



**ANNUAL REPORT**

**2020**





## COVER

Featuring unique dining concepts amidst 16 acres of verdant greenery, Bamboo Hills is located within a larger 26-acre mixed-use Jalan Ipoh development. Its hip and modern concept is centred around having lush bamboo landscape, unique dining pavilions and vast outdoor spaces just minutes from the city centre.

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The Sphere, Bangsar South

# MANAGEMENT DISCUSSION AND ANALYSIS



## OVERVIEW OF GROUP'S BUSINESS AND OPERATIONS

Financial year 2020 was a challenging year, many businesses were affected by the unprecedented global health crisis. Activities in the property market during the year contracted amidst the slowdown in the economy as a result of the pandemic. In financial year 2020, the total property sale for UOA Development Bhd and its subsidiaries (the "Group") was at approximately RM383.6 million. More than 90% of the new properties sold were in the residential segment. In addition to income from development activities, in financial year 2020, the Group recognised a gain on disposal arising from the completion of disposal of UOA Corporate Tower that was reflected as a fair value gain. Rental income and income from the operations of hospitality division continued to form part of the Group's Other Income. The travel restriction as a result of the pandemic had resulted in a drop in the income from the hospitality division.

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

Year Ended 31 December (RM'000)	2020	2019	2018	2017 (Restated)	2016
Revenue	844,597	1,104,457	1,263,677	1,078,257	996,193
Profit Before Tax	479,956	510,097	505,850	676,019	929,364
Finance Cost	1,037	7,375	6,663	4,171	6,705
Profit After Tax	399,733	408,422	411,598	541,946	710,638
Profit Attributable to Shareholders	391,288	399,474	378,916	506,735	676,726
Paid-Up Capital	2,519,752	2,286,285	546,343	309,607	81,623
Shareholders' Equity	5,418,187	5,064,894	4,680,733	4,329,842	3,813,100
Total Assets Employed	6,172,310	5,962,879	5,791,404	5,591,517	4,984,862
Total Net Tangible Assets	5,595,257	5,271,868	4,945,838	4,587,024	3,937,145
Total Borrowings	1,697	98,613	120,296	126,830	125,127
Debt/Equity (times)	negligible	0.02	0.03	0.03	0.03
Basic Earnings Per Share (RM)	0.19	0.21	0.21	0.30	0.43
Net Tangible Assets Per Share (RM)	2.63	2.68	2.68	2.64	2.41
Share Price – Year High (RM)	2.12	2.45	2.71	2.76	2.77
Share Price – Year Low (RM)	1.38	1.87	1.84	2.30	2.03
Closing Share Price @ End of Financial Year (RM)	1.69	2.03	2.12	2.39	2.35
Total Yearly Share Volume Traded ('000)	139,687	121,029	122,670	222,111	261,429
Market Capitalisation @ End of Financial Year (RM 'billion)	3.59	3.99	3.91	4.14	3.84





UOA Corporate Tower, Bangsar South

## REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION

In financial year 2020, the total revenue from property development for the Group was at RM844.6 million and the profit after tax and minority interests (PATAMI) was at RM391.3 million for the financial year ended 31 December 2020.

In comparison to the previous financial year, the revenue of the Group was lower at RM844.6 million. The Group's lower revenue during the financial year was a result of a slower property sales and there was no new project launch during the year. The temporary suspension of construction activities during the Movement Control Order (MCO) period also resulted in a delay in progressive revenue recognition.

Despite the drop in revenue, the Group's PATAMI for financial year 2020 was slightly lower at RM391.3 million compared to RM399.5 million in the preceding year. While the profit from development activities was lower, the disposal of UOA Corporate Tower, which was completed during the financial year, resulted in gain on disposal that was reflected as a fair value gain in the financial results of the Group.

Other Income was lower at RM190.8 million compared to RM274.2 million in the preceding year as the income from the operation of the Group's hospitality division, which forms a substantial part of Other Income, declined significantly amidst the Coronavirus (Covid-19) pandemic given the travel restriction and limitation on hosting conferences and events. Rental income has remained stable during the financial year despite the challenging environment.

As at the end of the financial year, substantially all the borrowings have been fully settled. As a result, the finance costs were reduced to RM1.0 million from RM7.4 million in the previous year. The cash and cash equivalents remained robust at RM1.76 billion as at 31 December 2020.

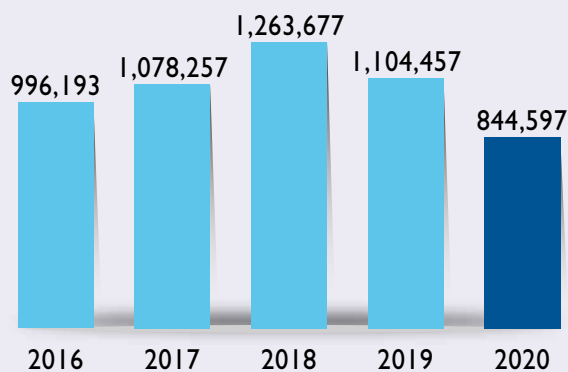
The capital commitment of the Group as at 31 December 2020 was at RM218.9 million. The capital commitment is mainly for the construction of investment properties and is expected to be funded from internally generated funds.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

On 31 December 2018, two wholly-owned subsidiaries of the Company were served by the Inland Revenue Board of Malaysia (IRB) with Notices of Additional Assessment for the Year of Assessment 2013 for additional income tax and penalties totaling RM39.6 million. The additional assessments arose from adjustments by the IRB to the market value and selling price of properties that were withdrawn from inventories and assigned to another wholly-owned subsidiary respectively. Upon consulting the Group's tax solicitors, the Company is of the view that there are good grounds to challenge the basis and validity of the disputed Notices of Additional Assessment raised by the IRB and the penalties imposed. The subsidiary companies have respectively filed in their appeal with the Special Commissioners of Income Tax (SCIT). The appeals have been fixed for mention before the SCIT in May 2021. Accordingly, the Directors are of the opinion that no provisions in respect of the tax liabilities and penalty in dispute are required to be made in the financial statements as at the reporting date. The Company continues to engage with IRB to resolve the disputed assessments and penalties.



REVENUE (RM '000)



PROFIT BEFORE TAX (RM '000)



### REVIEW OF OPERATING ACTIVITIES

The Group registered a total property sale of RM383.6 million in financial year 2020. Aster Green Residence, The Goodwood Residence, Sentul Point Suite Apartments and United Point Residence were amongst the projects which contributed mainly to the total property sold during the year.

#### Completed Developments

During financial year 2020, United Point Residence and the first phase of Sentul Point Suite Apartments were completed. United Point Residence is located in Kepong and complemented by easy access via major expressways and public transportation infrastructure. This development comprises 2,509 units of residences along with a commercial complex. The residential units have been delivered to the purchasers and the commercial complex, which forms part of the Group's investment properties, is currently being filled up by various tenants.

Sentul Point Suite Apartments which is located in Sentul consists of a total of 3 blocks of residences with 2,352 units of apartments and 142 units of retail shops. The first phase of Sentul Point Suite Apartments was completed and commenced delivery of vacant possession in the second half of financial year 2020. The two projects have a combined GDV of RM3.00 billion.

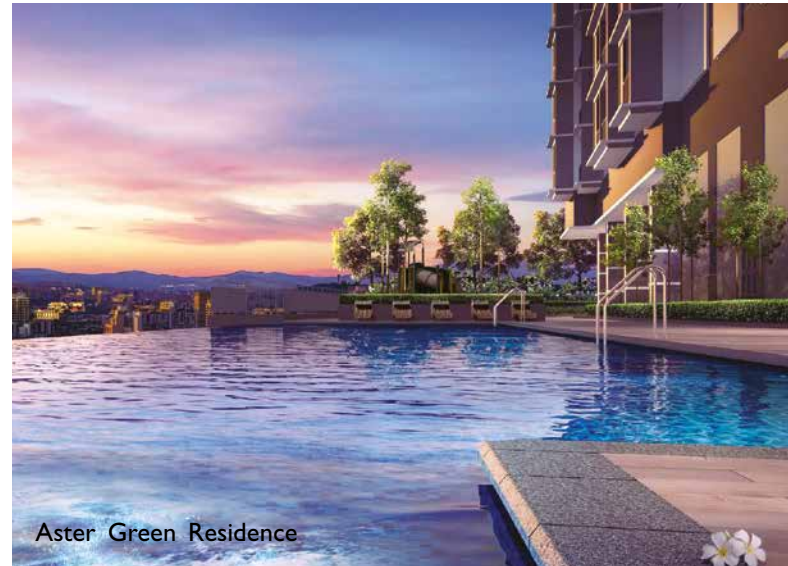


### Current Developments

Whilst the first phase of Sentul Point Suite Apartments has been completed and delivered to the purchasers, the second phase is expected to be completed and delivered in year 2021.

SouthLink Lifestyle Apartments is a project located within the vicinity of Bangsar South and is situated adjacent to our other residential project namely, South View Serviced Apartment and Komune Living. This project comprises 1 block of 44-storey freehold lifestyle apartments with 1,422 units along with a 2-storey lifestyle retail podium. It is expected to be completed in year 2021 ahead of schedule. The Goodwood Residence located within Bangsar South is a project that consists of 1 block of 40-storey residential tower with 678 units which focuses on multi-generational living. The two projects have a combined total GDV of RM1.15 billion.

Located within a matured township of Sri Petaling is a residential project named Aster Green Residence that is supported by ample amenities within a short distance. This project consists of a single block of 440 residential units.



Bandar Tun Razak development is a project located within the thriving township of Cheras, which is approximately 11 kilometers from Kuala Lumpur City Centre. This project is intended to be operated as residences with an emphasis on wellness and medical services. The project has commenced its construction in year 2020. Another notable project is the Jalan Ipoh development. The construction for the commercial area has commenced. The two developments have an anticipated combined GDV of RM6.30 billion.

### Future Developments

The Group will cautiously time its future project launches in line with the property market sentiment, the pandemic situation as well as the overall economic condition. Whilst there is no specific timeline for our future project launches, the Group continues its planning for future development projects in location such as Bangsar South and Sri Petaling.



# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)



RM **844.6** MIL  
Revenue



RM **391.3** MIL  
PATAMI

As a return to the shareholders, the Group maintains its dividend policy of paying 30% to 50% of realised profit after tax. The company had announced on 24 February 2021 that the Board of Directors have recommended a Special Dividend of 1 sen per ordinary share to be distributed being part of the utilization of proceeds from the disposal of UOA Corporate Tower. This will be in addition to the proposed first and final dividend of 14 sen per share for the financial year ended 31 December 2020.

## ANTICIPATED/KNOWN RISKS AND MOVING FORWARD

The Group recognises the risk of a prolonged or worsened pandemic situation which results in lockdowns may have further impact the country's economy and the property market sentiments. However, the Group is hopeful, given the availability of Covid-19 vaccine worldwide, to see a gradual return to normal which will result in an improvement in the economy. Remaining cautious in the outlook, the Group continues its focus on the mid-end residential segment within the Klang Valley.





# SUSTAINABILITY STATEMENT



Urban Rooftop Farm @ Nexus, Bangsar South

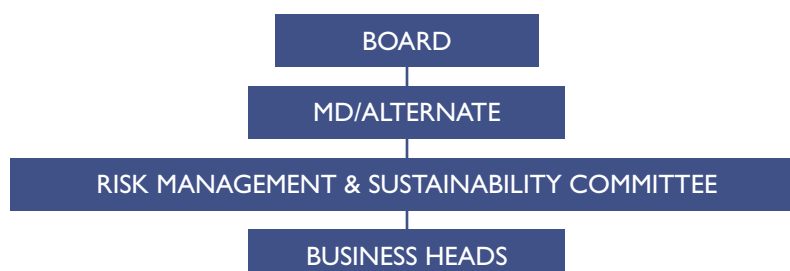
## INTRODUCTION

The year 2020 had been an unprecedented year due to the unfortunate onset of the global Covid-19 pandemic. With the government-mandated Movement Control Order (MCO) and Conditional Movement Control Order (CMCO), activities practically grounded to a halt for a prolonged period of time and many sectors including the property industry were drastically affected.

Uncertainties abound, and the widespread effects have further heightened the need for us to take an agile business resilience approach to managing the impact on our business operations. As such, various initiatives have been undertaken to support our business, the environment and the communities in which we operate as we navigate through the health and economic crisis towards a sustainable recovery.

## SUSTAINABILITY GOVERNANCE STRUCTURE

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



# SUSTAINABILITY STATEMENT (CONTINUED)

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

## STAKEHOLDER ENGAGEMENT

The table below highlights UOA's outreach efforts to its various stakeholder groups for FY2020. Feedback and suggestions are reviewed regularly to better understand their expectations, identify areas for improvement and facilitate future action plans.

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



## MATERIALITY ASSESSMENT

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

## MATERIAL ISSUES

### ECONOMIC

#### • Financial Sustainability

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

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

Key milestones include:

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

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

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

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

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

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

### Corporate Code of Conduct

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

# SUSTAINABILITY STATEMENT (CONTINUED)

## Compliance

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

## Conflicts

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

## Fair Dealing

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

## Company Assets & Property

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

## Knowledge & Information

- The accuracy, use and handling of information is critical to the Company's integrity and reputation.
- Personnel must ensure that information is recorded by them honestly and accurately and is made known to their relevant supervisor to enable the Company to meet its obligation to keep the market fully informed.

- Personnel must never make improper use of knowledge, information, documents or other company resources obtained in the course of their employment with the Company. Personnel must respect the confidentiality and observe the privacy of information about the Company, its customers and fellow Personnel. The security and proper use of Company information is mandatory.
- Personnel must use computer facilities appropriately. Unauthorised use, manipulation or other interference will be treated seriously. For example, private passwords to computer files should be kept confidential and unauthorised access to confidential information is prohibited.

## Confidential Information

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

## Disclosure & Securities Trading Prohibited

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

## Health Safety & Environment

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



Employment Practices

The Company subscribes to good employment practices, specifically:

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

Gifts & Entertainment

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

Whistle Blowing Policy

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

The Company's Anti-Bribery & Corruption Policy was established on 28 May 2020 and published on the Company's website. It was created in accordance with the Guidelines on Adequate Procedures issued pursuant to subsection (5) of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Act 694) which came into effect in June 2020. The Company has taken the necessary steps to implement the criteria of the said Policy.

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

- **Occupational Health & Safety**

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

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

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

# SUSTAINABILITY STATEMENT (CONTINUED)

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

- **Product Responsibility**

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

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

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

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

## Digitalisation

Numerous process automation initiatives have been implemented as part of our digitalisation plan to progressively use more technology to improve our business processes, operational and cost efficiencies. The initiatives, which were further accelerated by the Covid-19 pandemic, also aimed to contribute positively to our sustainability efforts by encouraging paperless adoption and reducing carbon footprint.

### Cashless & Ticketless Visitor Parking System

Parking is made easy with the introduction of a cashless and ticketless visitor parking system at designated premises. Visitors and season parking users are provided with a quick and convenient way to pay for parking through a wider choice of cashless payment options. The convenience-driven parking solution not only enhances customer experience, but also leads to improved parking management while reducing costs, time and energy.

#### (a) *Bangsar South - The Vertical, The Horizon, The Sphere, Nexus & Life Care*

The system was introduced at the designated car parks in January 2020 with debit (ATM) and credit card payment options for visitors. A web portal that offers season parking services for the tenants of Bangsar South was subsequently implemented in July 2020.

#### (b) *Sentul Village*

In September 2020, a fully cashless and ticketless car park system was implemented at the new commercial car park in Sentul Village. It features a technology that recognises number plates, and manages entry and exit as well as payment via a mobile application. Offering a hassle-free parking experience, it is also supported by a web portal for all visitors and season parking users.

### Owners Portal (Residential) - Joint Management Body (JMB) Accounts

The Owners Portal was established and deployed in United Point Residence (July 2020); Selayang Damai (August 2020); and Camellia & Wisma Life Care Serviced Apartments (December 2020) to support the automation of the JMB accounting system.

The online portal seeks to provide owners of units with greater convenience in managing owner services and communications. This include enabling unit owners to access electricity meter reading data and receive auto-billing/auto-reminder notifications.

### Bangsar South Masterplan Augmented Reality (AR) Model

An immersive AR model was unveiled to provide potential buyers with a view of 3D virtual model of the Bangsar South development projected on to a screen. Visitors can use the AR capabilities to view the project site from all angles, and gain an in-depth understanding of the property.



In the wake of the Covid-19 pandemic, the AR model has set the stage for the new normal of the property market with a veritable and interactive experience of touring properties in three-dimensional mode. In lieu of a conventional scale model with its associated costs and limitations, the AR model also serves as a unique alternative in terms of economical and time-saving benefits as well as technology-enabled convenience.

Project Quality Management System (Sentul Point)

The system features an integrated platform that enables the synchronisation of work processes that are digitised and automated using web and mobile devices. From early stages of the construction process until completion and final handover, it ensures the real-time collaboration and communication between all stakeholders on the project in a manner that reduces complexity, increases productivity and accountability as well as improves work quality while reducing costs.

The streamlined approach also eases the transition away from time-consuming and manual processes, leading to improved speed and efficiency in construction and defect management.

Centralised Document Management System (Aster Green)

From Bill of Quantities (BQ) preparation and tendering process to project management, the system facilitates the consolidation and automation of documentation processes in a single cloud-based platform. By centralising all project-related information in a secure, online location, it allows real-time tracking of documents, reports and correspondences involved from the planning to execution phases.

The digitised workflow functions, which serve to eliminate fragmented procedures and manual processes, not only drive efficiency gains and increase transparency, but also lower operating costs, reduce administrative burden and minimise human error.

## ENVIRONMENTAL

### • Material Sourcing & Supply Chain Management

UOA adopts an integrated approach in the design, construction and development of its projects. We are committed to managing our supply chain across the life cycle of the projects, from conceptual design development phase to subsequent construction and operation phases. This allows us to effectively manage our vendors, contractors and subcontractors, as well as

the diverse range of materials, equipment and services required to successfully deliver the developments. Vendors are selected based on their track record, financial strength, commitment towards high quality, as well as environmental and safety standards.

Our supply chain principles are derived by the following principles:

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

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

### • Energy, Water & Resource Efficiency

As a responsible developer, UOA is constantly seeking to improve energy, water and resource efficiency across our portfolio while working to minimise and mitigate the impacts of our building operations. Our efforts to reduce unnecessary usage and wastage are reflected in the following initiatives for our projects such as designated commercial buildings in Bangsar South (BS), Southlink (SL), The Goodwood Residence (TGR), UOA Business Park (UBP) and United Point (UP):

Double Glazing Unit

- Building façades are equipped with curtain glass wall using double glaze glass to reduce heat penetration into the building

(Project: BS)

Lighting Zoning & Energy Saving Light Fitting

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

(Project: BS)

# SUSTAINABILITY STATEMENT (CONTINUED)

## Sub-Metering

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

(Projects: BS, UBP & UP Mall)

## Energy Management System

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

(Projects: BS & UBP)

## Heat Recovery Wheel

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

(Project: BS)

## Smoke Free Zone

- Smoking is prohibited in the building

(Projects: BS, UBP & UP Mall)

## Indoor Air Pollutants

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

(Project: BS)

## Centralised Air-Conditioning System

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

(Projects: BS, UBP & UP Mall)

## Refrigerant & Clean Agents

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

(Projects: BS, UBP & UP Mall)

## Rainwater Harvesting

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

(Projects: BS, UBP & UP Mall)

## Water Efficient Landscaping

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

(Projects: BS, UBP & UP Mall)

## Water Efficient Fittings

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

(Projects: BS, UBP & UP Mall)



The Central Park, Bangsar South



Non-Chemical Water Treatment for Cooling Tower

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

(Project: BS)

Green Nursery

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

(Project: BS)

Recycled Festive Decoration Materials

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

(Project: BS)

Listed below are the additional cost saving measures adopted in designated commercial buildings in Bangsar South during the MCO 1.0, MCO 2.0 and first RMCO phases:

- Reduction in operation hours of air-conditioning and lighting to increase energy savings
- Closure of designated washrooms in building premises to reduce water usage
- Reduction in security personnel due to the closure of designated stations
- Reduction in the frequency of hygiene services
- Reduction in the frequency of rubbish collection services
- Reduction in the frequency of lifts, escalators and access control services

Cut & Fill Earthworks

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

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

Temporary Soil Stabilisation

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

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

Pollution Control Mechanism

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

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

Durable Aluminium Formwork System

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

(Projects: SL, TGR & UP Residence)

Noise Pollution Control

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

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

Construction Waste Management

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

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

# SUSTAINABILITY STATEMENT (CONTINUED)



Urban Rooftop Farm @ Nexus, Bangsar South

## Urban Rooftop Farm (Nexus, Bangsar South)

Undertaken in partnership with Homegrown Farms, one of the pioneers of vertical aquaponic rooftop farming agricultural solutions, the pilot rooftop farming project aimed to contribute to the sustainability of Bangsar South and Kerinchi neighbourhood by nurturing the community's connection with nature.

