	27	213,820	259,236	-	-
Other payables	28	223,126	251,809	11,593	14,353
Amount owing to immediate holding company	13	308	195	18	13
Amount owing to subsidiary companies	14	-	-	244	29,126
Amount owing to related companies	15	436	247	282	133
Amount owing to non-controlling shareholders of subsidiary companies	23	45,500	47,248	-	-
Lease liabilities	24	285	586	147	140
Borrowings	25	44	43	-	-
Current tax liabilities		4,525	1,522	-	-
Total current liabilities		488,044	560,886	12,284	43,765
Total liabilities		536,518	604,624	12,543	43,871
TOTAL EQUITY AND LIABILITIES		6,453,587	6,409,418	3,022,252	3,044,529

The accompanying notes form an integral part of the financial statements

UOA DEVELOPMENT BHD

(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

		Group		Company	
	<u>Note</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
		RM'000	RM'000	RM'000	RM'000
Revenue	29	451,653	547,484	120,762	295,039
Cost of sales	30	(238,291)	(298,917)	-	-
Gross profit		213,362	248,567	120,762	295,039
Fair value (loss)/gain on investment properties		(4,244)	92,373	-	-
Finance income		29,879	31,364	670	4,856
Other income	31	247,422	164,085	48,040	44,292
Reversal of impairment losses/(impairment losses) on financial assets		2,793	(6,144)	-	-
Reversal of impairment losses/(impairment losses) on non-financial assets		4,013	(55,530)	(7,100)	(13,600)
Inventories written down		(3,899)	(4,004)	-	-
Administrative and general expenses		(146,790)	(109,619)	(44,183)	(38,439)
Other expenses		(55,175)	(43,925)	-	-
Finance costs	32	(148)	(475)	(18)	(18)
Profit before tax	33	287,213	316,692	118,171	292,130
Tax expenses	34	(64,453)	(88,348)	(1,377)	(1,258)
Net profit for the financial year		222,760	228,344	116,794	290,872
Other comprehensive income:					
<i>Item that will not be reclassified subsequently to profit or loss</i>					
Fair value (loss)/gain on remeasurement of financial assets		(7,100)	4,555	(7,100)	3,289
Total comprehensive income for the financial year		<u>215,660</u>	<u>232,899</u>	<u>109,694</u>	<u>294,161</u>
Net profit for the financial year attributable to:					
Owners of the Company		219,937	222,447		
Non-controlling interests		<u>2,823</u>	<u>5,897</u>		
		<u>222,760</u>	<u>228,344</u>		
Total comprehensive income attributable to:					
Owners of the Company		212,837	227,002		
Non-controlling interests		<u>2,823</u>	<u>5,897</u>		
		<u>215,660</u>	<u>232,899</u>		
Earnings per share (RM)	35	<u>0.09</u>	<u>0.10</u>		

The accompanying notes form an integral part of the financial statements

UOA DEVELOPMENT BHD

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**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

Group	Note	-----Attributable to owners of the Company-----						Non-controlling interests RM'000	Total equity RM'000
		Share capital RM'000	Merger reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Treasury shares RM'000	Total RM'000		
Balance at 1 January 2021		2,519,752	2,252	8,669	2,889,633	(2,119)	5,418,187	177,070	5,595,257
Total comprehensive income for the financial year		-	-	4,555	222,447	-	227,002	5,897	232,899
Dividends to non-controlling shareholders of subsidiary companies		-	-	-	-	-	-	(6,134)	(6,134)
Dividends to shareholders of the Company	36	302,014	-	-	(318,566)	-	(16,552)	-	(16,552)
Acquisition of shares in a new subsidiary company		-	-	-	-	-	-	(673)	(673)
Accreation in stake in an existing subsidiary company		-	-	-	353	-	353	(356)	(3)
Balance at 31 December 2021		2,821,766	2,252	13,224	2,793,867	(2,119)	5,628,990	175,804	5,804,794
Total comprehensive income for the financial year		-	-	(7,100)	219,937	-	212,837	2,823	215,660
Dividends to non-controlling shareholders of subsidiary companies		-	-	-	-	-	-	(2,996)	(2,996)
Dividends to shareholders of the Company	36	132,004	-	-	(232,647)	-	(100,643)	-	(100,643)
Acquisition of additional shares in existing subsidiary companies		-	-	-	-	-	-	249	249
Dilution in stake in an existing subsidiary company		-	-	-	241	-	241	(236)	5
Balance at 31 December 2022		2,953,770	2,252	6,124	2,781,398	(2,119)	5,741,425	175,644	5,917,069

UOA DEVELOPMENT BHD

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**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

Company	<u>Note</u>	<u>Share capital</u> RM'000	<u>Fair value reserve</u> RM'000	<u>Retained earnings</u> RM'000	<u>Treasury shares</u> RM'000	<u>Total equity</u> RM'000
Balance at 1 January 2021		2,519,752	7,852	197,564	(2,119)	2,723,049
Total comprehensive income for the financial year		-	3,289	290,872	-	294,161
Dividends	36	302,014	-	(318,566)	-	(16,552)
Balance at 31 December 2021		2,821,766	11,141	169,870	(2,119)	3,000,658
Total comprehensive income for the financial year		-	(7,100)	116,794	-	109,694
Dividends	36	132,004	-	(232,647)	-	(100,643)
Balance at 31 December 2022		2,953,770	4,041	54,017	(2,119)	3,009,709

The accompanying notes form an integral part of the financial statements

UOA DEVELOPMENT BHD

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	<u>Note</u>	<u>Group</u> <u>2022</u> RM'000	<u>2021</u> RM'000	<u>Company</u> <u>2022</u> RM'000	<u>2021</u> RM'000
OPERATING ACTIVITIES					
Profit before tax		287,213	316,692	118,171	292,130
Adjustments for:					
Fair value loss/(gain) on investment properties		4,244	(92,373)	-	-
Bad debts written off		88	2	-	-
Inventories written down		3,899	4,004	-	-
Inventories written off		59	44	-	-
(Reversal of)/impairment losses on financial assets		(2,793)	6,144	-	-
(Reversal of)/impairment losses on non-financial assets		(4,013)	55,530	7,100	13,600
Depreciation		16,205	17,916	1,193	1,258
Gain on disposal of property, plant and equipment		(226)	(266)	-	(127)
Gain on disposal of investment properties		-	(677)	-	-
Property, plant and equipment written off		1,320	13	985	1
Loss on disposal of a subsidiary company		534	-	-	-
Distribution income from equity investments		(5,459)	(3,425)	-	-
Distribution income from short term investments		(12,175)	(12,880)	(286)	(4,303)
Dividend income from subsidiary companies		-	-	(120,404)	(294,766)
Dividend income from equity investments		(358)	(273)	(358)	(273)
Interest income		(17,704)	(18,484)	(384)	(553)
Interest expense		148	475	18	18
Operating profit before working capital changes		270,982	272,442	6,035	6,985
Changes in working capital:-					
Inventories		57,823	29,268	-	-
Contract assets		99,521	61,423	-	-
Receivables		182,597	(152,185)	3,869	5,346
Payables		(73,839)	52,951	(2,611)	(3,503)
Cash generated from operations		537,084	263,899	7,293	8,828
Interest received		12,068	13,070	-	-
Dividend received		-	-	120,404	294,766
Net tax paid		(59,962)	(80,645)	(1,347)	(2,216)
Net cash from operating activities		489,190	196,324	126,350	301,378

UOA DEVELOPMENT BHD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

	<u>Note</u>	<u>2022</u> RM'000	<u>2021</u> RM'000	<u>2022</u> RM'000	<u>2021</u> RM'000
		Group		Company	
INVESTING ACTIVITIES					
Additions to investment properties		(18,083)	(161,007)	-	-
Purchase of property, plant and equipment	A	(21,591)	(3,940)	(1,350)	(2,131)
Proceeds from disposal of property, plant and equipment		258	359	5	128
Proceeds from disposal of investment properties		-	15,117	-	-
Repayment from/(advances to) immediate holding company		2	(2)	-	-
Repayments from subsidiary companies		-	-	495,856	123,185
Repayments from/(advances to) related companies		49	(65)	-	(1)
Acquisition of shares in existing subsidiary companies		-	(3)	(447,500)	(222,053)
Acquisition of shares in new subsidiary companies, net of cash acquired		-	191	-	-
Distribution received from short term investments		12,175	12,880	286	4,303
Distribution received from equity investments		5,459	3,425	-	-
Dividend received from equity investments		358	273	358	273
Interest received		5,232	5,267	384	553
Net cash (used in)/from investing activities		(16,141)	(127,505)	48,039	(95,743)
FINANCING ACTIVITIES					
Drawdown of bank borrowings		-	300	-	-
Repayment of bank borrowings		(43)	(1)	-	-
Fixed deposits pledged		(3)	(3)	(3)	(3)
Payment of lease liabilities		(638)	(883)	(195)	(269)
Advances from/(repayments to) immediate holding company		3	(26)	5	(2)
(Repayments to)/advances from subsidiary companies		-	-	(28,882)	28,242
Advances from/(repayments to) related companies		40	(11,771)	-	-
Advances from non-controlling shareholders of subsidiary companies		100	28	-	-
Interest paid		(55)	(78)	(18)	(18)
Issuance of shares in existing subsidiaries to non-controlling shareholders		254	-	-	-
Dividends paid to owners of the Company	36	(100,643)	(16,552)	(100,643)	(16,552)
Dividends paid to non-controlling shareholders of subsidiary companies		(2,996)	(6,134)	-	-
Net cash (used in)/from financing activities		(103,981)	(35,120)	(129,736)	11,398

UOA DEVELOPMENT BHD

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

		Group	Company
	Note	2022 RM'000	2021 RM'000
		2022 RM'000	2021 RM'000
CASH AND CASH EQUIVALENTS			
Net changes		369,068	33,699
At beginning of financial year		1,794,137	1,760,438
At end of financial year		2,163,205	1,794,137
Represented by:			
Short term investments		1,315,904	834,724
Fixed deposits with licensed banks		232,070	390,347
Cash and bank balances		615,396	569,228
		2,163,370	1,794,299
Fixed deposits pledged		(165)	(162)
		2,163,205	1,794,137

NOTES TO THE STATEMENTS OF CASH FLOWS**A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT**

	Group		Company	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000
Aggregate cost of property, plant and equipment acquired	24,226	4,525	1,705	2,131
Net reversals	(2,280)	(585)	-	-
Financed via lease liabilities arrangements	<u>(355)</u>	<u>-</u>	<u>(355)</u>	<u>-</u>
Total cash acquisitions	21,591	3,940	1,350	2,131

B. CASH OUTFLOWS FOR LEASES AS A LESSEE

	Group		Company	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000
Payments relating to short-term leases	9,819	11,330	5,640	7,044
Payments of lease liabilities	638	883	195	269
Interest paid in relation to lease liabilities	<u>46</u>	<u>70</u>	<u>18</u>	<u>18</u>
Total cash outflows for leases	10,503	12,283	5,853	7,331

The accompanying notes form an integral part of the financial statements

UOA DEVELOPMENT BHD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

1. GENERAL INFORMATION

UOA Development Bhd (the “Company”) is a public limited liability company incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are disclosed in page 2.

