



United Overseas Australia Ltd

ANNUAL REPORT 2019





Cover:

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

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Corporate Directory

A.C.N 009 245 890

A.B.N 81 009 245 890

DIRECTORS

Mr. Alan Charles Winduss

(Non-Executive Chairman)

Mr. Chong Soon Kong

(Managing Director)

Mr. Pak Lim Kong

Mr. Chee Seng Teo

Ms. May Chee Kong

(alternate for C.S. Kong)

COMPANY SECRETARY

Mr. Alan Charles Winduss

ASX CODE

UOS

REGISTERED OFFICE

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Leederville, Western Australia 6007

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PRINCIPAL PLACE OF MANAGEMENT

UOA Corporate Tower

Lobby A, Avenue 10, The Vertical

Bangsar South City

No. 8, Jalan Kerinchi

59200 Kuala Lumpur

Malaysia

SHARE REGISTRY

Advanced Share Registry Services Ltd

110, Stirling Highway

Nedlands, Perth

Western Australia 6009

AUDITORS

Grant Thornton Audit Pty Ltd

Central Park

Level 43, 152-158, St Georges Terrace

Perth, Western Australia 6000

From the Office of Managing Director

Dear Valued Shareholders,

I am pleased to report that the Company has recorded a positive result in a challenging marketplace for the financial year ended 31 December 2019.

Emphasis has again been placed on residential developments to meet consumer demand in the mid-price residential market. Expansion and growth have continued in the hospitality division; in the operation, areas of hotels conference and event centres.

After minority interests and taxation, a profit of \$91.8 million is attributable to shareholders of United Overseas Australia Ltd. This is a decrease of 9.0% in comparison to the results for year ended 31 December 2018.

The Board of Directors has resolved to declare a final dividend of 2c (unfranked) for the year ended 31 December 2019.

Together with the Board of Directors and the Senior Management, I would like to express sincere appreciation to our customers, shareholders, business associates and staff for their support over the past year.

The Company will continue in its endeavours to deliver value to our shareholders in year 2020.

Thank you.

C.S. Kong
Managing Director

Executive Director's

Review of Operations



UOA Tower, Vietnam



Bangsar South

REVIEW OF OPERATIONS

Australia

East Parade Condominiums

The company currently has 21 units of which 11 units have been rented out. All units rented or vacant are for sale.

Leederville

Refurbishment of the buildings and grounds was completed in January 2020. The buildings are currently 50% occupied, and the company is encouraged with enquiries being received for the balance of space remaining.

Vietnam

UOA Tower located in District 7 Ho Chi Minh City is in the final stages of construction and is expected to be ready for occupation in the third quarter of 2020.

A second project UOA Tower TTS is located along Tan Trao Street, the main street of the Commercial District in Phu My Hung City Centre and is currently being designed and necessary approvals being applied for.

Malaysia

UOA Development Bhd and its subsidiaries (the "Group") continued to deliver positive results for financial year 2019. As at 31st December 2019, the Group achieved a total revenue of \$383.7 million and profit after tax of \$141.9 million.

Total property sales of AUD \$273.2 million achieved in financial year 2019 were attributable mainly from South Link Lifestyle Apartments, United Point Residence, UOA Business Park and Sentul Point Suite Apartments.

The year ended 31 December 2019 has been one of profitable operations for the Group albeit in a very difficult market, allowing it to continue to retain a strong and positive balance sheet.

In order for our shareholders to have a detailed understanding of the Group and its operations, we have included in this review, extracts from the Annual Reports of UOA Development Bhd (70.25% owned) and UOA Real Estate Investment Trust (46.31% owned) the financial results of which are consolidated into the Group accounts.

A full set of the financial statements and reports for UOA Real Estate Investment Trust can be downloaded at www.uoareit.com.my and for UOA Development Bhd at www.uoadev.com.my

Executive Director's Review Of Operations (Cont'd)



Komune Living

COMPLETED DEVELOPMENTS

The Komune Living (formerly known as South Point), a co-living concept is located within the Bangsar South Precinct and is adjacent to the existing South View Serviced Apartments. This was completed during the fourth quarter of 2019. This project consists of 648 rooms with communal facilities. It caters to both long and short-term stays and has office facilities for use by residents.



Komune Living

Executive Director's Review Of Operations

(Cont'd)

CURRENT DEVELOPMENTS

Sentul Point in Sentul consists of 3 towers of residences comprising 2,352 units of serviced apartments and 142 units of retail shops.

United Point Residence in Kepong consists of 2,509 units of serviced apartments and a commercial complex.

The construction of both Sentul Point and United Point Residence is expected to be completed in the early part of year 2020. The two projects have a combined GDV of AUD \$1.05 billion.

South Link is located in close proximity to Bangsar South and is adjacent to Komune Living Hotel. The project comprises 1 block of 44-storey of 1,422 freehold lifestyle apartments, along with a 2-storey lifestyle retail podium.

Another project which is located within Bangsar South, namely The Goodwood Residence consists of a 40-storey residential tower of 678 units.

The construction of both South Link and The Goodwood Residence are on-going. The former is expected to be completed in the year 2022 while the latter is expected to be completed in year 2023. These two projects have an anticipated GDV on completion of AUD \$401.48 million.

Aster Green Residence is a development located within the mature township of Sri Petaling and is in close proximity to services and other amenities necessary to support the development. The project consists of a single block of 440 residential units along with commercial space. The GDV for this development is expected to be AUD \$87.27 million.



The Goodwood Residence, Bangsar South



United Point Residence



South Link Lifestyle Apartments



Sentul Point Suite Apartments

Executive Director's Review Of Operations (Cont'd)



Aster Green

FUTURE DEVELOPMENTS

Bandar Tun Razak development is a project located within the thriving township of Bandar Tun Razak in Cheras, which is approximately 11 kilometres from Kuala Lumpur City Centre. This project consists of residential units that will allow independent living by active elderlies and provide aged care facilities. The project is expected to commence in the year 2020 and has an estimated GDV of \$104.73 million.

UOA Business Park (Phase II) in Shah Alam consists of a single block of commercial space adjacent to UOA Business Park (Phase I). This project is scheduled to commence in the year 2020 with an estimated GDV of AUD \$48.88 million.

The Group's strategy remains firmly focused on development at targeted geographical locations and efforts to explore for opportune development land acquisitions that meet the objectives of the Group will continue.



UOA Business Park (Phase I)



Bandar Tun Razak

Executive Director's Review Of Operations

Extracts From UOA Development Bhd's Annual Report

(Cont'd)

Summary of the UOA Development Bhd Group's financial performance for the past five years:

Year Ended 31 December (\$'000)	2019	2018	2017	2016	2015
Revenue	383,679	421,226	327,758	324,081	560,949
Profit Before Tax	177,203	168,617	205,442	302,340	220,287
Finance Cost	2,562	2,221	1,268	2,181	2,825
Profit After Tax	141,882	137,199	164,688	231,184	166,604
Profit Attributable to Shareholders	138,774	126,305	153,985	220,152	142,360
Paid-Up Capital	798,167	187,404	97,667	25,295	24,249
Shareholders' Equity	1,768,209	1,605,564	1,365,872	1,181,690	1,004,819
Total Assets Employed	2,081,706	1,986,541	1,763,874	1,544,822	1,397,685
Total Net Tangible Assets	1,840,466	1,696,499	1,447,002	1,220,132	1,050,643
Total Borrowings	19,776	26,869	40,009	38,777	66,501
Debt / Equity (times)	0.01	0.02	0.03	0.03	0.07
Basic Earnings Per Share (\$)	0.07	0.07	0.09	0.14	0.10
Net Tangible Assets Per Share (\$)	0.89	0.85	0.76	0.78	0.74
Share Price – Year High (\$)	0.85	0.90	0.84	0.90	0.79
Share Price – Year Low (\$)	0.65	0.61	0.70	0.66	0.57
Closing Share Price @ End of Financial Year (\$)	0.71	0.71	0.73	0.76	0.70
Total Yearly Share Volume Traded ('000)	42,253	42,078	70,066	81,018	34,344
Market Capitalisation @ End of Financial Year (\$ 'billion)	1.39	1.34	1.31	1.91	1.00

Executive Director's Review Of Operations
Extracts From UOA Real Estate Investment Trust's Annual Report
(Cont'd)

For the year ended 31 December 2019, realised income before tax was \$13.7 million. The rental market in Malaysia this year was extremely competitive with many new buildings coming online in the market.

Following are extracts from the REIT's Annual Report which shows the results achieved, assets owned and activities carried out during the year.

MANAGER'S REPORT AND FINANCIAL HIGHLIGHTS

Financial Highlights

	Year ended 31 December 2019	Year ended 31 December 2018	Year ended 31 December 2017	Year ended 31 December 2016	Year ended 31 December 2015
Total gross income (\$'000)	27,455	26,195	25,032	29,191	31,385
Income before tax (\$'000)	14,238	19,217	11,514	14,657	38,132
Income/(Loss) after tax (\$'000)					
- Realised	13,736	11,667	11,554	14,710	16,222
- Unrealised	(6,845)	7,512	(40)	1,436	21,438
Total	6,891	19,179	11,514	16,146	37,660
Earnings/(Loss) per unit (cents)					
- Realised	3.25	2.76	2.73	3.48	3.84
- Unrealised	(1.62)	1.78	(0.01)	0.34	5.07
Total	1.63	4.54	2.72	3.82	8.91
Distribution per unit (cents)	3.16	3.04	2.60	3.41	3.76
Total asset value (\$'000)	365,458	359,993	359,510	352,660	362,041
Net asset value (\$'000)	246,666	248,769	222,810	218,355	223,005
Net asset value per unit (\$)	0.58	0.59	0.53	0.52	0.53
Market price per unit (\$)	0.43	0.45	0.51	0.55	0.51
Distribution yield	7.41%	6.97%	5.28%	5.95%	6.89%
Annual total returns (\$'000) ⁽¹⁾	13,736	11,667	11,554	14,710	16,222
Average total returns ⁽²⁾					
- for one year	8.31%	7.35%	7.98%	9.50%	9.98%
- for three years	7.88%	8.28%	9.15%	9.82%	9.87%
- for five years	8.62%	8.96%	9.42%	9.82%	9.67%

⁽¹⁾ Annual total returns are defined as realised income after tax.

⁽²⁾ Average total returns are calculated based on annual total returns for the respective financial years divided by unitholders' capital for the respective financial years.

Note: Past performance is not necessarily indicative of future performance. Unit prices and investment returns may fluctuate in line with economic conditions and subsequent trust performance.

Executive Director's Review Of Operations

Extracts From UOA Real Estate Investment Trust's Annual Report
(Cont'd)

MANAGER'S REPORT

UOA Asset Management Sdn Bhd, the Manager of UOA Real Estate Investment Trust ("UOA REIT" or "Trust"), has pleasure in presenting the Manager's Report on UOA REIT together with the audited financial statements of the Group and of the Trust for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITY OF THE MANAGER

The Manager, a company incorporated in Malaysia, is a subsidiary of UOA Corporation Bhd (a subsidiary of UOA Holdings Sdn Bhd which in turn, is a wholly owned subsidiary of United Overseas Australia Ltd, a company incorporated in Australia and listed on the Australian Securities Exchange and the Stock Exchange of Singapore). The principal activity of the Manager is the management of real estate investment trusts. There has been no significant change in the nature of this activity during the financial year.

PRINCIPAL ACTIVITIES OF THE TRUST

UOA REIT is a Malaysia-domiciled real estate investment trust constituted under a Deed dated 28 November 2005 ("Deed") by UOA Asset Management Sdn Bhd ("Manager") and RHB Trustees Berhad ("Trustee").

UOA REIT commenced its operations on 1 December 2005 and was listed on the Main Market of Bursa Malaysia Securities Berhad on 30 December 2005. The principal activity of UOA REIT is to invest in a diversified portfolio of real estate and real estate-related assets used, or predominantly used, for commercial purposes, whether directly or indirectly through the ownership of single-purpose companies, who wholly own real estate with the objective of achieving a stable return from rental income and long-term capital growth. There has been no significant change in the nature of this activity during the financial year.

UOA REIT will continue its operations until such time as determined by the Trustee and the Manager as provided under Clause 26 of the Deed.

INVESTMENT STRATEGIES

During the financial year, the Manager continued to adopt the following strategies in achieving the Group's investment objective:

Operating Strategy

The Group's operating strategy is to continue to enhance the performance of the properties by increasing yields and returns from the properties through a combination of retaining existing tenants, reducing vacancy levels, adding and/or optimising retail/office space at the properties and minimising interruptions in rental income and operational costs. The Manager expects to apply the following key operating and management principles:

- (a) to optimise rental rates via active management of tenancies, renewals and new tenancies;
- (b) maintaining a close relationship with tenants to optimise tenant retentions;
- (c) actively working with the property manager to pursue new tenancy opportunities;
- (d) to optimise tenant mix and space configuration;
- (e) continuous review of tenant mix and if practicable, reconfigure lettable space; and
- (f) continually maintain the quality of the properties.

Executive Director's Review Of Operations
Extracts From UOA Real Estate Investment Trust's Annual Report
(Cont'd)

Acquisition Strategy

The Manager seeks to increase cash flow and enhance unit value through selective acquisitions. The acquisition strategy takes into consideration:

- (a) location;
- (b) occupancy and tenant mix;
- (c) building and facilities specifications;
- (d) opportunities; and
- (e) yield thresholds.

The Manager has access to a network of and good relationships with leading participants in the real estate industry which may assist the Group in identifying (a) acquisition opportunities that have favourable returns on invested capital and growth in cash flow; and (b) under-performing assets. The Manager believes that these deal-sourcing capabilities are an important competitive advantage of the Group.

The Manager intends to capitalise on the relationship with UOA Holdings Group of companies, which is one of Malaysia's leading property development, property investment, property management services and construction group of companies. This relationship is expected to accord the Group competitive advantages and benefits towards achieving its long-term objectives.

The Manager intends to hold the properties on a long-term basis. In the future where the Manager considers that any property has reached a stage that offers only limited scope for growth, they may consider selling the property and using the proceeds from the sale for alternative investments in properties that meet its investment criteria.

Capital Management Strategy

The Manager aims to optimise the Group's capital structure and cost of capital within the borrowing limits prescribed by the Securities Commission's Guidelines on Listed Real Estate Investment Trusts ("REIT Guidelines") and intends to use a combination of debt and equity funding for future acquisitions and improvement works at the properties. Our capital management strategies involve:

- (a) adopting and maintaining an optimal gearing level; and
- (b) adopting an active interest rate management strategy to manage risks associated with changes in interest rates.

while maintaining flexibility in the Group's capital structure to meet future investment and/or capital requirements.

INVESTMENT POLICIES

Portfolio Composition

The Group's investments may be allocated in the following manner, as prescribed by the REIT Guidelines:

- (a) to invest in real estate, single-purpose companies whose principal assets comprise real estate, real estate-related assets, non-real estate-related assets or liquid assets;
- (b) at least 50% of the Group's total assets must be invested in real estate or single-purpose companies whose principal assets comprise real estate, at all times; and
- (c) not more than 25% of the Group's total assets may be invested in non-real estate-related assets and/or liquid assets.

Executive Director's Review Of Operations

Extracts From UOA Real Estate Investment Trust's Annual Report
(Cont'd)

Diversification

The Group will seek to diversify its real estate portfolio by property and location type. The Group will focus on investing in properties that are primarily used for office, retail and/or residential purposes and will continue to look for opportunities in these types of properties. In addition, it may also look into other properties that will provide attractive risk-adjusted returns.

Leverage

The Group will be able to leverage on its borrowings to make the permitted investments. Leveraging on its borrowings will increase the returns to unitholders. The Group is permitted to procure borrowings of up to 50% of its total asset value.

DISTRIBUTION POLICY

At least 90% of the distributable income of the Trust will be distributed semi-annually or at such other intervals as determined by the Manager, in arrears.

Properties held by UOA Real Estate Investment Trust

Investment properties held as at the financial year ended 31 December 2019 are as follows:

Properties	Carrying Value (AUD)
UOA Centre	29,709,000
UOA II	102,639,000
UOA Damansara	42,242,000
Wisma UOA Damansara II	82,439,000
Parcel B – Menara UOA Bangsar	104,733,000

- UOA Centre
Number 19 Jalan Pinang, 50450 Kuala Lumpur.
28 strata title areas within a 33-storey building, including six levels of carparking.
- UOA II
Number 21 Jalan Pinang, 50450 Kuala Lumpur.
68 strata title areas within a 39-storey building, including five levels of carparking.
- UOA Damansara
Number 50 Jalan Dungun Damansara Heights, 50490 Kuala Lumpur.
30 strata title areas within a 13-storey office building, including four levels of carparking.
- Wisma UOA Damansara II
Number 6 Changkat Semantan, Damansara Heights, 50490 Kuala Lumpur.
16-storey office building, including eight levels of carparking.
- Menara UOA Bangsar
Number 5 Jalan Bangsar Utama 1, 59000 Kuala Lumpur.
14 strata title areas within 15 levels of office, three levels of retail areas and ten levels of carparking .

Directors' Report

The Directors present their report together with the Financial Report of United Overseas Australia Ltd (the Company) and of the Group, being the Company, its subsidiaries and the Group's interest in any jointly controlled entities for the financial year ended 31 December 2019 together with the report of the Company's Auditors.