The rooftop at Nexus was identified as the suitable place to install a vertical aquaponic farm - one that combines aquaculture (the rearing of fish) with hydroponics (plant growing) within a water medium, mimicking a natural ecosystem and creating a potent, dynamic equilibrium between fish, plants, and bacterial microorganisms.

Spread over an area of 200 square feet, the construction of Nexus' rooftop farm was completed at the beginning of the recovery movement control order (RMCO) and planting began in early July 2020. Its first harvest in mid-September 2020 (and subsequent ones after that) produced a flourishing crop of organic, pesticide free herbs and vegetables.

In celebration of the milestone, UOA organised a series of mini-tours to create awareness about urban agriculture amongst its staff members, where participants learnt more about the aquaponic system, tried crop harvesting, and even came away with bundles of fresh vegetables and seedling packets.

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

## Energy Conservation

- Opening one staff canteen for all business units to facilitate savings on energy, manpower and other operating costs
- Turning off the air-conditioning and non-essential lighting during non-event days
- Turning on the air-conditioning for a limited time period only or upon request during event set up days
- Using natural light whenever possible in the ballrooms and function rooms
- Escalators are set on reduced speed and standby mode
- Activating power management, standby and shutdown modes on computers
- Cleaning/replacing filters in furnace regularly to enhance air flow and system operation

## Go Green Initiatives

- Introduction of reduced carbon footprint and lower environmental impact meeting packages
  - (a) For virtual meetings, a studio (meeting room) is permanently set up to universal specifications for clients to rent.
  - (b) For clients' business continuity purposes, office spaces (meeting rooms) are permanently set up to cater to their office needs on a short-term basis.

The above meeting packages aim to reduce carbon emissions from the transfer and teardown of equipment as well as the dependency on labour needed to run meetings.

- Minimising paper consumption by using electronic communication and encouraging double-sided printing/photocopying
- Packaging is sourced from suppliers who are able to supply environmentally friendly materials and avoid usage of styrofoam and polystyrene products
- Facilities and services feature in IPTV to reduce printing of collaterals and notices
- Resource sharing among the business units. Any unused assets or materials will be transferred to other business units in need to prevent the waste of resources (mineral water, linen, wine bottle, AV equipment, wheel chair, etc.)



- Digital filing to minimise printing, sorting, scanning and filing paper

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

## SOCIAL

### EMPLOYEE WELFARE

Due to the Covid-19 pandemic, there was a need for us to redirect our efforts to foster employee well-being by providing consistent and clear communication about health risks and preventive measures as we are committed to providing a safe and healthy workplace for our employees.

The Covid-19 standard operating procedure (SOP) was put in place to guide our employees on the necessary steps to follow while at work and outside of work. We have also fully complied to the SOP and guidelines issued by the government in relation to Covid-19 workplace management.

Full support was provided to employees who work from home for non-essential functions, and alternate work from home and office arrangements for other relevant functions. We also separated employees in every department into two teams as part of our business continuity plan.

Employees who have symptoms or in close contact with Covid-19 patients were sent to the clinics for Covid-19 test and required to practise home quarantine. To facilitate ease of communication with our employees, a Human Resource personnel was appointed to keep track of Covid-19 related cases involving our employees, and to respond to staff queries.

We also continued our efforts on people development through performance management and manpower planning. Our performance management system is structured to support our business plans based on a top-down strategy.

As part of our sustainability efforts to reduce our paper footprint, we have shifted from a paper-based appraisal system to an e-appraisal system. Employees are encouraged to support the move towards a more environmentally friendly paperless operation by submitting internal paper forms and reports using the platform. Every employee was given an individual and team KPIs to facilitate performance assessment for the year.

As of 31 December 2020, there are 861 employees under UOA's employment. The employee profile background is as follows:

### EMPLOYEE BREAKDOWN

TOTAL NUMBER	861	%
<b>Gender</b>		
Female	369	43%
Male	492	57%
<b>Race</b>		
Malay	491	57%
Chinese	351	41%
Indian	4	<1%
Others	15	2%
<b>Age</b>		
<30	267	31%
31-40	284	33%
41-50	182	21%
51-60	90	11%
>60	38	4%

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

#### Recruitment

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

#### Training & Development

Relevant internal and external training programmes that tailor to different divisions and individual employees were organised. Total training hours in 2020 was 4,637.90 and total participants was 435. Average training hours per employee is 10.66. Training given to the employees included leadership, soft skills and specific job-related courses.

#### Internship

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

# SUSTAINABILITY STATEMENT (CONTINUED)

## Office Sustainable Practices

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

- print and photocopy required copies only
- print emails and documents only when necessary
- practise double-sided printing and photocopying
- access internal documents such as company policies, administration documents and application forms via online portal
- use electronic soft copies instead of printed copies
- turn off the lights, computers and air-conditioning of their divisions when not in use

## COMMUNITY OUTREACH

As a responsible corporate citizen, we give back to communities wherever we operate through our multi-faceted approach towards corporate social responsibility (CSR). UOA recognises the importance of such engaging initiatives as they form the basis of a caring community, thereby helping to shape a better and more sustainable society.

In light of the Covid-19 pandemic, UOA donated RM300,000 to the 'Star Frontliners Initiative' through Star Foundation - a fund to help provide the purchase of essential medical supplies for hospitals and medical staff to battle the escalating outbreak. The fundraising initiative was launched by Star Foundation, the charitable arm of Star Media Group.

Faced with this unprecedented crisis, many medical frontliners are risking their lives to keep Malaysians safe due to a lack of critical support and equipment. The contribution aimed to accelerate efforts to provide them with the necessities that they urgently need to fight this pandemic.

UOA also introduced a 'Let Love Light Malaysia' campaign to pay tribute to the frontliners. The campaign was initiated as a way of bringing people together and channel our collective gratitude and support to the doctors, nurses, care workers and medical teams for their selfless acts of courage, dedication and service to the nation.

UOA's three buildings in Bangsar South, namely VE Hotel & Residence, Komune Living and Invito shined hearts of hope in a show of solidarity to the unsung heroes. It was a heartwarming gesture to lift their spirits during these challenging times by sharing words of appreciation and notes of encouragement. Submissions by members of the public were made via social media with the official hashtag #LetLoveLightMalaysia.

In addition, UOA also distributed 7,000 face masks to families within the vulnerable communities in Kerinchi. The CSR initiative was organised with the support of ADRF Malaysia, a non-profit organisation, to provide the underprivileged families with protection against the possibility of Covid-19 infection. As the conditions around the pandemic continue to evolve, we are committed to do our part in helping the communities in need by extending support to those affected by pandemic-related circumstances.



VE Hotel & Residence, Bangsar South



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Alan Charles Winduss**

*(Chairman/Independent Non-Executive Director)*

**Kong Chong Soon @ Chi Suim**

*(Managing Director/Non-Independent Director)*

**Kong Pak Lim**

*(Executive Director/Non-Independent Director)*

**Ang Kheng Im**

*(Executive Director/Non-Independent Director)*

**Terence Teo Chee Seng**

*(Independent Non-Executive Director)*

**Dato Sri Ar. Steve Low Shu Nyok**

*(Independent Non-Executive Director)*

**Kong Sze Choon**

*(Alternate Director to Kong Chong Soon @ Chi Suim)*

**Stephanie Kong Pei Zen**

*(Alternate Director to Kong Pak Lim)*

## AUDIT AND RISK MANAGEMENT COMMITTEE

**Dato Sri Ar. Steve Low Shu Nyok**

*(Chairman, Independent Non-Executive Director)*

**Alan Charles Winduss**

*(Independent Non-Executive Director)*

**Terence Teo Chee Seng**

*(Independent Non-Executive Director)*

## NOMINATION AND REMUNERATION COMMITTEE

**Dato Sri Ar. Steve Low Shu Nyok**

*(Chairman, Independent Non-Executive Director)*

**Alan Charles Winduss**

*(Independent Non-Executive Director)*

**Terence Teo Chee Seng**

*(Independent Non-Executive Director)*

## SECRETARIES

**Yap Kai Weng** (MAICSA No: 74580)

**Wong Yoke Leng** (MAICSA No: 7032314)

## COMPANY REGISTRATION NO.

200401015520 (654023-V)

## REGISTERED OFFICE

No. 9, Jalan Indah 16

Taman Cheras Indah

56100 Kuala Lumpur

Telephone: +603 9287 1000

Facsimile : +603 9287 2000

## SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd

Unit 32-01, Level 32, Tower A

Vertical Business Suite

Avenue 3, Bangsar South City

No. 8, Jalan Kerinchi

59200 Kuala Lumpur

Telephone: +603 2783 9299

Facsimile : +603 2783 9222

## PRINCIPAL PLACE OF BUSINESS

UOA Corporate Tower

Lobby A, Avenue 10, The Vertical

Bangsar South City

No. 8, Jalan Kerinchi

59200 Kuala Lumpur

Telephone: +603 2245 9188

Facsimile : +603 2245 9128

## AUDITORS

Grant Thornton Malaysia PLT

(201906003682 & LLP0022494-LCA & AF No. 0737)

Level 11, Sheraton Imperial Court

Jalan Sultan Ismail

50250 Kuala Lumpur

Telephone: +603 2692 4022

Facsimile : +603 2732 5119

## PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad

RHB Bank Berhad

United Overseas Bank (M) Bhd

CIMB Bank Berhad

Industrial and Commercial Bank of China

## STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad

## STOCK CODE

5200

## WEBSITE

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

## INVESTOR RELATIONS

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

Telephone: I 300 88 6668

# FINANCIAL CALENDAR



## FINANCIAL YEAR

1 January to 31 December 2020

## ANNOUNCEMENT OF QUARTERLY RESULTS

### 29 June 2020

Announcement of unaudited consolidated results for the first quarter ended 31 March 2020

### 26 August 2020

Announcement of unaudited consolidated results for the second quarter ended 30 June 2020

### 25 November 2020

Announcement of unaudited consolidated results for the third quarter ended 30 September 2020

### 24 February 2021

Announcement of unaudited consolidated results for the fourth quarter ended 31 December 2020

## ANNUAL REPORT & ANNUAL GENERAL MEETING

### 26 April 2021

Date of notice of 17<sup>th</sup> Annual General Meeting and issuance of Annual Report 2020

### 25 May 2021

Date of 17<sup>th</sup> Annual General Meeting

## DIVIDEND

To be proposed at the 17<sup>th</sup> Annual General Meeting



# CORPORATE STRUCTURE



## UOA DEVELOPMENT



## BOARD OF DIRECTORS

The members of the Board of Directors are as follows:

### ALAN CHARLES WINDUSS

*Chairman/Independent  
Non-Executive Director*

### KONG CHONG SOON @ CHI SUIM

*Managing Director/  
Non-Independent Director*

### KONG PAK LIM

*Executive Director/  
Non-Independent Director*

### ANG KHENG IM

*Executive Director/  
Non-Independent Director*

### TERENCE TEO CHEE SENG

*Independent Non-Executive Director*

### DATO SRI AR. STEVE LOW SHU NYOK

*Independent Non-Executive Director*

### KONG SZE CHOON

*Alternate Director to Kong Chong  
Soon @ Chi Suim*

### STEPHANIE KONG PEI ZEN

*Alternate Director to Kong Pak Lim*

# PROFILE OF BOARD OF DIRECTORS

## ALAN CHARLES WINDUSS

*Chairman/Independent Non-Executive Director*

Alan Charles Winduss, Australian, male, aged 80, was appointed a Director of our Company on 24 January 2011. He is a member of the Audit and Risk Management Committee and the Nomination and Remuneration Committee. He was re-designated to Independent Non-Executive Director on 11 April 2018. He was appointed Chairman on 23 May 2018. He is a Director of Winduss & Associates Pty Ltd Chartered Accountants. He has been involved in professional Public Practice for over 33 years, specialising in matters relating to corporate management, restructuring, corporate finance and company secretarial matters including the Australian Securities Exchange ("ASX") and the Australian Securities Exchange and Investments Commission compliance. The accounting practice of Winduss & Associates Pty Ltd lists among its field of expertise matters relating to property development, management and ownership.

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

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

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

## KONG CHONG SOON @ CHI SUIM

*Managing Director/Non-Independent Director*

Kong Chong Soon @ Chi Suim, Malaysian, male, aged 80, was appointed a Director of the Company on 27 May 2004. He is responsible for the overall group management and strategy development. He has over 36 years of experience in the construction and property development industries, both in Malaysia and Singapore. He played a key role as Project Advisor to the Harapan group of companies where he was instrumental in overseeing the successful construction of three internationally-rated hotels in Singapore, namely Hotel Meridien, Glass Hotel and Changi Meridien Hotel, valued in excess of SGD866.0 million, during the 1970s and 1980s.

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

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

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



## PROFILE OF BOARD OF DIRECTORS (CONTINUED)

### KONG PAK LIM

*Executive Director/Non-Independent Director*

Kong Pak Lim, Malaysian, male, aged 68, was appointed a Director of the Company on 27 May 2004. He oversees the planning and design of the Group's commercial and residential projects and is also responsible for the identification and negotiation of all new land acquisitions.

Mr. Kong has over 42 years of experience in the construction, mining and property development industries in both Malaysia and Australia. He has worked extensively in various capacities in Australia, among them as Project Engineer in Davis Wemco in charge of mining design, construction and material handling and as a Director of Ferro Engineering Pty Ltd responsible for structural and mechanical fabrication of oil & gas and mining equipment.

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

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

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

### ANG KHENG IM

*Executive Director/Non-Independent Director*

Ang Kheng Im, Malaysian, female, aged 55, was appointed a Director of the Company on 11 April 2018. She has been the Chief Financial Officer of our Parent Group since 1994. Following the reorganisation pursuant to the listing of our Company, she was transferred to our Company. She is responsible for our finance and accounts departments and also oversees the internal control function, company secretarial compliance, tax compliance, management information system and legal matters. Prior to joining our Group, she spent four years as a Senior Auditor at Khoo Wong and Chan. She completed the final year of professional education at Emile Woolf College, London, United Kingdom in 1992 and obtained her professional qualification from the Association of Chartered Certified Accountants in London, United Kingdom in the same year. She is a Chartered Accountant of Malaysia and is a member of the Malaysian Institute of Accountants.

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

**DATO SRI AR. STEVE LOW SHU NYOK***Independent Non-Executive Director*

Dato Sri Ar. Steve Low Shu Nyok, Malaysian, male, aged 67, was appointed a Director of the Company on 30 May 2012. He is also a member of the Audit and Risk Management Committee and the Nomination and Remuneration Committee.

Dato Sri Ar. Low was Founder/Director of SN Low & Associates Sdn Bhd in 1987. He is currently Managing Director of SN Low & Associates Sdn Bhd. Prior to this, he was Architect at Stewart & Riddick & Partners in Finchley, London, and Owen-Ward & Palmer Architect in Palmer Green, London, United Kingdom. He has more than 33 years' experience in the building/construction industry.

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

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

**TERENCE TEO CHEE SENG***Independent Non-Executive Director*

Terence Teo Chee Seng, Singaporean, male, aged 66, was appointed an Independent Non-Executive Director of the Company on 20 December 2012. He is also a member of the Audit and Risk Management Committee and the Nomination and Remuneration Committee. He is in legal practice in Singapore, specialising primarily in the corporate sector. He has been in practice for more than 33 years.

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

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

## PROFILE OF BOARD OF DIRECTORS (CONTINUED)

### KONG SZE CHOON

*(Alternate Director to Kong Chong Soon @ Chi Suim)*

Kong Sze Choon, Singaporean, male, aged 44, was appointed on 20 August 2015 as Alternate Director to Mr. Kong Chong Soon @ Chi Suim, who is the Managing Director of the Company. He is a graduate of Curtin University of Technology, Perth, Australia with a Bachelor of Commerce Degree in Finance. He has worked in financial institutions in Singapore where he was involved in managing and growing the investment portfolio of high net worth individuals. He was part of the management team of UOA Asset Management Sdn Bhd ("UOA Asset Management") which is the Manager for UOA Real Estate Investment Trust, and held the position of Assets Management Manager prior to his appointment as Chief Executive Officer of UOA Asset Management.

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

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

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

### STEPHANIE KONG PEI ZEN

*(Alternate Director to Kong Pak Lim)*

Stephanie Kong Pei Zen, Malaysian, female aged 36, was appointed on 12 October 2017 as Alternate Director to Mr. Kong Pak Lim, who is the Executive Director of the Company. She is a First Class Honours graduate from The University of Sydney, Australia with a Bachelor Degree in Mechanical/Biomedical Engineering.

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

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

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



# KEY MANAGEMENT TEAM

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

The members of the key management team, as at 31 December 2020, are as follows:

## KONG CHONG SOON @ CHI SUIM

**Nationality:**  
Malaysian

**Designation:**  
*Managing Director*

## KONG SZE CHOON

**Nationality:**  
Singaporean

**Designation:**  
*Alternate Director to Kong Chong Soon @ Chi Suim*

## KONG PAK LIM

**Nationality:**  
Malaysian

**Designation:**  
*Executive Director*

## STEPHANIE KONG PEI ZEN

**Nationality:**  
Malaysian

**Designation:**  
*Alternate Director to Kong Pak Lim*

## ANG KHENG IM

**Nationality:**  
Malaysian

**Designation:**  
*Executive Director/Chief Financial Officer*

## CECELIA CHAN

**Nationality:**  
Singaporean

**Designation:**  
*Property Director*

## TONG EE PING

**Nationality:**  
Malaysian

**Designation:**  
*Chief Operating Officer (Construction)*

## NG BOON HWEE

**Nationality:**  
Malaysian

**Designation:**  
*Chief Operating Officer (Planning)*

## KONG SZE HOU

**Nationality:**  
Singaporean

**Designation:**  
*Head of Hospitality*

## YAP KANG BENG

**Nationality:**  
Malaysian

**Designation:**  
*Senior Manager, Corporate Affairs*

## PROFILE OF KEY MANAGEMENT TEAM

### CECELIA CHAN

*Property Director*

Cecelia Chan, Singaporean, female, aged 66, was Property Director of UOA Holdings Sdn Bhd from 1989 to 2004, a position she held until the establishment of UOA Real Estate Investment Trust (UOA REIT) in 2005. She was then appointed as Chief Executive Officer of UOA Asset Management Sdn Bhd (Manager for UOA REIT), a position she held until her resignation on 14 January 2011. Whilst at UOA Asset Management Sdn Bhd, she oversaw the property leasing and building management activities of UOA REIT. At UOA Holdings Sdn Bhd as Property Director, she was responsible for leading and formulating its marketing and sales strategies. Following the reorganisation pursuant to the listing of our Company, she was transferred to our Company and redesignated as our Property Director. Before joining United Overseas Australia Ltd ("Parent Group"), she held various positions in a number of private property development companies in Singapore. She graduated from YMCA in 1974 with a Diploma in Marketing Management.

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

### TONG EE PING

*Chief Operating Officer (Construction)*

Tong Ee Ping, Malaysian, male, aged 62, who is our Chief Operating Officer (Construction) has been with our Parent Group since 1988. He is responsible for overseeing our Parent Group's construction activities undertaken through Allied Engineering Construction Sdn Bhd and URC Engineering Sdn Bhd. Following the reorganisation pursuant to the listing of our Company, he was transferred to our Company. Prior to joining our Group, he was Senior Site Foreman at Progressive Builders Pte. Ltd. between 1985 and 1988 where he supervised building works. He holds a Bachelor of Science Degree in BioChemistry with Honours from Punjab Agricultural University where he graduated in 1981.