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 has been no significant change in the Company’s principal activity during the financial year. The principal activities of the subsidiary companies are disclosed in Note 7 to the Financial Statements.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors passed on 28 March 2023.

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.

2. BASIS OF PREPARATION (CONT'D)

2.2 Basis of measurement (cont'd)

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.

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. BASIS OF PREPARATION (CONT'D)

2.4 Adoption of new standards/amendments/improvements to MFRS

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

At the beginning of the current financial year, the Group and Company adopted new standards/amendments/improvements to MFRS which are mandatory for the financial periods beginning on or after 1 January 2022.

Initial application of the new standards/amendments/improvements to the standards did not have material impact to the financial statements of the Group and the Company.

2.5 Standards issued but not yet effective

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

MFRS and amendments to MFRSs effective 1 January 2023:

MFRS 17* and amendments to MFRS 17*	Insurance Contracts
Amendments to MFRS 17*	Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to MFRSs effective 1 January 2024:

Amendments to MFRS 16*	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Non-current Liabilities with Covenants

Amendments to MFRSs - effective date deferred indefinitely:

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

The initial application of the above applicable standards and amendments are not expected to have any material impacts to the financial statements of the Group and of the Company.

2.6 Significant accounting estimates and judgements

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

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant accounting estimates and judgements (cont'd)

2.6.1 Estimation uncertainty

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

Useful lives of depreciable assets

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

Deferred tax assets

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

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

Inventories

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

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

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 receivables and contract assets

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

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

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

Impairment of non-financial assets

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

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant accounting estimates and judgements (cont'd)

2.6.1 Estimation uncertainty (cont'd)

Impairment of non-financial assets (cont'd)

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

Income taxes

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

2.6.2 Significant management judgements

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

Classification between investment properties and owner-occupied properties

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

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

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

Deferred tax on investment properties

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Consolidation

3.1.1 Subsidiary companies

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

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

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

3.1.2 Basis of consolidation

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

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

3.1.2 Basis of consolidation (cont'd)

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.

Changes of interests in subsidiary companies

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

Transactions with non-controlling interests

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

Loss of control

When the Company loses control of a subsidiary company:-

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

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.

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.

3.1.4 Non-controlling interests

Non-controlling interests at the reporting date, being the equity in a subsidiary company not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company.

Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary company are allocated to the non-controlling interests even if that results in a deficit balance.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Property, plant and equipment (cont'd)

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bring the assets to working condition for their intended use, cost of replacing component parts of the assets and the present value of the expected cost for the decommissioning of the assets after their use. All other repair and maintenance costs are recognised in profit or loss as incurred.

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

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

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

The principal annual depreciation rates used are as follows:-

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Investment properties

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

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

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

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

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

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

3.4 Leases

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

3.4.1 As a lessee

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Leases (cont'd)

3.4.1 As a lessee (cont'd)

3.4.1.1 Lease liabilities

At the commencement date of the lease, the Group and the Company recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Company and payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

3.4.1.2 Short-term leases

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

3.4.1.3 Right-of-use assets

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Leases (cont'd)

3.4.1 As a lessee (cont'd)

3.4.1.3 Right-of-use assets (cont'd)

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

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

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

3.4.2 As a lessor

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

3.5 Inventories

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

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.

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

3.5.1 Land held for property development and properties under construction

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

Land on which development has commenced and is expected to be completed within the normal operating cycle is included in property development costs. Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments

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

3.6.1 Financial assets

Initial recognition and measurement

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

3.6.1 Financial assets (cont'd)

Subsequent measurement

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

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

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

Financial assets at amortised cost

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

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

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

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statements of profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI.

The Group and the Company elected to classify irrevocably their equity investments under this category.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

3.6.1 Financial assets (cont'd)

Derecognition

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

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

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

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

Impairment

The Group and the Company recognise an allowance for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets, and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balances and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

3.6.1 Financial assets (cont'd)

Impairment (cont'd)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's or the Company's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of equity investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

3.6.2 Financial liabilities

Initial recognition and measurement

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

Subsequent measurement

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

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

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

Financial liabilities at amortised cost

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

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

Derecognition

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

3.6.3 Offsetting of financial instruments

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

3.7 Cash and cash equivalents

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Equity instruments and reserves

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.

Fair value gains and losses on equity investments are included in fair value reserve.

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 a meeting.

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

3.9 Impairment of non-financial assets

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

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a cash-generating unit or group of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to those units or group of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses for an asset other than goodwill may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior financial years. Such reversal is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Revenue from contracts with customers

3.10.1 Revenue recognition

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

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

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

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

The 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 or land is recognised upon delivery of properties where the control of the properties or land has passed to the buyers.

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

- Distribution income is recognised when the right to receive payment is established.
- Dividend income is recognised when the right to receive payment is established.
- Interest income is recognised on a time proportion basis.
- Hotel room income is recognised when services are rendered.
- Food and beverage and other related income are recognised when services are rendered.
- Sale of medicinal, pharmaceuticals, healthcare and beauty care products income are recognised when the goods are delivered.
- Healthcare, medicinal, physiotherapy and acupuncture, dental consultancy and treatment and other healthcare related services income are recognised when services are rendered.
- Course fees from provision of education, training services and consultancy services income is recognised when services are rendered.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Revenue from contracts with customers

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.

3.11.1 Short-term employees benefits

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

3.11.2 Post-employment benefits

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

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

3.12 Borrowing costs

Borrowing costs consists of interest and other costs that the Group incurred in connection with the borrowing of funds.

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

3.13 Tax expenses

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Tax expenses (cont'd)

3.13.1 Current tax

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

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

3.13.2 Deferred tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting year.

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

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

3.14 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

4. **PROPERTY, PLANT AND EQUIPMENT**

Group	<u>Freehold land</u> RM'000	<u>Freehold buildings</u> RM'000	<u>Leasehold buildings</u> RM'000	<u>Leasehold land</u> RM'000	<u>Plant, machineries and motor vehicles</u> RM'000	<u>Furniture, fittings and equipment</u> RM'000	<u>Total</u> RM'000
Cost							
At 1.1.2021	18,500	150,900	241,000	2,294	96,178	57,644	566,516
Additions	-	291	411	-	833	2,990	4,525
Disposals	-	-	-	-	(1,235)	(15)	(1,250)
Written off	-	-	-	-	(24)	(12)	(36)
Reversals	-	(585)*	-	-	-	-	(585)
Acquisition of a subsidiary	-	-	-	-	262	1,165	1,427
At 31.12.2021	18,500	150,606	241,411	2,294	96,014	61,772	570,597
Additions	-	463	-	-	711	23,052	24,226
Disposals	-	-	-	-	(596)	(23)	(619)
Written off	-	-	-	-	(1,175)	(2,070)	(3,245)
Reversals	-	(2,157)*	-	-	(4)*	(629)*#	(2,790)
At 31.12.2022	18,500	148,912	241,411	2,294	94,950	82,102	588,169
Accumulated depreciation							
At 1.1.2021	-	3,607	29,674	324	87,605	25,293	146,503
Charge for the financial year	-	3,080	4,887	23	3,678	6,248	17,916
Disposals	-	-	-	-	(1,147)	(10)	(1,157)
Written off	-	-	-	-	(15)	(8)	(23)
Acquisition of a subsidiary	-	-	-	-	105	615	720
At 31.12.2021	-	6,687	34,561	347	90,226	32,138	163,959

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

	<u>Freehold land</u> RM'000	<u>Freehold buildings</u> RM'000	<u>Leasehold buildings</u> RM'000	<u>Leasehold land</u> RM'000	<u>Plant, machineries and motor vehicles</u> RM'000	<u>Furniture, fittings and equipment</u> RM'000	<u>Total</u> RM'000
Group (cont'd)							
Accumulated depreciation (cont'd)							
At 31.12.2021 (cont'd)	-	6,687	34,561	347	90,226	32,138	163,959
Charge for the financial year	-	1,835	4,889	23	2,428	7,030	16,205
Disposals	-	-	-	-	(569)	(18)	(587)
Written off	-	-	-	-	(1,122)	(803)	(1,925)
Reversals	-	-	-	-	(1)*	(509)*#	(510)
At 31.12.2022	-	8,522	39,450	370	90,962	37,838	177,142
Accumulated impairment loss							
At 1.1.2021	-	-	-	-	-	-	-
Impairment loss for the financial year	-	55,530	-	-	-	-	55,530
At 31.12.2021	-	55,530	-	-	-	-	55,530
Reversal of impairment loss for the financial year	-	(4,013)	-	-	-	-	(4,013)
At 31.12.2022	-	51,517	-	-	-	-	51,517
Net carrying amount							
At 31.12.2022	18,500	88,873	201,961	1,924	3,988	44,264	359,510
At 31.12.2021	18,500	88,389	206,850	1,947	5,788	29,634	351,108

* Reversal due to credit note received

Reversal due to expiry of lease term

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

Group (cont'd)

Reversal of impairment loss/impairment loss on freehold buildings was recognised during the financial year to represent its current state based on an assessment by the Board of Directors. The Board of Directors were guided by inputs from a firm of independent professional valuers who has appropriate professional qualification and recent experience in the relevant location and asset being valued.