Name	Current Occupation/Position
Alan Charles Winduss	Non-Executive Chairman/Independent Director
Chong Soon Kong @ Chi Suim	Managing Director
Pak Lim Kong	Executive Director
Terence Teo Chee Seng	Independent Director
May Chee Kong	Alternate Director to Chong Soon Kong @ Chi Suim

Information on the areas of prime responsibility, the business and working experience of the Directors is set out below

Alan Charles Winduss (Non-Executive Chairman/ Independent Director)

Alan Charles Winduss, Australian, male, aged 79, is also a member of the Audit and Risk Management Committee and the Nomination and Remuneration Committee. He is a Director of Winduss & Associates Pty Ltd Chartered Accountants. He has been involved in the professional accounting public practice for over 30 years, specialising in matters relating to corporate management, restructuring, corporate finance and company secretarial matters including the Australian Securities Exchange ("ASX") and the Australian Securities and Investments Commission compliance. The accounting practice of Winduss & Associates Pty Ltd lists among its field of expertise matters relating to property development, management and ownership.

Mr. Winduss sits on the Board of two companies listed on the ASX and serves on the Board of Australian incorporated private limited companies. He is a Director and the Independent Non-Executive Chairman of UOA Asset Management Sdn Bhd, which is the Manager for the UOA Real Estate Investment Trust. He is also a Non-Executive Chairman of UOA Development Bhd.

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

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

Mr. Winduss is a Director of:

Advanced Share Registry Limited	ASX Listed
UOA Real Estate Investment Trust	Bursa Malaysia Securities Berhad Listed
UOA Development Bhd	Bursa Malaysia Securities Berhad Listed

Directors' Report

(Cont'd)

Chong Soon Kong @ Chi Suim (Managing Director)

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

In 1987, Mr. Kong co-founded United Overseas Australia Ltd ("UOA" or "Parent Group") and spearheaded our Parent Group's rapid growth in Malaysia. Over the last 27 years, our Parent Group together with other Group members have successfully completed numerous residential, industrial and commercial developments in various parts of Kuala Lumpur. He has in the past served in various capacities in several public-listed companies both in Malaysia and Singapore which included Raleigh Bhd, Town and City Properties Ltd and Tuan Sing Holdings Ltd.

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

He has no convictions for any offences, and there is no sanction or penalty imposed on him by any regulatory bodies over the past 5 years or any conflict of interest with the Company.

May Chee Kong, Alternate director for him on United Overseas Australia Ltd Board and Sze Choon Kong, Alternate director for him on UOA Development Bhd Board and Executive Director of UOA REIT, are both children of Mr. Kong.

Kong Sze Hou, Head of the Group Hospitality Division and Chief Investment Officer for the Group Vietnam operations is a child of Mr. Kong.

Mr. Kong is a Director of:

UOA Development Bhd

Bursa Malaysia Securities Berhad Listed

Pak Lim Kong (Executive Director)

Pak Lim Kong, Malaysian, male, aged 67, oversees the planning and design of the Group's commercial and residential projects and is also responsible for the identification and negotiation of all new land acquisitions.

Mr. Kong has over 40 years of experience in the construction, mining and property development industries in both Malaysia and Australia. He has worked extensively in various capacities in Australia, among them as Project Engineer in Davis Wemco in charge of mining design, construction and material handling and as a Director of Ferro Engineering Pty Ltd responsible for structural and mechanical fabrication of oil & gas and mining equipment.

He co-founded United Overseas Australia Ltd with Mr. Chong Soon Kong and has played an integral part in spearheading the Group's rapid growth over the years.

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

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

Stephanie Kong Pei Zen, Alternate Director for Pak Lim Kong on the UOA Development Bhd Board is a daughter of Mr. Kong.

Mr. Kong is a Director of:

UOA Development Bhd

Bursa Malaysia Securities Berhad Listed

Directors' Report

(Cont'd)

Terence Teo Chee Seng (Independent Non-Executive Director)

Mr. Chee Seng Teo, Singaporean, male, aged 65, is an Independent Non-Executive Director of the Company. He is also a member of the Audit and Risk Management Committee and the Nomination and Remuneration Committee.

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

Mr. Teo is a Director of:

Lasseters International Holdings Limited	SGX-ST Listed
Etika International Holdings Limited	SGX-ST Listed
Soilbuild Group Holdings Ltd	SGX-ST Listed
UOA Development Bhd	Bursa Malaysia Securities Berhad Listed

May Chee Kong (Alternate Director to Chong Soon Kong @ Chi Suim)

May Chee Kong, Singaporean, female, aged 46, is the Alternate Director for Chong Soon Kong @ Chi Suim.

May Chee Kong is the daughter of Chong Soon Kong @ Chi Suim.

Company Secretary

Alan Charles Winduss

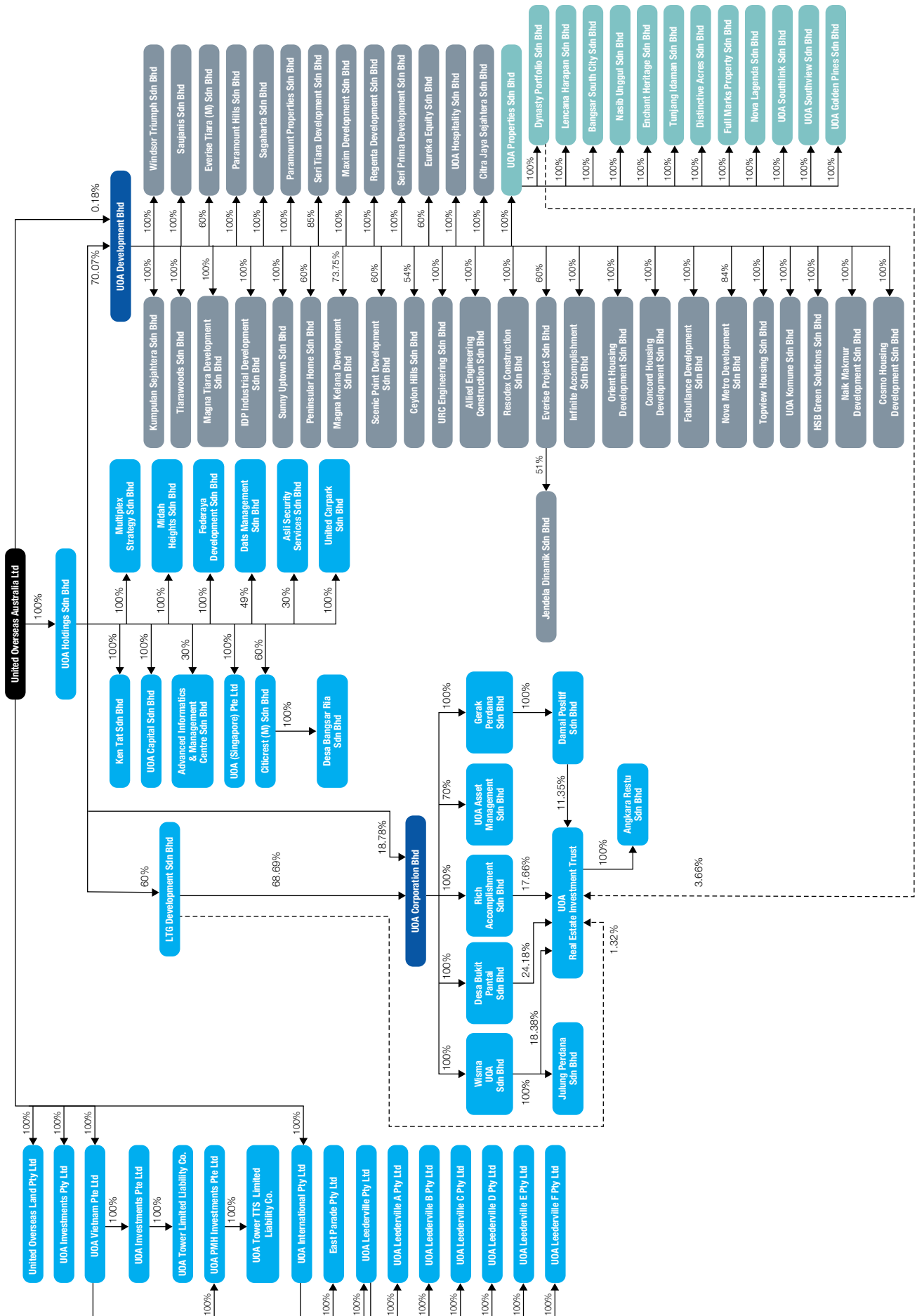
Director	Director's Meetings		Audit and Risk Management Committee		Nomination and Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended
A C Winduss	6	6	4	4	4	4
C S Kong	6	6	-	-	-	-
P L Kong	6	6	4	4	4	4
C S Teo	6	5	4	3	4	3

Directors' Report*(Cont'd)***Corporate Governance Statement**

The Company has established a Corporate Governance framework which is set out in the Company's Corporate Governance Statement which is available on its website (www.uoa.com.my) under the section marked "Investor relations UOA Ltd".

Dividends	Cents
Final dividend recommended	
• On ordinary shares	2.0
Dividends paid in the year	
Interim for the year	
• On ordinary shares	0.5
Final for 2018 shown as recommended in the 2018 report	
• On ordinary shares	2.0

UOA GROUP - Corporate Structure



Directors' Report

(Cont'd)

Nature of Operations and Principal Activities of The Group

The principal activities during the year of the members of the consolidated entities were:

- Development and resale of land and buildings
- Investment in the form of rental properties
- Investment in the UOA Real Estate Investment Trust
- Operation of hotels and food and beverages outlets
- Rental of co-sharing office facilities

There have been no significant changes in the nature of activities during the year.

Employees

The consolidated entity employed 1,795 employees as at 31 December 2019 (2018: 1,817).

Review and Results of Operations

Group Overview

The Company was incorporated in Western Australia in 1987 as United Overseas Securities Limited and a prospectus issued to facilitate a listing on the 'Second Board' of the Australian Securities Exchange-Perth; the Company transferred to the Main Board of the Australian Securities Exchange on January 1st 1992.

UOA Development Bhd

On the 8 June 2011 the Company's majority owned subsidiary UOA Development Bhd listed on the Malaysian Stock Exchange (Bursa Malaysia).

At the date of this report United Overseas Australia Ltd has a direct equity interest of 0.18% and an indirect interest of 70.07% (via UOA Holdings Sdn Bhd) in UOA Development Bhd.

UOA Real Estate Investment Trust

As at 31 December 2019, the Group has an effective equity holding of 46.31% in the Trust.

Directors' Report
(Cont'd)

	2019 Revenue (\$000)	2019 Results (\$000)	2018 Revenue (\$000)	2018 Results (\$000)
Summarised Operating Results are as follows:				
Operating Segments				
Land Development and Sale	682,381	107,544	727,901	121,008
Investment	302,896	20,957	323,168	31,273
Other	22,139	11,291	20,655	7,938
	1,007,416	139,792	1,071,724	160,219
Consolidated adjustments	(475,084)	-	(512,396)	-
Non-segment unallocated revenue	-	-	-	-
	532,332	139,742	559,328	160,219

Shareholder Returns

The Board of Directors approved a 0.5 (half of one) cent dividend, which was paid on 6 November 2019. After consideration of the final profit for the year ended 31 December 2019, the Board proposed the payment of the final dividend of 2.0 cents, making a total for the year of 2.5 cents. The final dividend will be eligible for participation in the Company's Dividend Reinvestment Plan.

	2019	2018	2017	2016
Basic earnings per share (cents)	6.32	7.22	8.42	12.77
Return on assets (%)	16.66	20.19	17.36	19.66
Return on equity (%)	12.72	13.97	17.56	29.01
Net debt/equity ratio (%)	8.33	8.81	13.58	14.32

Cash Flows from Operations

The cash flow from operations of the Group has increased over the year in review. It is expected that the Group's future cash flow from operations will be sufficient to meet its funding requirements. It is the Group's intention to repay debt with any cash surpluses that may be generated from operations. Cash surpluses will also be used to internally fund the construction of on-going development projects as the Group does not intend to increase its levels of gearing.

Liquidity and Funding

The Group relies in part from its bankers to support some acquisitions of property. There are adequate facilities and securities available to meet any unforeseen expenditure. However, it is the Director's policy to use the internally generated funds wherever possible.

Risk Management

The Directors of the parent Company and members of the Board of Group Companies are actively committed to risk management criteria as outlined in the Company's Corporate Governance Statement.

Directors' Report*(Cont'd)***Dividends**

In respect of the current year, a final dividend for year ended 31 December 2018 of \$28,550,755 (2.0 cents per share) was paid on 10 June 2019 (2018: \$34,178,083). The interim dividend for year ended 31 December 2019 of \$7,353,291 (0.5 cents per share) was paid on 6 November 2019 (2018: \$7,084,776).

After the reporting date, the Board has proposed the payment of a final dividend of \$29,602,647 (2.0 cents per share) to be paid on 9 June 2020 (2018: \$28,550,638).

Significant Events after the Reporting Date

The COVID-19 outbreak was declared a pandemic by the World Health Organization ('WHO') in March 2020, which continues to spread throughout Australia and Malaysia (the Group's main geographical area of operation). In addition, the Malaysian government implemented a movement control order ('MCO') on the 18 March 2020 as a result of COVID-19, with the effective end date extended a number of times to the 12 May 2020.

Subsequent to the MCO and declaration by the WHO, the outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community and the overall economy. The scale and duration of these developments remain uncertain as at the date of this report and it is not possible to estimate the impact of the outbreak's near-term and longer effects or Governments' varying efforts to combat the outbreak and support businesses. The potential impact of COVID-19 on the Group are disclosed in Note 35 to the Financial Statements.

Likely Development and Results

The Directors believe that the likely developments in the operations of the consolidated entity and the expected results of these operations have been adequately disclosed in the review of the Group's activities.

Share Capital

During the year 52,600,415 shares were issued under the Company's Dividend Reinvestment Plan.

Indemnities given to, and insurance premiums paid for, directors and officers

There has been no premium paid or indemnification given to any person who is a Director or Officer of the Company.

Indemnities given to, and insurance premiums paid for, auditors and officers

The Group has agreed to indemnify its auditors, Grant Thornton, to the extent permitted by law, against any claim by a third party arising from the Group's breach of its agreement. The indemnity requires the Group to meet the full amount of any such liabilities including a reasonable amount of legal costs.

Environmental Legislation

The Group is subject to environmental issues arising from Malaysian regulations and at all times the Companies and their Officers act in the best code of conduct in respect of environmental issues. The Group is not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory in Australia.

There has been no breach of regulations.

Remuneration Report (Audited)

The Remuneration Report outlines the Director and Executive Remuneration Agreements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and Corporations Regulations 2001. For the purposes of this report, the Key Management Personnel (KMP) are those persons identified as having authority and responsibility for planning, directing and controlling the activities of the Company and the Group, directly or indirectly, including its Directors, whether executive or not.

The Remuneration Report is set out under the following main headings:

- a Principles used to determine the nature and amount of remuneration
- b Details of remuneration
- c Service agreements
- d Bonuses included in remuneration; and
- e Other information

a Principles used to determine the nature and amount of remuneration

The principles of the Group's executive strategy and supporting incentive programs and frameworks are:

- to align rewards to business outcomes that deliver value to shareholders
- to drive a high-performance culture by setting challenging objectives and rewarding high performing individuals; and
- to ensure remuneration is competitive in the relevant employment marketplace to support the attraction, motivation and retention of executive talent

The Company has structured a remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The Board has established a Nomination and Remuneration Committee which operates in accordance with its charter as approved by the Board and is responsible for determining and reviewing compensation arrangements for the Director and the Executive Team.

The remuneration structure that has been adopted by the Group consists of the following components.

- fixed remuneration being annual salary; and
- short term incentives, being employee share schemes and bonuses

The Nomination and Remuneration Committee assess the appropriateness of the nature and amount of remuneration on a periodic basis by reference to recent employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and Executive Team.

The payment of bonuses, share options and other incentive payments are reviewed by the Nomination and Remuneration Committee annually as part of the review of executive remuneration and a recommendation is put to the Board for approval. All bonuses, options and incentives must be linked to pre-determined performance criteria.

Directors' Report*(Cont'd)***Short Term Incentive (STI)**

The Group performance measures involve the use of annual performance objectives, metrics, performance appraisals and continuing emphasis on living the Company values.

The performance measures are set annually after consultation with the Directors and Executives and are specifically tailored to the areas where each executive has a level of control. The measures target areas the Board believes hold the greatest potential for expansion and profit and cover financial and non-financial measures.

The Key Performance Indicators (KPI's) for the Executive Team are summarised as follows:

Performance areas

- financial – operating profit and earnings per share; and
- non-financial – strategic goals set by each individual business unit based on job descriptions

The STI Program incorporates both cash and share-based components for the Executive Team and other employees.

The Board may, at its discretion, award bonuses for exceptional performance in relation to each person's pre-agreed KPIs.

Voting and comments made at the Company's last Annual General Meeting

The Company received 100% of 'yes' votes on its Remuneration Report for the financial year ended 31 December 2018. The Company received no specific feedback on its Remuneration Report at the Annual General Meeting.