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

### NG BOON HWEЕ

*Chief Operating Officer (Planning)*

Ng Boon Hwee, Malaysian, male, aged 61, who is our Chief Operating Officer (Planning), joined our Company in 2014 and is responsible for overseeing project management of our development projects. Prior to joining our Company, he had worked in several development companies and overseas projects in the Middle East. He graduated in 1984 with a Bachelor Degree in Civil Engineering from University of Malaya.

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

Mr Ng has retired from the Company with effect from 31 December 2020.

**KONG SZE HOU***Head of Hospitality*

Kong Sze Hou, Singaporean, male, aged 37, heads the hospitality division of the UOA Group. He joined our Group in 2016. He is responsible for the expansion, branding and operation of the Hospitality division.

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

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

**YAP KANG BENG***Senior Manager, Corporate Affairs*

Yap Kang Beng, Malaysian, male, aged 45, who is our Senior Manager, Corporate Affairs, joined UOA Group in 2010. He is responsible for corporate affairs and investor relations matters. He is also involved in leasing as well as sales and marketing of commercial developments of the Group.

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

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

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



# CORPORATE GOVERNANCE STATEMENT

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

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

## A. BOARD OF DIRECTORS

### Board Responsibilities

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

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

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

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

The Company’s anti-Bribery & corruption Policy was established on 28 May 2020 and is published on the Company’s website. It was set up in accordance with the Guidelines on Adequate Procedures issued pursuant to subsection (5) of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Act 694) which came into effect in June 2020. The Company has taken the necessary steps to implement the criteria of the said Policy.

### Independence and Time Commitment

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

### Supply of Information

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

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

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

### Board Composition

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

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

The Independent Non-Executive Directors bring independent advice and unbiased judgement on issues of strategy, business performance and standard of conduct and thus help to ensure that the interest of shareholders and stakeholders of the Company are safeguarded. There is a clear segregation of responsibilities between the Chairman and the Managing Director to ensure a balance of power and authority. The Chairman's primary role is to lead and manage the Board and is responsible for conducting meetings of the Board and shareholders. He also ensures that the Directors are properly briefed during Board discussion and shareholders are informed of any subject matters requiring their approval in General Meeting. The Managing Director has the primary responsibility of managing the Group's business and resources and is responsible for the development, implementation of strategy and overseeing and managing the day-to-day operations of the Group. Currently, the tenure of Independent Directors on the Board has not exceeded nine (9) years, the tenure stated in the CG Code and which the Board adopts.

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

# CORPORATE GOVERNANCE STATEMENT (CONTINUED)

## Board Meetings

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

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

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

## Board Committees

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

- Audit and Risk Management Committee**

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

- Nomination and Remuneration Committee**

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



documented. The Company Secretary will ensure that all appointments are properly made and that legal and regulatory obligations are met.

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

The Nomination and Remuneration Committee determines the policy and structure of the remuneration package of the Executive Directors. In the case of the Independent Non-Executive Directors, determination of their remuneration is a matter for the Board as a whole. The respective directors will abstain from deliberation of their own remuneration. The Nomination and Remuneration Committee held two (2) meetings during the financial year ended 31 December 2020.

The Nomination and Remuneration Committee also reviews the term of office and performance of the Audit and Risk Management Committee annually and determines whether the Audit and Risk Management Committee has functioned effectively during the year under review. As the members of both committees are the same Directors, the Audit and Risk Management Committee is assessed as a whole based on its achievements in reviewing the external auditors' and internal auditors' reports and bringing up significant issues to the Board. The last review by way of an assessment form was performed on 14 April 2021.

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

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

### **Retirement by Rotation and Re-election to the Board**

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

### **Directors' Training**

In order to keep abreast with the latest regulatory development, all Directors are required to attend the Mandatory Accreditation Programme ("MAP") and other continuing education programme prescribed by Bursa Securities. The Directors will continue to undergo relevant training programmes on a continuous basis in compliance with Paragraph 15.08 of the Listing Requirements.

The Board has taken on the responsibility in evaluating and determining the specific and continuous training needs of the Directors on a regular basis. Programmes are sent regularly to all the Directors for them to select the programmes that they are able to attend. During the financial year, the Directors attended the following training programmes and seminars to further broaden their skills, knowledge and perspective and

## CORPORATE GOVERNANCE STATEMENT (CONTINUED)

keep them abreast with the new and relevant developments pertaining to changes in legislation and regulations in order to discharge their duties more effectively.

Directors	Training/Seminars Attended
Alan Charles Winduss	(1) ASX – KPMG Financial Disclosures related to Climate Changes (2) Webinar GT Malaysia. Transfer pricing in Malaysia (3) NAB Webinar. The economic effect of falling interest rates (4) ASW Continuous Compliance Updates In-house. Monthly Taxation briefings and updates
Kong Chong Soon @ Chi Suim	(1) Tax Budget Briefing
Kong Pak Lim	(1) Tax Budget Briefing
Ang Kheng Im	(1) EY Malaysian Budget 2021 Webinar (2) TTCS Virtual Tax Conference 2021
Terence Teo Chee Seng	(1) The 7 Elements of Interest-based Conflict Resolution (2) Practical Court on Stamp Duty Rules for Share Duty & Additional Conveyance Duties (3) Insights into Cross-Examination of Factual & Expert Witness – Cross Examination of Experts
Dato Sri Ar. Steve Low Shu Nyok	(1) Financial Language in the Board Room
Kong Sze Choon Alternate Director to Kong Chong Soon @ Chi Suim	(1) What is 5G? (2) How 5G Going To Change The World (3) Get Ready for the Current Global Financial Crisis (4) Covid-19 Pandemic: The Black Swan Theory & Butterfly Effect on World Economy (5) Tax Budget Briefing
Stephanie Kong Pei Zen Alternate Director to Kong Pak Lim	(1) Tax Budget Briefing

### B. DIRECTORS' REMUNERATION

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

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

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

#### Group and Company

Directors	Fees RM'000	Salaries RM'000	Bonuses RM'000	Other Emoluments* RM'000	Benefits in Kind RM'000	Total RM'000
Kong Chong Soon @ Chi Suim	-	988	2,600	431	80	4,099
Kong Pak Lim	-	988	2,600	431	97	4,116
Ang Kheng Im	-	957	801	210	20	1,988
Alan Charles Winduss	60	-	-	10	-	70
Dato Sri Ar. Steve Low Shu Nyok	60	-	-	10	-	70
Terence Teo Chee Seng	60	-	-	7	-	67

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

### C. SHAREHOLDERS

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

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

### D. ACCOUNTABILITY AND AUDIT

#### Financial Reporting

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

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

# CORPORATE GOVERNANCE STATEMENT (CONTINUED)

## Related Party Transactions

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

## Statement on Risk Management and Internal Control

The Statement on Risk Management and Internal Control furnished on page 40 to 45 of this Annual Report provides an overview on the status of internal controls within the Group.

## Relationship with External Auditors

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

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

## Compliance with the Practices of the CG Code

The Board of Directors has taken measures to ensure that the Group fully complies with all the practices of corporate governance as identified in the CG Code throughout the financial year ended 31 December 2020. The CG Report can be viewed at the Company's website, [www.uoa.com.my](http://www.uoa.com.my).

The disclosure of this Statement on Corporate Governance was approved by the Board during the Board Meeting held on 14 April 2021.



# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

## FORMATION

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

## COMPOSITION

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

Dato Sri Ar. Steve Low Shu Nyok- Independent Non-Executive Director/Chairman of the ARMC

Terence Teo Chee Seng - Independent Non-Executive Director

Alan Charles Winduss - Independent Non-Executive Director

## SUMMARY OF TERMS OF REFERENCE

### 1. COMPOSITION

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

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

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

### 2. FREQUENCY AND ATTENDANCE OF MEETINGS

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

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

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

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

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

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONTINUED)

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

The ARMC held six (6) meetings during the financial year ended 31 December 2020. The details of attendance of the ARMC are as follows:

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

## 3. KEY FUNCTIONS & RESPONSIBILITIES

The key functions and responsibilities of the ARMC shall be:

### External Audit

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

### Internal Audit

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

The Internal Audit Function of the Company is performed in-house, undertaken by the Internal Audit Department of the ultimate holding company, United Overseas Australia Ltd. The share of cost for the Internal Audit Function amounted to approximately RM223,498 for the financial year ended 31 December 2020.

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

### Financial Reporting Review

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

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

Related Party Transactions

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

Internal Control Systems

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

Other matters

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

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

The ARMC met six (6) times during the financial year ended 31 December 2020. The activities of the ARMC for the financial year were as follows:

- i. Reviewed the quarterly financial results announcements and year-end financial statements of the Group examining:
  - The overall performance of the Group
  - The prospects for the Group
  - The implementation of major accounting policies and practices
  - Compliance with accounting standards and other legal requirements
- ii. Discussed any significant audit findings in respect of the financial statements of the Group with External Auditors.
- iii. Reviewed the External Auditors' Audit Progression Memorandum, Audit Completion Memorandum and Audit Plan.
- iv. Reviewed the reports and statements for the Annual Report 2020.
- v. Reviewed and approved the internal audit plan for year ending 31 December 2021.
- vi. Reviewed the internal audit reports including details of planned activities that were carried out, audit findings and recommendations, which were tabled at the quarterly ARMC Meetings. A summary of internal audit activities are as follows:
  - Reviewed the Group wide risk register and heat map subsequent to the yearly risk assessment
  - Review of sales & marketing and credit control processes for The Goodwood Residence.
  - Review of hospitality operation procedures for VE Hotel & Residence.
  - Review of project management for URC Engineering Sdn Bhd
- vii. Reviewed the independence and performance of the External Auditors and the non-audit services of the External Auditors.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

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

## BOARD’S RESPONSIBILITIES

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

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

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

## INTERNAL AUDIT FUNCTION

The internal audit function is undertaken by the Internal Audit Department of the ultimate holding company, United Overseas Australia Ltd (“UOA Ltd”). The Audit Committee assisted by the Internal Audit Department of UOA Ltd (“Internal Auditors”), provides the Board with the assurance it requires on the adequacy and integrity of the system of internal control. The Audit Committee has an oversight function of all activities carried out by the Internal Auditors. The principal role of the Internal Auditors is to independently review whether internal controls and risk management of the Group are appropriate for its business and is operating as intended, a framework of controls and an effective risk management framework are in place to manage risks and management responses to these risks are acceptable.

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



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

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

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

The professionalism and competency of Internal Auditors are being emphasised through continuous training, regular performance evaluation by the Audit Committee and professional certification attained. For the year ended 31 December 2020, the Internal Audit Department comprises 3 Internal Auditors. The department is headed by Mr. Look Chee Leong, who is a Certified Internal Auditor. All Internal Audit personnel are free from any relationship or conflicts of interest, which could impair their independence and objectivity.

## RISK MANAGEMENT

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

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

## KEY ELEMENTS OF INTERNAL CONTROL

- Established a conducive internal control environment in respect of the overall attitude, awareness and actions of Directors and management regarding the internal control system and its importance to the Group.
- Clear Group vision, mission, corporate philosophy and strategic direction which are communicated to employees at all levels.
- Relevant Board Committees with formal Terms of References clearly outlining their functions and duties delegated by the Board. The authorities and accountabilities are further emphasised in Board Charter.
- Key responsibilities and accountability in the organisational structure are clearly defined, with clear reporting lines up to the Board and its committees. Established delegation of authority which sets out the appropriate authority levels for decision making, including matters requiring the Board's approval. A process of hierarchical reporting has been established which provides a documented and auditable trail of accountability.
- Internal policies and guidelines are effectively communicated to all employees through memos and internal information portals.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

- Establishment of an effective segregation of duties via independent checks, reviews and reconciliation activities to prevent human errors, fraud and abuses.
- Continuous quality improvement initiatives to obtain accreditation for all operating subsidiaries such as ISO, QCLASSIC and CONQUAS certification.
- Internal policies and procedures, which are set out in a series of clearly documented standard operating manuals covering a majority of areas within the Group, are maintained and subject to periodical review and updated to reflect changing risks to resolve operational deficiencies. Instances of non-compliance with such policies and procedures are reported thereon by Internal Auditors to the Board via the Audit Committee.
- The Group's management team monitors and reviews financial and operational results, including monitoring and reporting of performance against the operational plans. The management team formulates and communicates action plans to address areas of concern.
- A budget is prepared and regular budget meetings are held to ensure variances are promptly identified and addressed by the management.
- Establishment of an in-house Internal Audit Department which undertakes the responsibility as independent reviewer of internal control to provide sufficient and reasonable assurance to the Audit Committee.
- A Whistle Blowing Policy has been implemented to provide a channel for staff to voice any concerns.
- Human Resource Department periodically informed the staff through employee engagement and new policy to govern staff code of conduct, cultivate corporate culture and define employee performance and ethical behaviour.
- The Audit Committee regularly convenes meetings to deliberate on the findings and recommendations for improvement by Internal Auditors, external auditors as well as regulatory authorities. The Audit Committee reviews the actions taken to rectify the findings in a timely manner, and to evaluate the effectiveness and adequacy of the Group's internal control system.
- The preparation of periodic and annual results and the state of affairs of the Group is reviewed and approved by the Board before release of the same to the regulators whilst the full year financial statements are audited by the external auditors prior their issuance to the regulators and shareholders.
- Directors and Senior Management conduct regular site visits and communicate with employees of different levels to have first-hand knowledge of significant operational matters and risks.
- An on-going training and educational program have been implemented for Directors and relevant staff in assessing the adequacy and integrity of the Group's risks and control processes.
- Implementation of proper guidelines for hiring and termination of staff, formal training programs for staff, annual performance appraisals and other procedures are in place to ensure professionalism and competency of staff have been emphasised through continuous training and regular performance evaluation.
- Safety and health regulations, environmental requirements and relevant legislations affecting the Group's operations have been considered and complied with, as appropriate.

### RISK MANAGEMENT FRAMEWORK

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

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

For year 2020, the Group identified major risks and mitigating actions were undertaken within appropriate timeframes. The major risks identified are as follows:

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

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

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

### **2. Stock of Completed Development Properties**

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

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

### **3. Changes on Government Policies**

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

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

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

## 4. Softening of Hospitality Business

The Movement Control Order and travelling restrictions imposed by the government due to the Coronavirus ("Covid-19") pandemic has impacted the cash flow and profitability of hospitality businesses.

Mitigation Plan: To minimise the impact of Covid-19 pandemic on hospitality businesses, the management has initiated rooms sales promotion in on-line platforms to improve revenue. Marketing of brand on social media is conducted to enhance awareness of our brand. Food and beverage businesses have switched to on-line platforms to improve accessibility to customers. In addition, management has in place cost management initiatives in operations to derive cost savings. Standard operating procedures related to prevention of Covid-19 are implemented in the hotels and convention centres to minimise the risk of Covid-19 to our guests and staff.

## RISK MANAGEMENT STRATEGIES

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

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

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

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

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

## Other Risks and Control Process

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

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



### Review of the Statement by External Auditors

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

### The Board’s Commitment

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

## ADDITIONAL COMPLIANCE INFORMATION

### Share Buy Backs

There were no share buy backs during the financial year ended 31 December 2020.

As at 31 December 2020, there were 1,133,800 treasury shares held by the Company.

### Options, Warrants or Convertible Securities

There were no options granted or convertible securities issued during the financial year ended 31 December 2020.

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

There were no ADR or GDR sponsored by the Company during the financial year ended 31 December 2020.

### Sanctions and/or Penalties

There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors and Management by the relevant regulatory bodies during the financial year ended 31 December 2020.

### Non-Audit Fees

Non-audit fees paid/payable to External Auditors of the Company and the Group for the financial year ended 31 December 2020 amounted to RM29,000 (2019: RM4,000) and RM47,000 (2019: RM24,000) respectively. The non-audit fees were in respect of services as Reporting Accountants for the proposed disposal of UOA Corporate Tower, review of the Statement on Risk Management and Internal Control of the Company and reporting on the Housing Development Accounts.

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

### Variation in Results

There were no profit estimations, forecasts and projections made or released by the Company during the financial year ended 31 December 2020.

### Profit Guarantee

There were no profit guarantees given by the Company and its subsidiaries during the financial year ended 31 December 2020.

### **Material Contracts**

There were no material contracts entered into by the Company and its subsidiaries involving directors' and major shareholders' interest which were still subsisting as at the end of the financial year under review or which were entered into since the end of the previous financial year except as disclosed in note 37(a) to the Financial Statements.

### **Employees Share Option Scheme ("ESOS")**

The Company did not have any ESOS in place for the year ended 31 December 2020.

### **Recurrent Related Party Transactions**

At the Annual General Meeting of the Company held on 29 June 2020, the Company had obtained the approval from its shareholders for the proposed renewal of shareholders' mandate and proposed new mandate to enter into recurrent related party transactions of a revenue or trading nature, which are necessary for its day-to-day operations and in the ordinary course of its business, with related parties.

The said mandate took effect on 29 June 2020 and will continue until the conclusion of the forthcoming Annual General Meeting of the Company. The Company will be seeking its shareholders' approval to renew this mandate at the forthcoming general meeting. Details of the recurrent related party transactions undertaken by the Group during the financial year are disclosed in note 37 to the Financial Statements in this Annual Report.

# **DIRECTORS’ RESPONSIBILITY STATEMENT**

**for the Audited Financial Statements**

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

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

In preparing the financial statements, the Directors have:

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

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



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## CORPORATE INFORMATION

### DIRECTORS

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

### SECRETARIES

Yap Kai Weng  
Wong Yoke Leng

### AUDITORS

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

### REGISTERED OFFICE

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

### PRINCIPAL PLACE OF BUSINESS

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

# DIRECTORS' REPORT

for the Year Ended 31 December 2020

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

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

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

## FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year attributable to:		
Owners of the Company	391,288	
Non-controlling interests	8,445	
Net profit for the financial year	399,733	188,345

## DIVIDENDS

During an Annual General Meeting held on 29 June 2020, the shareholders of the Company resolved to approve the Company's Dividend Reinvestment Scheme ("DRS").

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

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

A first and final single tier dividend of 14 sen per ordinary share amounting to RM275,243,248 in respect of the financial year ended 31 December 2019, as proposed in the Directors' report for that financial year.

The dividend of RM275,243,248 was settled as follows:

- RM233,467,188 have been settled via the issuance of 157,748,100 new ordinary shares pursuant to the DRS to shareholders who have elected for the DRS.
- RM41,776,060 was paid to shareholders who elected to receive the dividends in cash.

The Directors now recommend a first and final single tier dividend of 14 sen and special dividend of 1 sen per ordinary share in respect of the financial year ended 31 December 2020 amounting to RM318,565,695 based on 2,123,771,300 ordinary shares (net of treasury shares at the date of this report) for shareholders' approval at the forthcoming Annual General Meeting.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend will be accounted for in the statements of changes in equity as an appropriation of retained profits in the financial year ending 31 December 2021.

# DIRECTORS' REPORT

for the Year Ended 31 December 2020 (Continued)

## RESERVES AND PROVISIONS

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

## ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM2,286,285,066 to RM2,519,752,254 by way of issuance of 157,748,100 new ordinary shares pursuant to the DRS of the Company.

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

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

## SHARE OPTIONS

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

## TREASURY SHARES

During an Annual General Meeting held on 29 June 2020, the shareholders of the Company resolved to approve the Company's share buy-back of up to 10% of the Company's issued and paid-up ordinary shares.