Company	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Total RM'000
Cost			
At 1.1.2021	4,079	9,158	13,237
Additions	-	2,131	2,131
Disposals	(428)	(2)	(430)
Written off	-	(3)	(3)
At 31.12.2021	3,651	11,284	14,935
Additions	398	1,307	1,705
Disposals	-	(20)	(20)
Written off	-	(1,260)	(1,260)
At 31.12.2022	4,049	11,311	15,360
Accumulated depreciation			
At 1.1.2021	3,495	4,985	8,480
Charge for the financial year	294	964	1,258
Disposals	(428)	(1)	(429)
Written off	-	(2)	(2)
At 31.12.2021	3,361	5,946	9,307
Charge for the financial year	241	952	1,193
Disposals	-	(15)	(15)
Written off	-	(275)	(275)
At 31.12.2022	3,602	6,608	10,210
Net carrying amount			
At 31.12.2022	447	4,703	5,150
At 31.12.2021	290	5,338	5,628

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

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

	← Group →			← Company →		
	Carrying amount included in property, plant and <u>equipment</u> RM'000	Depreciation charged for the financial <u>year</u> RM'000	<u>Additions</u> RM'000	Carrying amount included in property, plant and <u>equipment</u> RM'000	Depreciation charged for the financial <u>year</u> RM'000	<u>Additions</u> RM'000
2022						
Leasehold land	1,924	23	-	-	-	-
Leasehold buildings	201,961	4,889	-	-	-	-
Motor vehicles	547	263	398	433	183	398
Plant and machineries	175	100	-	-	-	-
Total right-of- use assets	204,607	5,275	398	433	183	398
2021						
Leasehold land	1,947	23	-	-	-	-
Leasehold buildings	206,850	4,887	411	-	-	-
Motor vehicles	435	273	157	240	205	-
Plant and machineries	742	370	-	-	-	-
Total right-of- use assets	209,974	5,553	568	240	205	-

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

5. INVESTMENT PROPERTIES

Group	<u>At fair value</u> RM'000	<u>At cost</u> RM'000	<u>Total</u> RM'000
At 1.1.2021	1,232,929	113,490	1,346,419
(Reversal)/additions or subsequent enhancement	(305)	161,312	161,007
Disposals	(14,440)	-	(14,440)
Reclassifications	256,977	(256,977)	-
Transferred from inventories - land held for property development	-	22,877	22,877
Fair value gain	92,373	-	92,373
At 31.12.2021	1,567,534	40,702	1,608,236
(Reversal)/additions or subsequent enhancement	(2,472)	20,555	18,083
Transferred from inventories - property development costs	2,044	-	2,044
Fair value loss	(4,244)	-	(4,244)
At 31.12.2022	1,562,862	61,257	1,624,119

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

Some investment properties as at 31 December 2022 are stated at fair value by reference to a full valuation conducted by a registered independent valuer having appropriate recognised professional qualifications for certain investment properties and some based on an assessment by the Board of Directors by obtaining update valuations for investment properties that did not have a full valuation conducted.

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 2022 carried out by a firm of independent professional valuers who has appropriate professional qualification and recent experience in the relevant location and assets being valued. For investment properties where the assessment by the Board of Directors were based on updated valuations, the existing book values of the investment properties as at 31 December 2022 ("Book Values") were not materially different from the updated valuations performed.

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

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

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) Under the cost method, the value of the land is added to the replacement cost of the buildings and other site improvements. The replacement cost of the buildings is derived from estimation of reproduction cost of similar new buildings based on current market prices for materials, labour and present construction techniques and deducting therefrom the accrued depreciation due to use and disrepair, age and obsolescence through technology and market changes.
- (iii) The investment method entails the determination of the probable gross annual rental the property is capable of producing and deducting therefrom the outgoings to arrive at the annual net income.

The fair values 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 financial year.

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

Group	<u>2022</u>			<u>2021</u>		
	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Freehold and leasehold properties	780,334	782,528	1,562,862	774,034	793,500	1,567,534

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:

<u>Level 3</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000
At 1 January	793,500	491,500
Reversal	(2,472)	-
Fair value (loss)/gain	(8,500)	75,654
Reclassifications	-	220,546
Transferred from Level 2	-	5,800
At 31 December	782,528	793,500

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

Details of Level 3 fair value measurements are as follows:

<u>Valuation method and key inputs</u>	<u>Significant unobservable inputs</u>	<u>Relationship of unobservable inputs and fair value</u>
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% (2021: 6.50% to 7.00%) Estimated capitalisation rate of 6.50% to 7.00% (2021: 6.50% to 7.00%) Occupancy rates of 85.19% to 94.83% (2021: 85.19% to 94.53%)	The higher the discount rate, the lower the fair value. The higher the estimated capitalisation rate, the lower the fair value. 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 2022. The fair value of the properties is expected to be reliably determinable when the construction is complete.

Income and expenses recognised in profit or loss

	Group	
	<u>2022</u> RM'000	<u>2021</u> RM'000
Rental income	<u>62,781</u>	<u>54,895</u>
Direct operating expenses	<u>26,793</u>	<u>25,535</u>

6. **INVENTORIES**

	Group	
	<u>2022</u> RM'000	<u>2021</u> RM'000
Non-current:		
Land held for property development (Note 6.1)	<u>421,947</u>	<u>591,433</u>
Current:		
Property development costs (Note 6.2)	340,306	258,048
Completed properties (Note 6.3)	1,080,444	1,057,566
Consumables and medicinal products	<u>905</u>	<u>380</u>
	<u>1,421,655</u>	<u>1,315,994</u>
	<u>1,843,602</u>	<u>1,907,427</u>

6. INVENTORIES (CONT'D)

6.1 Land held for property development

	Group	
	<u>2022</u>	<u>2021</u>
	RM'000	RM'000
Freehold land at cost	354,834	389,110
Leasehold land at cost	45,108	61,424
Development cost	<u>191,491</u>	<u>178,992</u>
At beginning of financial year	591,433	629,526
Development cost incurred during the financial year	22,567	41,843
Cost transferred to inventories - property development costs	(192,053)	(56,752)
Cost transferred to investment properties	-	(22,877)
Cost written off	-	(44)
Disposals	<u>-</u>	<u>(263)</u>
At end of financial year	<u><u>421,947</u></u>	<u><u>591,433</u></u>

6.2 Property development costs

	Group	
	<u>2022</u>	<u>2021</u>
	RM'000	RM'000
Freehold land at cost	64,619	317,280
Leasehold land at cost	36,067	19,751
Development cost	361,814	2,063,362
Cost recognised as expenses in prior years	<u>(204,452)</u>	<u>(1,965,955)</u>
At beginning of financial year	258,048	434,438
Cost incurred during the financial year		
- freehold land at cost	7,250	-
- development cost	<u>127,597</u>	<u>216,709</u>
	392,895	651,147
Cost recognised as expenses in the current year	(155,261)	(231,973)
Cost transferred to inventories - completed properties	(87,337)	(217,878)
Cost transferred from inventories - land held for property development	192,053	56,752
Freehold land and development cost transferred to investment properties	<u>(2,044)</u>	<u>-</u>
At end of financial year	<u><u>340,306</u></u>	<u><u>258,048</u></u>

6. INVENTORIES (CONT'D)

6.3 Completed properties

	Group	
	<u>2022</u>	<u>2021</u>
	RM'000	RM'000
Completed properties held for sales	1,092,432	1,065,655
Inventories written down	<u>(11,988)</u>	<u>(8,089)</u>
	<u>1,080,444</u>	<u>1,057,566</u>

The title deeds for the completed properties totalling RM10,995,000 (2021: RM10,995,000) are registered in the name of a third party.

	Group	
	<u>2022</u>	<u>2021</u>
	RM'000	RM'000
Recognised in profit or loss:		
Inventories written down	3,899	4,004
Inventories written off	<u>59</u>	<u>44</u>

7. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	<u>2022</u>	<u>2021</u>
	RM'000	RM'000
Unquoted shares at cost	2,529,218	2,081,541
Less: Impairment loss recognised	<u>(36,650)</u>	<u>(29,550)</u>
	<u>2,492,568</u>	<u>2,051,991</u>

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

	Company	
	<u>2022</u>	<u>2021</u>
	RM'000	RM'000
At beginning of financial year	29,550	15,950
Impairment loss recognised	<u>7,100</u>	<u>13,600</u>
At end of financial year	<u>36,650</u>	<u>29,550</u>

The Company conducted an impairment review of its investment in subsidiary companies at the reporting date, principally based on the Company's share of net assets in these subsidiary companies, which represents the Directors' estimation on fair value less costs to sell off these subsidiary companies. The review gave rise to the recognition of impairment in subsidiary companies which the impairment losses arose mainly due to the decline of their recoverable amounts.