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current financial year and the previous four (4) financial years:

	2019	2018	2017	2016	2015
EPS (cents)	6.32	7.22	8.42	12.77	9.86
Dividends (cents per share)	2.5	2.5	3.0	3.0	3.0
Net profit (\$'000)	140,029	160,220	175,762	249,557	206,810
Share price (\$)	0.88	0.68	0.64	0.63	0.50

Directors' Report (Cont'd)

b Details of remuneration

Details of the nature and amount of each element of the remuneration of each Key Management Personnel (KMP) of United Overseas Australia Ltd are shown in the table below:

Year Ended 31 December 2019	Date of Appointment	Base Fee	Bonus	Equivalent Superannuation Fund	Non-Monetary Benefits	Others Allowance	Total	Performance Related (%)
Non-Executive Directors								
A C Winduss Independent	05/12/1990	58,361	-	-	-	6,408	64,769	-
C S Teo Independent	11/06/2008	41,686	-	-	-	2,779	44,465	-
M C Kong Alternate/Non-Independent	01/08/2000	41,469	6,911	8,234	-	-	56,614	12
Sub Total Non-Executive Directors		141,516	6,911	8,234	-	9,187	165,848	
Executive Directors								
C S Kong Managing Director	01/07/1989	655,001	1,155,770	215,205	5,558	25,616	2,057,150	56
P L Kong Executive Director	17/06/1987	655,001	1,155,770	215,205	8,546	21,971	2,056,493	56
Other Key Management Personnel ("KMP")								
E P Tong COO* (Construction)	01/01/1988	287,215	182,358	56,557	16,528	11,724	554,382	33
C Chan Property Director	01/09/1992	175,640	139,398	206	2,293	7,087	324,624	43
K I Ang Chief Financial Officer	16/03/1994	324,312	302,731	75,567	5,558	1,362	709,530	43
S C Kong CEO (JOA REIT)	09/10/2006	187,650	107,193	36,804	7,130	9,234	348,011	31
B H Ng COO* (Planning)	17/06/2014	202,223	112,346	38,040	4,759	-	357,368	31
Sub Total Executive KMP		2,487,042	3,155,566	637,584	50,372	76,994	6,407,558	
TOTAL		2,628,558	3,162,477	645,818	50,372	86,181	6,573,406	

* Chief Operating Officer (COO)

Directors' Report

(Cont'd)

b Details of remuneration (cont'd)

Year Ended 31 December 2018		Date of Appointment	Base Fee	Bonus	Equivalent Superannuation Fund	Monetary Benefits	Non-Monetary Allowance	Others	Total	Performance Related (%)
			\$	\$	\$	\$	\$	\$	\$	\$
Non-Executive Directors										
A C Winduss	Independent	05/12/1990	56,000	-	-	-	-	6,172	62,172	-
C S Teo	Independent	11/06/2008	40,000	-	-	-	-	3,000	43,000	-
M C Kong	Alternate/Non-Independent	01/08/2000	39,190	6,342	7,749	-	-	-	53,281	12
Sub Total Non-Executive Directors			135,190	6,342	7,749	-	-	9,172	158,453	
Executive Directors										
C S Kong	Managing Director	01/07/1989	604,928	1,338,000	230,514	5,333	21,190	2,199,965		61
P L Kong	Executive Director	17/06/1987	604,928	1,338,000	230,514	8,200	18,385	2,200,027		61
Other Key Management Personnel ("KMP")										
E P Tong	COO* (Construction)	01/01/1988	262,468	258,492	62,768	8,032	19,120	610,880		42
C Chan	Property Director	01/09/1992	160,508	151,424	-	2,200	6,800	320,932		47
K I Ang	Chief Financial Officer	16/03/1994	282,580	264,073	65,909	4,656	34,354	651,572		41
S C Kong	CEO (UOA REIT)	09/10/2006	156,022	97,585	31,544	6,842	-	291,993		33
B H Ng	COO* (Planning)	17/06/2014	184,800	98,000	34,212	4,567	-	321,579		30
Sub Total Executive KMP			2,256,234	3,545,574	655,461	39,830	99,849	6,596,948		
TOTAL			2,391,424	3,551,916	663,210	39,830	109,021	6,755,401		

Directors' Report

(Cont'd)

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed Remuneration \$	At Risk - STI \$	At Risk - Options \$
<i>Executive Directors</i>			
C S Kong	655,001	1,155,770	-
P L Kong	655,001	1,155,770	-
<i>Other Key Management Personnel</i>			
E P Tong	287,215	182,358	-
C Chan	175,640	139,398	-
K I Ang	324,312	302,731	-
S C Kong	187,650	107,193	-
B H Ng	202,223	112,346	-

c Service agreements

Remuneration and other terms of employment for the Executive Directors and other Key Management Personnel are formalised in a Service Agreement. The major provisions of the agreements relating to remuneration are set out below:

Name	Base salary \$	Term of agreement	Notice period
<i>Executive Directors</i>			
C S Kong	655,001	Unspecified	Unspecified
P L Kong	655,001	unspecified	unspecified
<i>Other Key Management Personnel</i>			
E P Tong	287,215	unspecified	6 months
C Chan	175,640	unspecified	6 months
K I Ang	324,312	unspecified	6 months
S C Kong	187,650	unspecified	6 months
B H Ng	202,223	unspecified	6 months

Directors' Report*(Cont'd)***d Bonuses included in remuneration**

Details of the short-term incentive cash bonuses awarded as remuneration to each Key Management Personnel, the percentage of the available bonus that was paid in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below. No part of the bonus is payable in future years.

Name	Included in Remuneration \$	Percentage Vested During the Year %	Percentage Forfeited During the Year %
<i>Executive Directors</i>			
C S Kong	1,155,770	100	-
P L Kong	1,155,770	100	-
<i>Other Key Management Personnel</i>			
E P Tong	182,358	100	-
C Chan	139,398	100	-
K I Ang	302,731	100	-
S C Kong	107,193	100	-
B H Ng	112,346	100	-

To align with the strategic priorities and financial targets of the Group and overall shareholder value, the performance criteria for Executive Directors (C S Kong and P L Kong) bonuses are based on 0.7% of the previous year's realised profit after tax and non-controlling interests of UOA Development Bhd and its controlled entities, which is the main operating group of companies within the overall United Overseas Australia Ltd Group, the bonuses for the Executive Directors are paid in the following year in three tranches.

The bonuses received by Other Key Management Personnel is based on current market norms for personnel of a similar role as determined by the Group's Human Resource team to foster and retain talented and engaged people and achieve the overall strategic goals of the Group. Market norms are based on market surveys performed by the Group taking into account remuneration amounts and job roles and responsibilities.

The performance criteria for bonuses to Other Key Management Personnel are determined at each financial year and the performance of the Key Management Personnel is assessed on a quarterly basis with payment made in the following year in three tranches.

Directors' Report (Cont'd)

e Other information

Shares held by Other Key Management Personnel

The number of ordinary shares in the Company during the 2019 reporting period held by each of the Group's key management personnel, including their related parties, is set out below.

Parent Entity Directors	Balance at start of year	Granted as remuneration	Received on exercise	Acquisition/ (Disposal)	Held at the end of reporting period
<u>Direct interest</u>					
Mr. A C Winduss	52,884	-	-	2,027	54,911
Mr. C S Kong	170,114	-	-	6,514	176,628
Ms. M C Kong	468,086	-	-	17,922	486,008
Mr. C S Teo	166,053	-	-	6,358	172,411
	857,137	-	-	32,821	889,958
<u>Indirect interest</u>					
Mr. A C Winduss	1,976,359	-	-	33,422	2,009,781
Mr. C S Kong	1,041,088,261	-	-	39,857,217	1,080,945,478
Mr. P L Kong	797,663,711	-	-	30,521,004	828,184,715
Ms. M C Kong	89,610,696	-	-	3,430,672	93,041,368
	1,930,339,027	-	-	73,842,315	2,004,181,342
<u>Other Key Management Personnel</u>					
<u>Direct interest</u>					
Mr. E P Tong	13,777	-	-	528	14,305
Ms. K I Ang	454,293	-	-	17,393	471,686
Ms. C Chan	1,503,178	-	-	57,549	1,560,727
Mr. S C Kong	604,571	-	-	23,146	627,717
	2,575,819	-	-	98,616	2,674,435
<u>Indirect interest</u>					
Mr. E P Tong	6,274,386	-	-	240,210	6,514,596
Ms. K I Ang	21,075	-	-	808	21,883
	6,295,461	-	-	241,018	6,536,479

Directors' Report*(Cont'd)***e Other information (cont'd)****Other transactions with Key Management Personnel**

Transactions with key management personnel

Purchaser	Project	Purchase Price (\$)
Transmetro Sdn Bhd	Tandem car park	3,474
Kong Pak Lim	Tandem car park	3,474
Wong Kiu Nguk @ Veronica Ong	Tandem car park	1,737
Stephanie Kong Pei Zen	Tandem car park	1,737
Timothy Kong Sieng Yung	Tandem car park	1,737
Kong Pak Nam	Tandem car park	15,633
Ang Kheng Im	Tandem car park	1,737

On 30 December 2019, the Group disposed 14% shareholding in Everise Project Sdn Bhd to Transmetro Sdn Bhd, a company in which a Director has substantial interest, for a consideration of \$11,721,000.

The parent entity receives accounting and secretarial services from a company, Winduss & Associates. During the year, the fees paid to Winduss & Associates totalled \$268,571 (2018: \$244,123).

The parent entity receives registry services from Advanced Share Registry. During the year, the fees paid to Advanced Share Registry totalled \$42,967 (2018: \$27,037). Mr. A C Winduss is currently a Director of Advanced Share Registry.

The Company's through its wholly owned subsidiary UOA Capital Sdn Bhd has entered into a loan agreement for approximately \$1 million with a company associated with Mr. Low Shu Nyok. Mr. Low is a Non-Executive Director of UOA Development Bhd, which is a majority owned subsidiary listed on Bursa Malaysia.

End of Remuneration Report

Directors' Report
(Cont'd)**Non-Audit Services**

The Board of Directors, in accordance with advice from the Audit Committee, is satisfied with the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reason:

- All non-audit services are reviewed and approved by the Audit Committee prior to the commencement to ensure they do not adversely affect the integrity and objectivity of the auditors.
- The nature of the services provided do not compromise the general principles relating to the auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia Professional Statement APES 110: Professional and Independence.

Auditors Independence Declaration

The Lead Auditor's Independence Declaration for the year ended 31 December 2019 has been received and can be found on page 30 of the Directors' Report.

Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the Corporation Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Rounding of Amounts

United Overseas Australia Ltd is a type of Company referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to nearest \$1,000, or in certain cases, to the nearest dollar.

Signed in accordance with a Resolution of the Directors



Alan Charles Winduss
Director

Perth, April 29 2020



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Auditor's Independence Declaration

To the Directors of United Overseas Australia Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of United Overseas Australia Limited for the year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

A stylized, handwritten signature in black ink that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature in black ink, appearing to be "M J Hillgrove".

M J Hillgrove
Partner – Audit & Assurance

Perth, 29 April 2020

Financial Statements

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Statement of Profit or Loss and Other Comprehensive Income

for the Year Ended 31 December 2019

	Notes	CONSOLIDATED	
		2019 \$'000	2018 \$'000
Property and construction revenue	5	387,213	440,493
Cost of sales	6	(243,261)	(270,250)
Gross profit		143,952	170,243
Other revenues	6	132,450	107,622
Other income	6	12,669	11,213
Impairment losses of financial assets		(895)	(3,119)
General and administrative expenses	6	(100,343)	(93,003)
Foreign exchange (loss)/gain		(366)	2,304
Share of profit/(loss) of associate companies		14	(17)
Finance income		12,909	8,787
Finance costs	6	(5,764)	(7,962)
Profit before income tax		194,626	196,068
Income tax expense	7	(54,597)	(35,848)
Profit for the year		140,029	160,220
Other comprehensive income, net of tax			
<i>Items that may be subsequently reclassified to the profit or loss</i>			
Exchange differences on translating foreign operations		25,188	107,415
<i>Items that will not be reclassified to profit or loss</i>			
Changes in the fair value of equity investments at fair value through other comprehensive income		1,573	(1,235)
Other comprehensive income for the year		26,761	106,180
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		166,790	266,400
Profit attributable to:			
Owners of the parent		91,789	100,836
Non-controlling interest		48,240	59,384
		140,029	160,220
Total comprehensive income attributable to:			
Owners of the parent		118,095	207,461
Non-controlling interest		48,695	58,939
		166,790	266,400
Earnings per share (cents per share)			
- basic for profit for the year	8	6.32	7.22
- diluted for profit for the year	8	6.32	7.22
Unfranked dividends per share (cents per share)	9	2.5	2.5

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 31 December 2019

		CONSOLIDATED	
	Notes	2019 \$'000	2018 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	12	407,294	322,558
Trade and other receivables	13	105,902	216,052
Contract assets	14	98,105	101,209
Amount owing by associate companies		1,169	971
Inventories	15	521,302	571,293
Current tax assets		24,370	21,474
Total current assets		1,158,142	1,233,557
Non-current assets			
Property, plant and equipment	17	160,148	143,779
Investment properties	18	1,113,424	1,012,253
Inventories	15	207,428	174,624
Investment in associates	19	260	242
Equity investments	20	7,721	2,997
Other receivables	13	27,543	-
Goodwill		133	133
Deferred tax assets	21	20,363	15,911
Total non-current assets		1,537,020	1,349,939
TOTAL ASSETS		2,695,162	2,583,496
LIABILITIES			
Current liabilities			
Trade and other payables	22	184,819	223,866
Amount owing to associate companies		237	-
Other financial liabilities	23	117,332	123,635
Current tax liabilities		13,451	6,915
Total current liabilities		315,839	354,416
Non-current liabilities			
Other payables	22	3,888	9,068
Other financial liabilities	23	13,830	5,021
Deferred tax liabilities	21	37,108	33,487
Total non-current liabilities		54,826	47,576
TOTAL LIABILITIES		370,665	401,992
NET ASSETS		2,324,497	2,181,504
EQUITY			
Parent entity interest			
Share capital	24	257,475	222,910
Reserves	25	87,036	60,730
Retained earnings		1,230,594	1,176,447
Total attributable to owners of parent		1,575,105	1,460,087
Total non-controlling interest	16	749,392	721,417
TOTAL EQUITY		2,324,497	2,181,504

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the Year Ended 31 December 2019

Notes	CONSOLIDATED	
	2019 \$'000	2018 \$'000
Cash flows from operating activities		
Profit before income tax	194,626	196,068
Adjustments for :		
Impairment losses of financial assets	895	3,119
Depreciation of property, plant and equipment	7,733	7,208
Discount on acquisition	-	(120)
Dividend income	(143)	(262)
Fair value adjustment on investment properties	(12,446)	(11,387)
Finance costs	5,764	7,962
Foreign currency loss/(gain)	323	(2,253)
Gain on disposal of equity investments	(211)	-
Gain on disposal of property, plant and equipment	(12)	(18)
Interest income	(12,909)	(8,787)
Loss on derecognition of a subsidiary company	2,449	-
Loss on disposal of investment properties	-	192
Property, plant and equipment written off	77	72
Share of (profit)/loss of associate companies	(14)	17
Operating profit before working capital changes	186,132	191,811
Decrease in inventories	27,930	75,124
Decrease/(Increase) in receivables	83,066	(21,232)
Decrease in contract assets	4,877	1,796
Decrease in payables	(41,203)	(53,304)
Cash from operations	260,802	194,195
Interest paid	(7,041)	(7,824)
Interest received	12,683	8,583
Income taxes paid	(51,805)	(57,794)
Net cash generated from operating activities	214,639	137,160

Statement of Cash Flows
for the Year Ended 31 December 2019
(cont'd)

		CONSOLIDATED	
	Notes	2019 \$'000	2018 \$'000
Cash flows from investing activities			
Acquisition of additional shares in existing subsidiaries		-	(350)
Acquisition of shares in new subsidiary companies, net of cash	33	-	(20,881)
Dividend received		143	262
Payment for purchase of equity investments		(3,478)	-
Payment for purchase of investment properties		(67,661)	(38,159)
Payment for purchase of property, plant and equipment		(21,485)	(23,192)
Proceeds from partial disposal of shares in a subsidiary company		11,721	-
Proceeds from sale of equity investments		605	-
Proceeds from sale of investment properties		-	40,486
Proceeds from sale of property, plant and equipment		97	24
Advances to an associate company		(180)	(169)
Derecognition of a subsidiary company, net of cash		(4,979)	-
Net cash used in investing activities		(85,217)	(41,979)
Cash flows from financing activities			
(Repayment to)/advances from other entities		(4,638)	9,238
Advances from associate companies		566	-
Dividends paid to non-controlling shareholders of subsidiary companies		(66,288)	(45,978)
Dividends paid to owners of the Company		(1,339)	(1,598)
Issue of shares of a subsidiary to non-controlling shareholders		21,778	18,620
Payment of lease liabilities		(948)	(3,063)
Drawdown of borrowings		27,726	36,567
Repayment of borrowings		(26,774)	(88,360)
Net cash used in financing activities		(49,917)	(74,574)
Net increase in cash and cash equivalents		79,505	20,607
Cash and cash equivalents at beginning of year		322,558	277,201
Net foreign exchange differences		5,231	24,750
Cash and cash equivalents at end of year		407,294	322,558

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the Year Ended 31 December 2019

	←	Attributable to owners of parent				→	
	Share capital \$'000	Retained earnings \$'000	Foreign exchange reserves \$'000	Other reserve \$'000	Total \$'000	Non-Controlling Interests \$'000	Total equity \$'000
Balance at 1 January 2018	183,245	1,116,529	(46,328)	433	1,253,879	634,227	1,888,106
Dividends paid	-	(41,263)	-	-	(41,263)	(45,978)	(87,241)
Shares issued during the year	39,665	-	-	-	39,665	-	39,665
- dividend re-investment plan	-	-	-	-	-	56,304	56,304
Other changes in non-controlling interests	-	345	-	-	345	17,925	18,270
Change in stake	-	-	-	-	-	-	-
Transaction with owners	222,910	1,075,611	(46,328)	433	1,252,626	662,478	1,915,104
Profit for the year	-	100,836	-	-	100,836	59,384	160,220
Other comprehensive income:							
Changes in the fair value of equity investments at fair value through other comprehensive income	-	-	-	(790)	(790)	(445)	(1,235)
Exchange differences on translation of foreign operations	-	-	107,415	-	107,415	-	107,415
Total comprehensive income for the year	-	100,836	107,415	(790)	207,461	58,939	266,400
Balance at 31 December 2018	222,910	1,176,447	61,087	(357)	1,460,087	721,417	2,181,504

Statement of Changes in Equity
for the Year Ended 31 December 2019
(cont'd)

	Attributable to owners of parent					
	Share capital \$'000	Retained earnings \$'000	Foreign exchange reserves \$'000	Other reserve \$'000	Non-Controlling Interests \$'000	Total equity \$'000
Balance at 1 January 2019	222,910	1,176,447	61,087	(357)	721,417	2,181,504
Dividends paid	-	(35,904)	-	-	(66,288)	(102,192)
Shares issued during the year						
- dividend re-investment plan	34,565	-	-	-	-	34,565
Other changes in non-controlling interests	-	-	-	-	12,888	12,888
Change in stake	-	(1,738)	-	-	32,680	30,942
Transaction with owners	257,475	1,138,805	61,087	(357)	700,697	2,157,707
Profit for the year	-	91,789	-	-	48,240	140,029
Other comprehensive income:						
Changes in the fair value of equity investments at fair value through other comprehensive income	-	-	-	1,118	455	1,573
Exchange differences on translation of foreign operations	-	-	25,188	-	-	25,188
Total comprehensive income for the year	-	91,789	25,188	1,118	48,695	166,790
Balance at 31 December 2019	257,475	1,230,594	86,275	761	749,392	2,324,497

The accompanying notes form part of these financial statements.