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

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

## HOLDING COMPANIES

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

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

**SUBSIDIARY COMPANIES**

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

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

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

**DIRECTORS**

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

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

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

Chang Cheng Wah  
Eugene Lee Chin Jin  
Foong Kin Fai  
Koh Koek Hung  
Kong Sze Hou  
Tong Ee Ping  
Carol Philomena Clark  
Albert Chan Kin Soong



# DIRECTORS' REPORT

for the Year Ended 31 December 2020 (Continued)

## DIRECTORS' INTERESTS

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

	Number of ordinary shares			
	At 1.1.2020	Bought	Sold	At 31.12.2020
<b>The Company</b>				
<u>Direct interests</u>				
Alan Charles Winduss	105,700	-	-	105,700
Kong Sze Choon	95,200	9,000	-	104,200
Ang Kheng Im	170,720	16,100	-	186,820
<u>Indirect interests</u>				
Kong Chong Soon @ Chi Suim*	1,381,363,740	130,669,200	-	1,512,032,940
Kong Pak Lim*	1,381,151,320	130,649,300	-	1,511,800,620
Kong Sze Choon*	35,100	3,300	-	38,400
<b>United Overseas Australia Ltd (ultimate holding company)</b>				
<u>Direct interests</u>				
Kong Chong Soon @ Chi Suim	176,628	1,705,620	-	1,882,248
<u>Indirect interests</u>				
Kong Chong Soon @ Chi Suim*	1,080,945,478	62,492	-	1,081,007,970
Kong Pak Lim*	828,184,715	3,755	-	828,188,470

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

**DIRECTORS' INTERESTS (CONTINUED)**

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

	Number of ordinary shares			
	At 1.1.2020	Bought	Sold	At 31.12.2020
<b>Directors' interest in subsidiary companies</b>				
<u>Indirect interests</u>				
Kong Chong Soon @ Chi Suim#:				
Peninsular Home Sdn Bhd	40	-	-	40
Scenic Point Development Sdn Bhd	100,000	-	-	100,000
Ceylon Hills Sdn Bhd	90,000	-	-	90,000
Everise Tiara (M) Sdn Bhd	120,000	-	-	120,000
Everise Project Sdn Bhd	120,000	-	-	120,000

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

**DIRECTORS' BENEFITS**

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

Since the end of the previous financial year, no Directors of the Company have received or become entitled to receive any benefit (other than benefits included in the aggregate amount of remuneration received or due and receivable by the Directors shown in the financial statements or the fixed salary of a full-time employee of the Company as shown in Note 37 to the Financial Statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than those related party transactions as disclosed in Note 37 to the Financial Statements.

**INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS**

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

# DIRECTORS' REPORT

for the Year Ended 31 December 2020 (Continued)

## OTHER STATUTORY INFORMATION

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

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

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

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

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

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

In the opinion of the Directors:

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

**SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND AFTER THE REPORTING DATE**

Significant events during the financial year and after the reporting date are disclosed in Note 47 to the Financial Statements.

**AUDITORS**

Details of auditors' remuneration is set out in Note 32 to the Financial Statements.

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

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

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

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KONG PAK LIM

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KONG CHONG SOON @ CHI SUIM

22 March 2021

## STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on the pages 63 to 137 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of their financial performance and cash flows for the financial year then ended.

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

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KONG PAK LIM

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KONG CHONG SOON @ CHI SUIM

22 March 2021

## STATUTORY DECLARATION

I, Ang Kheng Im, being the Director primarily responsible for the financial management of UOA Development Bhd, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 63 to 137 are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by    )  
the abovenamed at Kuala Lumpur in    )  
the Federal Territory this day of        )  
22 March 2021                                )

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ANG KHENG IM  
(MIA NO.: 11954)  
CHARTERED ACCOUNTANT

Before me:

Commissioner for Oaths



# INDEPENDENT AUDITORS' REPORT

to the Members of UOA Development Bhd

(Incorporated in Malaysia) Registration No.: 200401015520 (654023-V)

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of UOA Development Bhd, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 63 to 137.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

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

### Independence and Other Ethical Responsibilities

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

### Key Audit Matters

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

#### *Fair value of investment properties*

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

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

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

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

# INDEPENDENT AUDITORS' REPORT

to the Members of UOA Development Bhd

(Incorporated in Malaysia) Registration No.: 200401015520 (654023-V) (Continued)

## Report on the Audit of the Financial Statements (Continued)

### Key Audit Matters (Continued)

#### *Revenue and cost of sales recognition for property development activities*

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

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

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

The Group's disclosures regarding property development activities are included in Notes 3.10, 6, 10, 29 and 30 to the Financial Statements.

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

### Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

### Responsibilities of the Directors for the Financial Statements

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

## **Report on the Audit of the Financial Statements (Continued)**

### ***Responsibilities of the Directors for the Financial Statements (Continued)***

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

# INDEPENDENT AUDITORS' REPORT

to the Members of UOA Development Bhd

(Incorporated in Malaysia) Registration No.: 200401015520 (654023-V) (Continued)

## Report on the Audit of the Financial Statements (Continued)

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

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

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

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

### **Other Matter**

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

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

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KHO KIM ENG  
(NO: 03137 / 10 / 2022 J)  
CHARTERED ACCOUNTANT

Kuala Lumpur  
22 March 2021

# STATEMENTS OF FINANCIAL POSITION

as at 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	420,013	439,132	4,757	4,124
Investment properties	5	1,346,419	1,850,584	-	-
Inventories	6	629,526	594,162	-	-
Investment in subsidiary companies	7	-	-	1,116,368	954,268
Equity investments	8	88,387	31,858	16,728	12,836
Deferred tax assets	9	60,093	57,758	-	-
Total non-current assets		2,544,438	2,973,494	1,137,853	971,228
Current assets					
Inventories	6	1,333,950	1,451,349	-	-
Contract assets	10	185,445	281,014	-	-
Trade receivables	11	235,308	150,995	-	-
Other receivables	12	67,247	92,659	8,104	8,973
Amount owing by subsidiary companies	13	-	-	1,547,677	1,518,383
Amount owing by related companies	14	189	258	-	1
Current tax assets		45,136	69,717	1,271	143
Short term investments	15	109,002	223,773	24,075	13,428
Fixed deposits with licensed banks	16	931,621	200,136	11,335	36,305
Cash and bank balances	17	719,974	519,484	12,137	41,332
Total current assets		3,627,872	2,989,385	1,604,599	1,618,565
TOTAL ASSETS		6,172,310	5,962,879	2,742,452	2,589,793
EQUITY AND LIABILITIES					
Equity					
Share capital	18	2,519,752	2,286,285	2,519,752	2,286,285
Merger reserve	19	2,252	2,252	-	-
Fair value reserve	20	8,669	4,888	7,852	3,960
Retained earnings		2,889,633	2,773,588	197,564	284,462
Treasury shares	21	(2,119)	(2,119)	(2,119)	(2,119)
Equity attributable to owners of the Company		5,418,187	5,064,894	2,723,049	2,572,588
Non-controlling interests	7	177,070	206,974	-	-
Total equity		5,595,257	5,271,868	2,723,049	2,572,588



# STATEMENTS OF FINANCIAL POSITION

as at 31 December 2020 (Continued)

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
LIABILITIES					
Non-current liabilities					
Amount owing to non-controlling shareholders of subsidiary companies	22	1,884	1,641	-	-
Lease liabilities	23	822	1,404	246	455
Deferred tax liabilities	24	39,844	82,128	-	-
Total non-current liabilities		42,550	85,173	246	455
Current liabilities					
Trade payables	25	249,298	233,580	-	-
Other payables	26	206,062	207,431	17,858	16,066
Amount owing to immediate holding company	27	325	402	15	51
Amount owing to a subsidiary company	13	-	-	884	-
Amount owing to related companies	14	12,016	42,245	131	262
Amount owing to non-controlling shareholders of subsidiary companies	22	45,500	50,984	-	-
Lease liabilities	23	875	1,244	269	371
Borrowings	28	-	54,000	-	-
Current tax liabilities		20,427	15,952	-	-
Total current liabilities		534,503	605,838	19,157	16,750
Total liabilities		577,053	691,011	19,403	17,205
TOTAL EQUITY AND LIABILITIES		6,172,310	5,962,879	2,742,452	2,589,793

The accompanying notes form an integral part of the financial statements

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the Financial Year Ended 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	29	<b>844,597</b>	1,104,457	<b>187,953</b>	241,373
Cost of sales	30	<b>(485,011)</b>	(691,209)	-	-
Gross profit		<b>359,586</b>	413,248	<b>187,953</b>	241,373
Fair value adjustments on investment properties		<b>108,765</b>	34,238	-	-
Fair value gain on non-cash distribution		-	11,396	-	-
Finance income		<b>21,166</b>	24,041	<b>1,153</b>	822
Other income		<b>190,826</b>	262,804	<b>50,863</b>	50,648
Impairment (losses)/reversal of financial assets		<b>(739)</b>	(2,525)	-	202
Administrative and general expenses		<b>(148,083)</b>	(155,150)	<b>(51,483)</b>	(78,618)
Other expenses		<b>(50,528)</b>	(70,580)	-	-
Finance costs	31	<b>(1,037)</b>	(7,375)	<b>(33)</b>	(52)
Profit before tax	32	<b>479,956</b>	510,097	<b>188,453</b>	214,375
Tax expenses	33	<b>(80,223)</b>	(101,675)	<b>(108)</b>	(923)
Net profit for the financial year		<b>399,733</b>	408,422	<b>188,345</b>	213,452
Other comprehensive income:					
Item that will not be reclassified subsequently to profit or loss					
Fair value gain on remeasurement of financial assets		<b>3,781</b>	2,723	<b>3,892</b>	3,960
Total comprehensive income for the financial year		<b>403,514</b>	411,145	<b>192,237</b>	217,412
Net profit for the financial year attributable to:					
Owners of the Company		<b>391,288</b>	399,474		
Non-controlling interests		<b>8,445</b>	8,948		
		<b>399,733</b>	408,422		
Total comprehensive income attributable to:					
Owners of the Company		<b>395,069</b>	402,197		
Non-controlling interests		<b>8,445</b>	8,948		
		<b>403,514</b>	411,145		
Earnings per share (RM)	34	<b>0.19</b>	0.21		

The accompanying notes form an integral part of the financial statements

# STATEMENTS OF CHANGES IN EQUITY

for the Financial Year Ended 31 December 2020

	Note	Attributable to owners of the Company					Treasury shares RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
		Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000				
<b>Group</b>										
Balance at 1 January 2019		546,343	1,496,594	2,252	2,165	2,635,498	(2,119)	4,680,733	265,105	4,945,838
Transition to no-par value regime		1,496,594	(1,496,594)	-	-	-	-	-	-	-
Total comprehensive income for the financial year		-	-	-	2,723	399,474	-	402,197	8,948	411,145
Dividends to non-controlling shareholders of subsidiary companies		-	-	-	-	-	-	-	(104,082)	(104,082)
Dividends to shareholders of the Company	35	243,348	-	-	-	(258,123)	-	(14,775)	-	(14,775)
Partial disposal of shares in a subsidiary company		-	-	-	-	(3,261)	-	(3,261)	37,003	33,742
<b>Balance at 31 December 2019</b>		<b>2,286,285</b>	<b>-</b>	<b>2,252</b>	<b>4,888</b>	<b>2,773,588</b>	<b>(2,119)</b>	<b>5,064,894</b>	<b>206,974</b>	<b>5,271,868</b>
Total comprehensive income for the financial year		-	-	-	3,781	391,288	-	395,069	8,445	403,514
Dividends to non-controlling shareholders of subsidiary companies		-	-	-	-	-	-	-	(38,349)	(38,349)
Dividends to shareholders of the Company	35	233,467	-	-	-	(275,243)	-	(41,776)	-	(41,776)
<b>Balance at 31 December 2020</b>		<b>2,519,752</b>	<b>-</b>	<b>2,252</b>	<b>8,669</b>	<b>2,889,633</b>	<b>(2,119)</b>	<b>5,418,187</b>	<b>177,070</b>	<b>5,595,257</b>

Company	Note	Share capital RM'000	Share premium RM'000	Fair value reserve RM'000	Retained earnings RM'000	Treasury shares RM'000	Total equity RM'000
Balance at 1 January 2019		546,343	1,496,594	-	329,133	(2,119)	2,369,951
Transition to no-par value regime		1,496,594	(1,496,594)	-	-	-	-
Total comprehensive income for the financial year		-	-	3,960	213,452	-	217,412
Dividends	35	243,348	-	-	(258,123)	-	(14,775)
Balance at 31 December 2019		2,286,285	-	3,960	284,462	(2,119)	2,572,588
Total comprehensive income for the financial year		-	-	3,892	188,345	-	192,237
Dividends	35	233,467	-	-	(275,243)	-	(41,776)
Balance at 31 December 2020		2,519,752	-	7,852	197,564	(2,119)	2,723,049

The accompanying notes form an integral part of the financial statements

# STATEMENTS OF CASH FLOWS

for the Financial Year Ended 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
OPERATING ACTIVITIES					
Profit before tax		479,956	510,097	188,453	214,375
Adjustments for:					
Fair value adjustments on investment properties		(108,765)	(34,238)	-	-
Bad debts written off		67	-	-	-
Inventories written down		4,085	-	-	-
Impairment losses/(reversal) of financial assets		739	2,525	-	(202)
Depreciation		20,965	21,208	1,195	1,365
Fair value gain on non-cash distribution		-	(11,396)	-	-
Loss/(gain) on disposal of property, plant and equipment		13,378	(34)	(62)	-
Gain on disposal of quoted shares		-	(606)	-	(606)
Property, plant and equipment written off		449	212	113	1
Loss on partial disposal of a subsidiary company		-	-	-	30,072
Distribution income from equity investments		(1,369)	(1,443)	-	-
Distribution income from short term investments		(4,719)	(5,504)	(594)	(384)
Dividend income from subsidiary companies		-	-	(187,748)	(241,373)
Dividend income from equity investments		(205)	-	(205)	-
Interest income		(16,447)	(18,537)	(559)	(438)
Interest expense		1,037	7,375	33	52
Operating profit before working capital changes		389,171	469,659	626	2,862
Changes in working capital:					
Inventories		33,721	58,137	-	-
Contract assets		95,569	14,045	-	-
Receivables		(59,707)	240,705	(3,218)	(2,166)
Payables		14,082	(92,078)	1,661	313
Cash generated from/(used in) operations		472,836	690,468	(931)	1,009
Interest received		11,326	11,496	-	-
Dividend received		-	-	187,748	241,373
Net tax paid		(95,786)	(132,551)	(1,236)	(620)
Net cash from operating activities		388,376	569,413	185,581	241,762



	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
INVESTING ACTIVITIES					
Additions to investment properties		(42,841)	(81,772)	-	-
Purchase of property, plant and equipment	A	(15,732)	(57,946)	(1,874)	(256)
Proceeds from disposal of property, plant and equipment		418	38	66	-
Proceeds from disposal of investment property		700,000	-	-	-
Proceeds from disposal of equity investments		-	1,740	-	1,740
(Advances to)/repayments from subsidiary companies		-	-	(25,207)	280,636
Repayments from/(advances to) related companies		69	(254)	1	2
Acquisition of shares in existing subsidiary companies		-	-	(162,100)	(441,500)
Acquisition of equity investments		(52,648)	(10,010)	-	(10,010)
Proceeds from partial disposal of shares in a subsidiary company		-	33,742	-	33,742
Distribution received from short term investments		4,719	5,504	594	384
Distribution received from equity investments		1,369	1,443	-	-
Dividend received from equity investments		205	-	205	-
Interest received		5,088	6,854	559	438
Net cash from/(used in) investing activities		600,647	(100,661)	(187,756)	(134,824)
FINANCING ACTIVITIES					
Repayment of bank borrowings		(54,000)	(20,000)	-	-
Fixed deposits (pledged)/unpledged		(5)	1,527	(5)	(5)
Payment of lease liabilities		(1,310)	(2,684)	(382)	(565)
(Repayments to)/advances from immediate holding company		(41)	(150)	(36)	21
Advances from/(repayments to) subsidiary companies		-	-	884	(31,274)
Repayments to related companies		(30,098)	(611)	-	-
Repayments to non-controlling shareholders of subsidiary companies		(5,298)	(2,145)	-	-
Interest paid		(947)	(7,110)	(33)	(52)
Dividends paid to owners of the Company	35	(41,776)	(14,775)	(41,776)	(14,775)
Dividends paid to non-controlling shareholders of subsidiary companies		(38,349)	(56,530)	-	-
Net cash used in financing activities		(171,824)	(102,478)	(41,348)	(46,650)

# STATEMENTS OF CASH FLOWS

for the Financial Year Ended 31 December 2020 (Continued)

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
CASH AND CASH EQUIVALENTS					
Net changes		817,199	366,274	(43,523)	60,288
At beginning of financial year		943,239	576,965	90,911	30,623
At end of financial year		1,760,438	943,239	47,388	90,911
Represented by:					
Short term investments		109,002	223,773	24,075	13,428
Fixed deposits with licensed banks		931,621	200,136	11,335	36,305
Cash and bank balances		719,974	519,484	12,137	41,332
		1,760,597	943,393	47,547	91,065
Fixed deposits pledged		(159)	(154)	(159)	(154)
		1,760,438	943,239	47,388	90,911

## NOTES TO THE STATEMENTS OF CASH FLOWS

### A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Aggregate cost of property, plant and equipment acquired, net of reversals		16,091	58,947	1,945	305
Financed via lease liabilities arrangements		(359)	(1,001)	(71)	(49)
Total cash acquisitions		15,732	57,946	1,874	256

### B. CASH OUTFLOWS FOR LEASES AS A LESSEE

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Included in net cash from operating activities:					
Payment relating to short-term leases		6,307	7,634	7,452	7,476
Included in net cash from financing activities:					
Payment of lease liabilities		1,310	2,684	382	565
Interest paid in relation to lease liabilities		125	199	33	52
Total cash outflows for leases		7,742	10,517	7,867	8,093

The accompanying notes form an integral part of the financial statements

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2020

## I. GENERAL INFORMATION

UOA Development Bhd (the “Company”) is a public limited liability company incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are disclosed in page 50.

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

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors passed on 22 March 2021.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

### 2.2 Basis of measurement

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

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

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

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

A fair value measurement of a non-financial market takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020 (Continued)

## 2. BASIS OF PREPARATION (CONTINUED)

### 2.2 Basis of measurement (Continued)

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

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

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

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

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

### 2.3 Functional and presentation currency

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

### 2.4 Adoption of new standards/amendments/improvements to MFRS

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

At the beginning of the current financial year, the Group and the Company adopted new standards/amendments/improvements to MFRS which are mandatory for the financial periods beginning on or after 1 January 2020.

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

## 2. BASIS OF PREPARATION (CONTINUED)

### 2.5 Standards issued but not yet effective

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

#### Amendment to MFRS effective 1 June 2020:

Amendment to MFRS 16	Covid-19-Related Rent Concessions
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#### Amendments to MFRSs effective 1 January 2021:

Amendments to MFRS 9*, 139*, 7*, 4* and 16	Interest Rate Benchmark Reform - Phase 2
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#### Amendments to MFRSs effective 1 January 2022:

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contract - Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018-2020	

#### MFRS and amendments to MFRSs effective 1 January 2023:

MFRS 17 and amendments to MFRS 17*	Insurance Contracts
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current

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

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

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

### 2.6 Significant accounting estimates and judgements

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



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020 (Continued)

## 2. BASIS OF PREPARATION (CONTINUED)

### 2.6 Significant accounting estimates and judgements (Continued)

#### 2.6.1 Estimation uncertainty

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

##### Useful lives of depreciable assets

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

##### Deferred tax assets

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

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

##### Inventories

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

##### Fair value of investment properties

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

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

## 2. BASIS OF PREPARATION (CONTINUED)

### 2.6 Significant accounting estimates and judgements (Continued)

#### 2.6.1 Estimation uncertainty (Continued)

##### Property development activities and construction contracts

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

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

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

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

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

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

##### Impairment of non-financial assets

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

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 Financial Year Ended 31 December 2020 (Continued)

## 2. BASIS OF PREPARATION (CONTINUED)

### 2.6 Significant accounting estimates and judgements (Continued)

#### 2.6.1 Estimation uncertainty (Continued)

##### Income taxes

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

#### 2.6.2 Significant management judgements

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

##### Classification between investment properties and owner-occupied properties

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

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

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

##### Deferred tax on investment properties

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

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

### 3. SIGNIFICANT ACCOUNTING POLICIES

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

#### 3.1 Consolidation

##### 3.1.1 Subsidiary companies

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

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

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

##### 3.1.2 Basis of consolidation

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

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

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

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020 (Continued)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.1 Consolidation (Continued)

#### 3.1.2 Basis of consolidation (Continued)

##### Changes of interests in subsidiary companies

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

##### Transactions with non-controlling interests

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

##### Loss of control

When the Company loses control of a subsidiary company:

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



### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.1 Consolidation (Continued)

##### 3.1.3 Business combinations

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

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

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020 (Continued)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.2 Property, plant and equipment

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

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

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

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

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

The principal annual depreciation rates used are as follows:

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

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

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

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

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.3 Investment properties

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

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

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

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

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

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

#### 3.4 Leases

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

##### 3.4.1 As a lessee

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

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020 (Continued)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.4 Leases (Continued)

#### 3.4.1 As a lessee (Continued)

##### 3.4.1.1 Lease liabilities

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

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

##### 3.4.1.2 Short-term leases

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

##### 3.4.1.3 Right-of-use assets

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

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.4 Leases (Continued)

##### 3.4.1 As a lessee (Continued)

##### 3.4.1.3 Right-of-use assets (Continued)

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

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

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

##### 3.4.2 As a lessor

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

#### 3.5 Inventories

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

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

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

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

##### 3.5.1 Land held for property development and properties under construction

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

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



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020 (Continued)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.6 Financial instruments

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

#### 3.6.1 Financial assets

##### Initial recognition and measurement

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

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

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

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

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

##### Subsequent measurement

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

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

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.6 Financial instruments (Continued)

##### 3.6.1 Financial assets (Continued)

##### **Subsequent measurement (Continued)**

##### Financial assets at amortised cost

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

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

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

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

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

##### **Derecognition**

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020 (Continued)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.6 Financial instruments (Continued)

#### 3.6.1 Financial assets (Continued)

##### Derecognition (Continued)

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

##### Impairment

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

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

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

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

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

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

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

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.6 Financial instruments (Continued)

##### 3.6.1 Financial assets (Continued)

###### Impairment (Continued)

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

##### 3.6.2 Financial liabilities

###### Initial recognition and measurement

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

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

###### Subsequent measurement

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

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

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

###### Financial liabilities at amortised cost

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

###### Derecognition

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

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020 (Continued)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.6 Financial instruments (Continued)

#### 3.6.3 Offsetting of financial instruments

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

### 3.7 Cash and cash equivalents

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

### 3.8 Equity instruments and reserves

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

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

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

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

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

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

### 3.9 Impairment of non-financial assets

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

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.



### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.9 Impairment of non-financial assets (Continued)

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

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

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

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

#### 3.10 Revenue from contracts with customers

##### 3.10.1 Revenue recognition

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020 (Continued)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.10 Revenue from contracts with customers (Continued)

#### 3.10.1 Revenue recognition (Continued)

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

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

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

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

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

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

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

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

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

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.10 Revenue from contracts with customers (Continued)

##### 3.10.2 Contract assets

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

##### 3.10.3 Contract liabilities

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

##### 3.10.4 Contract costs

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

#### 3.11 Employee benefits

##### 3.11.1 Short-term employee benefits

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

##### 3.11.2 Post-employment benefits

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

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

#### 3.12 Borrowing costs

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

#### 3.13 Tax expenses

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

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020 (Continued)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.13 Tax expenses (Continued)

#### 3.13.1 Current tax

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

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

#### 3.13.2 Deferred tax

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

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

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

### 3.14 Operating segments

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

## 4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Freehold buildings RM'000	Leasehold buildings RM'000	Leasehold land RM'000	Plant, machineries and motor vehicles RM'000	Furniture, fittings and equipment RM'000	Construction in progress RM'000	Total RM'000
<b>Cost</b>								
At 1.1.2019	-	-	241,420	2,294	101,532	65,216	110,998	521,460
Additions	-	-	245	-	2,134	8,065	48,503	58,947
Disposals	-	-	-	-	(108)	(6)	-	(114)
Written off	-	-	-	-	(6,811)	(467)	-	(7,278)
Reclassification	18,500	141,001	-	-	-	-	(159,501)	-
<b>At 31.12.2019</b>	<b>18,500</b>	<b>141,001</b>	<b>241,665</b>	<b>2,294</b>	<b>96,747</b>	<b>72,808</b>	<b>-</b>	<b>573,015</b>
Additions	-	9,899	32	-	1,032	5,472	-	16,435
Disposals	-	-	-	-	(1,224)	(20,361)	-	(21,585)
Written off	-	-	(353)	-	(377)	(275)	-	(1,005)
Reversals	-	-	(344)	-	-	-	-	(344)
<b>At 31.12.2020</b>	<b>18,500</b>	<b>150,900</b>	<b>241,000</b>	<b>2,294</b>	<b>96,178</b>	<b>57,644</b>	<b>-</b>	<b>566,516</b>

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020 (Continued)

## 4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group (Continued)	Freehold land RM'000	Freehold buildings RM'000	Leasehold buildings RM'000	Leasehold land RM'000	Plant, machineries and motor vehicles RM'000	Furniture, fittings and equipment RM'000	Construction in progress RM'000	Total RM'000
<b>Accumulated depreciation</b>								
At 1.1.2019	-	-	20,100	278	82,598	16,875	-	119,851
Charge for the financial year	-	705	4,808	23	8,239	7,433	-	21,208
Disposals	-	-	-	-	(108)	(2)	-	(110)
Written off	-	-	-	-	(6,804)	(262)	-	(7,066)
At 31.12.2019	-	705	24,908	301	83,925	24,044	-	133,883
Charge for the financial year	-	2,715	4,981	23	5,241	8,005	-	20,965
Disposals	-	-	-	-	(1,185)	(6,604)	-	(7,789)
Written off	-	-	(28)	-	(376)	(152)	-	(556)
At 31.12.2020	-	3,420	29,861	324	87,605	25,293	-	146,503
<b>Net carrying amount</b>								
At 31.12.2020	18,500	147,480	211,139	1,970	8,573	32,351	-	420,013
At 31.12.2019	18,500	140,296	216,757	1,993	12,822	48,764	-	439,132



## 4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Total RM'000
<b>Cost</b>			
At 1.1.2019	4,121	7,295	11,416
Additions	54	251	305
Written off	-	(16)	(16)
At 31.12.2019	4,175	7,530	11,705
Additions	78	1,867	1,945
Disposals	(174)	-	(174)
Written off	-	(239)	(239)
At 31.12.2020	4,079	9,158	13,237
<b>Accumulated depreciation</b>			
At 1.1.2019	2,709	3,522	6,231
Charge for the financial year	567	798	1,365
Written off	-	(15)	(15)
At 31.12.2019	3,276	4,305	7,581
Charge for the financial year	389	806	1,195
Disposals	(170)	-	(170)
Written off	-	(126)	(126)
At 31.12.2020	3,495	4,985	8,480
<b>Net carrying amount</b>			
At 31.12.2020	584	4,173	4,757
At 31.12.2019	899	3,225	4,124

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020 (Continued)

## 4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	Group				Company		
	Carrying amount included in property, plant and equipment RM'000	Depreciation charged for the financial year RM'000	Additions/ (reversals) RM'000	Written off RM'000	Carrying amount included in property, plant and equipment RM'000	Depreciation charged for the financial year RM'000	Additions RM'000
<b>31.12.2020</b>							
Leasehold land	1,970	23	-	-	-	-	-
Leasehold buildings	211,139	4,981	(312)	325	-	-	-
Motor vehicles	671	413	71	-	544	327	71
Plant and machineries	1,319	232	288	-	-	-	-
<b>Total right-of-use assets</b>	<b>215,099</b>	<b>5,649</b>	<b>47</b>	<b>325</b>	<b>544</b>	<b>327</b>	<b>71</b>
<b>31.12.2019</b>							
Leasehold land	1,993	23	-	-	-	-	-
Leasehold buildings	216,757	4,808	245	-	-	-	-
Motor vehicles	1,099	540	173	-	885	445	49
Plant and machineries	1,466	910	828	-	-	-	-
<b>Total right-of-use assets</b>	<b>221,315</b>	<b>6,281</b>	<b>1,246</b>	<b>-</b>	<b>885</b>	<b>445</b>	<b>49</b>

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

## 5. INVESTMENT PROPERTIES

Group	At fair value RM'000	At cost RM'000	Total RM'000
At 1.1.2019	1,649,259	105,983	1,755,242
Additions or subsequent enhancement	183	81,589	81,772
Reversal of cost	(26,475)	-	(26,475)
Reclassifications	155,235	(155,235)	-
Transferred from inventories – land held for property development	5,800	7	5,807
Fair value adjustments	34,238	-	34,238
At 31.12.2019	1,818,240	32,344	1,850,584
Additions or subsequent enhancement	-	42,841	42,841
Disposals	(700,000)	-	(700,000)
Reclassifications	5,924	(5,924)	-
Transferred from inventories – land held for property development	-	1,866	1,866
Transferred from inventories – property development costs	-	42,363	42,363
Fair value adjustments	108,765	-	108,765
At 31.12.2020	1,232,929	113,490	1,346,419

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

Investment properties as at 31 December 2020 are stated at fair value either based on an assessment by the Board of Directors or by reference to full valuations by registered independent valuers having appropriate recognised professional qualifications. The fair value represents the amount at which the properties could be exchanged on an open market basis between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the reporting date.

Whilst a full valuation has not been conducted for certain investment properties, the Board of Directors have obtained updated market values of the investment properties as at 31 December 2020 carried out by a firm of independent professional valuers who has appropriate professional qualification and recent experience in the relevant location and assets being valued.

For investment properties where the assessment by the Board of Directors were based on updated valuations, the existing book values of the investment properties as at 31 December 2020 ("Book Values") were not materially different from the updated valuations performed.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020 (Continued)

## 5. INVESTMENT PROPERTIES (CONTINUED)

The following assumptions have been applied in the valuations:

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

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

There has been no change in valuation methods used during the financial year.

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

Group	2020			2019		
	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Freehold and leasehold properties	741,429	491,500	1,232,929	733,740	1,084,500	1,818,240

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

### Level 3

	2020 RM'000	2019 RM'000
At 1 January	1,084,500	977,000
Transferred from Level 2	-	65,000
Reversal	-	(25,192)
Disposals	(700,000)	-
Fair value adjustments	107,000	67,692
At 31 December	491,500	1,084,500

## 5. INVESTMENT PROPERTIES (CONTINUED)

Details of Level 3 fair value measurements are as follows:

Valuation method and key inputs	Significant unobservable inputs	Relationship of unobservable inputs and fair value
Cost method which estimates the amount of reconstruction cost of the building based on current market prices net of depreciation.	Estimated replacement costs	The higher the estimated replacement costs, the higher the fair value.
Investment method which capitalises the actual or estimated rental income stream, net of projected operating costs, using a discount rate derived from capitalisation rate.	Discount rate of 6.50% to 7.00% (2019: 6.50% to 7.00%)	The higher the discount rate, the lower the fair value.
	Estimated capitalisation rate of 6.50% to 7.00% (2019: 6.25% to 7.00%)	The higher the estimated capitalisation rate, the lower the fair value.
	Occupancy rates of 94.52% to 97.07% (2019: 92.79% to 100%)	The higher the occupancy rate, the higher the fair value.

The properties under construction are measured at cost because the fair value is not yet determinable as of 31 December 2020. The fair value of the property is expected to be reliably determinable when the construction is complete.

### Income and expenses recognised in profit or loss

	Group	
	2020 RM'000	2019 RM'000
Rental income	90,178	87,927
Direct operating expenses	29,858	29,345

## 6. INVENTORIES

	Group	
	2020 RM'000	2019 RM'000
Non-current:		
Land held for property development (Note 6.1)	629,526	594,162
Current:		
Property development costs (Note 6.2)	434,438	519,060
Completed properties (Note 6.3)	899,342	931,940
Consumables	170	349
	1,333,950	1,451,349
	1,963,476	2,045,511

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020 (Continued)

## 6. INVENTORIES (CONTINUED)

### 6.1 Land held for property development

	Group	
	2020 RM'000	2019 RM'000
Freehold land at cost	387,907	337,856
Leasehold land at cost	61,424	60,896
Development cost	144,831	110,333
At beginning of financial year	594,162	509,085
Cost incurred during the financial year		
- freehold land at cost	2,351	-
- development cost	34,879	21,712
Cost transferred from inventories - property development costs	-	71,522
Cost transferred to investment properties	(1,866)	(5,807)
Disposals	-	(2,350)
At end of financial year	629,526	594,162

The title deeds for the land held for property development totalling RM2,351,000 (2019: Nil) are registered in the name of a third party.

### 6.2 Property development costs

	Group	
	2020 RM'000	2019 RM'000
Freehold land at cost	324,382	388,249
Leasehold land at cost	35,005	33,688
Development cost	1,695,115	1,046,759
Cost recognised as expenses in prior years	(1,535,442)	(909,866)
At beginning of financial year	519,060	558,830
Cost incurred during the financial year		
- freehold land at cost	720	359
- leasehold land at cost	-	1,845
- development cost	358,583	604,065
	878,363	1,165,099
Cost recognised as expenses in the current year	(385,173)	(559,420)
Cost transferred to inventories - completed properties	(16,389)	(15,097)
Cost transferred to inventories - land held for property development	-	(71,522)
Cost transferred to investment properties	(42,363)	-
At end of financial year	434,438	519,060



## 6. INVENTORIES (CONTINUED)

### 6.3 Completed properties

The title deeds for the completed properties totalling RM10,995,000 (2019: RM10,995,000) are registered in the name of a third party.

## 7. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2020 RM'000	2019 RM'000
Unquoted shares at cost	1,132,318	970,218
Less: Impairment losses	(15,950)	(15,950)
	<b>1,116,368</b>	<b>954,268</b>

There was no movement of impairment losses during the financial year.

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

	Equity interest		Principal activities
	2020 %	2019 %	
Ceylon Hills Sdn Bhd	54	54	Property development
Citra Jaya Sejahtera Sdn Bhd	100	100	Property development
Concord Housing Development Sdn Bhd	100	100	Property development
Cosmo Housing Development Sdn Bhd	100	100	Property development
Eureka Equity Sdn Bhd	60	60	Property development
Everise Project Sdn Bhd	60	60	Property development
Everise Tiara (M) Sdn Bhd	60	60	Property development
HSB Green Solutions Sdn Bhd	100	100	Property development
IDP Industrial Development Sdn Bhd	100	100	Property development
Infinite Accomplishment Sdn Bhd	100	100	Property development
Kumpulan Sejahtera Sdn Bhd	100	100	Property development
Magna Kelana Development Sdn Bhd	74	74	Property development
Magna Tiara Development Sdn Bhd	100	100	Property development
Maxim Development Sdn Bhd	100	100	Property development
Naik Makmur Development Sdn Bhd	100	100	Property development
Nova Metro Development Sdn Bhd	84	84	Property development
Orient Housing Development Sdn Bhd	100	100	Property development
Paramount Hills Sdn Bhd	100	100	Property development
Paramount Properties Sdn Bhd	100	100	Property development
Peninsular Home Sdn Bhd	60	60	Property development
Sagaharta Sdn Bhd	100	100	Property development
Saujanis Sdn Bhd	100	100	Property development
Scenic Point Development Sdn Bhd	60	60	Property development
Seri Tiara Development Sdn Bhd	85	85	Property development
Sunny Uptown Sdn Bhd	100	100	Property development

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020 (Continued)

## 7. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

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

	Equity interest		Principal activities
	2020 %	2019 %	
Tiarawoods Sdn Bhd	100	100	Property development
Topview Housing Sdn Bhd	100	100	Property development
Windsor Triumph Sdn Bhd	100	100	Property development
Allied Engineering Construction Sdn Bhd	100	100	Civil contractor
Resodex Construction Sdn Bhd	100	100	Civil contractor
URC Engineering Sdn Bhd	100	100	Civil contractor
Pertiwi Sinarjuta Sdn Bhd	100	-	Civil contractor
UOA Hospitality Sdn Bhd	100	100	To manage and operate hotels and service apartments
UOA Komune Sdn Bhd	100	100	Managing co-sharing office
UOA Properties Sdn Bhd	100	100	Investment holding
Fabullane Development Sdn Bhd	100	100	Dormant
Federaya Development Sdn Bhd	100	-	Dormant
Regenta Development Sdn Bhd	100	100	Dormant
Seri Prima Development Sdn Bhd	100	100	Dormant
Held through UOA Properties Sdn Bhd:			
Bangsar South City Sdn Bhd	100	100	Property investment and hotel operations
Distinctive Acres Sdn Bhd	100	100	Property investment
Dynasty Portfolio Sdn Bhd	100	100	Property investment
Enchant Heritage Sdn Bhd	100	100	Property investment and hotel operations
Lencana Harapan Sdn Bhd	100	100	Property investment and hotel operations
Nasib Unggul Sdn Bhd	100	100	Property investment
Nova Lagenda Sdn Bhd	100	100	Property investment
Tunjang Idaman Sdn Bhd	100	100	Property investment
Full Marks Property Sdn Bhd	100	100	Property investment
UOA Southlink Sdn Bhd	100	100	Property investment
UOA Southview Sdn Bhd	100	100	Property investment
UOA Golden Pines Sdn Bhd	100	100	Property investment
Held through Everise Project Sdn Bhd:			
Jendela Dinamik Sdn Bhd	51	51	Managing and maintaining pedestrian bridge for the purpose of advertising

During the financial year, the Company acquired two new subsidiary companies namely Pertiwi Sinarjuta Sdn Bhd and Federaya Development Sdn Bhd for cash considerations of RM11 and RM100 respectively.

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

## 7. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

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

Name of subsidiary companies	Proportion of ownership interests held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Carrying amount of non-controlling interests	
	2020 %	2019 %	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Eureka Equity Sdn Bhd	40%	40%	584	12,553	16,750	26,605
Everise Tiara (M) Sdn Bhd	40%	40%	597	(566)	4,339	24,942
Everise Project Sdn Bhd	40%	40%	6,405	(6,776)	112,127	105,722
Seri Tiara Development Sdn Bhd	15%	15%	(343)	2,000	28,394	29,487

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

	Eureka Equity Sdn Bhd RM'000	Everise Tiara (M) Sdn Bhd RM'000	Everise Project Sdn Bhd RM'000	Seri Tiara Development Sdn Bhd RM'000
<b>2020</b>				
<b>Financial position as at reporting date</b>				
Non-current assets	-	-	92,329	5
Current assets	47,488	22,413	381,281	192,218
Non-current liabilities	-	-	(2,451)	-
Current liabilities	(5,612)	(11,566)	(190,842)	(2,928)
Net assets	41,876	10,847	280,317	189,295
<b>Summary of financial performance for the financial year</b>				
Net profit/(loss)/total comprehensive income/(loss) for the financial year	1,459	1,492	16,014	(2,283)
Included in the net profit/(loss)/total comprehensive income/(loss) is:				
Revenue	6,568	1,250	4,331	2,630
<b>Summary of cash flows for the financial year</b>				
Net cash inflows/(outflows) from operating activities	6,571	12,154	25,647	(1,564)
Net cash inflows/(outflows) from investing activities	3,199	1,311	(49)	1,091
Net cash outflows from financing activities	(26,037)	(53,005)	(12,048)	(4,982)
Net cash inflows/(outflows)	(16,267)	(39,540)	13,550	(5,455)
<b>Other information</b>				
Dividends paid to non-controlling interests	10,439	21,200	-	750

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020 (Continued)

## 7. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

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

	Eureka Equity Sdn Bhd RM'000	Everise Tiara (M) Sdn Bhd RM'000	Everise Project Sdn Bhd RM'000	Seri Tiara Development Sdn Bhd RM'000
<b>2019</b>				
<b>Financial position as at reporting date</b>				
Non-current assets	-	-	99,213	6
Current assets	73,325	81,048	370,802	204,188
Non-current liabilities	-	-	(52,578)	-
Current liabilities	(6,812)	(18,693)	(153,133)	(7,615)
Net assets	66,513	62,355	264,304	196,579
<b>Summary of financial performance for the financial year</b>				
Net profit/(loss)/total comprehensive income/(loss) for the financial year	31,382	(1,415)	(26,063)	13,332
Included in the net profit/(loss)/total comprehensive income/(loss) is:				
Revenue	16,578	28,129	21,457	48,773
<b>Summary of cash flows for the financial year</b>				
Net cash inflows from operating activities	31,905	30,087	43,275	55,459
Net cash inflows/(outflows) from investing activities	(1,126)	6,370	23,400	(681)
Net cash inflows/(outflows) from financing activities	(58,841)	5	(99,928)	(42,366)
Net cash inflows/(outflows)	(28,062)	36,462	(33,253)	12,412
<b>Other information</b>				
Dividends paid to non-controlling interests	48,182	-	55,900	-

## 8. EQUITY INVESTMENTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At fair value:				
Shares quoted in Malaysia	88,287	31,858	16,728	12,836
Unquoted shares in Malaysia	100	-	-	-
	<b>88,387</b>	<b>31,858</b>	<b>16,728</b>	<b>12,836</b>

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

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

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

## 9. DEFERRED TAX ASSETS

	Group	
	2020 RM'000	2019 RM'000
At 1 January	57,758	45,585
Recognised in profit or loss	2,335	12,173
At 31 December	<b>60,093</b>	<b>57,758</b>

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

## 10. CONTRACT ASSETS

	Group	
	2020 RM'000	2019 RM'000
<u>Contract assets</u>		
Revenue recognised to date	2,994,896	2,195,004
Progress billings issued to date	(2,822,878)	(1,948,661)
	<b>172,018</b>	<b>246,343</b>
<u>Contract costs</u>		
Costs to obtain contracts	13,427	34,671
	<b>185,445</b>	<b>281,014</b>

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020 (Continued)

## 10. CONTRACT ASSETS (CONTINUED)

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

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

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

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

During the financial year, RM52,268,000 (2019: RM29,912,000) was amortised to cost of sales and RM14,369,000 (2019: RM12,948,000) was amortised against revenue.