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

The subsidiary companies of which principal places of business are in Malaysia, except where otherwise stated are as follows:

	Equity interest		<u>Principal activities</u>
	<u>2022</u>	<u>2021</u>	
	%	%	
Ceylon Hills Sdn. Bhd.	54	54	Property development
Citra Jaya Sejahtera Sdn. Bhd.	100	100	Property development
Concord Housing Development Sdn. Bhd.	100	100	Property development
Cosmo Housing Development Sdn. Bhd.	100	100	Property development
Eureka Equity Sdn. Bhd.	60	60	Property development
Everise Project Sdn. Bhd.	60	60	Property development
Everise Tiara (M) Sdn. Bhd.	60	60	Property development
HSB Green Solutions Sdn. Bhd.	100	100	Property development
IDP Industrial Development Sdn. Bhd.	100	100	Property development
Infinite Accomplishment Sdn. Bhd.	100	100	Property development
Kumpulan Sejahtera Sdn. Bhd.	100	100	Property development
Magna Kelana Development Sdn. Bhd.	74	74	Property development
Magna Tiara Development Sdn. Bhd.	100	100	Property development
Maxim Development Sdn. Bhd.	100	100	Property development
UOA Academy Sdn. Bhd. <i>(formerly known as Naik Makmur Development Sdn. Bhd.)</i>	100	100	Provision of education, training services and consultancy
Nova Metro Development Sdn. Bhd.	85	85	Property development
Orient Housing Development Sdn. Bhd.	100	100	Property development
Paramount Hills Sdn. Bhd.	100	100	Property development
Paramount Properties Sdn. Bhd.	100	100	Property development
Peninsular Home Sdn. Bhd.	60	60	Property development
Sagaharta Sdn. Bhd.	100	100	Property development
Saujanis Sdn. Bhd.	100	100	Property development
Scenic Point Development Sdn. Bhd.	60	60	Property development
Seri Tiara Development Sdn. Bhd.	85	85	Property development
Sunny Uptown Sdn. Bhd.	100	100	Property development
Tiarawoods Sdn. Bhd.	100	100	Property development
Topview Housing Sdn. Bhd.	100	100	Property development
Windsor Triumph Sdn. Bhd.	100	100	Property development
Allied Engineering Construction Sdn. Bhd.	100	100	Civil contractor
Resodex Construction Sdn. Bhd.	100	100	Civil contractor
URC Engineering Sdn. Bhd.	100	100	Civil contractor
Pertiwi Sinarjuta Sdn. Bhd.	100	100	Civil contractor
UOA Hospitality Sdn. Bhd.	100	100	To manage and operate hotels and service apartments
UOA Komune Sdn. Bhd.	100	100	Managing co-sharing office
UOA Properties Sdn. Bhd.	100	100	Investment holding
Fabullane Development Sdn. Bhd.	100	100	Property development
Federaya Development Sdn. Bhd.	100	100	Investment holding
Regenta Development Sdn. Bhd.	100	100	Property development

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

The subsidiary companies of which principal places of business are in Malaysia, except where otherwise stated are as follows (cont'd):

	Equity interest		<u>Principal activities</u>
	<u>2022</u>	<u>2021</u>	
	%	%	
Seri Prima Development Sdn. Bhd.	100	100	Property development
UOA Vietnam BDC Pte. Ltd.*#@	-	100	Dormant
Armada Hartasegar Sdn. Bhd.	100	-	Investment holding
JDIN Media Sdn. Bhd. (formerly known as Emerald Hills Development Sdn. Bhd.)	51	-	Managing and maintaining pedestrian bridge and commercial lifts for the purpose of advertising
<i>Held through UOA Properties Sdn. Bhd.:-</i>			
Bangsar South City Sdn. Bhd.	100	100	Property investment and hotel operations
Distinctive Acres Sdn. Bhd.	100	100	Property investment
Dynasty Portfolio Sdn. Bhd.	100	100	Property investment
Enchant Heritage Sdn. Bhd.	100	100	Property investment and hotel operations
Lencana Harapan Sdn. Bhd.	100	100	Property investment and hotel operations
Nasib Unggul Sdn. Bhd.	100	100	Property investment
Nova Lagenda Sdn. Bhd.	100	100	Property investment
Tunjang Idaman Sdn. Bhd.	100	100	Property investment
Full Marks Property Sdn. Bhd.	100	100	Property investment
UOA Southlink Sdn. Bhd.	100	100	Property investment
UOA Southview Sdn. Bhd.	100	100	Property investment
UOA Golden Pines Sdn. Bhd.	100	100	Property investment and hotel operations
<i>Held through Everise Project Sdn. Bhd.:-</i>			
Jendela Dinamik Sdn. Bhd.	51	51	Managing and maintaining pedestrian bridge for the purpose of advertising
<i>Held through Federaya Development Sdn. Bhd.:-</i>			
Tong Xin Tang Healthcare International Sdn. Bhd.	51	51	Operator of Chinese medical, acupuncture and physiotherapy care centre and dealer in Chinese medicine
Komune Care Centre Sdn. Bhd.	60	60	Provision of care for post hospitalisation and seniors
UMH NK Sdn. Bhd.	60	100	Investment holding
UMH NK Wellness Sdn. Bhd.^	-	100	Dormant
UMH NK Aesthetics Sdn. Bhd.^	-	100	Dormant
UMH NK Dental Sdn. Bhd.^	-	100	Dormant
UMH Rehabilitation Medicine Sdn. Bhd. (formerly known as Platinum Bliss Sdn. Bhd.)	100	-	Dormant

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

The subsidiary companies of which principal places of business are in Malaysia, except where otherwise stated are as follows (cont'd):

	Equity interest		
	<u>2022</u>	<u>2021</u>	<u>Principal activities</u>
	%	%	
<i>Held through Tong Xin Tang Healthcare International Sdn. Bhd.:-</i>			
Tong Xin Tang Wellness Centre Sdn. Bhd.#	100	-	Dormant
<i>Held through UMH NK Sdn. Bhd.:-</i>			
UMH NK Wellness Sdn. Bhd.^	100	-	Trading of healthcare and beauty care products and operate as aesthetics centre and other related operations
UMH NK Aesthetics Sdn. Bhd.^	100	-	Administrative health care services, specialised medical services, stores specialised in retail sale of pharmaceuticals, medical and orthopaedic goods.
UMH NK Dental Sdn. Bhd.^	100	-	Dental consultancy, dental treatments and other related activities

* Principal place of business is in Singapore.

^ Being directly wholly-owned subsidiary companies to indirectly owned subsidiary companies.

No statutory audit was required as at the reporting date as the subsidiary companies were newly incorporated / remained dormant during the financial year. The Directors have consolidated the results of these subsidiary companies based on their management financial statements.

@ Disposed at a loss of RM533,766 for a cash consideration of RM3 during the financial year, the effects of the deconsolidation are immaterial to the consolidated financial statements of the Group.

Newly acquired/incorporated subsidiary companies

2022

During the financial year, the Company acquired two subsidiary companies namely Armada Hartasegar Sdn. Bhd. and JDIN Media Sdn. Bhd. (formerly known as Emerald Hills Development Sdn. Bhd.) for cash considerations of RM100 for 100% of equity interest and RM51 for 51% of equity interest in the said subsidiary companies respectively.

The purchase considerations, net liabilities assumed and effects of acquisitions are immaterial to the financial statements of the Group. The revenue and net profit for the financial year in which the acquisitions took place and their post-acquisition contributions included in the consolidated profit or loss are immaterial to the financial statements of the Group.

The Company also via its wholly-owned subsidiary, Federaya Development Sdn. Bhd. incorporated a new wholly-owned subsidiary company namely UMH Rehabilitation Medicine Sdn. Bhd. (formerly known as Platinum Bliss Sdn. Bhd.) with share capital of RM1.

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Newly acquired/incorporated subsidiary companies (cont'd)

2021

In prior year, the Company incorporated a new wholly-owned subsidiary company namely UOA Vietnam BDC Pte. Ltd. with share capital of 1 Singapore Dollar (approximately RM3).

The Company via its wholly-owned subsidiary, Federaya Development Sdn. Bhd. acquired two new subsidiary companies namely Komune Care Centre Sdn. Bhd. and Tong Xin Tang Healthcare International Sdn. Bhd. for cash considerations of RM60 for 60% of equity interest and RM310,004 for 51% of equity interest in the said subsidiary companies respectively.

The purchase considerations, net liabilities assumed and effects of acquisitions are immaterial to the financial statements of the Group. The revenue and net profit for the financial year in which the acquisitions took place and their post-acquisition contributions included in the consolidated profit or loss are immaterial to the financial statements of the Group.

The Company also via its wholly-owned subsidiary, Federaya Development Sdn. Bhd. incorporated four wholly-owned subsidiaries namely UMH NK Sdn. Bhd., UMH NK Wellness Sdn. Bhd., UMH NK Aesthetics Sdn. Bhd. and UMH NK Dental Sdn. Bhd. with share capital of RM1 each, totalling RM4.

Additional shares subscribed in existing subsidiary companies

2022

During the financial year, the Company subscribed for additional ordinary shares and convertible redeemable preference shares ("CRPS") in existing subsidiary companies as follows:-

	Types of <u>shares</u>	Issue price <u>per share</u> RM	Number of <u>shares</u> '000	Cash <u>consideration</u> RM'000
Citra Jaya Sejahtera Sdn. Bhd.	CRPS	10	11,300	113,000
Concord Housing Development Sdn. Bhd.	CRPS	10	200	2,000
Fabullane Development Sdn. Bhd.	CRPS	10	80	800
HSB Green Solutions Sdn. Bhd.	CRPS	10	90	900
Federaya Development Sdn. Bhd.	CRPS	10	650	6,500
Tiarawoods Sdn. Bhd.	CRPS	10	7,830	78,300
UOA Properties Sdn. Bhd.	Ordinary	-	246,000	246,000
				<u>447,500</u>

During the financial year, the Company subscribed for additional ordinary shares in Magna Kelana Development Sdn. Bhd. for a total consideration of RM177,000 by capitalising part of the interest free advances owing by the subsidiary company.