Notes

to the Financial Statements

for the Year Ended 31 December 2019

1. NATURE OF OPERATIONS

The principle activities of United Overseas Australia Ltd and subsidiaries (the Group) include land development and resale, holding of investment properties to generate rental income, operations of hotel and food and beverage outlets, provision of facilities support services and carpark operations, revenue from moneylending services and provision of management services.

2. GENERAL INFORMATION AND BASIS OF PREPARATION

The financial statements of the Group have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). United Overseas Australia Ltd is a for-profit entity for the purpose of preparing the financial statements.

United Overseas Australia Ltd is the Group's ultimate parent company. United Overseas Australia Ltd is a Public Company incorporated and domiciled in Australia. The address of its registered office and its principal place of business are disclosed on Page 2.

The consolidated financial statements for the year ended 31 December 2019 were approved and authorised for issue by the Board of Directors on 29 April 2020.

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new and amended standards. AASB 16 *Leases* became mandatorily effective on 1 January 2019. The impact of the adoption of this standard and the new accounting policies are disclosed in Note 3.1 below.

New standards adopted as at 1 January 2019

AASB 16 *Leases*

AASB 16 *Leases* replaced AASB 117 *Leases*, Int. 4 *Determining whether an Arrangement contains a Lease*, Int. 115 *Operating Leases-Lease Incentives* and Int. 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117.

The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g. personal computers) and short-term leases (i.e. leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees are required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

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

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

Notes to the Financial Statements
for the Year Ended 31 December 2019
(cont'd)

3. NEW OR REVISED STANDARDS OR INTERPRETATIONS

3.1 New standard adopted as at 1 January 2019

This note explains the impact of the adoption of AASB 16 *Leases* on the Group's financial statements and also discloses the new accounting policies that have been applied from 1 January 2019.

For transition, as permitted by AASB 16, the Group applied the modified retrospective approach to existing operating leases which will be capitalised under the new standard (i.e. retrospectively with the cumulative effect recognised at the date of initial application as an adjustment to the opening balance of retained earnings with no restatement of comparative information in the financial statement).

As the Group mainly acts as a lessor, the impact of AASB 16 adoption has been determined to be insignificant to the financial statements and no adjustments have been made to opening balance of retained earnings.

Right-of-use assets and lease liabilities continue to be recognised for previous finance leases. Right-of-use assets and lease liabilities have not been recognised for previous operating leases as the amounts are not material as demonstrated by operating leases commitments being only \$323,000 at 31 December 2018.

3.2 Standards, Amendments and Interpretations to existing standards that are not yet effective and have not been adopted early by the Group

AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate of Joint Ventures

The amendments address a current inconsistency between AASB 10 *Consolidated Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures*.

The amendments clarify that, on a sale or contribution of assets to a joint venture or associate or on a loss of control when joint control or significant influence is retained in a transaction involving an associate or a joint venture, any gain or loss recognised will depend on whether the assets or subsidiary constitute a business, as defined in AASB 3 *Business Combinations*. Full gain or loss is recognised when the assets or subsidiary constitute a business, whereas gain or loss attributable to other investors' interests is recognised when the assets or subsidiary do not constitute a business.

This amendment effectively introduces an exception to the general requirement in AASB 10 to recognise full gain or loss on the loss of control over a subsidiary. The exception only applies to the loss of control over a subsidiary that does not contain a business, if the loss of control is the result of a transaction involving an associate or a joint venture that is accounted for using the equity method. Corresponding amendments have also been made to AASB 128.

The mandatory effective date of AASB 2014-10 has been deferred to 1 January 2022 by AASB 2017-5.

Based on the Group's preliminary assessment, when these amendments are first adopted for the year ending 31 December 2022, it is not expected to have a material impact on the financial statements.

Notes to the Financial Statements
for the Year Ended 31 December 2019
(cont'd)

3. NEW OR REVISED STANDARDS OR INTERPRETATIONS (CONT'D)

3.2 Standards, Amendments and Interpretations to existing standards that are not yet effective and have not been adopted early by the Group (cont'd)

AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business

AASB 2018-6 amends AASB 3 to clarify the definition of a business, assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

The amendments:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

Effective date 1 January 2020.

When these amendments are first adopted for the year ending 31 December 2020, there will be no material impact on the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The Group's financial statements have been prepared on an accrual basis and under the historical cost convention except for certain land, buildings and investments that are measured at fair values at the reporting date. All amounts in the financial statements are rounded to the nearest thousand, unless otherwise indicated.

(b) Consolidation

Basis of consolidation

The Group's financial statements consolidate those of the parent company and all of its subsidiaries as of 31 December 2019. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 31 December.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Notes to the Financial Statements
for the Year Ended 31 December 2019
(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Consolidation (cont'd)

Basis of consolidation (cont'd)

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

Business combination

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of: (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquiree, and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

Investment in associates

Associates are those entities over which the Group is able to exert significant influence and that is neither a subsidiary company nor an interest in a joint arrangement.

Investment in associates are accounted for using the equity method.

The carrying amount of the investment in associates is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

Notes to the Financial Statements
for the Year Ended 31 December 2019
(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in Australian Dollars (A\$), which is also the functional currency of the parent company.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains or losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year end and are measured at historical cost, except for non-monetary items measured at fair value which are translated using exchange rates at the date when fair value was determined.

Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the A\$ are translated into A\$ upon consolidation. The functional currencies of entities within the Group have remained unchanged during the reporting date. The functional currency of the foreign subsidiaries are Ringgit Malaysia (RM), Singapore Dollar (SGD) and Vietnamese Dong (VND).

On consolidation, assets and liabilities have been translated into A\$ at the closing rate at the reporting date. Income and expenses have been translated into A\$ at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the foreign currency translation reserve in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

(d) Property, plant and equipment

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 and the cost of the item can be measured reliably. Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bring the assets to working condition for its intended use. 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.

Restoration costs 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.

Notes to the Financial Statements
for the Year Ended 31 December 2019
(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, plant and equipment (cont'd)

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.

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

The principal annual rates used are as follows:

Plant and equipment	5 – 10 years
Furniture, fittings and equipment	10 years
Motor vehicles	5 years
Leasehold land	Over the remaining period of the lease
Leasehold building	50 years

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.

(e) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowings costs are expensed in the period in which they are incurred and reported in finance costs (see Note 6).

(f) 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 and services or for administrative purposes.

Investment properties are initially measured at cost including transaction costs. 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 included in the statements of financial position at their open market values. Fair value is determined by independent valuation performed by an independent valuer at least once every three years. The directors assess the valuation of each investment property at each reporting date to ensure that the carrying amount reflects the market conditions at the reporting date. Gains or losses resulting from either a change in the fair values or the sale of an investment property is immediately recognised in profit or loss in the year in which they arise.

Notes to the Financial Statements

for the Year Ended 31 December 2019

(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(f) Investments properties (cont'd)**

Investment properties are derecognised when either they are disposed of or when they are permanently withdrawn from use and no future benefit is expected from the disposal. Any gains 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.

(g) Leases

The Group assesses 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.

The Group as a lessee

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

Right-of-use assets

The Group recognises 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. Details of the estimated useful lives of right-of-use assets are set out in Note 4(d) to the Financial Statements.

If ownership of the leased asset transfers to the Group 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 4(i) to the Financial Statements.

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

Lease liabilities

At the commencement date of the lease, the Group recognises 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 payments of penalties for terminating the lease, if the lease term reflects the Group 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.

Notes to the Financial Statements
for the Year Ended 31 December 2019
(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Leases (cont'd)

Lease liabilities (cont'd)

In calculating the present value of lease payments, the Group uses its 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.

On the statement of financial position, lease liabilities have been included in other financial liabilities.

Short-term leases

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

Group as a lessor

Leases in which the Group does 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 revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(h) Inventories

Inventories comprise of land held for property for development, completed properties held for sale, property held for development and resale and consumables.

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

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

Land held for property development and property held for development and resale

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 is 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 held for development and resale. Property held for development and resale comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Notes to the Financial Statements
for the Year Ended 31 December 2019
(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Impairment of non-financial assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the business combination.

An impairment loss is recognised when the carrying amount of the non-financial assets exceeds the recoverable amount, which is the higher of fair value less costs to sell and its value-in-use. In assessing the value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit.

With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

(j) Financial instruments

Recognition and derecognition

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

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

Classification and initial measurement of financial assets

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

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

- amortised cost
- fair value through profit or loss ("FVTPL")
- equity instruments at fair value through other comprehensive income ("Equity FVOCI")
- debt instruments at fair value through other comprehensive income ("Debt FVOCI")

The classification is determined by both:

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

In the years presented, the Group does not have any financial assets categorised as FVTPL.

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

Notes to the Financial Statements
for the Year Ended 31 December 2019
(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial instruments (cont'd)

Financial assets – subsequent measurement

Financial assets amortised cost

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

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

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's trade and other receivables, amount owing by associate companies and cash and cash equivalents fall into this category of financial instruments.

Financial assets at FVOCI

Financial assets are measured at FVOCI if the assets meet the following conditions:

- they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- the contractual terms of the financial assets that give rise are solely payments of principal and interest on the principal amount outstanding

Financial assets at FVOCI comprise investments in quoted shares which are not held for trading, and which the Group elected to classify irrevocably its investments in quoted shares under this category.

Any gain or losses recognised in other comprehensive income will not be recycled to profit or loss upon derecognition of the asset.

Financial assets – impairment

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

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

Notes to the Financial Statements
for the Year Ended 31 December 2019
(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial instruments (cont'd)

Financial assets – impairment (cont'd)

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

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

Financial liabilities - classification and measurement

The Group's financial liabilities comprise trade and other payables and amount owing to subsidiary companies and associate companies, amount owing to non-controlling shareholders of subsidiary companies, borrowings and lease liabilities.

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

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

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

At the reporting date, the Group carries only financial liabilities measured at amortised cost on statements of financial positions.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand together with other short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to the Financial Statements
for the Year Ended 31 December 2019
(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Equity instruments

Ordinary shares are classified as equity instruments.

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

Foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities in A\$ are included in translation reserve (see Note 4(c)).

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved prior to the reporting date.

(m) Revenue from contracts with customers

Revenue recognition

Revenue is recognised when or as a performance obligation in a 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 service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices.

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

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

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

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

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

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

Notes to the Financial Statements
for the Year Ended 31 December 2019
(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Revenue from contracts with customers (cont'd)

Revenue recognition (cont'd)

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

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

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

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

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

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

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

- Distribution from short term investments is recognised when the right to receive payment is established.
- Dividend income is recognised when the right to receive payment is established.
- Interest income is recognised on a time proportion basis.
- Rental income is recognised as described in Note 4(g).
- Hotel room income is recognised when services are rendered.
- Food and beverage and other related income are recognised when services are rendered.

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.

Contract liabilities

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

Notes to the Financial Statements
for the Year Ended 31 December 2019
(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Revenue from contracts with customers (cont'd)

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.

(n) Income taxes

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

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

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

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

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

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

(o) Employee benefits

Short-term employee benefits

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

Post-employment benefits

The Group pays monthly contributions into an independent entity which is a defined contribution plan. The Group has no legal or constructive obligation to pay contributions in addition to its fixed contributions, which are recognised as an expense in the year to which they relate.

Notes to the Financial Statements
for the Year Ended 31 December 2019
(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Significant accounting judgements, estimates and assumptions

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

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 to write off their costs to their residual values over their estimated useful lives. Management estimates the useful lives of property, plant and equipment to be between 5 and 50 years.

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

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unutilised tax losses to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences and tax losses can be utilised.

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

Inventories

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

Fair value of investment properties

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

Information regarding the valuation techniques and inputs used in determining the fair value is disclosed in Note 18 to the Financial Statements.

Notes to the Financial Statements
for the Year Ended 31 December 2019
(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Significant accounting judgements, estimate and assumptions (cont'd)

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 percentage of completion, the extent of the development and contract costs incurred, the estimated total revenue and total costs and the recoverability of the development project and contract cost. In making these judgements, management relies on past experience and, if necessary, the work of specialists.

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

The Group uses a provision matrix to calculate ECLs for trade 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, and coverage by letters of credit and other forms of credit insurance).

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and to 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 assets within the next financial year.

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

Notes to the Financial Statements
for the Year Ended 31 December 2019
(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Significant accounting judgements, estimate and assumptions (cont'd)

Estimation uncertainty (cont'd)

Income taxes

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

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

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 rentals or capital appreciation or both.

Certain properties comprise a portion that is held to earn rentals 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.

Notes to the Financial Statements
for the Year Ended 31 December 2019
(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Operating Segments

Operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Group's chief operating decision maker which, for the Group, is the Board of Directors. In this regard, such information is provided using different measures to those used in preparing the Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position. Reconciliations of such management information to the statutory information contained in the financial report have been included.

(r) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

5. REVENUE

(i) Disaggregated revenue information

	CONSOLIDATED	
	2019	2018
	\$'000	\$'000
Types of revenue		
Property and construction revenue		
Sales of inventories	73,122	153,976
Sales of development properties	314,091	286,517
	387,213	440,493
Timing of recognition		
Performance obligation satisfied at a point in time	73,122	153,976
Performance obligation satisfied over time	314,091	286,517
	387,213	440,493

(ii) Contract balances

	CONSOLIDATED	
	2019	2018
	\$'000	\$'000
Trade receivables	58,028	132,584
Contract assets	98,105	101,209

The significant decrease in the trade receivables was due to higher collections during the year.

Contract assets decreased as more billings were issued to customers in respect of work already performed.

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

Notes to the Financial Statements
for the Year Ended 31 December 2019
(cont'd)

5. REVENUE (CONT'D)

(iii) 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 to the entity and the Group has an enforceable right to payment for performance completed to date.

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

The payment terms for progress billings made to purchasers are disclosed in Note 13 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.

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 agreements.