## 11. TRADE RECEIVABLES

	Group	
	2020 RM'000	2019 RM'000
Progress billings receivable	81,187	83,898
Funds held by stakeholders	162,384	76,114
Other trade receivables	619	15
	<b>244,190</b>	160,027
Allowance for credit losses	(8,882)	(9,032)
	<b>235,308</b>	150,995

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

	Group	
	2020 RM'000	2019 RM'000
At beginning of financial year	9,032	9,032
Reversal	(150)	-
At end of financial year	<b>8,882</b>	9,032

The progress billings receivable are due within 14 to 90 days (2019: 14 to 90 days) as stipulated in the sale and purchase agreements.



**12. OTHER RECEIVABLES**

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Sundry receivables	49,368	73,631	6,881	7,937
Deposits and prepayments	29,463	29,736	2,531	2,344
	78,831	103,367	9,412	10,281
Allowance for credit losses	(11,584)	(10,708)	(1,308)	(1,308)
	67,247	92,659	8,104	8,973

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

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At beginning of financial year	10,708	8,188	1,308	1,510
Allowance made	1,204	2,789	-	-
Reversal	(315)	(264)	-	(202)
Written off	(13)	(5)	-	-
At end of financial year	11,584	10,708	1,308	1,308

Included in the sundry receivables of the Group and of the Company is amount owing by associate companies of the immediate holding company of RM731,131 and RM12,390 (2019: RM722,184 and RM16,526) respectively.

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

The amount owing by subsidiary companies is analysed as follows:

	Company	
	2020 RM'000	2019 RM'000
Interest free advances	1,536,411	1,511,204
Management fee receivable	11,189	7,025
Rental receivable	77	154
	1,547,677	1,518,383

The interest free advances are non-trade, unsecured and receivable within 12 months (2019: 12 months). The management fee receivable and rental receivable are expected to be settled within the normal credit terms of 30 to 60 days (2019: 30 to 60 days).

The amount owing to a subsidiary company is non-trade, unsecured, interest free advances and repayable on demand.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020 (Continued)

## 14. AMOUNTS OWING BY/TO RELATED COMPANIES

Related companies are the fellow subsidiary companies of the Company.

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

The amount owing to related companies comprises:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Management fee payable	131	262	131	262
Unsecured loan payable	-	41,965	-	-
Interest free advances	11,885	18	-	-
	<b>12,016</b>	<b>42,245</b>	<b>131</b>	<b>262</b>

Management fee payable is expected to be settled within the normal credit terms of 30 to 60 days (2019: 30 to 60 days).

The unsecured loan payable bore interest at 4.50% per annum was fully settled during the financial year.

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

## 15. SHORT TERM INVESTMENTS

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

## 16. FIXED DEPOSITS WITH LICENSED BANKS

Included in fixed deposits is an amount of RM158,642 (2019: RM153,710) of the Group and of the Company pledged to secure the Group's bank guarantee facilities.

The effective interest rates of the fixed deposits range between 1.20% to 3.20% (2019: 2.50% to 3.45%) per annum. All deposits have maturity periods of less than three months.

## 17. CASH AND BANK BALANCES

Cash and bank balances of the Group include an amount of RM665,200,000 (2019: RM400,475,539) maintained in Housing Development Accounts. Withdrawals from the Housing Development Accounts are restricted in accordance with the Housing Development (Housing Development Account) Regulations, 1991.

Funds maintained in the Housing Development Accounts earn interest at 0.45% to 2.85% (2019: 1.70% to 2.85%) per annum.

**18. SHARE CAPITAL**

	Group and Company			
	2020		2019	
	Number of shares '000	RM'000	Number of shares '000	RM'000
<b>Share capital</b>				
Issued and fully paid ordinary shares with no par value:				
At 1 January	1,967,157	2,286,285	1,844,872	546,343
Issued pursuant to the DRS	157,748	233,467	122,285	243,348
Transition to no-par value regime	-	-	-	1,496,594
At 31 December	2,124,905	2,519,752	1,967,157	2,286,285

**19. MERGER RESERVE**

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

**20. FAIR VALUE RESERVE**

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

**21. TREASURY SHARES**

There was no buy-back of shares nor resale or cancellation of treasury shares during the financial year ended 31 December 2020.

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

	Group and Company	
	2020/2019	
	Number of shares '000	RM'000
At 1 January/31 December	1,134	2,119

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020 (Continued)

## 22. AMOUNT OWING TO NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARY COMPANIES

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

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

Included in the amount owing to non-controlling shareholders of subsidiary companies is an amount of RM1,211,718 (2019: RM1,371,715) owing to key management personnel of the Group and a company in which a Director has financial interest.

## 23. LEASE LIABILITIES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current	875	1,244	269	371
Non-current	822	1,404	246	455
	<b>1,697</b>	<b>2,648</b>	<b>515</b>	<b>826</b>

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

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
As at 1 January	2,648	4,331	826	1,342
Additions	359	1,001	71	49
Lease payments/cash outflow	(1,310)	(2,684)	(382)	(565)
Lease interest	125	199	33	52
Payment for lease interest	(125)	(199)	(33)	(52)
As at 31 December	<b>1,697</b>	<b>2,648</b>	<b>515</b>	<b>826</b>

The lease liabilities are secured by the related underlying assets.

The maturity analysis of lease liabilities is disclosed in Note 44 to the Financial Statements.

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

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

**23. LEASE LIABILITIES (CONTINUED)**

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

Right-of-use assets	Range of remaining term	Number of leases with extension options	Number of leases with variable payment linked to an index	Number of leases with termination options
<b>2020</b>				
<b>Group</b>				
Leasehold land and buildings	86 to 90 years	-	-	-
Plant and machineries	1 to 4 years	-	-	-
Motor vehicles	1 to 5 years	-	-	-
<b>Company</b>				
Motor vehicles	1 to 5 years	-	-	-
<b>2019</b>				
<b>Group</b>				
Leasehold land and buildings	87 to 91 years	-	-	-
Plant and machineries	1 to 4 years	-	-	-
Motor vehicles	1 to 5 years	-	-	-
<b>Company</b>				
Motor vehicles	1 to 5 years	-	-	-

The effective interest rates of the lease liabilities are between 4.41% to 6.45% (2019: 4.46% to 6.45%) per annum for the Group and 4.41% to 5.82% (2019: 4.46% to 5.82%) per annum for the Company.

**24. DEFERRED TAX LIABILITIES**

	Group	
	2020 RM'000	2019 RM'000
At 1 January	82,128	93,756
Recognised in profit or loss	(42,284)	(11,628)
At 31 December	39,844	82,128
Tax effects of temporary differences arising from:		
- Property, plant and equipment	134	8,560
- Real Property Gains Tax ("RPGT") on fair value gain of investment properties	38,682	72,860
- Other temporary differences	1,028	708
	39,844	82,128

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020 (Continued)

## 24. DEFERRED TAX LIABILITIES (CONTINUED)

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

## 25. TRADE PAYABLES

	Group	
	2020 RM'000	2019 RM'000
Sub-contractors' claims	12,291	30,448
Retention sums	62,624	75,683
Accrued construction costs	164,898	113,633
Other trade payables	9,485	13,816
	<b>249,298</b>	<b>233,580</b>

The normal credit terms extended by sub-contractors and suppliers range between 30 to 60 days (2019: 30 to 60 days). The retention sums are repayable upon the expiry of the defects liability period.

## 26. OTHER PAYABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Sundry payables	40,142	41,918	7,941	5,449
Deposits	38,840	46,771	272	272
Accruals	127,080	118,742	9,645	10,345
	<b>206,062</b>	<b>207,431</b>	<b>17,858</b>	<b>16,066</b>

Included in the sundry payables of the Group and of the Company is amount owing to associate companies of the immediate holding company of RM1,105,379 and RM7,890 (2019: RM504,191 and RM4,242) respectively. Included in the deposits of the Company is amount owing to subsidiary companies of RM270,238 (2019: RM270,238).

## 27. AMOUNT OWING TO IMMEDIATE HOLDING COMPANY

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

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest free advances	111	152	15	51
Administrative fee payable	214	250	-	-
	<b>325</b>	<b>402</b>	<b>15</b>	<b>51</b>



**27. AMOUNT OWING TO IMMEDIATE HOLDING COMPANY (CONTINUED)**

The interest free advances are non-trade, unsecured and repayable on demand. The administrative fee payable is expected to be settled within the normal credit terms of 30 to 60 days (2019: 30 to 60 days).

**28. BORROWINGS****Group**

Borrowings comprised revolving credit which was secured by a corporate guarantee from the Company and bore interest at 1.50% plus the bank's cost of funds. The effective interest rates range from 3.73% to 5.08% (2019: 5.08% to 5.28%) per annum. The revolving credit was fully settled during the financial year.

**29. REVENUE****29.1 Disaggregated revenue information**

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Types of revenue</b>				
<u>Sales of properties</u>				
- Properties under construction	785,561	904,143	-	-
- Completed properties/land	59,036	200,314	-	-
<u>Dividend income</u>				
- Subsidiary companies	-	-	187,748	241,373
- Investments in quoted shares	-	-	205	-
	<b>844,597</b>	<b>1,104,457</b>	<b>187,953</b>	<b>241,373</b>
<b>Timing of recognition</b>				
<u>Performance obligations</u>				
- satisfied over time	785,561	904,143	-	-
- satisfied at a point in time	59,036	200,314	187,953	241,373
	<b>844,597</b>	<b>1,104,457</b>	<b>187,953</b>	<b>241,373</b>

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

**29.2 Contract balances**

	Group	
	2020 RM'000	2019 RM'000
Trade receivables	235,308	150,995
Contract assets	185,445	281,014

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020 (Continued)

## 29. REVENUE (CONTINUED)

### 29.2 Contract balances (Continued)

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

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

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

### 29.3 Performance obligations

#### Sale of properties

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

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

The payment terms for progress billings made to purchasers are disclosed in Note 11 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 agreement.

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

	Group	
	2020 RM'000	2019 RM'000
Sale of development properties under construction	346,916	885,534

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.

**30. COST OF SALES**

	Group	
	2020 RM'000	2019 RM'000
Cost of development properties under construction sold	437,999	597,473
Cost of completed properties sold	47,012	93,736
	<b>485,011</b>	<b>691,209</b>

**31. FINANCE COSTS**

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Amortisation of financial liabilities	90	265	-	-
Lease interest	125	199	33	52
Interest on revolving credit	822	3,693	-	-
Others	-	3,218	-	-
	<b>1,037</b>	<b>7,375</b>	<b>33</b>	<b>52</b>

**32. PROFIT BEFORE TAX**

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

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Auditors' remuneration				
- statutory audit	381	371	72	72
- assurance and related services	47	24	29	4
Rental expense - short-term leases	6,307	7,634	7,452	7,476
Rental income - other than investment properties	(59,265)	(51,006)	(926)	(926)

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020 (Continued)

## 33. TAX EXPENSES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current tax provision	124,820	133,469	431	880
Deferred tax	(10,226)	(23,519)	-	-
	114,594	109,950	431	880
(Over)/underprovision in prior years				
- Current tax	22	(7,993)	(323)	43
- Deferred tax	(34,393)	(282)	-	-
	(34,371)	(8,275)	(323)	43
	80,223	101,675	108	923

Malaysian income tax is calculated at the statutory rate of 24% (2019: 24%) of the estimated assessable profit for the current financial year.

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

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit before tax	479,956	510,097	188,453	214,375
Tax at statutory rate	115,189	122,423	45,229	51,450
Tax effects of				
- non-deductible expenses	27,131	11,493	470	7,665
- non-taxable income	(29,976)	(5,289)	(45,268)	(58,235)
Movement in unrecognised deferred tax assets	2,245	(3,270)	-	-
Difference between income tax rate and RPGT rate applicable on fair value gain on investment properties	5	(1,337)	-	-
Change in RPGT rate on investment properties	-	(14,070)	-	-
(Over)/underprovision in prior years	(34,371)	(8,275)	(323)	43
Tax expenses	80,223	101,675	108	923

**33. TAX EXPENSES (CONTINUED)**

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

	Group	
	2020 RM'000	2019 RM'000
Property, plant and equipment	(78,620)	(75,317)
Unabsorbed tax losses	12,051	8,662
Unutilised capital allowances	53,917	44,442
Unutilised investment tax allowances	224,073	224,280
	<b>211,421</b>	<b>202,067</b>

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

Effective Year of Assessment 2019 as announced in the Annual Budget 2019, the unabsorbed tax losses of the Group as of 31 December 2018 and thereafter will only be available for carry forward for a period of 7 consecutive years. Upon expiry of the 7 years, the unabsorbed tax losses will be disregarded.

The expiry of the unabsorbed tax losses is as follows:

	Group	
	2020 RM'000	2019 RM'000
Year of assessment 2026	2,382	6,978
Year of assessment 2027	1,540	1,684
Year of assessment 2028	8,129	-
	<b>12,051</b>	<b>8,662</b>

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020 (Continued)

## 34. EARNINGS PER SHARE (CONTINUED)

### (a) Basic (Continued)

	Group	
	2020	2019
Net profit attributable to owners of the Company (RM'000)	391,288	399,474
Weighted average number of ordinary shares ('000)	2,023,347	1,896,002
Net earnings per ordinary share (RM)	0.19	0.21

### (b) Diluted

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

## 35. DIVIDENDS

	Group and Company	
	2020 RM'000	2019 RM'000
<i>In respect of the financial year ended 31 December 2019:</i>		
First and final single tier dividend of 14 sen per share:		
- Dividend reinvested into 157,748,100 new ordinary shares pursuant to the DRS	233,467	-
- Payment in cash	41,776	-
<i>In respect of the financial year ended 31 December 2018:</i>		
First and final single tier dividend of 14 sen per share:		
- Dividend reinvested into 122,285,100 new ordinary shares pursuant to the DRS	-	243,348
- Payment in cash	-	14,775
	275,243	258,123

The Directors now recommend a first and final single tier dividend of 14 sen and special dividend of 1 sen per ordinary share in respect of the financial year ended 31 December 2020 amounting to RM318,565,695 based on 2,123,771,300 ordinary shares (net of treasury shares at the date of this report) for shareholders' approval at the forthcoming Annual General Meeting.

## 36. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Employee benefits expense	59,162	59,734	36,361	35,119

**36. EMPLOYEE BENEFITS EXPENSE (CONTINUED)**

Included in the employee benefits expense are EPF contributions amounting to RM5,568,376 (2019: RM5,360,585) for the Group and RM3,465,152 (2019: RM3,497,104) for the Company.

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

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

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<i>Transactions with immediate holding company</i>				
Rental charged to	565	587	-	-
Administrative fee charged by	1,500	1,500	-	-
Purchase of motor vehicle from	73	-	-	-
<i>Transactions with subsidiary companies</i>				
Management fee charged to	-	-	49,808	48,235
Rental charged to	-	-	926	926
Rental charged by	-	-	7,452	7,476
Sale of property to	-	-	-	74,601
Purchase of property from	-	-	-	3,273
<i>Transactions with related companies</i>				
Management fee charged by	1,573	4,712	1,573	1,569
Rental charged to	19,854	16,621	-	-
Rental charged by	1,052	1,118	-	-
Administrative fee charged by	-	437	-	-
Landscaping fee charged by	-	266	-	-
Distribution income received from	1,369	1,443	-	-
Sales of property to	700,000	-	-	-



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020 (Continued)

## 37. RELATED PARTY DISCLOSURES (CONTINUED)

### (a) Significant related party transactions (Continued)

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

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<i>Transactions with associate companies of the immediate holding company</i>				
Management fee charged by	4,885	1,239	-	-
Rental charged to	379	93	-	-
Administrative fee charged by	603	146	-	-
Landscaping fee charged by	369	88	2	-
Security services charged by	2,360	1,782	70	64
Proceeds from disposal of motor vehicle	4	-	4	-
<i>Transactions with Directors</i>				
<i>Sales of carpark/development properties to</i>				
- Directors	-	15	-	-
- alternate Director	-	5	-	-
- close family member of a Director	-	55	-	-
- company connected to a Director	-	10	-	-
<i>Partial disposal of shares in a subsidiary company</i>				
- company connected to a Director	-	33,742	-	33,742

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

**37. RELATED PARTY DISCLOSURES (CONTINUED)****(b) Key management personnel compensation**

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key management personnel services to the Group.

	Group and Company	
	2020 RM'000	2019 RM'000
<i>Directors of the Company</i>		
Remuneration	9,141	9,228
Estimated monetary value of benefits-in-kind	197	188
Total short-term employee benefits	9,338	9,416
Post-employment benefits (EPF)	1,072	1,083
	10,410	10,499

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<i>Other key management personnel</i>				
Salaries, allowances and bonuses	3,031	4,088	2,132	2,323
Estimated monetary value of benefits-in-kind	55	112	18	41
Total short-term employee benefits	3,086	4,200	2,150	2,364
Post-employment benefits (EPF)	184	329	141	167
	3,270	4,529	2,291	2,531
Total compensation	13,680	15,028	12,701	13,030

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020 (Continued)

## 38. CONTINGENT LIABILITIES

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

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

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

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

Upon consulting the Group's tax solicitors, the Group is of the view that there are good grounds to challenge the basis and validity of the disputed Notices of Additional Assessment raised by the IRB and the penalties imposed. Windsor and Sunny have filed their appeals with the Special Commissioners of Income Tax ("SCIT"). The appeals have been fixed for mention before the SCIT on 25 May 2021.

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

## 39. LEASE COMMITMENTS

### As lessee

- (a) As at the reporting date, the Group and the Company were not committed to short-term leases. In the prior year, the Group was committed to short-term leases and the total commitment at that date was RM1,140,000.
- (b) As at the reporting date, the Group and the Company were committed to leases which had not yet commenced and the total commitment at that date was RM8,381,000 (2019: Nil).

**40. MATURITY ANALYSIS OF LEASE PAYMENTS****As lessor**

The Group leases out its properties and temporarily leases out its inventories under non-cancellable operating lease arrangements. These leases run typically for a period ranging from 1 to 5 years, with the option to renew. Subsequent renewals are negotiated with the lease on average renewal period of 5 years. None of the leases include contingent rentals.