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Additional shares subscribed in existing subsidiary companies (cont'd)

2021

The Company subscribed for additional ordinary shares and CRPS in existing subsidiary companies as follows:-

	Types of <u>shares</u>	Issue price <u>per share</u> RM	Number of <u>shares</u> '000	Cash <u>consideration</u> RM'000
Cosmo Housing Development Sdn. Bhd.	CRPS	10	4,000	40,000
Nova Metro Development Sdn. Bhd.	Ordinary	-	3	3
UOA Properties Sdn. Bhd.	Ordinary	-	130,000	130,000
UOA Properties Sdn. Bhd.	CRPS	10	5,205	52,050
				<u>222,053</u>

The Company subscribed for additional ordinary shares and CRPS in existing subsidiary companies by capitalising part of the interest free advances owing by the subsidiary companies as follows:-

	Types of <u>shares</u>	Issue price <u>per share</u> RM	Number of <u>shares</u> '000	Amount <u>capitalised</u> RM'000
Concord Housing Development Sdn. Bhd.	CRPS	10	19,100	191,000
Fabullane Development Sdn. Bhd.	CRPS	10	2,720	27,200
Infinite Accomplishment Sdn. Bhd.	CRPS	10	17,649	176,490
Magna Tiara Development Sdn. Bhd.	CRPS	10	6,860	68,600
Seri Prima Development Sdn. Bhd.	CRPS	10	650	6,500
Sunny Uptown Sdn. Bhd.	CRPS	10	10,900	109,000
Tiarawoods Sdn. Bhd.	CRPS	10	4,670	46,700
Topview Housing Sdn. Bhd.	CRPS	10	3,610	36,100
UOA Hospitality Sdn. Bhd.	Ordinary	-	5,000	5,000
UOA Properties Sdn. Bhd.	CRPS	10	2,373	23,730
Windsor Triumph Sdn. Bhd.	CRPS	10	3,685	36,850
				<u>727,170</u>

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

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

<u>Name of subsidiary companies</u>	<u>Proportion of ownership interests held by non-controlling interests</u>		<u>Profit/(loss) allocated to non-controlling interests</u>		<u>Carrying amount of non-controlling interests</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	%	%	RM'000	RM'000	RM'000	RM'000
Eureka Equity Sdn. Bhd.	40%	40%	(508)	181	16,423	16,931
Everise Tiara (M) Sdn. Bhd.	40%	40%	152	1,018	1,989	3,957
Everise Project Sdn. Bhd.	40%	40%	5,149	4,057	121,333	116,184
Seri Tiara Development Sdn. Bhd.	15%	15%	(363)	193	25,974	26,337

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

	<u>Eureka Equity Sdn. Bhd.</u>	<u>Everise Tiara (M) Sdn. Bhd.</u>	<u>Everise Project Sdn. Bhd.</u>	<u>Seri Tiara Development Sdn. Bhd.</u>
	RM'000	RM'000	RM'000	RM'000
2022				
Financial position as at reporting date				
Non-current assets	-	-	107,130	4
Current assets	48,225	16,187	360,716	177,140
Non-current liabilities	-	-	(2,206)	-
Current liabilities	(7,168)	(11,214)	(162,307)	(3,987)
Net assets	41,057	4,973	303,333	173,157
Summary of financial performance for the financial year				
Net (loss)/profit/total comprehensive (loss)/income for the financial year	(1,270)	380	12,873	(2,427)
Revenue included in the net (loss)/profit/total comprehensive (loss)/income	4,736	(6)	(626)	1,772
Summary of cash flows for the financial year				
Net cash inflows/(outflows) from operating activities	3,585	4,141	20,126	(800)
Net cash inflows/(outflows) from investing activities	328	228	(794)	110
Net cash (outflows)/inflows from financing activities	(77)	(5,301)	(16,440)	36
Net cash inflows/(outflows)	3,836	(932)	2,892	(654)

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

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

	Eureka Equity <u>Sdn. Bhd.</u> RM'000	Everise Tiara (M) <u>Sdn. Bhd.</u> RM'000	Everise Project <u>Sdn. Bhd.</u> RM'000	Seri Tiara Development <u>Sdn. Bhd.</u> RM'000
2022 (cont'd)				
Other information				
Dividends paid to non-controlling interests	-	2,120	-	-
2021				
Financial position as at reporting date				
Non-current assets	-	-	106,427	5
Current assets	48,063	21,337	364,027	179,067
Non-current liabilities	-	-	(2,175)	-
Current liabilities	(5,736)	(11,444)	(177,819)	(3,488)
Net assets	42,327	9,893	290,460	175,584
Summary of financial performance for the financial year				
Net profit/total comprehensive income for the financial year	452	2,546	10,142	1,288
Revenue included in the net profit/(loss)/total comprehensive income/(loss)	1,743	5,545	4,477	(2)
Summary of cash flows for the financial year				
Net cash inflows from operating activities	15,890	746	14,420	15,429
Net cash inflows from investing activities	41	207	265	236
Net cash inflows/(outflows) from financing activities	56	(3,499)	(14,261)	(15,005)
Net cash inflows/(outflows)	15,987	(2,546)	424	660
Other information				
Dividends paid to non-controlling interests	-	1,400	-	2,250

8. **EQUITY INVESTMENTS**

	Group		Company	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000
Financial assets at fair value through OCI				
Shares quoted in Malaysia	85,742	92,842	12,917	20,017
Unquoted shares in Malaysia	<u>100</u>	<u>100</u>	<u>-</u>	<u>-</u>
	<u>85,842</u>	<u>92,942</u>	<u>12,917</u>	<u>20,017</u>

The fair value hierarchies of the Group's and the Company's investments in quoted and unquoted shares in Malaysia are at Level 1 and Level 3 respectively.

The Group deems the carrying value of the unquoted shares in Malaysia as its fair value and has estimated that there would be no significant changes in the fair value as a result of any inter-relationship between significant unobservable inputs.

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

9. **DEFERRED TAX ASSETS**

	Group	
	<u>2022</u>	<u>2021</u>
	RM'000	RM'000
At 1 January	35,145	60,093
Recognised in profit or loss	<u>(183)</u>	<u>(24,948)</u>
At 31 December	<u>34,962</u>	<u>35,145</u>

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

10. **OTHER RECEIVABLES**

	Group		Company	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000
Non-current				
Sundry receivables	<u>-</u>	<u>4,359</u>	<u>-</u>	<u>-</u>
Current				
Sundry receivables	76,278	205,832	1,520	2,785
Deposits and prepayments	<u>19,441</u>	<u>28,780</u>	<u>1,630</u>	<u>2,064</u>
	95,719	234,612	3,150	4,849
Impairment loss	<u>(16,122)</u>	<u>(17,815)</u>	<u>(1,308)</u>	<u>(1,308)</u>
	<u>79,597</u>	<u>216,797</u>	<u>1,842</u>	<u>3,541</u>

10. **OTHER RECEIVABLES (CONT'D)**

The movements of impairment loss during the financial year are as follows:-

	Group		Company	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000
At beginning of financial year	17,815	11,584	1,308	1,308
Impairment loss recognised	1,689	6,270	-	-
Reversal	(3,382)	(26)	-	-
Written off	-	(13)	-	-
At end of financial year	<u>16,122</u>	<u>17,815</u>	<u>1,308</u>	<u>1,308</u>

Included in current sundry receivables of the Group are amounts of RM4,511,956 due from a third party for the disposal of investment properties (2021: non-current and current of RM4,359,378 and RM13,559,087 respectively).

Included in the sundry receivables of the Group and of the Company is amount owing by associate companies of the immediate holding company of RM27,515 and RM13,141 (2021: RM732,350 and RM12,390) respectively.

In prior year, included in the current sundry receivables of the Group was an amount of RM131,031,041 advanced to a joint venture partner for a potential land development project, the amount had been fully received during the financial year due to the joint venture had not been materialised.

Reversal of impairment loss due to receipts had been collected during the financial year.

11. **CONTRACT ASSETS**

	Group	
	<u>2022</u>	<u>2021</u>
	RM'000	RM'000
<u>Contract assets</u>		
Revenue recognised to date	557,608	3,419,230
Progress billings issued to date	<u>(536,621)</u>	<u>(3,298,537)</u>
	<u>20,987</u>	<u>120,693</u>
<u>Contract costs</u>		
Costs to obtain contracts	<u>3,514</u>	<u>3,329</u>
	<u>24,501</u>	<u>124,022</u>

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

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

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

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

11. **CONTRACT ASSETS (CONT'D)**

During the financial year, RM9,686,000 (2021: RM11,784,000) was amortised to cost of sales and RM6,372,000 (2021: RM16,327,000) was amortised against revenue.

12. **TRADE RECEIVABLES**

	Group	
	<u>2022</u>	<u>2021</u>
	RM'000	RM'000
Progress billings receivable	123,677	108,537
Funds held by stakeholders	73,896	127,534
Other trade receivables	15	15
	<u>197,588</u>	<u>236,086</u>
Impairment loss	<u>(7,682)</u>	<u>(8,782)</u>
	<u>189,906</u>	<u>227,304</u>

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

	Group	
	<u>2022</u>	<u>2021</u>
	RM'000	RM'000
At beginning of financial year	8,782	8,882
Reversal	<u>(1,100)</u>	<u>(100)</u>
At end of financial year	<u>7,682</u>	<u>8,782</u>

The progress billings receivable are due within 14 to 90 days (2021: 14 to 90 days) as stipulated in the sale and purchase agreements.

Reversal of impairment loss was due to receipts had been collected during the financial year.

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

In prior year, the amount owing by immediate holding company was non-trade, unsecured, interest free advance and receivable on demand.

The amount owing to immediate holding company comprises:

	Group		Company	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000
Interest free advances	88	85	18	13
Administrative fee payable	<u>220</u>	<u>110</u>	<u>-</u>	<u>-</u>
	<u>308</u>	<u>195</u>	<u>18</u>	<u>13</u>

The interest free advances are non-trade, unsecured and repayable on demand. The administrative fee payable is expected to be settled within the normal credit terms of 30 to 60 days (2021: 30 to 60 days).

14. **AMOUNTS OWING BY/TO SUBSIDIARY COMPANIES**

The amount owing by subsidiary companies is comprises:

	Company	
	<u>2022</u>	<u>2021</u>
	RM'000	RM'000
Interest free advances	190,023	686,056
Management fee receivable	8,310	10,406
Rental receivable	3	77
	<u>198,336</u>	<u>696,539</u>

The interest free advances are non-trade, unsecured and receivable within 12 months (2021: 12 months). The management fee and rental receivable are expected to be settled within the normal credit terms of 30 to 60 days (2021: 30 to 60 days).

The amount owing to subsidiary companies is non-trade, unsecured, interest free advance and repayable on demand.

15. **AMOUNTS OWING BY/TO RELATED COMPANIES**

Related companies are the fellow subsidiary companies of the ultimate holding company.

The amount owing by related companies comprises:

	Group		Company	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000
Rental receivable	-	1,317	-	-
Interest free advances	205	254	1	1
	<u>205</u>	<u>1,571</u>	<u>1</u>	<u>1</u>

In prior year, the rental receivable was expected to settled within the normal credit terms of 30 to 60 days.