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

	CONSOLIDATED	
	2019 \$'000	2018 \$'000
Sale of development properties under construction	307,627	539,938

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

Notes to the Financial Statements
for the Year Ended 31 December 2019
(cont'd)

6. PROFIT FROM ORDINARY ACTIVITIES

	CONSOLIDATED	
	2019	2018
	\$'000	\$'000
(i) Other revenues		
Rental revenue	67,184	52,876
Parking fee revenue	13,609	11,930
Management fee received	1,765	2,459
Hotel operations revenue	33,958	32,291
Dividends received from investments – other corporations	143	262
Other services	15,791	7,804
	132,450	107,622
(ii) Other income		
Gain on disposal of property, plant and equipment	12	18
Loss on disposal of investment properties	-	(192)
Fair value adjustment on investment properties	12,446	11,387
Other income	211	-
	12,669	11,213
	145,119	118,835
(iii) Cost of sales		
Development expenses	243,261	270,250
(iv) Expenses		
Depreciation and amortisation		
Leasehold stratified properties	2,094	1,869
Plant and equipment	5,323	4,679
Lease equipment	316	660
	7,733	7,208

Notes to the Financial Statements
for the Year Ended 31 December 2019
(cont'd)

6. PROFIT FROM ORDINARY ACTIVITIES (CONT'D)

	CONSOLIDATED	
	2019	2018
	\$'000	\$'000
Employee benefit expenses	26,829	27,445
Property, plant and equipment written off	77	72
Property maintenance expenses	32,297	31,352
Marketing expenses	2,891	3,163
Professional fees	2,540	1,772
Loss on derecognition of a subsidiary company	2,449	-
Other expenses	25,527	21,991
	92,610	85,795
Total general and administrative expenses	100,343	93,003
(v) Finance costs		
Interest expense	7,241	8,484
Finance costs capitalised	(1,477)	(522)
	5,764	7,962
(vi) Significant revenue and expenses		
The following significant revenue and expense items are relevant in explaining the financial performance:		
- Loss on disposal of investment properties	-	192
- Fair value adjustment on investment properties	(12,446)	(11,387)

Notes to the Financial Statements
for the Year Ended 31 December 2019
(cont'd)

7. INCOME TAX EXPENSE

	Notes	CONSOLIDATED	
		2019 \$'000	2018 \$'000
(i) The components of tax expense comprise:			
- Current tax		50,404	52,173
- Current RPGT		448	12
- Deferred tax	21	1,272	(4,709)
- Deferred RPGT	21	(2,276)	(11,421)
		49,848	36,055
Under/(over) provision in prior years			
- Current tax		4,863	(3,052)
- Deferred tax	21	(114)	2,845
		4,749	(207)
		54,597	35,848
(ii) The numerical reconciliation of tax expense on profit before tax with the statutory tax rate is as follows:			
Tax at statutory rate		46,710	47,056
Effect of difference in tax rate		(299)	(859)
Tax effect of			
Income not subject to tax		(5,544)	(8,820)
Non-deductible expenses		8,044	11,620
Utilisation of capital allowances		(761)	-
Utilisation of deferred tax assets previously not recognised		(648)	(1,261)
Deferred tax assets not recognised		562	485
Effect of share of results of associates		(3)	4
Effect of change in RPGT tax rate		(4,888)	(11,738)
Difference between income tax and RPGT rate applicable on fair value adjustments on investment properties		6,227	(444)
RPGT on disposal of investment properties		448	12
Under/(over) Provision in prior years		4,749	(207)
Income tax expense attributable to ordinary activities		54,597	35,848
The effective tax rate		25%	24%

The increase in the effective tax rate from 24% in 2018 to 25% in 2019 is mainly due to certain expenses being not tax deductible.

Notes to the Financial Statements
for the Year Ended 31 December 2019
(cont'd)

8. EARNINGS PER SHARE

(a) Basic

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

	CONSOLIDATED	
	2019	2018
Profit attributable to owners of the parent company (\$'000)	91,789	100,836
Weighted average number of ordinary shares ('000)	1,453,207	1,397,114
Net earnings per ordinary share (cents)	6.32	7.22

(b) Diluted

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

9. DIVIDENDS PAID AND PROPOSED

	COMPANY	
	2019 \$'000	2018 \$'000
(a) Dividends paid during the year		
Dividends paid or satisfied by the issue of shares under the dividend reinvestment plan during the year ended 31 December 2019 and 2018 were as follows:		
(i) Paid in cash		
Final 2018 (2018 – Final 2017)	1,079	1,329
Interim 2019 (2018 – Interim 2018)	260	269
	1,339	1,598
(ii) Satisfied by issue of shares		
Final 2018 (2018 – Final 2017)	27,472	32,849
Interim 2019 (2018 – Interim 2018)	7,093	6,816
	34,565	39,665
	35,904	41,263
(b) Dividends proposed and not recognised as a liability - unfranked dividends (2.0 cents per share) (2018: 2.0 cents per share)	29,603	28,551

After the reporting date, the directors proposed a dividend of 2.0 cents per ordinary share. No liability in this respect has been recognised in the 2019 consolidated financial statements.

(c) Franking credit balance

There is no franking credit balance for United Overseas Australia Ltd during the year ended 31 December 2019.

Notes to the Financial Statements
for the Year Ended 31 December 2019
(cont'd)

10. PARENT COMPANY INFORMATION

	2019	2018
	\$'000	\$'000
Statement of financial position		
Current assets	307,162	36,520
Total assets	310,956	274,762
Current liabilities	884	388
Total liabilities	884	900
Equity		
Issued capital	257,475	222,910
Fair value reserve	393	302
Retained earnings	52,204	50,650
	310,072	273,862
Financial performance		
Profit for the year	37,458	59,643
Total comprehensive income	37,458	59,643

11. AUDITOR'S REMUNERATION

	CONSOLIDATED	
	2019	2018
	\$	\$
Audit and review of financial statements		
- auditors of Grant Thornton Australia	180,549	172,956
- overseas Grant Thornton network firms	245,345	217,093
- other auditors	15,039	14,196
	440,933	404,245

Notes to the Financial Statements
for the Year Ended 31 December 2019
(cont'd)

12. CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	2019	2018
	\$'000	\$'000
Cash at bank and in hand	202,262	118,910
Short term funds	111,589	75,205
Short term bank deposits	93,443	128,443
	407,294	322,558

The effective interest rate on short-term bank deposits was 2.35% (2018: 2.62%) per annum. All funds are readily available and refundable to the Group at the discretion of the Group.

Included in the cash at banks of the Group is \$139,810,341 (2018: \$62,796,610) maintained in the Housing Development Accounts. Withdrawals from the Housing Development Accounts are restricted in accordance with the Housing Development (Housing Development Account) Regulations 1991.

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

Included in cash and cash equivalents of the Group are amounts denominated in foreign currencies (currencies other than the respective functional currencies of the Group entities) as follows:

	CONSOLIDATED	
	2019	2018
	\$'000	\$'000
Singapore Dollar ("SGD")	105	101
US Dollar ("USD")	9,434	41,026
Ringgit Malaysia ("RM")	10,055	16,458
Vietnamese Dong ("VND")	44	7
	19,638	57,592

Notes to the Financial Statements
for the Year Ended 31 December 2019
(cont'd)

13. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	2019	2018
	\$'000	\$'000
CURRENT		
Trade receivables	63,264	137,654
Less: Allowance for expected credit losses	(5,236)	(5,070)
	58,028	132,584
Loan receivables	4,825	14,083
Sundry receivables	33,963	52,657
Less: Allowance for expected credit losses	(2,730)	(1,894)
	36,058	64,846
Deposits	11,816	18,622
	105,902	216,052
NON-CURRENT		
Loan receivables	27,543	-

Terms and conditions relating to the above financial instruments:

- (i) Trade receivables are interest bearing and generally on 14 - 30 days term.
- (ii) Sundry receivables are non-interest bearing.
- (iii) Debts that are known to be not collectible are written off. Allowance for expected credit losses is raised when some doubt as to collection exists.

Movements in the allowance for impairment loss were as follows:

	CONSOLIDATED	
	2019	2018
	\$'000	\$'000
At 1 January	6,964	3,469
Charge for the year	997	3,572
Foreign exchange translation	128	393
Reversal as no longer required	(123)	(467)
Reversal due to bad debts written off	-	(3)
At 31 December	7,966	6,964

Notes to the Financial Statements
for the Year Ended 31 December 2019
(cont'd)

14. CONTRACT ASSETS

	CONSOLIDATED	
	2019	2018
	\$'000	\$'000
Contract assets		
Revenue recognised to date	766,300	1,033,688
Progress billings issued to date	(680,299)	(953,106)
	86,001	80,582
Contract costs		
Costs to obtain contracts	12,104	20,627
	98,105	101,209

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

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

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

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

15. INVENTORIES

	CONSOLIDATED	
	2019	2018
	\$'000	\$'000
CURRENT		
<i>At cost</i>		
Stock of properties	340,039	379,712
Property held for development and resale	181,141	191,273
Consumables	122	308
	521,302	571,293
NON-CURRENT		
Land held for property development	207,428	174,624

In the prior year, finance costs of \$469,000 was capitalised under property held for development and resale. These costs have been capitalised at a rate of 4.82% to 5.20% per annum.

Notes to the Financial Statements
for the Year Ended 31 December 2019
(cont'd)

16. INVESTMENT IN SUBSIDIARY COMPANIES

(a) Details of subsidiary companies are as follows:

Name of the subsidiary companies	Country of incorporation and principal place of business	Notes	Ownership interest held by Group	
			2019 %	2018 %
United Overseas Land Pty Ltd	Australia		100	100
UOA Investments Pty Ltd	Australia		100	100
UOA International Pty Ltd	Australia		100	100
- East Parade Pty Ltd	Australia	16(e)	51	51
- UOA Leederville Pty Ltd	Australia		100	100
- UOA Leederville A Pty Ltd	Australia		100	100
- UOA Leederville B Pty Ltd	Australia		100	100
- UOA Leederville C Pty Ltd	Australia		100	100
- UOA Leederville D Pty Ltd	Australia		100	100
- UOA Leederville E Pty Ltd	Australia		100	100
- UOA Leederville F Pty Ltd	Australia		100	100
UOA Vietnam Pte Ltd^	Singapore		100	100
- UOA PMH Investments Pte Ltd^	Singapore		100	100
- UOA Tower TTS Limited Liability Company #	Vietnam	16(b)	100	-
- UOA Investments Pte Ltd ^	Singapore		100	100
- UOA Tower Limited Liability Company ^	Vietnam		100	100
UOA Holdings Sdn Bhd*	Malaysia		100	100
Ken Tat Sdn Bhd*	Malaysia		100	100
UOA Capital Sdn Bhd*	Malaysia		100	100
Midah Heights Sdn Bhd*	Malaysia		100	100
Multiplex Strategy Sdn Bhd*	Malaysia		100	100
Federaya Development Sdn Bhd*	Malaysia		100	100
UOA (Singapore) Pte Ltd^	Singapore		100	100
Dats Management Sdn Bhd*	Malaysia	16(d)	49	100
United Carpark Sdn Bhd*	Malaysia	16(b)	100	-
Citicrest (M) Sdn Bhd*	Malaysia		60	60
Desa Bangsar Ria Sdn Bhd*	Malaysia		60	60
LTG Development Sdn Bhd*	Malaysia		60	60
UOA Corporation Bhd*	Malaysia		60	60
Rich Accomplishment Sdn Bhd*	Malaysia		60	60
Desa Bukit Pantai Sdn Bhd*	Malaysia		60	60
Wisma UOA Sdn Bhd*	Malaysia		60	60
Julung Perdana Sdn Bhd*	Malaysia		60	60
UOA Asset Management Sdn Bhd*	Malaysia	16(c)	42	42
UOA Real Estate Investment Trust (UOA REIT)*	Malaysia	16(c)	46.31	46.30
- Ankara Restu Sdn Bhd*	Malaysia	16(c)	46.31	46.30
Gerak Perdana Sdn Bhd*	Malaysia		60	60
Damai Positif Sdn Bhd*	Malaysia		60	60
UOA Development Bhd*	Malaysia		70.25	69.99
- Allied Engineering Construction Sdn Bhd*	Malaysia		70.25	69.99
- URC Engineering Sdn Bhd*	Malaysia		70.25	69.99
- Resodex Construction Sdn Bhd*	Malaysia		70.25	69.99

Notes to the Financial Statements
for the Year Ended 31 December 2019
(cont'd)

16. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(a) Details of subsidiary companies are as follows: (cont'd)

Name of the subsidiary companies	Country of incorporation and principal place of business	Notes	Ownership interest held by Group	
			2019 %	2018 %
- Tiara Woods Sdn Bhd*	Malaysia		70.25	69.99
- Kumpulan Sejahtera Sdn Bhd*	Malaysia		70.25	69.99
- Windsor Triumph Sdn Bhd*	Malaysia		70.25	69.99
- Saujanis Sdn Bhd*	Malaysia		70.25	69.99
- Magna Tiara Development Sdn Bhd*	Malaysia		70.25	69.99
- Paramount Properties Sdn Bhd*	Malaysia		70.25	69.99
- Paramount Hills Sdn Bhd*	Malaysia		70.25	69.99
- Sagaharta Sdn Bhd*	Malaysia		70.25	69.99
- Sunny Uptown Sdn Bhd*	Malaysia		70.25	69.99
- IDP Industrial Development Sdn Bhd*	Malaysia		70.25	69.99
- UOA Properties Sdn Bhd*	Malaysia		70.25	69.99
- Lencana Harapan Sdn Bhd*	Malaysia		70.25	69.99
- Dynasty Portfolio Sdn Bhd*	Malaysia		70.25	69.99
- Bangsar South City Sdn Bhd*	Malaysia		70.25	69.99
- Nasib Unggul Sdn Bhd*	Malaysia		70.25	69.99
- Tunjang Idaman Sdn Bhd*	Malaysia		70.25	69.99
- UOA Hospitality Sdn Bhd*	Malaysia		70.25	69.99
- Peninsular Home Sdn Bhd*	Malaysia	16(c)	42.15	41.99
- Everise Tiara (M) Sdn Bhd*	Malaysia	16(c)	42.15	41.99
- Seri Tiara Development Sdn Bhd*	Malaysia		59.71	59.49
- Enchant Heritage Sdn Bhd*	Malaysia		70.25	69.99
- Magna Kelana Development Sdn Bhd*	Malaysia		51.81	51.62
- Scenic Point Development Sdn Bhd*	Malaysia	16(c)	42.15	41.99
- Ceylon Hills Sdn Bhd*	Malaysia	16(c)	37.94	37.79
- Maxim Development Sdn Bhd*	Malaysia		70.25	69.99
- Infinite Accomplishment Sdn Bhd*	Malaysia		70.25	69.99
- Regenta Development Sdn Bhd*	Malaysia		70.25	69.99
- Seri Prima Development Sdn Bhd*	Malaysia		70.25	69.99
- Orient Housing Development Sdn Bhd*	Malaysia		70.25	69.99
- Eureka Equity Sdn Bhd*	Malaysia	16(c)	42.15	41.99
- Distinctive Acres Sdn Bhd*	Malaysia		70.25	69.99
- Full Marks Property Sdn Bhd*	Malaysia		70.25	69.99
- Concord Housing Development Sdn Bhd*	Malaysia		70.25	69.99
- Fabullane Development Sdn Bhd*	Malaysia		70.25	69.99
- Nova Metro Development Sdn Bhd*	Malaysia		59.01	58.79
- Topview Housing Sdn Bhd *	Malaysia		70.25	69.99
- Nova Lagenda Sdn Bhd *	Malaysia		70.25	69.99
- UOA Komune Sdn Bhd*	Malaysia		70.25	69.99
- Citra Jaya Sejahtera Sdn Bhd*	Malaysia		70.25	69.99
- Everise Project Sdn Bhd*	Malaysia	16(c)	42.15	51.79
- Jendela Dinamik Sdn Bhd*	Malaysia	16(c)	21.50	26.41
- Cosmo Housing Development Sdn Bhd*	Malaysia		70.25	69.99
- HSB Green Solutions Sdn Bhd*	Malaysia		70.25	69.99
- Naik Makmur Development Sdn Bhd*	Malaysia		70.25	69.99

Notes to the Financial Statements
for the Year Ended 31 December 2019
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16. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(a) Details of subsidiary companies are as follows: (cont'd)

Name of the subsidiary companies	Country of incorporation and principal place of business	Notes	Ownership interest held by Group	
			2019 %	2018 %
- UOA Southlink Sdn Bhd*	Malaysia		70.25	69.99
- UOA Southview Sdn Bhd*	Malaysia		70.25	69.99
- UOA Golden Pines Sdn Bhd*	Malaysia		70.25	69.99

* Audited by a member firm of Grant Thornton.

^ Audited by firms other than Grant Thornton.

There is no statutory requirement for this financial statements in respect of financial period ended 31 December 2019 to be audited.

(b) Incorporation of subsidiary companies

Name of subsidiary companies	Paid up capital \$	Group's effective interest %	Incorporation date
United Carpark Sdn Bhd	3	100	3 May 2019
UOA Tower TTS Limited Liability Company	22,983,649	100	28 October 2019

(c) Controlled entities with less than 50% ownership

The financial statements of UOA Asset Management Sdn Bhd, UOA REIT and Angkara Restu Sdn Bhd were consolidated because the parent entity can exercise control and influence over the Board of Directors of UOA Asset Management Sdn Bhd, which in turn is the asset manager of UOA REIT.

Under the Trust Deed signed between UOA Asset Management Sdn Bhd and RHB Trustees Berhad (the trustee), UOA Asset Management Sdn Bhd is responsible for the 'day to day' management of the assets held by UOA REIT, investment strategies, policy setting and compliance with all relevant Acts, Legislation, Regulations and Guidelines.

The financial statements of Peninsular Home Sdn Bhd, Everise Tiara (M) Sdn Bhd, Scenic Point Development Sdn Bhd, Ceylon Hills Sdn Bhd, Eureka Equity Sdn Bhd, Everise Project Sdn Bhd and Jendela Dinamik Sdn Bhd were consolidated because the parent entity can exercise control and influence over the Board of Directors of the subsidiary companies.

(d) Loss of control over a subsidiary during the reporting period

On 22 July 2019, a wholly-owned subsidiary, Dats Management Sdn Bhd ("Dats") allotted new shares to two individuals, as a result, Dats became a 49% owned subsidiary. On 4 October 2019, two individuals were appointed as Directors of the company, and as such Dats is now an associate company to the Group.