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

	2020 RM'000	2019 RM'000
Within 1 year	100,202	144,593
In the second year	42,825	81,409
In the third year	15,195	32,262
In the fourth year	705	9,659
In the fifth year	-	7,266
After the fifth year	-	11,876
	<b>158,927</b>	<b>287,065</b>

**41. CAPITAL COMMITMENTS**

	Group	
	2020 RM'000	2019 RM'000
Approved and contracted for		
- Purchase of property, plant and equipment	2,189	8,218
- Construction of investment properties	216,743	32,543

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020 (Continued)

## 42. SEGMENTAL INFORMATION

For management purposes, the Group is organised into business units based on their products and services, which comprises the following:

- (i) Property development - development of residential and commercial properties
- (ii) Construction - construction of residential and commercial properties
- (iii) Others - hospitality, holding of investment properties to generate rental income, capital appreciation or both

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

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

Group	Property development		Construction		Others		Elimination		Consolidated	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
External revenue	843,992	1,104,457	605	-	-	-	-	-	844,597	1,104,457
Inter segment revenue	48,049	(97,041)	404,778	769,911	-	-	(452,827)	(672,870)	-	-
Total revenue	892,041	1,007,416	405,383	769,911	-	-	(452,827)	(672,870)	844,597	1,104,457
Depreciation	(1,516)	(1,700)	(4,137)	(6,891)	(15,656)	(12,598)	344	(19)	(20,965)	(21,208)
Rental income	100,149	89,412	6	476	63,926	64,140	(14,638)	(15,095)	149,443	138,933
Fair value adjustments	(7,000)	(29,458)	-	-	114,079	57,508	1,686	6,188	108,765	34,238
Dividend income	-	-	-	-	187,953	241,373	(187,748)	(241,373)	205	-
Distribution income	3,300	4,134	566	686	2,222	2,127	-	-	6,088	6,947
Interest income	13,510	14,210	1,731	3,069	1,206	1,258	-	-	16,447	18,537
Interest expense	(78)	(3,480)	(906)	(3,834)	(53)	(61)	-	-	(1,037)	(7,375)
Other material non-cash items	(4,778)	(2,682)	(35)	(8)	(527)	(47)	-	-	(5,340)	(2,737)

## 42. SEGMENTAL INFORMATION (Continued)

	Property development		Construction		Others		Elimination		Consolidated	
Group (Continued)	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Segment results	<b>330,667</b>	349,857	<b>80,611</b>	92,021	<b>68,678</b>	68,219	-	-	<b>479,956</b>	510,097
Tax expense									<b>(80,223)</b>	(101,675)
Net profit for the financial year									<b>399,733</b>	408,422
Segment assets	<b>4,078,734</b>	4,065,960	<b>133,149</b>	121,763	<b>1,766,811</b>	1,615,823	-	-	<b>5,978,694</b>	5,803,546
Segment liabilities	<b>288,759</b>	268,034	<b>159,968</b>	249,110	<b>68,055</b>	75,787	-	-	<b>516,782</b>	592,931
Additions to non-current assets: - capital expenditure	<b>37,785</b>	29,920	<b>848</b>	1,649	<b>57,873</b>	130,862	-	-	<b>96,506</b>	162,431
									<b>Consolidated</b>	
									<b>2020 RM'000</b>	<b>2019 RM'000</b>
Other material non-cash items consists of the following:										
Impairment losses of financial assets									<b>(739)</b>	(2,525)
Bad debts written off									<b>(67)</b>	-
Property, plant and equipment written off									<b>(449)</b>	(212)
Inventories written down									<b>(4,085)</b>	-

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020 (Continued)

## 42. SEGMENTAL INFORMATION (CONTINUED)

Group (Continued)	Consolidated	
	2020 RM'000	2019 RM'000
Reconciliation of segment operating assets to total assets		
Segment operating assets	5,978,694	5,803,546
Equity investments	88,387	31,858
Deferred tax assets	60,093	57,758
Current tax assets	45,136	69,717
Total assets as per statement of financial position	6,172,310	5,962,879
Reconciliation of segment operating liabilities to total liabilities		
Segment operating liabilities	516,782	592,931
Current tax liabilities	20,427	15,952
Deferred tax liabilities	39,844	82,128
Total liabilities as per statement of financial position	577,053	691,011
Additions of capital expenditure consist of the following:		
Property, plant and equipment	16,435	58,947
Investment properties	42,841	81,772
Inventories - land held for property development	37,230	21,712
	96,506	162,431

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

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

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



#### 43. FINANCIAL INSTRUMENTS

##### Classification of financial instruments

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

	2020		2019	
	Amortised cost RM'000	FVOCI RM'000	Amortised cost RM'000	FVOCI RM'000
<b>Group</b>				
<b>Financial assets</b>				
Equity investments	-	88,387	-	31,858
Trade and other receivables	301,979	-	242,894	-
Amount owing by related companies	189	-	258	-
Short term investments	109,002	-	223,773	-
Fixed deposits with licensed banks	931,621	-	200,136	-
Cash and bank balances	719,974	-	519,484	-
<b>Total financial assets</b>	<b>2,062,765</b>	<b>88,387</b>	<b>1,186,545</b>	<b>31,858</b>
<b>Company</b>				
<b>Financial assets</b>				
Equity investments	-	16,728	-	12,836
Other receivables	8,104	-	8,973	-
Amount owing by subsidiary companies	1,547,677	-	1,518,383	-
Amount owing by related companies	-	-	1	-
Short term investments	24,075	-	13,428	-
Fixed deposits with licensed banks	11,335	-	36,305	-
Cash and bank balances	12,137	-	41,332	-
<b>Total financial assets</b>	<b>1,603,328</b>	<b>16,728</b>	<b>1,618,422</b>	<b>12,836</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020 (Continued)

## 44. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

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

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

### (a) Credit risk

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

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

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

#### *i. Receivables and contract assets*

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

#### 44. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

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

(a) Credit risk (Continued)

*i. Receivables and contract assets (Continued)*

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

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

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

	Expected credit loss rate %	Total gross carrying amount RM'000	Expected credit loss RM'000
<b>Group</b>			
<b>2020</b>			
<u>Trade receivables</u>			
Not past due	-	215,708	-
Less than 44 days past due	-	5,211	-
Between 44 and 110 days past due	-	1,191	-
More than 110 days past due	-	13,198	-
Credit impaired	100	8,882	8,882
		<b>244,190</b>	<b>8,882</b>
<u>Contract assets</u>	-	185,445	-

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020 (Continued)

## 44. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

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

### (a) Credit risk (Continued)

#### i. *Receivables and contract assets (Continued)*

	Expected credit loss rate %	Total gross carrying amount RM'000	Expected credit loss RM'000
<b>Group (Continued)</b>			
<b>2019</b>			
<u>Trade receivables</u>			
Not past due	-	138,777	-
Less than 44 days past due	-	1,147	-
Between 44 and 110 days past due	-	2,776	-
More than 110 days past due	-	8,295	-
Credit impaired	100	9,032	9,032
		160,027	9,032
Contract assets	-	281,014	-

Receivables that are individually determined to be credit impaired at the financial year end relate to debtors who are in significant financial difficulties and had defaulted on payments.

#### Other receivables

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

#### ii. *Intercompanies balances*

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

The Group and the Company provide unsecured advances to its related and subsidiary companies and monitors the results of these companies regularly. As at the reporting date, there was no indication that the advances to these companies are not recoverable.

#### iii. *Financial institutions and cash deposits*

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties.

#### 44. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

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

##### (a) Credit risk (Continued)

##### *iv. Financial guarantees*

The maximum exposure to credit risk amounted to RM99,839,000 (2019: RM168,235,000), represented by the bank guarantees and outstanding banking facilities utilised by the subsidiary companies as at the end of the reporting year.

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

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

##### *v. Investments and other financial assets*

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

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

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

##### (b) Interest rate risk

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020 (Continued)

## 44. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

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

### (b) Interest rate risk (Continued)

A sensitivity analysis was performed based on the outstanding floating rate borrowings of the Group as at the previous reporting date. In the prior year, if interest rates increased or decreased by 50 basis points, with all other variables held constant, the Group's profit before tax would decrease or increase by approximately RM270,000, as a result of higher or lower interest expense on these borrowings.

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

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Fixed rate instruments:				
Financial assets	931,621	200,136	11,335	36,305
Financial liabilities	1,697	44,613	515	826
Floating rate instruments:				
Financial liabilities	-	54,000	-	-

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group and the Company do not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting year would not affect profit or loss.

### (c) Market risk

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

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

**44. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)**

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

**(d) Liquidity risk**

Liquidity risk is the risk that the Group or the Company will not be able to meet their financial obligations as and when they fall due, due to shortage of funds.

The Group and the Company seek to ensure all business units maintain optimum levels of liquidity at all times, sufficient for their operating, investing and financing activities.

Therefore, the policy seeks to ensure that each business unit, through efficient working capital management (i.e. inventories, accounts receivable and accounts payable management), must be able to convert its current assets into cash to meet all demands for payment as and when they fall due.

Owing to the nature of the businesses, the Group and the Company seek to maintain sufficient credit lines available to meet the liquidity requirements while ensuring an effective working capital management within the Group and the Company.

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

	Less than 1 year RM'000	1 to 5 years RM'000	Total RM'000
<b>Group</b>			
<b>2020</b>			
Trade and other payables	455,360	-	455,360
Amount owing to immediate holding company	325	-	325
Amount owing to related companies	12,016	-	12,016
Amount owing to non-controlling shareholders of subsidiary companies	45,500	2,005	47,505
Lease liabilities	944	860	1,804
	<b>514,145</b>	<b>2,865</b>	<b>517,010</b>



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020 (Continued)

## 44. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

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

### (d) Liquidity risk (Continued)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations (Continued):

	Less than 1 year RM'000	1 to 5 years RM'000	Total RM'000
<b>Group (Continued)</b>			
<b>2019</b>			
Trade and other payables	441,011	-	441,011
Amount owing to immediate holding company	402	-	402
Amount owing to related companies	42,245	-	42,245
Amount owing to non-controlling shareholders of subsidiary companies	50,984	1,819	52,803
Lease liabilities	1,354	1,483	2,837
Bank borrowings	56,743	-	56,743
	592,739	3,302	596,041
<b>Company</b>			
<b>2020</b>			
Other payables	17,858	-	17,858
Amount owing to immediate holding company	15	-	15
Amount owing to a subsidiary company	884	-	884
Amount owing to related companies	131	-	131
Lease liabilities	286	258	544
Financial guarantees	99,839	-	99,839
	119,013	258	119,271
<b>2019</b>			
Other payables	16,066	-	16,066
Amount owing to immediate holding company	51	-	51
Amount owing to related companies	262	-	262
Lease liabilities	402	478	880
Financial guarantees	168,235	-	168,235
	185,016	478	185,494

#### 45. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and determine an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

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

	2020 RM'000	2019 RM'000
Total borrowings	1,697	98,613
Less: Cash and cash equivalents	(1,760,438)	(943,239)
Net cash available	(1,758,741)	(844,626)
Equity attributable to the owners of the Company	5,418,187	5,064,894
Debt-to-equity ratio (%)	-	1.9

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

#### 46. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

	Fair value		Fair value hierarchy	Valuation method and key inputs
	2020 RM'000	2019 RM'000		
Group				
Equity investments				
Quoted shares in Malaysia	88,287	31,858	Level 1	Quoted bid price in active market
Unquoted shares in Malaysia	100	-	Level 3	Carrying value deemed fair value
	88,387	31,858		

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2020 (Continued)

## 46. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

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

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

	Fair value		Fair value hierarchy	Valuation method and key inputs
	2020 RM'000	2019 RM'000		
Company				
Equity investments				
Quoted shares in Malaysia	16,728	12,836	Level I	Quoted bid price in active market

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

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

## 47. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND AFTER THE REPORTING DATE

### (a) Disposal of UOA Corporate Tower

On 28 September 2020, an indirectly wholly-owned subsidiary company of the Company, Distinctive Acres Sdn Bhd and a wholly-owned subsidiary company of the Company, Paramount Properties Sdn Bhd entered into a conditional Sales and Purchase Agreement ("SPA") with UOA Real Estate Investment Trust, an indirect subsidiary company of UOA Holdings Sdn Bhd for the proposed disposal of the Group's investment property, UOA Corporate Tower for a total cash consideration of RM700 million ("Proposed Disposal").

The Proposed Disposal was completed on 30 December 2020 upon fulfilment of the terms and conditions of the SPA.

### (b) Financial impact on Coronavirus

On 11 March 2020, the World Health Organisation declared the Coronavirus ("Covid-19") outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government imposed the Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the Covid-19 outbreak in Malaysia. The Covid-19 outbreak also resulted in various travel restrictions and other precautionary measures imposed in Malaysia and various other countries.

**47. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND AFTER THE REPORTING DATE (CONTINUED)****(b) Financial impact on Coronavirus (Continued)**

On 11 January 2021, the Malaysian Government reintroduced the Movement Control Order (“MCO”) and Conditional Movement Control Order (“CMCO”) for several states which were severely affected by Covid-19. In addition, on 12 January 2021, His Majesty the Yang di-Pertuan Agong proclaimed a state of emergency for the country until 1 August 2021 as a proactive measure to contain the worsening Covid-19 pandemic (“Emergency”).

At this stage, there has been no other significant impact on the Group’s operations resulting from the Emergency, MCO/CMCO, travel restrictions and other precautionary measures imposed by the Malaysian Government other than the negative impact on the Group’s hospitality business and a decrease in sales of completed properties.

However, the extent of the effect of the Emergency and these various MCO/CMCO, travel restrictions and other precautionary measures on the operations and results of the Group and of the Company for the financial year ending 31 December 2021 will depend on their conditions and durations.

The Directors believe that the Group and the Company have sufficient cash to meet anticipated cash needs including cash needs for working capital for the foreseeable future. The Directors will continue to monitor and assess the ongoing developments and respond accordingly.

# LIST OF MATERIAL PROPERTIES HELD BY THE GROUP

AS AT 31 DECEMBER 2020

	Location/Address	Description	Year of Valuation/ Acquisition*	Land area (sq m)/ Built up area (sq m)* no of bays	Age of building	Tenure	Net Book Value (RM'000)
1	Lot 1035, 3571, 3572, 340, 1032, 949, 950, 4052, 4053, 47036, 47037, Mukim Batu, Daerah Kuala Lumpur Kuala Lumpur	Land held for development	2011*, 2012* & 2014*	27.3 acres		Freehold	371,647
2	Nexus Bangsar South City, Jalan Kerinchi, Kuala Lumpur	Retail and convention centre	2019	71,373*	7 years	Leasehold 99 years – expiring 27 December 2110	200,000
3	Komune Living Jalan Kerinchi Kiri 3 Kuala Lumpur	Hotel	2018 & 2019*	2,233	1 year	Freehold	189,388
4	The Vertical, Bangsar South City, Jalan Kerinchi, Kuala Lumpur	Hotel & retail podium	2014* & 2018	50,408*	4 years	Leasehold 99 years – expiring 16 August 2106	186,014
5	The Sphere, Bangsar South City, Jalan Kerinchi, Kuala Lumpur	Retail complex & commercial land	2020	28,578	3 years	Leasehold 99 years – expiring 16 August 2106	174,000
6	Commercial Area at United Point, Kepong, Kuala Lumpur	Retail units, Carpark & Cineplex	2019	60,943*	1 year	Freehold	153,300
7	Camellia Serviced Suites, Jalan Kerinchi, Kuala Lumpur	Serviced suites & hotel	2013* & 2019	23,215*	7 years	Leasehold 99 years – expiring 27 December 2110	128,554
8	The Horizon Phase I & II Carpark, Bangsar South City, Jalan Kerinchi, Kuala Lumpur	Car park	2019	4,356 bays	11 years	Leasehold 99 years – expiring 16 August 2106	97,000
9	Lot 480782, Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur	Commercial land held for investment	2013* & 2020	8,339		Freehold	85,807
10	UOA Business Park, Tower 8, Seksyen U1, Shah Alam, Selangor	14-storey office tower	2019	10,777*	4 years	Freehold	75,400

# ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2021

Authorised Share Capital : RM100,000,000  
 Issued Share Capital : 2,124,905,100  
 Treasury Shares : 1,133,800  
 Class of Shares : Ordinary Shares  
 Voting Rights : One Vote per Ordinary Share

## DISTRIBUTION OF SHAREHOLDINGS\*

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	202	2.91	1,602	0.00
100 to 1,000	1,413	20.38	945,649	0.04
1,001 to 10,000	3,561	51.37	16,481,809	0.78
10,001 to 100,000	1,470	21.21	45,403,339	2.14
100,001 to less than 5% of issued shares	284	4.10	383,594,001	18.06
5% and above of issued shares	2	0.03	1,677,344,900	78.98
	6,932	100.00	2,123,771,300	100.00

\* Excluding treasury shares

## LIST OF THIRTY LARGEST SHAREHOLDERS

Name of Shareholders	No. of Share	%
1 UOA Holdings Sdn Bhd	1,479,628,600	69.67
2 Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	197,716,300	9.31
3 Amanahraya Trustees Berhad Amanah Saham Bumiputera	41,930,500	1.97
4 RHB Capital Nominees (Tempatan) Sdn Bhd UOA Holdings Sdn Bhd	28,243,600	1.33
5 Permodalan Nasional Berhad	24,885,500	1.17
6 HSBC Nominees (Asing) Sdn Bhd TNTC for Edgbaston Asian Equity Trust	21,915,200	1.03
7 Amanahraya Trustees Berhad Amanah Saham Bumiputera 2	19,524,000	0.92
8 Amanahraya Trustees Berhad Amanah Saham Malaysia	15,692,050	0.74
9 Citigroup Nominees (Asing) Sdn Bhd CBLDN for Pohjola Bank PLC (Client AC-EUR)	12,421,900	0.58
10 Amanahraya Trustees Berhad Amanah Saham Bumiputera 3 - Didik	11,776,254	0.55
11 Amanahraya Trustees Berhad Amanah Saham Malaysia 2 - Wawasan	9,748,700	0.46
12 Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (ASIANISLAMIC)	8,952,300	0.42

# ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2021 (Continued)

## LIST OF THIRTY LARGEST SHAREHOLDERS (CONTINUED)

	Name of Shareholders	No. of Share	%
13	HSBC Nominees (Asing) Sdn Bhd TNTC for the Edgbaston Asian Equity (Jersey) Trust	8,776,100	0.41
14	Citigroup Nominees (Asing) Sdn Bhd CBLDN for ASI Emerging Markets Income Equity Fund	8,738,323	0.41
15	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Amundi)	8,164,900	0.38
16	Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	7,875,200	0.37
17	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (PAR 3)	7,435,000	0.35
18	Citigroup Nominees (Asing) Sdn Bhd CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	5,981,200	0.28
19	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (LPF)	5,850,200	0.28
20	DB (Malaysia) Nominee (Asing) Sdn Bhd SSBT Fund MFY4 for Mercer Investment Fund I (Mercer QIF FUNDPLC)	4,864,600	0.23
21	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Affin Hwang Aiiman Growth Fund (4207)	4,581,400	0.22
22	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (LGF)	4,297,000	0.20
23	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (SHF)	4,128,000	0.19
24	Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Small Cap Series	4,096,300	0.19
25	Maybank Nominees (Tempatan) Sdn Bhd Mtrustee Berhad for Tenaga Nasional Berhad Retirement Benefit Trust Fund (RB-TNB-AHAM) (420317)	4,046,400	0.19
26	United Overseas Australia Ltd	3,788,300	0.18
27	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Takaful Berhad (Credit Takaful PIA)	3,589,100	0.17
28	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (Non Par 1)	3,502,700	0.16
29	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Islamic Trustee Berhad for Affin Hwang Select Dividend Fund	3,404,100	0.16
30	Maybank Nominees (Tempatan) Sdn Bhd Affin Hwang Asset Management Berhad for Hong Leong ASSURANCEBERHAD (PAR-220082)	3,221,600	0.15



## SUBSTANTIAL SHAREHOLDERS

Name	Direct		Indirect	
	Shares	%	Shares	%
UOA Holdings Sdn Bhd ("UOAH")	1,508,012,300	70.97	20 <sup>(1)</sup>	*
United Overseas Australia Ltd ("UOAL")	3,788,300	0.18	1,508,012,320 <sup>(2)</sup>	70.97
Griyajaya Sdn Bhd	-	-	1,511,800,620 <sup>(3)</sup>	71.15
Transmetro Sdn Bhd	20	*	1,511,800,620 <sup>(4)</sup>	71.15
Kong Chong Soon @ Chi Suim	-	-	1,512,032,940 <sup>(5)</sup>	71.16
Kong Pak Lim	-	-	1,511,800,620 <sup>(6)</sup>	71.15
Employees Provident Fund Board	215,921,100	10.16	-	-

\* Negligible

## Notes:

- (1) Deemed interested by virtue of Section 8 of the Companies Act 2016 ("the Act") (shareholdings held through LTG Development Sdn Bhd).
- (2) Deemed interested by virtue of United Overseas Australia Ltd being entitled to control the exercise of 100% of the votes attached to the voting shares in UOA Holdings Sdn Bhd
- (3) Deemed interested by virtue of Section 8 of the Act (shareholdings held through United Overseas Australia Ltd and as an associate of Kong Chong Soon @ Chi Suim and Kong Pak Lim) and deemed interested by virtue of United Overseas Australia Ltd being entitled to control the exercise of 100% of the votes attached to the voting shares of UOA Holdings Sdn Bhd.
- (4) Deemed interested by virtue of Section 8 of the Act (through its shareholdings in Griyajaya Sdn Bhd and Transmetro Corporation Sdn Bhd, its wholly owned subsidiary in United Overseas Australia Ltd) and as an associate of Kong Chong Soon @ Chi Suim.
- (5) Deemed interested by virtue of Section 8 of the Act (shareholdings held through his associates Griyajaya Sdn Bhd and Transmetro Sdn Bhd in United Overseas Australia Ltd, and Transmetro Sdn Bhd, Global Transact Sdn Bhd and his children in the Company).
- (6) Deemed interested by virtue of Section 8 of the Act (shareholdings held through his associate Griyajaya Sdn Bhd in United Overseas Australia Ltd).