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

The amount owing to related companies comprises:

	Group		Company	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000
Management fee payable	282	133	282	133
Interest free advances	154	114	-	-
	<u>436</u>	<u>247</u>	<u>282</u>	<u>133</u>

Management fee payable is expected to be settled within the normal credit terms of 30 to 60 days (2021: 30 to 60 days).

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

16. SHORT TERM INVESTMENTS

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

17. FIXED DEPOSITS WITH LICENSED BANKS

Included in fixed deposits is an amount of RM164,890 (2021: RM161,736) of the Group and of the Company pledged to secure the Group's bank guarantee facilities.

The effective interest rates of the fixed deposits range between 1.20% to 2.65% (2021: 1.20% to 1.95%) per annum. All the fixed deposits have maturity periods of less than three months.

18. CASH AND BANK BALANCES

Cash and bank balances of the Group include an amount of RM417,793,536 (2021: RM499,856,650) maintained in Housing Development Accounts. Withdrawals from the Housing Development Accounts are restricted in accordance with the Housing Development (Housing Development Account) Regulations, 1991.

Funds maintained in the Housing Development Accounts earn interest at 0.25% to 2.75% (2021: 0.25% to 1.75%) per annum.

19. SHARE CAPITAL

	Group and Company			
	<u>2022</u>		<u>2021</u>	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Share capital				
Issued and fully paid ordinary <u>shares with no par value:</u>				
At 1 January	2,327,599	2,821,766	2,124,905	2,519,752
Issued pursuant to the DRS	<u>80,984</u>	<u>132,004</u>	<u>202,694</u>	<u>302,014</u>
At 31 December	<u>2,408,583</u>	<u>2,953,770</u>	<u>2,327,599</u>	<u>2,821,766</u>

20. MERGER RESERVE

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

21. FAIR VALUE RESERVE

The fair value reserve arose from fair value changes in equity investments.

22. **TREASURY SHARES**

There was no buy-back of shares nor resale or cancellation of treasury shares during the financial year ended 31 December 2022.

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

	Group and Company	
	<u>2022/2021</u>	
	Number of shares '000	RM'000
At 1 January/31 December	<u>1,134</u>	<u>2,119</u>

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

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

Included in the amount owing to non-controlling shareholders of subsidiary companies is amounts of RM792,501 and RM1,056,667 (2021: RM254,417 and RM957,301) owing to Directors of the Company and key management personnel of the Group respectively and an amount of RM45,500,000 (2021: RM45,500,000) owing to a company in which a Director has financial interest.

24. **LEASE LIABILITIES**

	Group		Company	
	<u>2022</u> RM'000	<u>2021</u> RM'000	<u>2022</u> RM'000	<u>2021</u> RM'000
Current	285	586	147	140
Non-current	<u>431</u>	<u>413</u>	<u>259</u>	<u>106</u>
	<u>716</u>	<u>999</u>	<u>406</u>	<u>246</u>

24. **LEASE LIABILITIES (CONT'D)**

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

	Group		Company	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000
As at 1 January	999	1,697	246	515
Additions	355	-	355	-
Acquisition of a subsidiary company	-	185	-	-
Lease payments	(638)	(883)	(195)	(269)
Lease interest	46	70	18	18
Payment for lease interest	<u>(46)</u>	<u>(70)</u>	<u>(18)</u>	<u>(18)</u>
As at 31 December	<u>716</u>	<u>999</u>	<u>406</u>	<u>246</u>

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

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

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

<u>Right-of-use assets</u>	Range of remaining term	
	<u>2022</u>	<u>2021</u>
Group		
Leasehold land and buildings	84 to 88 years	85 to 89 years
Plant and machineries	1 to 2 years	1 to 3 years
Motor vehicles	<u>1 to 7 years</u>	<u>1 to 8 years</u>
Company		
Motor vehicles	<u>1 to 5 years</u>	<u>1 to 4 years</u>

There is no lease with extension options, variable payment linked to an index and termination options.

The effective interest rates of the lease liabilities are between 3.72% to 5.67% (2021: 4.41% to 5.67%) per annum for the Group and 3.72% to 5.55% (2021: 4.41% to 5.55%) per annum for the Company.

25. **BORROWINGS**

	Group	
	<u>2022</u>	<u>2021</u>
	RM'000	RM'000
Islamic term loan:		
Non-current	212	256
Current	44	43
	<u>256</u>	<u>299</u>

The Islamic term loan is secured by:-

- (i) asset sale agreement over Shariah compliant commodities;
- (ii) letter of guarantee from Credit Guarantee Corporation (M) Berhad; and
- (iii) joint and several guarantee by Directors of the subsidiary company.

The effective profit rate of the Islamic term loan is fixed at 3.50% (2021: 3.50%) per annum and the facility is to be repaid via 84 monthly instalments inclusive of 6 months moratorium period.

26. **DEFERRED TAX LIABILITIES**

	Group	
	<u>2022</u>	<u>2021</u>
	RM'000	RM'000
At 1 January	42,811	39,844
Recognised in profit or loss	3,072	2,961
Acquisition of a subsidiary company	-	6
At 31 December	<u>45,883</u>	<u>42,811</u>
Tax effects of temporary differences arising from:		
- Property, plant and equipment	1,278	100
- Real Property Gains Tax ("RPGT") on fair value gain of investment properties	42,600	41,345
- Other temporary differences	2,005	1,366
	<u>45,883</u>	<u>42,811</u>

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.

27. **TRADE PAYABLES**

	Group	
	<u>2022</u> RM'000	<u>2021</u> RM'000
Sub-contractors' claims	5,032	7,090
Retention sums	49,620	62,887
Accrued construction costs	149,570	184,587
Other trade payables	9,598	4,672
	<u>213,820</u>	<u>259,236</u>

The normal credit terms extended by sub-contractors and suppliers range between 30 to 60 days (2021: 30 to 60 days). The retention sums are repayable upon the expiry of the defects liability period.

28. **OTHER PAYABLES**

	Group		Company	
	<u>2022</u> RM'000	<u>2021</u> RM'000	<u>2022</u> RM'000	<u>2021</u> RM'000
Sundry payables	54,680	47,548	3,761	4,756
Deposits	53,545	45,406	174	272
Accruals	114,901	158,855	7,658	9,325
	<u>223,126</u>	<u>251,809</u>	<u>11,593</u>	<u>14,353</u>

Included in the sundry payables of the Group and of the Company is amount owing to associate companies of the immediate holding company of RM628,419 and RM1,834 (2021: RM544,998 and RM878) respectively.

Included in the deposits of the Company is security and utilities deposit owing to subsidiary companies of RM171,708 (2021: RM270,238). These deposits are expected to be refunded upon the termination of the tenancies.

29. **REVENUE**

29.1 **Disaggregated revenue information**

	<u>2022</u> RM'000	<u>2021</u> RM'000
Types of revenue		
Group		
<u>Sales of properties</u>		
- Properties under construction	357,641	464,753
- Completed properties/land	94,012	82,731
Revenue from contracts with customers	<u>451,653</u>	<u>547,484</u>
Company		
<u>Dividend income</u>		
- Subsidiary companies	120,404	294,766
- Investments in quoted shares	358	273
Revenue from other sources of income	<u>120,762</u>	<u>295,039</u>

29. REVENUE (CONT'D)

29.1 Disaggregated revenue information (cont'd)

	Group	
	<u>2022</u>	<u>2021</u>
	RM'000	RM'000
Timing of recognition of revenue from contracts with customers		
<u>Performance obligations</u>		
- satisfied over time	357,641	464,753
- satisfied at a point in time	94,012	82,731
	<u>451,653</u>	<u>547,484</u>

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

29.2 Contract balances

	Group	
	<u>2022</u>	<u>2021</u>
	RM'000	RM'000
Trade receivables	189,906	227,304
Contract assets	<u>24,501</u>	<u>124,022</u>

The decrease of trade receivables was due to receipts collected during the financial year.

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

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

29.3 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 or land, the performance obligation is satisfied upon delivery of the properties or when control of the land has been passed to the buyer.

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.

29. **REVENUE (CONT'D)**

29.3 **Performance obligations (cont'd)**

Sale of properties (cont'd)

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

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

	Group	
	<u>2022</u>	<u>2021</u>
	RM'000	RM'000
Sale of development properties under construction	<u>197,917</u>	<u>88,897</u>

The remaining performance obligations are expected to be recognised within 1-3 years which are in accordance with the agreed time frames stated in the sale and purchase agreements signed with purchasers.

30. **COST OF SALES**

	Group	
	<u>2022</u>	<u>2021</u>
	RM'000	RM'000
Cost of development properties under construction sold	164,947	243,757
Cost of completed properties/land sold	<u>73,344</u>	<u>55,160</u>
	<u>238,291</u>	<u>298,917</u>

31. **OTHER INCOME**

	Group		Company	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000
Rental income	140,133	125,528	627	926
Hotel operation income	71,485	22,347	-	-
Gain on remeasurement of short term investments	12,442	3,141	4,559	1,705
Sundry income	17,545	9,371	878	589
Distribution income from equity investments	5,459	3,425	-	-
Dividend income from equity investments	358	273	-	-
Management fee	<u>-</u>	<u>-</u>	<u>41,976</u>	<u>41,072</u>
	<u>247,422</u>	<u>164,085</u>	<u>48,040</u>	<u>44,292</u>

32. **FINANCE COSTS**

	Group		Company	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000
Amortisation of financial liabilities	93	94	-	-
Discounting of financial assets	-	300	-	-
Lease interest	46	70	18	18
Interest on term loan	9	8	-	-
Others	-	3	-	-
	<u>148</u>	<u>475</u>	<u>18</u>	<u>18</u>

33. **PROFIT BEFORE TAX**

Profit before tax has been determined after charging amongst others, the following item:-

	Group		Company	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000
Rental expenses - short-term leases	<u>9,819</u>	<u>11,330</u>	<u>5,640</u>	<u>7,044</u>

34. **TAX EXPENSES**

	Group		Company	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000
Current tax provision	67,916	62,802	1,538	1,440
Deferred tax	<u>2,436</u>	<u>30,566</u>	<u>-</u>	<u>-</u>
	<u>70,352</u>	<u>93,368</u>	<u>1,538</u>	<u>1,440</u>
(Over)/underprovision in prior years				
- Current tax	(6,718)	(2,363)	(161)	(182)
- Deferred tax	<u>819</u>	<u>(2,657)</u>	<u>-</u>	<u>-</u>
	<u>(5,899)</u>	<u>(5,020)</u>	<u>(161)</u>	<u>(182)</u>
	<u>64,453</u>	<u>88,348</u>	<u>1,377</u>	<u>1,258</u>

Malaysian income tax is calculated at the statutory rate of 24% (2021: 24%) of the estimated assessable profit for the current financial year.