(e) Other matter

During the year in May 2019, the Group entered into an agreement with the 49% shareholder of East Parade Pty Ltd amounting to \$3.2 million for the purchase of the remaining shareholdings subject to the exercise of an option granted. The agreement also resulted in all future risks and rewards associated with East Parade Pty Ltd being attributable to the Group. As at the end of the reporting year, the option has not been exercised by the Group and the remaining 49% shareholding has not yet been transferred.

Notes to the Financial Statements
for the Year Ended 31 December 2019
(cont'd)

16. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(f) Subsidiaries with material non-controlling interests

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

Name of subsidiary companies	Proportion of ownership interests held by non-controlling interests		Profit allocated to non-controlling interests		Carrying amount of non-controlling interests	
	2019 %	2018 %	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
LTG Development Sdn Bhd	40%	40%	1,185	3,520	63,227	60,909
UOA Corporation Bhd	13%	13%	508	1,517	27,320	26,341
UOA Real Estate Investment Trust	23%	23%	1,616	4,496	59,524	60,062
UOA Development Bhd	30%	30%	41,454	38,114	525,928	481,660
Everise Tiara (M) Sdn Bhd	40%	40%	(197)	2,254	8,707	8,750
Ceylon Hills Sdn Bhd	46%	46%	239	126	2,666	2,383
Scenic Point Development Sdn Bhd	40%	40%	210	44	1,156	928
Peninsular Home Sdn Bhd	40%	40%	(70)	224	872	926
Seri Tiara Development Sdn Bhd	15%	15%	695	617	10,294	9,428
Eureka Equity Sdn Bhd	40%	40%	4,361	2,623	9,288	21,347
Nova Metro Development Sdn Bhd	16%	16%	219	720	2,366	2,108
Everise Project Sdn Bhd	40%	26%	(2,355)	4,295	36,909	45,072
Other immaterial entities					1,135	1,503
					749,392	721,417

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

2019	LTG Development Sdn Bhd Group \$'000	UOA Development Bhd Group \$'000
Financial position at reporting date		
Non-current assets	382,056	1,038,079
Current assets	27,925	1,043,627
Non-current liabilities	(149,520)	(101,992)
Current liabilities	(102,399)	(211,505)
Net assets	158,062	1,768,209
Summary of financial performance for the financial year		
Profit for the year	6,201	141,883
Other comprehensive income	113	946
Total comprehensive income	6,314	142,829
Included in the total comprehensive income is:		
Revenue	27,935	383,678

Notes to the Financial Statements
for the Year Ended 31 December 2019
(cont'd)

16. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(f) Subsidiaries with material non-controlling interests (cont'd)

2019	LTG Development Sdn Bhd Group \$'000	UOA Development Bhd Group \$'000
Summary of cash flows for the financial year		
Net cash inflows/(outflows) from operating activities	17,037	197,810
Net cash inflows/(outflows) from investing activities	260	(34,969)
Net cash inflows/(outflows) from financing activities	(8,700)	(35,601)
Net cash inflows/(outflows)	8,597	127,240
Other information		
Dividends paid to non-controlling interests	3,719	36,157
2018	LTG Development Sdn Bhd Group \$'000	UOA Development Bhd Group \$'000
Financial position at reporting date		
Non-current assets	374,284	937,043
Current assets	20,424	1,049,498
Non-current liabilities	(140,727)	(142,483)
Current liabilities	(101,716)	(238,494)
Net assets	152,265	1,605,564
Summary of financial performance for the financial year		
Profit for the year	17,898	137,199
Other comprehensive income	-	(1,598)
Total comprehensive income	17,898	135,601
Included in the total comprehensive income is:		
Revenue	26,564	421,226
Summary of cash flows for the financial year		
Net cash inflows/(outflows) from operating activities	13,949	108,225
Net cash inflows/(outflows) from investing activities	38,359	(76,936)
Net cash inflows/(outflows) from financing activities	(66,404)	(28,457)
Net cash inflows/(outflows)	(14,096)	2,832
Other information		
Dividends paid to non-controlling interests	6,056	26,514

Notes to the Financial Statements
for the Year Ended 31 December 2019
(cont'd)

17. PROPERTY, PLANT AND EQUIPMENT

	Notes	CONSOLIDATED	
		2019 \$'000	2018 \$'000
<i>Freehold and leasehold stratified properties</i>			
At cost		147,963	90,586
Accumulated depreciation		(10,841)	(8,585)
	17(a)	137,122	82,001
<i>Plant and equipment</i>			
At cost		61,600	57,097
Accumulated depreciation		(39,086)	(34,617)
	17(a)	22,514	22,480
<i>Leased plant and equipment</i>			
At cost		1,118	3,425
Accumulated depreciation		(606)	(2,198)
	17(a)	512	1,227
<i>Construction work in progress</i>			
At cost	17(a)	-	38,071
<i>Total property, plant and equipment</i>			
Cost		210,681	189,179
Accumulated depreciation		(50,533)	(45,400)
Total written down amount		160,148	143,779

(a) Movements in carrying amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

2019 Consolidated	Freehold and leasehold stratified properties \$'000	Plant and equipment \$'000	Leased plant and equipment \$'000	Construction work in progress \$'000	Total \$'000
Balance at the beginning of the year	82,001	22,480	1,227	38,071	143,779
Additions	85	4,527	289	16,932	21,833
Disposals	-	(85)	-	-	(85)
Depreciation	(2,094)	(5,323)	(316)	-	(7,733)
Written off	-	(77)	-	-	(77)
Derecognition of a subsidiary company	-	(88)	-	-	(88)
Reclassification	55,679	708	(708)	(55,679)	-
Net foreign currency movements	1,451	372	20	676	2,519
Carrying amount at the end of the year	137,122	22,514	512	-	160,148

Notes to the Financial Statements
for the Year Ended 31 December 2019
(cont'd)

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

(a) Movements in carrying amounts (cont'd)

2018 Consolidated	Freehold and leasehold stratified properties \$'000	Plant and equipment \$'000	Leased plant and equipment \$'000	Construction work in progress \$'000	Total \$'000
Balance at the beginning of the year	77,531	19,149	2,722	-	99,402
(Reversal)/Additions	(347)	5,493	-	18,431	23,577
Disposals	-	(6)	-	-	(6)
Depreciation	(1,869)	(4,679)	(660)	-	(7,208)
Written off	(5)	(67)	-	-	(72)
Transfer from investment properties	-	-	-	19,640	19,640
Reclassification	(3)	1,057	(1,054)	-	-
Net foreign currency movements	6,694	1,533	219	-	8,446
Carrying amount at the end of the year	82,001	22,480	1,227	38,071	143,779

(b) Additional information on the right-of-use assets by classes of assets is as follows:

2019	Carrying amount \$'000	Depreciation \$'000	Additions \$'000
Leasehold land	696	8	-
Leasehold buildings	80,878	1,841	85
Motor vehicles	407	197	61
Plant and machineries	512	316	289
Total right-of-use assets	82,493	2,362	435

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

18. INVESTMENT PROPERTIES

	CONSOLIDATED	
	2019 \$'000	2018 \$'000
Balance at beginning of the year	1,012,253	941,662
Transfer to property, plant and equipment	-	(19,640)
Transfer from inventories - land held for property development	2,027	-
Net foreign currency movements	17,560	81,310
Additions	69,138	38,212
Disposals	-	(40,678)
Fair value adjustments	12,446	11,387
Balance at end of the year	1,113,424	1,012,253

Notes to the Financial Statements

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18. INVESTMENT PROPERTIES (CONT'D)

The fair value model is applied to all investment properties. Investment properties are independently revalued, which represents the amounts 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. The fair value should also reflect market conditions at the reporting date.

The fair value of the investment properties held by the UOA Real Estate Investment Trust ("UOA REIT") were assessed by the Board of Directors of UOA Asset Management Sdn Bhd, the Manager of UOA REIT based on an update valuation by an independent firm of professional valuers registered with Board of Valuers, Appraisers & Estate Agents Malaysia, PPC International Sdn Bhd on 31 December 2019. In arriving at the market values, the valuer has applied the comparison and income method of valuation to assess the market values of the investment properties.

The directors have reviewed the update valuations of one commercial property and a vacant commercial land which were done on 31 December 2019 by PA International Property Consultants (KL) Sdn Bhd based on the comparison and cost methods and are of the opinion that the carrying values reflect the fair value of the investment properties.

The directors have reviewed the valuations of all other commercial properties which were done on 31 December 2019 by PA International Property Consultants (KL) Sdn Bhd and PPC International Sdn Bhd based on the comparison method, investment method and cost method, and opined that the carrying values reflect the fair value of the investment properties.

The directors have reviewed the valuations of all residential properties which were done on 31 December 2019 by PA International Property Consultants (KL) Sdn Bhd based on the comparison method, and opined that the carrying values reflect the fair value of the investment properties.

A loan of \$41,474,000 (2018: \$41,608,000) was secured by legal charges over UOA Centre Parcels, UOA II Parcels (excluding Level 17, UOA II) and Wisma UOA Damansara II. The fair value of assets pledged, as security was \$209,899,000 (2018: \$210,646,000).

A loan of \$54,461,000 (2018: \$53,510,000) was secured by Loan Agreements cum Assignment, Deeds of Extension of Deed of Assignment, Deeds of Assignment of Rental Proceeds ("DARP"), Deeds of Extension of DARP and four (4) Power of Attorney, and legal charges over UOA Damansara Parcels and Parcel B - Menara UOA Bangsar. The fair value of assets pledged, as security was \$143,877,000 (2018: \$144,410,000).

Leasehold land with carrying amount of \$40,886,000 (2018: \$24,249,000) has been pledged to secure bank borrowings.

The management has applied the following assumptions in the valuation:

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

Notes to the Financial Statements
for the Year Ended 31 December 2019
(cont'd)

18. INVESTMENT PROPERTIES (CONT'D)

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

	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000
Freehold condominiums	-	1,124	-
Freehold bungalows	-	17,302	-
Freehold commercial properties	-	154,543	257,029
Leasehold commercial properties	-	115,678	483,344

The fair values of the investment properties included in Level 2 was determined using the comparison method and Level 3 was determined using the cost and investment methods. The most significant input into this valuation approach is price per square metre.

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

There is no transfer between the fair value hierarchy except for the Transferred from Level 2 to Level 3 as below:

Reconciliation of Level 3 Fair Value Measurement

	\$'000
At 1 January 2019	690,182
Reversal	(8,397)
Fair value adjustments	23,515
Transferred from Level 2	22,692
Net foreign currency movements	12,381
At 31 December 2019	740,373

Notes to the Financial Statements
for the Year Ended 31 December 2019
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18. INVESTMENT PROPERTIES (CONT'D)

Details of Level 3 fair value measurements are as follows:

Valuation method and key inputs	Significant unobservable inputs	Relationship of unobservable inputs and fair value
Cost method which estimates the amount of reconstruction cost of the building based on current market prices.	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 market yields.	Discount rate of 6.20% to 7.00%	The higher the discount rate, the lower the fair value.
	Estimated market yield of 6.25% to 7.00%	The higher the estimated market yield, the lower the fair value.
	Occupancy rates of 79.29% to 100.00%	The higher the occupancy rate, the higher the fair value.

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

Interest capitalised during the financial year amounted to \$1,477,000 (2018: \$53,000).

19. INVESTMENT IN ASSOCIATES

	CONSOLIDATED	
	2019 \$'000	2018 \$'000
Unquoted shares, at cost	280	275
Share of post-acquisition reserves	(17)	(31)
	263	244
Exchange differences	(3)	(2)
	260	242
Less : Accumulated impairment losses	-	-
Aggregate carrying amount of the Group's interest in associates	260	242

Notes to the Financial Statements
for the Year Ended 31 December 2019
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19. INVESTMENT IN ASSOCIATES (CONT'D)

Name of entities	Country of incorporation	Principal activities	Ownership interest	
			2019 %	2018 %
Advanced Informatics & Management Centre Sdn Bhd (AIMAC)^	Malaysia	Providing telehealth or e-health facilities	30	30
Asli Security Services Sdn Bhd*	Malaysia	Provision of security services	30	30
Dats Management Sdn Bhd *	Malaysia	Provision of facilities support services	49	-

^ Audited by firms of auditors other than Grant Thornton.

* Audited by a member firm of Grant Thornton

The reporting date of AIMAC is 30 September 2019. For the purposes of applying the equity method of accounting, the financial statements of AIMAC for period ended 31 December 2019 have been used.

Summarised financial information in respect of the Group's associates is set out below:

	CONSOLIDATED	
	2019 \$'000	2018 \$'000
Financial position:		
Total assets	8,720	1,551
Total liabilities	(3,881)	(1,766)
Net assets/(liabilities)	4,839	(215)
Financial performance:		
Profit/(Loss) from continuing operations	18	(60)
Other comprehensive income	-	-
Total comprehensive income/(loss)	18	(60)

20. EQUITY INVESTMENTS AT FVOCI

	CONSOLIDATED	
	2019 \$'000	2018 \$'000
Listed investments, at fair value		
- shares in listed corporations	7,721	2,997

The hierarchy of the Group's listed investments at market value are all at Level 1.

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

Notes to the Financial Statements
for the Year Ended 31 December 2019
(cont'd)

21. DEFERRED TAX LIABILITIES/(ASSETS)

	Notes	CONSOLIDATED	
		2019 \$'000	2018 \$'000
Deferred tax liabilities			
- tax allowance relating to property, plant and equipment		3,034	2,575
- real property gains tax		33,545	28,423
- other deductible temporary differences		529	2,489
		37,108	33,487
Deferred tax assets			
- property development and construction profits		(17,886)	(15,906)
- tax allowance relating to property, plant and equipment		(4)	(5)
- other deductible temporary differences		(2,473)	-
		(20,363)	(15,911)
		16,745	17,576
(a) Reconciliation			
The overall movement in the deferred tax account is as follows:			
Opening balance		17,576	28,737
Charge to profit or loss	7	(1,118)	(13,285)
Charge to equity		306	2,124
Derecognition of a subsidiary company		(19)	-
Closing balance		16,745	17,576
(b) Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 4(n) occur			
- Unabsorbed tax losses		9,450	8,489
- Unabsorbed capital allowances		14,281	16,313
- Unutilised investment tax allowances		78,372	74,242

Notes to the Financial Statements
for the Year Ended 31 December 2019
(cont'd)

22. TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2019	2018
	\$'000	\$'000
CURRENT		
Trade payables	82,277	122,829
Sundry payables	20,788	23,759
Deposits	18,901	16,722
Accruals	45,054	43,532
	167,020	206,842
Amounts payable to non-controlling shareholders of subsidiary companies	17,799	17,024
	184,819	223,866
NON-CURRENT		
Deposits	3,315	3,439
Amounts payable to non-controlling shareholders of subsidiary companies	573	5,629
	3,888	9,068

Terms and conditions relating to the above financial instruments:

- (i) Trade payables are non-interest bearing and are normally on a 30 – 40 days term.
- (ii) Other payables are non-interest bearing.
- (iii) The amount payable to non-controlling shareholders of subsidiary companies represents non-trade interest free advances which is payable on demand.

Notes to the Financial Statements
for the Year Ended 31 December 2019
(cont'd)

23. OTHER FINANCIAL LIABILITIES

		CONSOLIDATED	
	Notes	2019 \$'000	2018 \$'000
CURRENT			
<i>Secured liabilities</i>			
Lease liabilities	23(a)	443	875
Term loans		116,889	122,760
		117,332	123,635
NON-CURRENT			
<i>Secured liabilities</i>			
Lease liabilities	23(a)	506	658
Long term loans		13,324	4,363
		13,830	5,021

		CONSOLIDATED	
		2019 \$'000	2018 \$'000
(a) Lease liabilities			
Payable – minimum lease payments			
- not later than one year		483	931
- later than one year but not later than five years		534	696
Minimum lease payments		1,017	1,627
Less: future finance charges		(68)	(94)
Present value of minimum lease payments		949	1,533
Current liabilities		443	875
Non-current liabilities		506	658
		949	1,533

Included in long term loan is an amount denominated in USD amounting to \$5,442,000 (2018: Nil).

Terms and conditions relating to the above financial instruments:

- The revolving credit facility is secured by legal charges over the Group's strata-titled properties, a floating charge over leasehold strata properties and corporate guarantees by certain controlled entities. The interest rates range from 2.09% to 5.28% (2018: 1.93% to 5.28%) per annum.
- The term loan is secured by a legal charge over a vacant commercial land and corporate guarantees by the Company. The interest rates range from 3.24% to 7.00% (2018: 5.90% to 7.00%) per annum.

Notes to the Financial Statements
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23. OTHER FINANCIAL LIABILITIES (CONT'D)

Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current interest bearing liabilities are:

	CONSOLIDATED	
	2019 \$'000	2018 \$'000
Current		
<i>Fixed charge</i>		
Inventories	-	7,157
Total current assets pledged as security	-	7,157
Non-current		
<i>Fixed charge</i>		
Investment properties	394,662	350,253
Property, plant and equipment	5,206	5,324
<i>Finance leases</i>		
Leased plant and equipment	512	1,227
Total non-current assets pledged as security	400,380	356,804
Total assets pledged	400,380	363,961

The terms and conditions relating to the financial assets are as follows:

Investment properties and property, plant and equipment are pledged against secured bank loans on a fixed charge for the terms of the various secured loans.