# STATEMENT OF DIRECTORS' INTEREST

AS AT 31 MARCH 2021

Name	Direct		Indirect	
	Shares	%	Shares	%
Kong Chong Soon @ Chi Suim	-	-	1,512,032,940 <sup>(1)</sup>	71.16
Kong Pak Lim	-	-	1,511,800,620 <sup>(2)</sup>	71.15
Alan Charles Winduss	105,700	0.01	-	-
Low Shu Nyok	-	-	-	-
Teo Chee Seng	120,000	0.01	-	-
Ang Kheng Im	186,820	0.01	-	-
Kong Sze Choon (Alternate to Kong Chong Soon @ Chi Suim)	104,200	0.01	38,400 <sup>(3)</sup>	*
Stephanie Kong Pei Zen (Alternate to Kong Pak Lim)	-	-	-	-

\* Negligible

Notes:

- (1) Deemed interested by virtue of Section 8 of the Companies Act 2016 (shareholdings held through his associates Griyajaya Sdn Bhd and Transmetro Sdn Bhd in United Overseas Australia Ltd, and Transmetro Sdn Bhd, Global Transact Sdn Bhd and his children in the Company).
- (2) Deemed interested by virtue of Section 8 of the Companies Act 2016 (shareholdings held through his associate Griyajaya Sdn Bhd in United Overseas Australia Ltd).
- (3) Deemed interested by virtue of Section 8 of the Companies Act 2016 (shareholdings held through Global Transact Sdn Bhd).

# NOTICE OF THE SEVENTEENTH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Seventeenth Annual General Meeting of UOA Development Bhd (“AGM”) will be conducted entirely through live streaming from the broadcast venue at Reflexion, Level 3A, Connexion Conference & Event Centre (CCEC), Nexus, Bangsar South City, No. 7, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia (“Broadcast Venue”) on Tuesday, 25 May 2021 at 10.00 a.m. for the following purposes:

## AGENDA

### AS ORDINARY BUSINESS

- |   |  |                                      |
|---|--|--------------------------------------|
| 1 | To lay the Audited Financial Statements for the financial year ended 31 December 2020 together with the Directors’ and Auditors’ Reports thereon.                          | (Please refer to Explanatory Note I) |
| 2 | To approve a First and Final Single Tier Dividend of 14 sen per share and a Special Single Tier Dividend of 1 sen per share for the financial year ended 31 December 2020. | Resolution 1                         |
| 3 | To approve the payment of Directors’ fees and meeting allowances payable up to an amount of RM215,000.00 for the financial year ending 31 December 2021.                   | Resolution 2                         |
| 4 | To re-elect Mr. Kong Chong Soon @ Chi Suim who shall retire pursuant to Article 100 of the Constitution of the Company.  | Resolution 3                         |
| 5 | To re-elect Dato Sri Ar. Low Shu Nyok who shall retire pursuant to Article 100 of the Constitution of the Company.   | Resolution 4                         |
| 6 | To re-appoint Grant Thornton Malaysia PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.                        | Resolution 5                         |

### AS SPECIAL BUSINESS

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

- |   |  |              |
|---|--|--------------|
| 7 | <b>Authority to Issue Shares pursuant to Section 75 and 76 of the Companies Act 2016</b> | Resolution 6 |
|---|--|--------------|

“**THAT** subject always to the Companies Act 2016, the Company’s Articles of Association and the approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby empowered pursuant to Section 75 and 76 of the Companies Act 2016 to issue and allot new shares in the Company at any time at such price, upon such terms and conditions, for such purposes and to such person(s) whomsoever as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total issued share capital of the Company for the time being and **THAT** the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and **THAT** such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

# NOTICE OF THE SEVENTEENTH ANNUAL GENERAL MEETING (Continued)

- 8 **Proposed renewal of authority from shareholders to allot and issue new ordinary shares in UOA Development Bhd (“UOA” or “the Company”) (“Shares”) for the purpose of the Company’s Dividend Reinvestment Scheme (“DRS”) that provides the shareholders of UOA (“Shareholders”) the option to elect to reinvest their cash dividend in new Shares.** Resolution 7

“**THAT** pursuant to the DRS as approved by the Shareholders at the Extraordinary General Meeting held on 29 May 2012 and renewed at the Annual General Meeting held on 29 June 2020, subject to the approval of the relevant authority (if any), approval be and is hereby given to the Company to allot and issue such number of new Shares from time to time as may be required to be allotted and issued pursuant to the DRS until the conclusion of the next Annual General Meeting upon such terms and conditions and to such persons as the Directors may, in their sole and absolute discretion, deem fit and in the interest of the Company PROVIDED THAT the issue price of the said new Shares shall be fixed by the Directors at not more than ten percent (10%) discount to the adjusted five (5)-market-day volume weighted average market price (“VWAP”) of the Shares immediately prior to the price-fixing date, of which the VWAP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price;

**AND THAT** the Directors of the Company be and are hereby authorised to do all such acts and enter into all such transactions, arrangements and documents as may be necessary or expedient in order to give full effect to the DRS with full power to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed or agreed to by any relevant authorities or consequent upon the implementation of the said conditions, modifications, variations and/or amendments or at the discretion of the Directors in the best interest of the Company.”

- 9 **Proposed Renewal of Shareholders’ Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading nature and for Provision of Financial Assistance with UOA Holdings Group** Resolution 8

“**THAT**, pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”), approval be and is hereby given to the Company and/or its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature with the UOA Holdings Group as set out in Part A of Appendix I of the Circular to Shareholders of the Company dated 26 April 2021 (“Circular”) with the related parties mentioned therein which are necessary for UOA Development and its subsidiaries’ (“UOA Development Group”) day to day operations subject further to the following:

- (a) the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public; and
- (b) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Proposed Renewal of Shareholders’ Mandate during the financial year;

**THAT** such approval shall continue to be in force until:

- (a) the conclusion of the next AGM of the Company following the general meeting at which the mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to section 340(2) of the Companies Act 2016 (“Act”) (but shall not extend to such extension as may be allowed pursuant to section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier.

**AND THAT** authority be and is hereby given to the Directors of the Company to do such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to this resolution.”

10 **Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature and for Provision of Financial Assistance with Transmetro Group** Resolution 9

**“THAT**, pursuant to the Listing Requirements, approval be and is hereby given to the Company and/or its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature with the Transmetro Group as set out in Part A of Appendix I of the Circular to Shareholders of the Company dated 26 April 2021 (“Circular”) with the related parties mentioned therein which are necessary for UOA Development Group’s day to day operations subject further to the following:

- (a) the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public; and
- (b) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Proposed Renewal of Shareholders’ Mandate during the financial year;

**THAT** such approval shall continue to be in force until:

- (a) the conclusion of the next AGM of the Company following the general meeting at which the mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to section 340(2) of the Companies Act 2016 (“Act”) (but shall not extend to such extension as may be allowed pursuant to section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier.

**AND THAT** authority be and is hereby given to the Directors of the Company to do such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to this resolution.”

11 **Proposed New Shareholders' Mandate for New Recurrent Related Party Transactions of a Revenue or Trading Nature and for Provision of Financial Assistance** Resolution 10

**“THAT**, pursuant to the Listing Requirements, approval be and is hereby given to the Company and/or its subsidiaries to enter into any of the recurrent related party transactions of a revenue or trading nature as set out in Part B of Appendix I of the Circular to Shareholders of the Company dated 26 April 2021 (“Circular”) with the related parties mentioned therein which are necessary for UOA Development Group’s day to day operations subject further to the following:

- (a) the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public; and
- (b) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Proposed New Shareholders’ Mandate during the financial year;

**THAT** such approval shall continue to be in force until:

- (a) the conclusion of the next AGM of the Company following the general meeting at which the mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to section 340(2) of the Companies Act 2016 (“Act”) (but shall not extend to such extension as may be allowed pursuant to section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier.

**AND THAT** authority be and is hereby given to the Directors of the Company to do such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to this resolution.”

# NOTICE OF THE SEVENTEENTH ANNUAL GENERAL MEETING (Continued)

## 12 Proposed Renewal of Share Buy-Back Authority

Resolution 11

**“THAT**, subject always to the Companies Act 2016, the Constitution of Association of the Company, the Listing Requirements and all other relevant applicable laws, regulations and guidelines and the approvals of all relevant authorities, the approval granted by the shareholders of the Company at the Annual General Meeting (“AGM”) of the Company held on 29 June 2020, authorising the Company to purchase and/or hold such amount of ordinary shares (“Shares”) in the Company (“Proposed Share Buy-Back”) as may be determined by the Directors from time to time through Bursa Securities, details as set out in the Circular to Shareholders of the Company dated 26 April 2021 (“Circular”), be and is hereby renewed, provided that:

- (a) the aggregate number of Shares which may be purchased and/or held by the Company pursuant to this resolution shall not exceed ten percent (10%) of the issued share capital of the Company at the time of purchase; and
- (b) the maximum funds to be allocated by the Company for the purpose of the Proposed Share Buy-Back shall not exceed the Company’s retained profits balance.

**THAT** the Directors of the Company be and are hereby authorised to deal with the Shares so purchased in their absolute discretion in any of the following manners:

- (a) cancel all the Shares so purchased; and/or
- (b) retain the Shares so purchased as treasury shares for distribution as dividend to the shareholders and/or resell on the market of Bursa Securities; and/or
- (c) retain part thereof as treasury shares and cancel the remainder;

**AND THAT** such authority shall commence immediately upon the passing of this resolution, until the conclusion of the next AGM of the Company or the expiry of the period within which the next AGM is required by law to be held unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting;

**AND FURTHER THAT** the Directors of the Company be and are hereby authorised to take all such steps as are necessary and/or enter into any and all agreements and arrangements with any party or parties to implement, finalise and give full effect to the Proposed Share Buy-Back with full power to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time to implement or to effect the purchase of its own Shares.”

- 13 To transact any other business for which due notice has been given.

By Order of the Board  
**YAP KAI WENG** (MAICSA 74580)  
**WONG YOKE LENG** (MAICSA 7032314)  
Company Secretaries

Kuala Lumpur, Malaysia  
26 April 2021

**NOTES:****1. IMPORTANT NOTICE**

The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** which requires the Chairperson of the meeting to be present at the main venue of the meeting.

Shareholders **WILL NOT BE ALLOWED** to attend the AGM in person at the Broadcast Venue on the day of the meeting.

Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively referred to as “participate”) remotely at the AGM via the Remote Participation and Voting facilities (“RPV”) provided by Tricor Investor & Issuing House Services Sdn Bhd (“Tricor”) via its **TIIH Online** website at <https://tiih.online>. **Please follow the Procedures for RPV in the Information for Shareholders on 17<sup>th</sup> AGM and take note of Notes (2) to (12) below in order to participate remotely via RPV.**

2. For the purpose of determining who shall be entitled to participate in the AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, the **Record of Depositors as at 18 May 2021**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in the AGM via RPV.
3. A member who is entitled to participate in the AGM via RPV, is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
4. A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM via RPV.
5. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 (“Central Depositories Act”), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
6. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
7. A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at the AGM via RPV must request his/her proxy to register himself/herself for RPV at **TIIH Online** website at <https://tiih.online>. **Please follow the Procedures for RPV in the Information for Shareholders on 17<sup>th</sup> AGM.**
8. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:
  - (i) In hard copy form  
 In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South City, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South City, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia (“Tricor Office”).
  - (ii) By electronic form  
 The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiih.online>. Kindly refer to the Information For Shareholders on the procedures for electronic lodgement of proxy form via TIIH Online.
9. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
10. Last date and time for lodging the proxy form is **Sunday, 23 May 2021 at 10.00 a.m.**



# NOTICE OF THE SEVENTEENTH ANNUAL GENERAL MEETING

(Continued)

11. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Office (please refer item 8) not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
12. For a corporate member who has appointed a representative, please deposit the ORIGINAL certificate of appointment with the Share Registrar of the Company at Tricor Office (please refer item 8). The certificate of appointment should be executed in accordance with the constitution of the corporate member or the prevailing laws of the country under which the corporate member is incorporated.

## EXPLANATORY NOTES

1. The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 and do not require approval of shareholders. This item is meant for discussion only under the Agenda and hence, will not be put forward for voting.

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

The proposed Resolution 6 will give the Directors of the Company the flexibility to issue and allot new shares in the Company up to an amount not exceeding in total ten percent (10%) of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company.

The Company continues to consider opportunities to enhance the earnings potential of the Company and if such opportunities involve the issuance of new shares, the Directors would have to convene a general meeting to approve the issuance of new shares even though the number involved may be less than 10% of the issued share capital. In order to avoid any delay and costs involved in convening a general meeting to approve the issuance of new shares, it is thus considered appropriate that the Directors be empowered to issue new shares in the Company, up to an amount not exceeding in total ten percent (10%) of the issued share capital of the Company at any time, for such purposes.

The authority for the allotment of new shares will provide flexibility to the Company for any potential fund raising activities, including but not limited to placement of shares, for purpose of funding future investments, working capital and/or acquisition. This authority will expire at the next Annual General Meeting ("AGM"), unless revoked or varied at a general meeting. As at the date of this notice, there were no shares issued pursuant to the mandate obtained in the last AGM.

3. Resolution 7 - Authority to Issue Shares pursuant to the DRS

The proposed Resolution 7 will give the Directors of the Company the authority to allot and issue new shares in the Company for the DRS in respect of the dividend declared at this AGM and subsequently until the next AGM.

4. Resolution 8, Resolution 9 and Resolution 10 – General Mandate for Recurrent Related Party Transactions

The proposed Resolution 8, 9, and 10, if passed, will allow the Company and its subsidiary companies to enter into recurrent related party transactions of a revenue and trading nature. The details of these proposals are set out in the Circular to Shareholders dated 26 April 2021, which is circulated together with the Annual Report for the financial year ended 31 December 2020.

5. Resolution 11 - Proposed Renewal of Share Buy-Back Authority

The proposed Resolution 11, if passed, will empower the Directors to buy-back and/or hold up to a maximum of ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company at the time of purchase. Details of this proposal is set out in the Circular to Shareholders dated 26 April 2021, which is circulated together with the Annual Report for the financial year ended 31 December 2020.

# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

## **Details of individuals who are standing for election as Directors**

No individual is seeking election as Director (excluding Directors standing for re-election) at the Seventeenth Annual General Meeting of the Company.

## **General mandate for issue of securities in accordance with Paragraph 6.03(3) of the Listing Requirements of Bursa Malaysia Securities Berhad**

The details of the proposed authority for Directors to issue shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 are set out in the Explanatory Note 2 of the Notice of the AGM.



# PROXY FORM

UOA DEVELOPMENT BHD  
Registration No. 200401015520 (654023-V)  
(Incorporated in Malaysia)

CDS Account No.:

No. of Shares held:

I/We \_\_\_\_\_ NRIC No./Company No. \_\_\_\_\_  
of \_\_\_\_\_ Tel. No. \_\_\_\_\_

being a Shareholder/Shareholders of UOA DEVELOPMENT BHD, hereby appoint the following person(s) as my proxy:

No.	Name as per NRIC	NRIC No.	% shareholding to be represented
1.			
2.			

or failing him/her the Chairman of the Meeting as my/our proxy to attend on my/our behalf the Seventeenth Annual General Meeting of UOA DEVELOPMENT BHD ("AGM") to be conducted entirely through live streaming from broadcast venue at Reflexion, Level 3A, Connexion Conference & Event Centre (CCEC), Nexus, Bangsar South City, No. 7, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Tuesday, 25 May 2021 at 10.00 a.m., and at any adjournment in the manner indicated below:

Resolutions		For	Against	Abstain
Ordinary Resolution 1	To approve the First and Final Single Tier Dividend and Special Single Tier Dividend for the financial year ended 31 December 2020.			
Ordinary Resolution 2	To approve the payment of Directors' fees and meeting allowances for the financial year ending 31 December 2021.			
Ordinary Resolution 3	To re-elect Mr. Kong Chong Soon @ Chi Suim as a Director of the Company.			
Ordinary Resolution 4	To re-elect Dato Sri Ar. Low Shu Nyok as a Director of the Company.			
Ordinary Resolution 5	To re-appoint Grant Thornton Malaysia PLT as Auditors of the Company.			
Ordinary Resolution 6	To authorise the Directors to allot and issue shares pursuant to Section 75 and 76 of the Companies Act 2016.			
Ordinary Resolution 7	To authorise the Directors to allot and issue shares pursuant to the DRS of the Company.			
Ordinary Resolution 8	To approve the renewal of the Shareholders' Mandate for existing recurrent related party transactions and provision of financial assistance with UOA Holdings Group.			
Ordinary Resolution 9	To approve the renewal of Shareholders' Mandate for existing recurrent related party transactions and for provision of financial assistance with Transmetro Group.			
Ordinary Resolution 10	To approve the new Shareholders' Mandate for new recurrent related party transactions.			
Ordinary Resolution 11	To approve the renewal of the Share Buy-Back Authority.			

(Please indicate with an "x" in the space provided how you wish your vote to be cast on the resolutions specified. If no specific direction as to the voting is given, the Proxy will vote or abstain at his/her discretion.

Signature of Shareholder(s)/Common Seal

Date:

## NOTES:

### 1. IMPORTANT NOTICE

The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** which requires the Chairperson of the meeting to be present at the main venue of the meeting.

Shareholders **WILL NOT BE ALLOWED** to attend the AGM in person at the Broadcast Venue on the day of the meeting.

Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively referred to as "participate") remotely at the AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its TIH Online website at <https://tiah.online>. Please follow the Procedures for RPV in the Admin Notes and take note of Notes (2) to (12) below in order to participate remotely via RPV.

- For the purpose of determining who shall be entitled to participate in the AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, the **Record of Depositors as at 18 May 2021**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in the AGM via RPV.
- A member who is entitled to participate in the AGM via RPV, is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
- A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM via RPV.
- Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

6. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
7. A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at the AGM via RPV must request his/her proxy to register himself/herself for RPV at **TIIH Online** website at <https://tiih.online>. Please follow the Procedures for RPV in the Admin Notes.
8. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:
  - (i) In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South City, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South City, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia ("Tricor Office").
  - (ii) By electronic form

The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiih.online>. Kindly refer to the Admin Notes on the procedures for electronic lodgement of proxy form via TIIH Online.
9. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
10. Last date and time for lodging the proxy form is **Sunday, 23 May 2021 at 10.00 a.m.**
11. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Office (please refer item 8(i) not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
12. For a corporate member who has appointed a representative, please deposit the ORIGINAL certificate of appointment with the Share Registrar of the Company at Tricor Office (please refer item 8(i)). The certificate of appointment should be executed in accordance with the constitution of the corporate member or the prevailing laws of the country under which the corporate member is incorporated.

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**TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD**  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South City  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur, Malaysia

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**UOA DEVELOPMENT BHD**

200401015520 (654023-V)

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

Telephone: +603 2245 9188 Facsimile: +603 2245 9198

**[www.uoa.com.my](http://www.uoa.com.my)**