34. **TAX EXPENSES (CONT'D)**

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

	Group		Company	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000
Profit before tax	<u>287,213</u>	<u>316,692</u>	<u>118,171</u>	<u>292,130</u>
Tax at statutory rate	68,931	76,006	28,361	70,111
Tax effects of				
- non-deductible expenses	13,684	24,440	3,466	3,610
- non-taxable income	(9,713)	(4,416)	(30,289)	(72,281)
Movement in unrecognised deferred tax assets	(2,047)	2,346	-	-
Difference between income tax rate and RPGT rate applicable to fair value gain on investment properties	(555)	(5,887)	-	-
Change in RPGT rate on investment properties	52	879	-	-
Overprovision in prior years	<u>(5,899)</u>	<u>(5,020)</u>	<u>(161)</u>	<u>(182)</u>
Tax expenses	<u>64,453</u>	<u>88,348</u>	<u>1,377</u>	<u>1,258</u>

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

	Group	
	<u>2022</u>	<u>2021</u>
	RM'000	RM'000
Property, plant and equipment	(84,926)	(108,223)
Inventories written down	11,988	8,089
Unabsorbed tax losses	27,362	28,686
Unutilised capital allowances	63,200	92,432
Unutilised investment tax allowances	<u>138,464</u>	<u>143,634</u>
	<u>156,088</u>	<u>164,618</u>

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

34. **TAX EXPENSES (CONT'D)**

The expiry terms of the unabsorbed tax losses are as follows:

	Group	
	<u>2022</u>	<u>2021</u>
	RM'000	RM'000
Year of assessment 2028	319	2,529
Year of assessment 2029	134	1,540
Year of assessment 2030	10,226	13,935
Year of assessment 2031	5,678	10,682
Year of assessment 2032	11,005	-
	<u>27,362</u>	<u>28,686</u>

35. **EARNINGS PER SHARE**

(a) Basic

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

	Group	
	<u>2022</u>	<u>2021</u>
Net profit attributable to owners of the Company (RM'000)	<u>219,937</u>	<u>222,447</u>
Weighted average number of ordinary shares ('000)	<u>2,362,853</u>	<u>2,214,290</u>
Net earnings per ordinary share (RM)	<u>0.09</u>	<u>0.10</u>

(b) Diluted

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

36. **DIVIDENDS**

	Group and Company	
	<u>2022</u>	<u>2021</u>
	RM'000	RM'000
<i>In respect of the financial year ended 31 December 2021:</i>		
First and final single tier dividend of 10 sen per share:		
- Dividend reinvested into 80,983,900 new ordinary shares pursuant to the DRS	132,004	-
- Payment in cash	100,643	-
<i>In respect of the financial year ended 31 December 2020:</i>		
First and final single tier dividend and special single tier dividend of 14 sen and 1 sen respectively per share:		
- Dividend reinvested into 202,694,200 new ordinary shares pursuant to the DRS	-	302,014
- Payment in cash	-	16,552
	<u>232,647</u>	<u>318,566</u>

The Directors now recommend a first and final single tier dividend of 10 sen per ordinary share in respect of the financial year ended 31 December 2022 amounting to RM240,744,940 based on 2,407,449,400 ordinary shares (net of treasury shares at the reporting date) for shareholders' approval at the forthcoming Annual General Meeting.

37. **EMPLOYEES BENEFITS EXPENSES**

	Group		Company	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000
Employees benefits expenses	<u>61,168</u>	<u>41,691</u>	<u>30,456</u>	<u>25,043</u>

Included in the employee benefits expenses are EPF contributions amounting to RM5,466,814 (2021: RM4,108,798) for the Group and RM2,962,530 (2021: RM2,428,878) for the Company.

38. **RELATED PARTY DISCLOSURES**

(a) Significant related party transactions

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

	Group		Company	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000
<i>Transactions with immediate holding company</i>				
Rental charged to	196	129	-	-
Administrative fee				
charged by	<u>1,320</u>	<u>1,320</u>	<u>-</u>	<u>-</u>
<i>Transactions with subsidiary companies</i>				
Management fee				
charged to	-	-	41,976	41,072
Rental charged to	-	-	627	926
Rental charged by	<u>-</u>	<u>-</u>	<u>1,856</u>	<u>1,471</u>
<i>Transactions with related companies</i>				
Management fee				
charged by	1,648	1,589	1,648	1,589
Rental charged to	18,130	18,492	-	-
Rental charged by	6,594	8,369	3,784	5,573
Distribution income				
received from	<u>5,459</u>	<u>3,425</u>	<u>-</u>	<u>-</u>
<i>Transactions with associate companies of the immediate holding company</i>				
Management fee				
charged by	3,393	4,550	-	-
Rental charged to	277	314	-	-
Administrative fee				
charged by	546	540	-	-
Landscaping fee				
charged by	335	356	10	10
Security services				
charged by	<u>1,289</u>	<u>1,502</u>	<u>3</u>	<u>14</u>

The Directors are of the opinion that the above transactions were entered into in the normal course of business and established under negotiated terms.

38. **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.

	Group and Company	
	<u>2022</u>	<u>2021</u>
	RM'000	RM'000
<i>Directors of the Company</i>		
Fees and remunerations	7,373	4,184
Estimated monetary value of benefits-in-kind	<u>147</u>	<u>208</u>
Total short-term employees benefits	7,520	4,392
Post-employment benefits (EPF)	<u>838</u>	<u>478</u>
	<u>8,358</u>	<u>4,870</u>
	Group	Company
	<u>2022</u>	<u>2021</u>
	RM'000	RM'000
<i>Other key management personnel</i>		
Salaries, allowances and bonuses	2,352	1,959
Estimated monetary value of benefits-in-kind	<u>91</u>	<u>69</u>
Total short-term employees benefits	2,443	2,028
Post-employment benefits (EPF)	<u>198</u>	<u>73</u>
	<u>2,641</u>	<u>2,101</u>
Total compensation	<u>10,999</u>	<u>6,971</u>
	<u>9,786</u>	<u>6,047</u>

39. MATERIAL LITIGATIONS

On 31 December 2018, two of the Company's wholly-owned subsidiary companies, namely Windsor Triumph Sdn. Bhd. ("Windsor") and Sunny Uptown Sdn. Bhd. ("Sunny") were served by the Inland Revenue Board of Malaysia ("IRB") with Notices of Additional Assessment for the Year of Assessment 2013, for additional income tax totalling RM25,558,750.50 and penalties totalling RM14,057,312.78 ("Cases").

The additional assessment raised against Windsor by IRB arose from an adjustment by IRB of the market value of property that Windsor had withdrawn as an inventory to hold as investment property.

The additional assessment raised against Sunny by IRB arose from an adjustment by IRB of the selling price at market value of properties that Sunny had assigned to another wholly-owned subsidiary of the Group on an "as is" basis.

Both subsidiary companies relied on valuations by a professional, independent and experienced registered valuer. These valuations were adjusted by IRB by substituting them with valuations subsequently conducted by Jabatan Penilaian dan Perkhidmatan Harta.

Upon consulting the Group's tax solicitors, the Group is of the view that there are good grounds to challenge the basis and validity of the disputed Notices of Additional Assessment raised by the IRB and the penalties imposed. Windsor and Sunny have filed their appeals with the Special Commissioners of Income Tax ("SCIT"). The SCIT has fixed the mention date on 12 April 2023 for Windsor and hearing dates on 13 June 2023 to 14 June 2023 for Sunny.

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

40. MATURITY ANALYSIS OF LEASE PAYMENTS

As lessor

The Group leases out its properties and temporarily leases out its inventories under non-cancellable operating lease arrangements. These leases run typically for a period ranging from 1 to 4 years, with the option to renew. Subsequent renewals are negotiated with the lease on average renewal period of 4 years. None of the leases include contingent rentals.

The future undiscounted lease payments receivable after the reporting date are as follows:

	<u>2022</u> RM'000	<u>2021</u> RM'000
Within 1 year	114,726	102,079
In the second year	69,659	58,839
In the third year	26,821	25,752
In the fourth year	1,939	2,221
	<u>213,145</u>	<u>188,891</u>

41. CAPITAL COMMITMENTS

	Group	
	<u>2022</u>	<u>2021</u>
	RM'000	RM'000
Approved and contracted for:		
- Purchase of property, plant and equipment	2,668	7,378
- Construction of investment properties	<u>4,240</u>	<u>6,230</u>

42. 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 - hospitality, medical healthcare, training services, holding of investment properties to generate rental income, capital appreciation or both

The Group has aggregated certain operating segments to form a reportable segment due to their similar nature and operational characteristics.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

42. SEGMENTAL INFORMATION (CONT'D)

Group	Property development		Construction		Others		Elimination		Consolidated	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	451,653	547,484	-	-	-	-	-	-	451,653	547,484
Inter segment revenue	1,712	5,728	213,396	365,278	-	-	(215,108)	(371,006)	-	-
Total revenue	453,365	553,212	213,396	365,278	-	-	(215,108)	(371,006)	451,653	547,484
Depreciation	(1,452)	(1,479)	(1,575)	(2,653)	(13,428)	(14,034)	250	250	(16,205)	(17,916)
Rental income	111,699	107,489	113	17	35,497	25,164	(7,176)	(7,142)	140,133	125,528
Fair value adjustments	(11,600)	(15,600)	-	-	7,056	56,728	300	51,245	(4,244)	92,373
Dividend income	-	-	-	-	120,762	295,039	(120,404)	(294,766)	358	273
Distribution income	4,494	3,099	268	302	12,872	12,904	-	-	17,634	16,305
Interest income	14,521	15,101	1,890	1,462	1,293	1,921	-	-	17,704	18,484
Interest expense	(80)	(82)	(17)	(45)	(51)	(348)	-	-	(148)	(475)
Other material non-cash items	1,727	(9,699)	(51)	(9)	(5,430)	(150,429)	5,194	94,400	1,440	(65,737)
Segment results	237,494	236,889	44,776	61,738	4,943	18,065	-	-	287,213	316,692
Tax expenses									(64,453)	(88,348)
Net profit for the financial year									222,760	228,344
Segment assets	4,105,121	3,995,118	208,429	203,865	1,971,260	2,036,142	-	-	6,284,810	6,235,125
Segment liabilities	295,412	295,881	107,689	149,710	83,009	114,700	-	-	486,110	560,291
Additions to non-current assets:	58,109	51,823	234	834	6,533	154,718	-	-	64,876	207,375