24. SHARE CAPITAL

	COMPANY			
	2019		2018	
	Number of shares	\$'000	Number of shares	\$'000
Shares issued and fully paid				
Balance at beginning of the year	1,427,531,912	222,910	1,367,123,309	183,245
Issued during the year				
- dividend reinvestment plan	52,600,415	34,565	60,408,603	39,665
Balance at end of the year	1,480,132,327	257,475	1,427,531,912	222,910

The ordinary shares of the Company are shares of no par value.

Notes to the Financial Statements

for the Year Ended 31 December 2019

(cont'd)

24. SHARE CAPITAL (CONT'D)

The final dividend for year ended 31 December 2018 was paid on 10 June 2019. Some shareholders elected to take ordinary shares in lieu of cash, totaling 43,126,582 shares.

The interim dividend for year ended 31 December 2019 was paid on 6 November 2019. Some shareholders elected to take ordinary shares in lieu of cash, totaling 9,473,833 shares.

Terms and conditions of issued capital:

- Ordinary shareholders have the right to receive dividends as declared and in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.
- Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

25. RESERVES

The details of reserves are as follows:

2019	Translation reserve \$'000	CONSOLIDATED Fair value reserves \$'000	Total \$'000
Balance at beginning of the year	61,087	(357)	60,730
Exchange differences on translating foreign operations	25,188	-	25,188
Changes in fair value of equity investments at fair value through other comprehensive income	-	1,118	1,118
Balance at end of the year	86,275	761	87,036

2018	Translation reserve \$'000	CONSOLIDATED Fair value reserves \$'000	Total \$'000
Balance at beginning of the year	(46,328)	433	(45,895)
Exchange differences on translating foreign operations	107,415	-	107,415
Changes in fair value of equity investments at fair value through other comprehensive income	-	(790)	(790)
Balance at end of the year	61,087	(357)	60,730

Notes to the Financial Statements
for the Year Ended 31 December 2019
(cont'd)

26. CAPITAL COMMITMENTS

	CONSOLIDATED	
	2019 \$'000	2018 \$'000
The Group has the following capital commitments:		
Property, plant and equipment	2,869	22,034
Construction of investment properties	104,054	81,188

27. EMPLOYEE BENEFITS

	CONSOLIDATED	
	2019 \$'000	2018 \$'000
Employee benefits expense	26,829	27,445

Included in the employee benefits expense are contributions to superannuation funds on behalf of employees amounting \$2,380,125 (2018: \$2,549,617).

28. OPERATING SEGMENTS

The Group has three (3) operating segments: Investment, Land development and resale and Others.

The activities undertaken by the investment segment includes the holding of investment properties to generate rental income, capital appreciation or both.

The activities undertaken by the land development and resale segment includes development, construction and sale of residential and commercial properties.

The activities undertaken under the Others segment includes Operations of hotel and food and beverage outlets, provision of facilities support services and carpark operations, revenue from money lending services and provision of management services.

Each of these operating segments is managed separately as each segment requires different technologies and other resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under AASB 8 are the same as those used in its financial statements, except that:

- Gain or loss on disposal of property, plant and equipment,
- Gain or loss on disposal of equity investments at fair value through other comprehensive income,
- Gain or loss on disposal of interests in subsidiaries,
- Share of results of equity accounted investments, and
- revenue, costs and fair value gains from investment property

are not included in arriving at the operating profit of the operating segments.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

Notes to the Financial Statements
for the Year Ended 31 December 2019
(cont'd)

28. OPERATING SEGMENTS (CONT'D)

	Investment		Land development and resale		Others		Elimination		Consolidated	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Segment revenue										
Sales to customers outside the group	-	-	387,213	440,493	-	-	-	-	387,213	440,493
Other revenues from customers outside the group	92,911	76,050	32,967	25,036	19,241	17,749	-	-	145,119	118,835
Inter segment revenue	209,985	247,118	262,201	262,372	2,898	2,906	(475,084)	(512,396)	-	-
Total revenue	302,896	323,168	682,381	727,901	22,139	20,655	(475,084)	(512,396)	532,332	559,328
Finance income	3,818	4,170	7,683	4,308	1,408	309	-	-	12,909	8,787
Finance costs	(4,275)	(5,596)	(1,487)	(2,364)	(2)	(2)	-	-	(5,764)	(7,962)
Depreciation and amortisation	(4,120)	(3,728)	(3,099)	(3,223)	(514)	(257)	-	-	(7,733)	(7,208)
Write off of assets	(74)	(12)	(3)	(48)	-	(12)	-	-	(77)	(72)
Increase/(Decrease) in fair value of investment properties	23,409	12,093	(10,963)	(706)	-	-	-	-	12,446	11,387
Other non-cash expenses	(329)	2,686	(932)	(3,500)	-	-	-	-	(1,261)	(814)
Income tax expense	(12,089)	8,732	(41,259)	(43,853)	(1,249)	(727)	-	-	(54,597)	(35,848)
Segment net operating profit after tax	20,957	31,273	107,544	121,008	11,291	7,938	-	-	139,792	160,219
Reconciliation of segment net operating profit after tax to profit after tax as presented in its financial statements as follows:										
Segment net operating profit after tax									139,792	160,219
Gain on disposal of property, plant and equipment									12	18
Gain on disposal of equity investments									211	-
Result from equity accounted investments									14	(17)
Total net profit after tax per profit or loss									140,029	160,220

The consolidated entity operates predominantly in two businesses; investment and land development and resale, and within three geographical segments; Australia, Malaysia and Vietnam. The Australian and Vietnam operations predominantly relate to the investment segment, with the remainder of the segments being related to the Malaysian operations.

The land development and resale business is predominantly focused on residential and commercial developments in Malaysia, whilst the investment business is made up of both property and share portfolios in Malaysian assets.

Inter segment pricing is based on normal terms and conditions.

Notes to the Financial Statements
for the Year Ended 31 December 2019
(cont'd)

28. OPERATING SEGMENTS (CONT'D)

	Investment				Land development and resale				Others		Elimination		Consolidated	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Segment assets	1,125,060	1,035,643	1,474,845	1,477,645	42,670	29,693	-	-	2,642,575	2,542,981				
Reconciliation of segment operating assets to total assets														
Segment operating assets														
Goodwill									2,642,575	2,542,981				
Equity investments									133	133				
Deferred tax assets									7,721	2,997				
Current tax assets									20,363	15,911				
									24,370	21,474				
Total assets as per the statement of financial position									2,695,162	2,583,496				
Investment in associates	260	242	-	-	-	-	-	-	260	242				
Capital expenditure	94,647	44,043	11,021	22,234	2,125	2,231	-	-	107,793	68,508				
Segment liabilities	150,410	137,833	164,935	215,634	4,761	8,123	-	-	320,106	361,590				
Reconciliation of segment operating liabilities to total liabilities														
Segment operating liabilities									320,106	361,590				
Deferred tax liabilities									37,108	33,487				
Current tax liabilities									13,451	6,915				
Total liabilities per the statement of financial position									370,665	401,992				

The consolidated entity operates predominantly in two businesses; investment and land development and resale, and within three geographical segments; Australia, Malaysia and Vietnam. The Australian and Vietnam operations predominantly relate to the investment segment, with the remainder of the segments being related to the Malaysian operations.

The land development and resale business is predominantly focused on residential and commercial developments in Malaysia, whilst the investment business is made up of both property and share portfolios in Malaysian assets.

Inter segment pricing is based on normal terms and conditions.

Notes to the Financial Statements
for the Year Ended 31 December 2019
(cont'd)

29. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The changes in the Group's liabilities arising from financing activities can be classified as follows:

	Long-term borrowings \$'000	Short-term borrowings \$'000	Lease liabilities \$'000	Total \$'000
1 January 2019	4,363	122,760	1,533	128,656
Cash flows:				
- Proceeds	8,967	18,759	-	27,726
- Repayment	-	(26,774)	(948)	(27,722)
Non-cash:				
- Foreign exchange	(6)	2,144	23	2,161
- New leases	-	-	348	348
- Derecognition of a subsidiary company	-	-	(7)	(7)
31 December 2019	13,324	116,889	949	131,162

	Long-term borrowings \$'000	Short-term borrowings \$'000	Lease liabilities \$'000	Total \$'000
1 January 2018	8,852	158,766	2,680	170,298
Cash flows:				
- Proceeds	4,195	32,372	-	36,567
- Repayment	(9,031)	(79,329)	(3,063)	(91,423)
Non-cash:				
- Foreign exchange	347	10,951	1,531	12,829
- New leases	-	-	385	385
31 December 2018	4,363	122,760	1,533	128,656

Notes to the Financial Statements
for the Year Ended 31 December 2019
(cont'd)

30. RELATED PARTY TRANSACTIONS

The Group's related parties include its associates, key management, post-employment benefit plans for the Group's employees and others as described below.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

Transactions with associated companies

	Transaction value		Balance outstanding	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Security services payable	1,234	1,263	111	142
Rental receivable	32	-	4	4
Administrative fee payable	51	-	-	-
Management fee payable	432	-	64	-
Landscaping fee payable	39	-	34	-
Management fee received	-	13	-	-

Transactions with key management personnel

Key management of the Group are the executive members of United Overseas Australia Ltd's Board of Directors and members of the executive council. Key management personnel remuneration includes the following expenses:

	CONSOLIDATED	
	2019 \$	2018 \$
Short term employee benefits:		
• salaries including bonuses	5,791,035	5,943,340
• non-monetary benefits	50,372	39,830
• others	86,181	109,021
Post-employment benefits:		
• defined benefit pension plans	645,818	663,210
Total remuneration	6,573,406	6,755,401

Notes to the Financial Statements
for the Year Ended 31 December 2019
(cont'd)

30. RELATED PARTY TRANSACTIONS (CONT'D)

Sale of residential properties to directors, key management personnel and their associates

During the financial year ended 31 December 2019, the following units were sold to the directors, key management personnel and their associates:

Purchaser	Project	Purchase Price (\$)
Transmetro Sdn Bhd	Tandem car park	3,474
Kong Pak Lim	Tandem car park	3,474
Wong Kiu Nguik @ Veronica Ong	Tandem car park	1,737
Stephanie Kong Pei Zen	Tandem car park	1,737
Timothy Kong Sieng Yung	Tandem car park	1,737
Kong Pak Nam	Tandem car park	15,633
Ang Kheng Im	Tandem car park	1,737

The sales of car park was conducted on an arm's length basis and on normal commercial terms.

On 30 December 2019, the Group disposed 14% shareholding in Everise Project Sdn Bhd to Transmetro Sdn Bhd, a company in which a Director has substantial interest, for a consideration of \$11,721,000.

The parent entity receives accounting and secretarial services from a company, Winduss & Associates. During the year, the fees paid to Winduss & Associates totalled \$268,571 (2018: \$244,123).

The parent entity receives registry services from Advanced Share Registry. During the year, the fees paid to Advanced Share Registry totalled \$42,967 (2018: \$27,037) Mr. A C Winduss is currently a Director of Advanced Share Registry.

The Company's through its wholly owned subsidiary UOA Capital Sdn Bhd has entered into a loan agreement for approximately \$1 million with a company associated with Mr. Low Shu Nyok. Mr. Low is a Non-Executive Director of UOA Development Bhd, which is a majority owned subsidiary listed on Bursa Malaysia.

Entity with significant influence over the Group – Griyajaya Sdn Bhd

Griyajaya Sdn Bhd owns 31.27% (2018: 31.23%) of the ordinary shares in United Overseas Australia Ltd. There was no related party transaction with Griyajaya Sdn Bhd during the financial year.

Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and normal commercial terms. There were no related party transactions during the financial year.

Allowance for impairment loss on trade receivables

For the year ended 31 December 2019, the Group has not made any allowance for impairment loss relating to amounts owed by related parties as the payment history has been excellent (2018: Nil). The Group makes use of a simplified approach in accounting for trade receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument.

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for the Year Ended 31 December 2019
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31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is 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 businesses whilst managing its credit risk, liquidity risk, interest rate risk and market risk. The Group operates 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 policies in respect of the major areas of treasury activity are set out as follows:

Interest rate risk

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

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

The Group's interest rate management objective is to manage the interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, the Group targets a mix of fixed and floating debt based on assessment of its existing exposure and desired interest rate profile.

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting year is as follows:

	CONSOLIDATED	
	2019	2018
	\$'000	\$'000
Fixed rate instruments:		
Financial assets	93,443	128,443
Financial liabilities	949	1,533
Floating rate instruments:		
Financial liabilities	130,213	127,123

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does 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 the profit or loss.

A sensitivity analysis has been performed based on the outstanding floating rate borrowings of the Group as at the reporting date. If interest rates increase or decrease by 50 basis points, with all other variables held constant, the Group's post-tax profit or loss would decrease or increase by approximately \$651,000 (2018: \$636,000), as a result of higher or lower interest expense on these borrowings.

Notes to the Financial Statements
for the Year Ended 31 December 2019
(cont'd)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Foreign currency risk

The Group is exposed to currency risk as a result of the foreign currency transactions entered into by subsidiaries in currencies other than their functional currencies. The Group is also exposed to currency risk in respect of its foreign investments in subsidiaries and associates. The Group ensures that the net exposure to currency fluctuation is kept to an acceptable level.

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below.

	CONSOLIDATED			
	SGD \$'000	USD \$'000	RM \$'000	VND \$'000
2019				
Net exposure	105	4,260	10,055	44
2018				
Net exposure	100	41,026	16,458	7

The following sensitivity is based on the foreign currency risk exposures in existence at the end of reporting period.

A 10% strengthening of the foreign currencies below against the functional currencies of the Group at the end of reporting period would increase or decrease post-tax profit or loss as shown in the table below, this analysis assumes that all other variables held constant:

	Post-tax profit			
	SGD \$'000	USD \$'000	RM \$'000	VND \$'000
2019	11	426	1,006	4
2018	10	4,103	1,646	1

A 10% weakening of the foreign currencies above against the functional currencies of the Group at the end of reporting period would have an equal but opposite effect to the amounts shown above, on the basis that all other variables held constant.

Market risk

The Group's principal exposure to market risk arises from changes in value caused by movements in market prices of its quoted investments. The risk of loss is minimised via thorough analysis before investing and continuous monitoring of the performance of the investments. The Group optimises returns by disposing of investments after thorough analysis.

Common to all businesses, the overall performance of the Group's investments is also driven externally by global and domestic economies that are largely unpredictable and uncontrollable.

Notes to the Financial Statements
for the Year Ended 31 December 2019
(cont'd)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It is the Group's policy to enter into financial instruments with a diversity of creditworthy counterparties. The Group does not expect to incur material credit losses on 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 total credit exposure. The Group's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse creditworthy counterparties, thereby mitigating any significant concentration of credit risk.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group extends credit only to recognised and creditworthy third parties. It is the Group'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 exposure to bad debts is not significant.

i. Trade receivables and contract assets

In respect of the Group's development properties, most of the end-buyers obtain end-financing to fund their purchases of the Group's properties. In such cases, the Group mitigates any credit risk it may have by maintaining its name as the registered owner of the development until full settlement by the purchasers of the self-financed portion of the purchase consideration and upon undertaking of end-financing by the purchaser's end-financier.

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

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., customer type and rating, and coverage by collateral). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if the Directors deem them uncollectable. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. Collateral is considered an integral part of trade receivables and considered in the calculation of impairment. At the reporting date, all of the Group's trade receivables are covered by collateral. These collaterals resulted in a decrease in the expected credit losses/impairment losses as at the reporting date. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as trade receivables consist of a large number of customers from various backgrounds.

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for the Year Ended 31 December 2019
(cont'd)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Credit risk (cont'd)

i. Trade receivables and contract assets (cont'd)

Consolidated 2019	Expected credit loss rate %	Total gross carrying amount \$'000	Expected credit loss \$'000
Not past due	-	51,457	-
Between 31 and 60 days past due	-	1,018	-
Between 61 and 90 days past due	-	1,048	-
More than 90 days past due	-	4,505	-
More than 91 days after set off with deposits paid	100.00	5,236	5,236
		63,264	5,236
Contract assets	-	98,105	-

Consolidated 2018	Expected credit loss rate %	Total gross carrying amount \$'000	Expected credit loss \$'000
Not past due	-	100,392	-
Between 31 and 60 days past due	-	7,915	-
Between 61 and 90 days past due	-	13,538	-
More than 90 days past due	-	10,485	-
More than 90 days past due	2.81	261	7
More than 91 days after set off with deposits paid	100.00	5,063	5,063
		137,654	5,070
Contract assets	-	101,209	-

ii. 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.

iii. Financial guarantees

The maximum exposure to credit risk amounted to \$13,324,000 (2018: \$4,364,000), represented by the outstanding banking facilities of a subsidiary company at the end of the reporting year.

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors these subsidiaries. As at the end of the reporting year, there was no indication that any subsidiary would default on repayment.

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

Notes to the Financial Statements
for the Year Ended 31 December 2019
(cont'd)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

iv. Investments and other financial assets

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

Investments are allowed only in liquid securities and only with counterparties that have good credit ratings.

The Group's maximum exposure to credit risk for the components of the statements of financial position at the reporting date are their carrying amounts.

Liquidity and cash flow risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due to shortage of funds.

The Group seeks 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. inventory, 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 seeks to maintain sufficient credit lines available to meet the liquidity requirements while ensuring an effective working capital management within the Group.

