

**UOA DEVELOPMENT BHD (“UOA DEV” or “the Company”)
SHAREHOLDERS’ AGREEMENT IN RELATION TO THE SUBSCRIPTION OF SHARES IN TONG
XIN TANG HEALTHCARE INTERNATIONAL SDN. BHD.**

(Unless otherwise stated, all abbreviations used herein shall have the same meaning as those mentioned in the Company’s announcement dated 25 January 2021.)

1. INTRODUCTION

Further to the Company’s announcement dated 25 January 2021 in relation to the subscription of 51,000 ordinary shares (“**Subscription**”) in Tong Xin Tang Healthcare International Sdn. Bhd. (Registration no. 200701011360 (812648-U)) (“**TXT**”), the Company wishes to announce that the Company, via its wholly owned subsidiaries, Federaya Development Sdn. Bhd. (Registration No. 200801030619 (831950-A)) (“**Federaya**”) and Regenta Development Sdn. Bhd. (Registration No. 201301000695 (1030532-H)) (“**Regenta**”) had on 17 May 2021 entered into a Shareholders’ Agreement with the existing shareholders of TXT as hereunder disclosed (“**Shareholders’ Agreement**”).

2. SALIENT TERMS OF THE SHAREHOLDERS’ AGREEMENT

2.1 Purpose of the Shareholders’ Agreement

The purpose of the Shareholders’ Agreement is to expand on the terms of the Subscription and to regulate the affairs of TXT and the shareholders’ respective rights as shareholders of TXT (“**Shareholders**”).

2.2 Share Capital

2.2.1 As at the date of the Shareholders’ Agreement, the ordinary shares of TXT (classified as Class A shares), are held by the Shareholders in the following proportions:

| Name of Shareholders | No. of Ordinary Shares (Class A) | Percentage of Shareholdings (%) |
|-----------------------------|---|--|
| Cao Qiang | 32,000 | 32 |
| Wong May Hua | 15,000 | 15 |
| Ho Hon Mun | 2,000 | 2 |
| Federaya | 50,000 | 50 |
| Regenta | 1,000 | 1 |
| TOTAL | 100,000 | 100 |

2.2.2 Federaya and/or its nominees will further subscribe in the ordinary shares of TXT (classified as Class B shares) upon the occurrence of the following events:

- (a) the release of the capital expenditure amounting to RM190,000.00 by Federaya in respect of the outlet in Nexus, Bangsar South City, whereby 190,000 Class B shares shall be issued to Federaya.

- (b) TXT's total profit after tax in a single financial year exceeding RM800,000.00, a further 1,000,000 Class B shares shall be issued to Federaya for a sum of RM1,000,000.00.

2.2.3 Terms and Rights of Class B shares

- (a) Class B shares are non-convertible;
- (b) Federaya and/or its nominees as holder of Class B shares is not entitled to any share of the dividends or surplus profits declared by TXT, and shall have no voting rights in TXT;
- (c) In the event that Federaya and/or Regenta are or shall no longer be a shareholder in TXT, the person buying or purchasing or acquiring Federaya's and/or Regenta's Class A share in TXT shall also assume the Class B shares from Federaya. If any of the other existing shareholders of TXT is buying or purchasing or acquiring Federaya's and/or Regenta's Class A shares in TXT, they shall not assume the Class B shares from Federaya.

2.3 Composition of Board of Directors

Pursuant to the Shareholders' Agreement, the Board of Directors of TXT shall consist of 3 directors of which:

- (a) Federaya and Regenta shall be entitled to appoint at least 2 directors; and
- (b) Cao Qiang shall be appointed director to represent the other shareholders of TXT.

2.4 Business of TXT

- (a) TXT is in the business of an operator of Chinese medical, acupuncture and physiotherapy care centre and dealer in Chinese medicine ("**Business**").
- (b) **Intellectual Property**
The Shareholders acknowledge that TXT shall own worldwide right, title, and interest in and to any and all trademarks, trade names, copyrights, patents and other Intellectual Property created and/or developed in the course of carrying out the Business and operations of TXT, whether or not it is conceived, prepared, developed or contributed to by any of the Shareholders, directors, employees or contractors of TXT. Any Shareholder shall not during or at any time after the termination of the Shareholders' Agreement as a whole or as regards to any Shareholder in any way question or dispute the ownership by TXT of any such Intellectual Property.

3. RATIONALE FOR THE SUBSCRIPTION IN TXT

The rationale for the subscription in TXT is to venture into new business.

4. SOURCE OF FUNDING

The Subscriptions in TXT shall be satisfied by cash from internally generated funds.

5. FINANCIAL EFFECTS OF THE SUBSCRIPTION OF CLASS A SHARES AND CLASS B SHARES IN TXT ("**SUBSCRIPTIONS**")

5.1 Earnings

The Subscriptions is expected to contribute positively to the earnings of UOA in the future when the Business is expanded.

5.2 Net Assets

The Subscriptions is not expected to have an immediate effect on the net assets per share of UOA DEV.

5.3 Gearing

The Subscriptions is not expected to have any impact on the gearing of UOA DEV.

5.4 Share Capital and Substantial Shareholders' shareholding

The Subscriptions is not expected to have any impact on the issued and paid-up share capital of UOA DEV, or the Substantial Shareholders' shareholdings.

6. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Subscriptions pursuant to paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 0.09% computed based on the audited accounts of UOA DEV as at 31 December 2020.

7. RISK FACTORS

The risks associated with the Subscriptions are mainly those relating to the Business of TXT, which are otherwise faced by all businesses of similar nature. These risks include rising material and labour costs, potential labour shortage, rising financing costs, competition, changes in government regulations and changes in social, political and economic conditions in Malaysia, which are not within the direct control of the management of UOA DEV.

8. OUTLOOK AND PROSPECTS

The management of UOA DEV is optimistic about the prospects of the Subscriptions.

9. APPROVALS REQUIRED

The Subscriptions is not subject to the approval of the shareholders of UOA DEV or any other regulatory authorities.

10. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Mr. Kong Chong Soon @ Chi Suim and Mr. Kong Pak Lim are directors of UOA DEV, Federaya and Regenta, which are wholly owned subsidiaries of UOA DEV. Both the directors have abstained from voting in the resolution of UOA DEV approving this transaction.

Save for the above, none of the other Directors and Substantial Shareholders of UOA DEV or persons connected to them has any interest, direct or indirect, in the Shareholders' Agreement.

11. DIRECTORS' STATEMENT

Save for Mr. Kong Chong Soon @ Chi Suim and Mr. Kong Pak Lim, the Board of UOA DEV having considered the rationale of the Shareholder' Agreement is of the opinion that the Shareholders' Agreement is in the best interest of the Company.

12. DOCUMENTS AVAILABLE FOR INSPECTION

The Shareholders' Agreement will be available for inspection by shareholders of UOA DEV at the principal place of business of UOA at Wisma UOA Bangsar South, Tower 1, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur during business hours from Monday to Friday (save for public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 17 May 2021.