42. SEGMENTAL INFORMATION (CONT'D)

	Consolidated	
	<u>2022</u>	<u>2021</u>
	RM'000	RM'000
Other material non-cash items consists of the following:-		
Reversal of impairment losses/(impairment losses) on financial assets	2,793	(6,144)
Reversal of impairment losses/(impairment losses) on non-financial assets	4,013	(55,530)
Bad debts written off	(88)	(2)
Property, plant and equipment written off	(1,320)	(13)
Inventories written down	(3,899)	(4,004)
Inventories written off	(59)	(44)
	<hr/>	<hr/>
<u>Reconciliation of segment assets to total assets</u>		
Segment assets	6,284,810	6,235,125
Equity investments	85,842	92,942
Deferred tax assets	34,962	35,145
Current tax assets	47,973	46,206
	<hr/>	<hr/>
	6,453,587	6,409,418
	<hr/>	<hr/>
<u>Reconciliation of segment liabilities to total liabilities</u>		
Segment liabilities	486,110	560,291
Current tax liabilities	4,525	1,522
Deferred tax liabilities	45,883	42,811
	<hr/>	<hr/>
Total liabilities as per statement of financial position	536,518	604,624
	<hr/>	<hr/>
Additions to non-current assets consist of the following:-		
Property, plant and equipment	24,226	4,525
Investment properties	18,083	161,007
Inventories - land held for property development	22,567	41,843
	<hr/>	<hr/>
	64,876	207,375
	<hr/>	<hr/>

Transactions between segments were entered into in the normal course of business and were established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties. The effects of such inter-segmental transactions are eliminated on consolidation.

The operations of the Group are wholly carried out in Malaysia. Group income taxes are presented on a group basis and are not allocated to operating segments.

There is no significant concentration of revenue from any major customers as the Group sells its development properties to various purchasers.

43. **FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES**

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. Financial risk management policies are established to ensure that adequate resources are available for the development of the Group's and the Company's businesses whilst managing its credit risk, interest rate risk, market risk and liquidity risk. The Group and the Company operate within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows:

(a) Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It is the Group's and the Company's policy to enter into financial instruments with a diversity of creditworthy counterparties. The Group and the Company do not expect to incur material credit losses of its financial assets or other financial instruments.

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's and the Company's total credit exposure. The Group's and the Company's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

The Group's and the Company's objective are to seek continual revenue growth while minimising losses incurred due to increase credit risk exposure. The Group and the Company extend credit only to recognised and creditworthy third parties. It is the Group's and the Company's policy that all customers are subject to credit verification procedures. In addition, receivables balances are monitored on an ongoing basis with the result that the Group's and the Company's exposure to bad debts is not significant.

i. Receivables and contract assets

In respect of trade receivables arising from the sale of the Group's development properties, the Group mitigates any credit risk it may have by maintaining its name as the registered owner of the development properties until full settlement by the purchasers of the self-financed portion of the purchase consideration and upon undertaking of end-financing by the purchaser's end-financier.

In respect of the Group's investment properties and tenanted unsold inventories, the Group customarily obtains three months' rental deposit from tenants as security for the performance of their obligations under the tenancy agreements to mitigate the risk of non-collectability of monthly rentals.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. customer type and rating and coverage by collateral). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

43. **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)

Generally, trade receivables are written off if the Directors deem them uncollectable. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

Collateral is considered an integral part of trade receivables and considered in the calculation of impairment. At the reporting date, all of the Group's trade receivables are covered by collateral other than the trade receivables that are credit impaired. As such, no expected credit losses are required as at reporting date for trade receivables that are covered by collateral. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as trade receivables consists of a large number of customers in various backgrounds.

	Expected credit loss <u>rate</u> %	Total gross carrying <u>amount</u> RM'000	Expected <u>credit loss</u> RM'000
Group			
2022			
<u>Trade receivables</u>			
Not past due	-	168,882	-
Less than 44 days past due	-	1,714	-
Between 44 and 110 days past due	-	432	-
More than 110 days past due	-	18,878	-
Credit impaired	100	7,682	7,682
		<u>197,588</u>	<u>7,682</u>
 Contract assets	-	<u>24,501</u>	<u>-</u>
2021			
<u>Trade receivables</u>			
Not past due	-	189,444	-
Less than 44 days past due	-	1,005	-
Between 44 and 110 days past due	-	10,467	-
More than 110 days past due	-	26,388	-
Credit impaired	100	8,782	8,782
		<u>236,086</u>	<u>8,782</u>
 Contract assets	-	<u>124,022</u>	<u>-</u>

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.

43. **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)

Other receivables

The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

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 has management fee receivable and rental receivable and also provide unsecured advances to immediate holding, subsidiary and related companies and monitors the results of these companies regularly. As at the reporting date, there was no indication that the management fee receivable and rental receivable and 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 by the Company amounted to RM53,251,000 (2021: RM79,713,000), represented by the bank guarantees and outstanding banking facilities utilised by the subsidiary companies as at the end of the reporting year.

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiary companies. The Company monitors on an on-going basis the results of the subsidiary companies and repayments made by the subsidiary companies. As at the end of the reporting year, there was no indication that any subsidiary company would default on repayment.

Financial guarantees have not been recognised since the fair value on initial recognition was not material.

v. Investments and other financial assets

At the end of the reporting year, the Group and the Company have investments in domestic securities. The maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position.

Significant 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.

43. **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

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's investments in fixed rate debt securities and fixed rate borrowings are exposed to a risk of change in their fair values due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short-term receivables and payables are not significantly exposed to interest rate risk.

The 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	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments				
Fixed deposits with licensed banks	232,070	390,347	30,987	21,357
Lease liabilities	716	999	406	246
Borrowings	256	299	-	-

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 equity 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.

43. **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:

	Less than 1 <u>year</u> RM'000	Between <u>1 to 5 years</u> RM'000	<u>Total</u> RM'000
Group			
2022			
Trade and other payables	436,946	-	436,946
Amount owing to immediate holding company	308	-	308
Amount owing to related companies	436	-	436
Amount owing to non-controlling shareholders of subsidiary companies	45,500	2,133	47,633
Lease liabilities	310	464	774
Borrowings	53	229	282
	<u>483,553</u>	<u>2,826</u>	<u>486,379</u>
2021			
Trade and other payables	511,045	-	511,045
Amount owing to immediate holding company	195	-	195
Amount owing to related companies	247	-	247
Amount owing to non-controlling shareholders of subsidiary companies	47,248	284	47,532
Lease liabilities	622	446	1,068
Borrowings	53	281	334
	<u>559,410</u>	<u>1,011</u>	<u>560,421</u>

43. **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):

	Less than 1 year RM'000	Between 1 to 5 years RM'000	Total RM'000
Company			
2022			
Other payables	11,593	-	11,593
Amount owing to immediate holding company	18	-	18
Amount owing to subsidiary companies	244	-	244
Amount owing to related companies	282	-	282
Lease liabilities	159	274	433
Financial guarantees*	53,251	-	53,251
	<u>65,547</u>	<u>274</u>	<u>65,821</u>
2021			
Other payables	14,353	-	14,353
Amount owing to immediate holding company	13	-	13
Amount owing to subsidiary companies	29,126	-	29,126
Amount owing to related companies	133	-	133
Lease liabilities	149	109	258
Financial guarantees*	79,713	-	79,713
	<u>123,487</u>	<u>109</u>	<u>123,596</u>

* This exposure to liquidity risk is included for illustration purpose only as the related guarantees have not yet crystallised

44. **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.

44. **CAPITAL MANAGEMENT (CONT'D)**

The Group's strategy is to maintain the debt-to-equity ratio between 10% to 25%. The debt-to-equity ratio at the reporting date is as follows:

	<u>2022</u> RM'000	<u>2021</u> RM'000
Cash and cash equivalents	2,163,205	1,794,137
Less: total borrowings	<u>(972)</u>	<u>(1,298)</u>
Net cash available	<u>2,162,233</u>	<u>1,792,839</u>
Equity attributable to the owners of the Company	<u>5,741,425</u>	<u>5,628,990</u>
Debt-to-equity ratio (%)	<u>-</u>	<u>-</u>

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

45. **FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES**

The Group has established policies and procedures in respect of the fair value measurement.

Financial assets that are measured at fair value on a recurring basis

Certain financial assets of the Group and the Company are measured at fair value at the end of the reporting year. Details of fair value measurement of those financial assets are as follows:

	<u>Fair value</u>		<u>Fair value</u> <u>hierarchy</u>	<u>Valuation method</u> <u>and key inputs</u>
	<u>2022</u> RM'000	<u>2021</u> RM'000		
Group				
<u>Equity investments</u>				
Quoted shares in Malaysia	85,742	92,842	Level 1	Quoted bid price in active market
Unquoted shares in Malaysia	<u>100</u>	<u>100</u>	Level 3	Carrying value deemed fair value
	<u>85,842</u>	<u>92,942</u>		
Company				
<u>Equity investments</u>				
Quoted shares in Malaysia	<u>12,917</u>	<u>20,017</u>	Level 1	Quoted bid price in active market

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

The carrying amounts of other financial assets and financial liabilities of the Group and of the Company at the reporting date approximate their fair values due to their short-term nature or immaterial discounting impact.