The table below summarises the maturity profile of the Group's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

CONSOLIDATED	< 1 year \$'000	1 - 5 years \$'000	> 5 years \$'000	Total \$'000
Trade and other payables	184,819	4,091	-	188,910
Amount owing to associate companies	237	-	-	237
Lease liabilities	483	534	-	1,017
Borrowings	121,785	15,922	-	137,707
	307,324	20,547	-	327,871

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for the Year Ended 31 December 2019
(cont'd)

32. 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.

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. As the market is constantly changing, management may adjust the amount of dividends paid to shareholders, return of capital to shareholders, issue new shares or sell assets to reduce debt.

During 2019, management paid dividends of \$35,904,000 (2018: \$41,263,000). Management's objective for dividend payments for 2020 to 2023 is to maintain the current level of dividends, assuming business and economic conditions allow.

Management monitors capital through the gearing ratio (net debt/total capital). The target for the Group's gearing ratio is between 10% to 25%. The gearing ratio at the reporting date is as follows:

	CONSOLIDATED	
	2019 \$'000	2018 \$'000
Total borrowings*	319,869	361,590
Less: Cash and cash equivalents	(407,294)	(322,558)
Net (cash)/borrowings	(87,425)	39,032
Total equity	1,575,105	1,460,087
Total capital	1,487,680	1,499,119
Gearing ratio	Nil	2.60%

* Includes interest bearing loans and borrowings and trade and other payables

The Group is not subject to any externally imposed capital requirements

33. ACQUISITION OF SHARES IN NEW SUBSIDIARIES COMPANIES

The details of the business combination are as follows:

Name of subsidiary companies acquired	Purchase consideration \$	Group's effective interest %	Effective acquisition date
2018			
Cosmo Housing Development Sdn Bhd	22,381,763	100	2 March 2018
HSB Green Solutions Sdn Bhd	171,508	100	13 August 2018
Naik Makmur Development Sdn Bhd	1	100	27 December 2018

Notes to the Financial Statements
for the Year Ended 31 December 2019
(cont'd)

33. ACQUISITION OF SHARES IN NEW SUBSIDIARIES COMPANIES (CONT'D)

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

	2018 \$'000
Inventories – land held for property development	8,529
Inventories – property held for development and resale	34,730
Trade and other receivables	1,528
Cash and cash equivalents	1,676
Other payables and accruals	(23,769)
Current tax liability	(17)
Discount on acquisition	(120)
Net assets acquired	22,557
Non-controlling interests	-
Total purchase consideration	22,557
Less: Cash and cash equivalents acquired	(1,676)
Net cash inflow on acquisition during the year	20,881

34. MATURITY ANALYSIS OF LEASE PAYMENTS

The Group as lessor

The Group leases out its investment properties under operating leases. These leases are non-cancellable and typically run for a period ranging from 1 to 7 years, with the option to renew. Subsequent renewals are negotiated with the lease on average rental period of 1 to 7 years. None of the leases include contingent rentals.

The future undiscounted lease payments receivable after the reporting date but not recognised as receivables are as follows:

As lessor	2019 \$'000
Within 1 year	66,006
In the second year	37,961
In the third year	14,221
In the fourth year	3,719
In the fifth year	2,524
In the sixth year	2,524
In the seventh year	1,601
	128,556

Notes to the Financial Statements
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34. MATURITY ANALYSIS OF LEASE PAYMENTS (CONT'D)

The Group as lessor (cont'd)

As lessor	2018 \$'000
Not later than one year	55,646
Later than one year but not later than 5 years	54,416
	110,062

35. EVENTS AFTER THE REPORTING DATE

- (a) On 26 February 2020, the directors of United Overseas Australia Ltd proposed a final dividend of 2.0 cents per ordinary shares (totalling \$29,602,647) in respect of the financial year ended 31 December 2019. This dividend has not been provided for in the 31 December 2019 financial statements.
- (b) Potential impact of COVID-19 on the Group

The COVID-19 outbreak was declared a pandemic by the World Health Organization ('WHO') in March 2020, which continues to spread throughout Australia and Malaysia (*the Group's main geographical area of operation*). In addition, the Malaysian government implemented a movement control order ('MCO') on the 18 March 2020 as a result of COVID-19, with the effective end date extended a number of times to the 12 May 2020.

Subsequent to the MCO and declaration by the WHO, the outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community and the overall economy. The scale and duration of these developments remain uncertain as at the date of this report and it is not possible to estimate the impact of the outbreak's near-term and longer effects or Governments' varying efforts to combat the outbreak and support businesses.

The financial statements have been prepared based upon conditions existing at 31 December 2019, subsequent to the declaration by the WHO in March 2020, the ongoing impact and measures enforced to the date of the financial report is considered an event that is indicative of conditions that arose after the reporting period and accordingly, no adjustments have been made to financial statements as at 31 December 2019 for the impacts of COVID-19.

As a result, since 31 December 2019, COVID-19 has impacted the markets in which the Group operates including Malaysia, Singapore and Australia, and to a lesser extent, Vietnam, the respective governments have all imposed restrictions of varying degrees on their citizens which has changed the way in which businesses within the Group can operate.

The Group believes it will be able to withstand the effects of COVID-19 both financially and operationally for the foreseeable future. The impact of the virus on the Group's operations, and therefore on its results for the year ending 31 December 2020, is not yet quantifiable as it is uncertain when business operations may recommence in jurisdictions where restrictions have forced operations to cease or otherwise return to normal operations similar to those prior to the declaration of the pandemic by the WHO.

Notes to the Financial Statements
for the Year Ended 31 December 2019
(cont'd)

35. EVENTS AFTER THE REPORTING DATE (CONT'D)

- (b) Potential impact of COVID-19 on the Group (cont'd)

Operational effect of COVID-19 on the Group

The Group's operations include the development and sales of properties, receiving rental from self-owned properties (commercial, offices, co-sharing facilities and residential) and the operation of hotels and associated food and beverage outlets and convention facilities.

COVID-19 has impacted on each of these areas of operations of the Group including:

- closure of facilities where required by government order;
- restrictions on movements by employees and patrons of various entities within the Group imposed by government order;
- reduction in operating revenue from the various operations within the Group due to restrictions imposed by government order for the operations of non-essential businesses;
- reduction in rental revenues from properties due to tenants being impacted by the virus in the same manner as the Group; and
- the use of the Group's existing working capital to satisfy commitments as they become payable whilst income is otherwise restricted

The Group has considered these impacts and has determined there is likely to be a decline in the Group's overall revenues and working capital position.

No Change to Going Concern Basis

The Group has considered the impact of an extended period of closure of business operations and restrictions on employee movement on the assets of the Group.

With present facilities in place and its current liquid assets, the Group will be in a position to meet its obligations as and when they fall due for the foreseeable future. The Group's capital and debt facilities management will enable the Group to do this whilst its operations are reduced, restricted or closed.

Revenue

The Group anticipates revenues to be reduced in all areas of its operations but is unable to quantify the overall reduction expected for the 2020 financial year with sufficient accuracy due to the uncertainty in regards to the timing on when business operations may recommence in a manner similar to those prior to the MCO and declaration of the pandemic by the WHO.

Estimates at the date of this report for the 6 months ending 30 June 2020 indicate a reduction in sales revenue and other income compared to the results for the comparative period in prior year. The Group has been effective in maintaining its expenditure inline with the decrease in revenue and other income and it is estimated that the profit after tax for the 6 months ending 30 June 2020 will also decrease in a similar manner.

Subject to the operations of the Group returning to normal operations similar to those prior to the MCO and declaration of the pandemic by the WHO by July 2020, it is expected that the overall reduction in profit of the Group for the 2020 financial year will be similarly reduced.

Notes to the Financial Statements
for the Year Ended 31 December 2019
(cont'd)

35. EVENTS AFTER THE REPORTING DATE (CONT'D)

(b) Potential impact of COVID-19 on the Group (cont'd)

Revenue (cont'd)

The estimated reduction in revenue and profit levels outlined above are based on the assumptions that the following impacts of the COVID-19 virus and associated government restrictions have occurred:

- progressive recognition of revenue from on-going projects are deferred as construction activities are suspended until after the government restrictions are lifted;
- sales of inventories of property are restricted and are unlikely to recommence until after the government restrictions are lifted;
- rental income from leased out properties has decreased as the Group has reduced or waived rents on several tenancies;
- hotels and associated food and beverage and convention facilities are unable to recommence operations whilst restrictions on travel and gathering of people remain in place, but are expected to rebound, particularly with convention centre revenue, once restrictions are relaxed or lifted; and
- investment income will reduce as liquid assets are utilised to meet the Group's ongoing expenses during the period of reduced operations and may be further impacted by the reduction of investment earnings or interest rates during the period.

Asset Values

Inventories

The recoverability of inventories have been considered at the lower of cost or net realisable value, and as it is expected that the Group will be able to retain the inventories until after the pandemic ceases, the net realisable value of the inventories have not been adversely impacted at this time.

Investment Properties

The Group's valuation methodology for its investment properties has not seen any current requirements to reduce the present fair value of property recorded within the Group's assets.

Equity Instruments

The Group's investments in listed equities have reduced in value due to the movements in world financial markets since 31 December 2019. As at 15 April 2020, the fair value of the investments is \$5.382 million compared to the balance date value of \$7.721 million. The investments are classified as Fair Value through Other Comprehensive Income and will therefore not reduce the Group's Net Profit after Tax.

Receivables

The Group has considered the impairment of receivables for anticipated credit losses and has determined that there may be an increase in distressed debtors. Accordingly, the anticipated credit losses will be reviewed as the pandemic and the period of uncertainty increases.

Director's Declaration

- (1) In the opinion of the Directors of United Overseas Australia Ltd:
- (a) The consolidated financial statements and notes of United Overseas Australia Ltd are in accordance with the *Corporations Act 2001*, including:
 - (i) Giving a true and fair view of its financial position as at 31 December 2019 and of its performance for the financial year ended on that date; and
 - (ii) Complying with Australian Accounting Standards (including the Australian Accounting interpretations) and the *Corporations Regulations 2001*; and
 - (b) There are reasonable grounds to believe that United Overseas Australia Ltd will be able to pay its debts as and when they become due and payable.
- (2) The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 31 December 2019.
- (3) Note 2 confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors.

On behalf of the Board



Director
Alan Charles Winduss

Perth, Western Australia
29 April 2020



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Independent Auditor's Report

To the Members of United Overseas Australia Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of United Overseas Australia Limited (the Company) and its subsidiaries (the Group), which comprises the statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Company's financial position as at 31 December 2019 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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Independent Auditor's Report
(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 report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of Investment Properties (Refer to Note 4(f) and Note 18)</p> <p>The Group holds investment properties located in Australia, Malaysia and Vietnam that comprise of completed investment properties and investment properties under construction amounting to \$1.113 million that represents 41% of the Group's total assets as at 31 December 2019.</p> <p>The Group recognises investment properties initially at cost including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Management uses an independent expert to undertake a valuation to determine fair value once every three years. The Directors also utilise an independent expert to undertake valuations for the intervening periods which considers the equivalent market data during this period rather than a review of the asset itself.</p> <p>The valuation exercise relies on the accuracy of the underlying lease and financial information provided to the valuers.</p> <p>This is a key audit matter as the valuation of the Group's property portfolio includes significant judgement areas that include a number of assumptions and estimates including estimated replacement costs, rental yields and occupancy rates, future net operating income and discount rates.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> Assessing the scope, objectivity and competency of the Group's independent expert, by obtaining an understanding of their qualification and experience; Ensuring management appropriately undertake property valuations every three years in line with their accounting policy; Evaluating the value of investment properties impairment by comparing the valuation against equivalent property sales data; Assessing the valuations utilising equivalent market data prepared by management's expert against our independent auditor's expert to evaluate on a sample basis both the key inputs and estimates utilised and agreeing key inputs to external market data; Assessing the competencies of the auditor's expert in accordance with ASA 620 <i>Using the work of an Auditors Expert</i> by utilising an independent expert to assess the work performed by management's expert; and Reviewing the appropriateness of the related disclosures within the financial statements.

Independent Auditor's Report

(cont'd)



Key audit matter

How our audit addressed the key audit matter

Revenue Recognition

(Refer to Note 4(m) and Note 5)

The Group recorded property and construction revenue of \$387.213 million for the year ended 31 December 2019.

The Group recognises revenue from contracts with customers as or when a performance obligation in the contract is satisfied.

The recognition of revenue from property development is over time as 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 from the sale of completed properties, held as inventories is recognised at a point in time, upon delivery of the property.

Performance against market expectation and profit based targets adopted by management places pressure to distort revenue recognition resulting in potential overstatement or deferral of revenue to meet financial targets or expectations.

Significant judgement is required in determining the performance obligation completed to date in relation to property development revenue.

This is a key audit matter as there is significant judgement and estimation relating to the recognition and measurement of property development and construction revenue.

Our procedures included, amongst others:

- Documenting the design of internal controls and performing testing of key controls identified for each material revenue stream over revenue recognition, the billing process including those controls over the prevention and detection of fraud and errors in revenue recognition and controls governing approvals to contract amounts;
- Assessing the Group's processes and controls in relation to the measurement and timing of revenue recognised;
- Selecting a sample of sale transactions taking place before and after balance sheet date to determine whether those transactions were recognised in the correct period;
- Testing management's arithmetic accuracy of data provided including assumptions on projects recognised over time. Sample testing was completed on key estimates, corroborated to supporting evidence and historical accuracy of the Group's ability to estimate in prior periods;
- Testing a sample for each material revenue stream to supporting documentation to support revenue recognised;
- Reviewing the Group's assessment of the application of the requirements of AASB15 *Revenue from Contracts with Customers* and conclusions reached;
- Assessing the transition adjustments recorded and ensured these were compliance with the requirements of AASB15 *Revenue from Contracts with Customers* and conclusions reached; and
- Reviewing the appropriateness of the related disclosures within the financial statements.

Emphasis of matter – COVID-19

We draw attention to Note 35 of the financial report, which describes the circumstances relating to the outbreak regarding COVID-19 and the uncertainty surrounding any potential financial impact on the financial report. Our opinion is not modified in respect of this matter.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 December 2019, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report 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.

Independent Auditor's Report
(cont'd)**Responsibilities of the Directors for the financial report**

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards 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 this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the remuneration report**Opinion on the remuneration report**

We have audited the Remuneration Report included in the Directors' report for the year ended 31 December 2019.

In our opinion, the Remuneration Report of United Overseas Australia Limited, for the year ended 31 December 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A stylized signature of the Grant Thornton firm.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature of M J Hillgrove.

M J Hillgrove
Partner – Audit & Assurance

Perth, 29 April 2020

ASX

Additional Information

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 23 April 2020.

(a) Distribution of equity securities

The number of shareholders, by size of holding, in each class of share are:

	Ordinary shares	
	Number of holders	Number of shares
1 – 1,000	154	39,707
1,001 – 5,000	255	715,114
5,001 – 10,000	183	1,415,043
10,001 – 100,000	394	13,518,667
100,001 And over*	112	1,464,443,796
	1,098	1,480,132,327

The number of shareholders holding less than a marketable parcel of shares are:

	Ordinary shares	
	Number of holders	Number of shares
1 – 724	126	13,937
725 and over*	972	1,480,118,390
	1,098	1,480,132,327

* Included in this figure is 1,002,065,372 shares in respect of the Company's secondary listing in Singapore

(b) Twenty largest shareholders

The names of the twenty largest holders of quoted shares are:

	Listed ordinary shares	
	Number of shares	Percentage of ordinary shares
1 The Central Depository (Pte) Limited	1,002,065,372	67.70%
2 Mahareno Sdn Bhd	93,041,390	6.29%
3 Transmetro Corporation Sdn Bhd	93,041,368	6.29%
4 Macrolantic Technology Sdn Bhd	93,041,368	6.29%
5 Wismara Sdn Bhd	60,207,082	4.07%
6 Amerena Sdn Bhd	38,624,735	2.61%
7 National Nominees Limited	10,998,220	0.74%
8 JP Morgan Nominees Australia Pty Limited	8,128,252	0.55%
9 Tan Sri Dato' Seri Alwi Jantan	7,852,360	0.53%
10 Lay Hoon Koh	6,514,596	0.44%
11 Chow Fong Wong	4,647,029	0.31%
12 Colin Robert Macewan & Bronwyn Beder	4,000,000	0.27%

ASX Additional Information
 (cont'd)

(b) Twenty largest shareholders (cont'd)

		Listed ordinary shares	
		Number of shares	Percentage of ordinary shares
13	Transmetro Sdn Bhd	2,711,953	0.18%
14	Hegford Pty Ltd	2,589,023	0.17%
15	Citicorp Nominees Pty Limited	2,150,253	0.14%
16	Chartreuse Nominees Pty Ltd	2,009,781	0.14%
17	Cecelia Chan	1,560,727	0.11%
18	Ju Lip Chew	1,559,010	0.11%
19	Reviresco Nominees Pty Ltd	1,500,000	0.10%
20	Mimi Miu-Kuen Ferguson	1,117,528	0.07%
		1,437,360,047	97.11%

(c) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Number of shares Held	% of Issued Shares
Chong Soon Kong	1,081,122,106	73.04%
Pak Lim Kong	828,184,715	55.95%

In calculating the number of shares, the following entities are considered to be associates of both the substantial shareholders and have been included in the total for each shareholder shown above.

	Number of shares Held	% of Issued Shares
Griyajaya Sdn Bhd	462,910,664	31.27%
Dream Legacy Sdn Bhd	187,366,625	12.66%

(d) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

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