UOA DEVELOPMENT

ANNUAL REPORT 2017

An illustration of South Link Lifestyle Apartments - a freehold development that is complemented by a myriad of amenities and conveniences. It is easily accessible via major highways and public transportation with its strategically connected location at Bangsar South.

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MANAGEMENT DISCUSSION & ANALYSIS

OVERVIEW OF GROUP'S BUSINESS AND OPERATIONS

UOA Development Bhd and its subsidiaries (the "Group") continued its geographical focus of its developments in the Klang Valley in financial year 2017. In financial year 2017, the Group placed its emphasis on the residential segment with over 90% of its revenue derived from residential development. The Group completed over 2,500 residential units in 2017 together with some retail and commercial space supporting the projects.

In 2017, the Group sold approximately RM1.30 billion worth of properties. Over 95% of the sales were derived from residential properties while the remaining were from commercial properties.

Apart from its development activities, the Group also derives its income from the operations of its hospitality division and rental income from investment properties.

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

Year Ended 31 December (RM'000)	2017	2016	2015	2014	2013
Revenue	**1,081,602**	996,193	1,643,188	1,077,849	1,245,502
Profit Before Tax	**656,061**	929,364	645,286	460,704	577,914
Finance Cost	**4,171**	6,705	8,275	5,821	5,196
Profit After Tax	**526,778**	710,638	488,033	356,840	405,682
Profit Attributable to Shareholders	**491,182**	676,726	417,016	316,122	362,832
Paid-Up Capital	**309,607**	81,623	76,039	71,587	66,989
Shareholders' Equity	**4,287,475**	3,813,100	3,150,810	2,750,573	2,444,813
Total Assets Employed	**5,535,470**	4,984,862	4,382,720	3,448,468	3,099,345
Total Net Tangible Assets	**4,544,429**	3,937,145	3,294,500	2,841,622	2,542,527
Total Borrowings	**126,830**	125,127	208,528	78,105	32,167
Debt / Equity (times)	**0.03**	0.03	0.07	0.03	0.01
Basic Earnings Per Share (RM)	**0.29**	0.43	0.28	0.23	0.28
Net Tangible Assets Per Share (RM)	**2.62**	2.41	2.17	1.98	1.90
Share Price – Year High (RM)	**2.76**	2.77	2.32	2.42	2.75
Share Price – Year Low (RM)	**2.30**	2.03	1.68	1.79	1.67
Closing Share Price @ End of Financial Year (RM)	**2.39**	2.35	2.06	2.11	1.94
Total Yearly Share Volume Traded ('000)	**222,111**	261,429	107,694	181,427	328,544
Market Capitalisation @ End of Financial Year (RM 'billion)	**4.14**	3.84	3.13	3.02	2.60

REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION

The Group recorded a total revenue of RM1.08 billion and profit after tax and minority interest ("PATAMI") of RM491.18 million in financial year 2017.

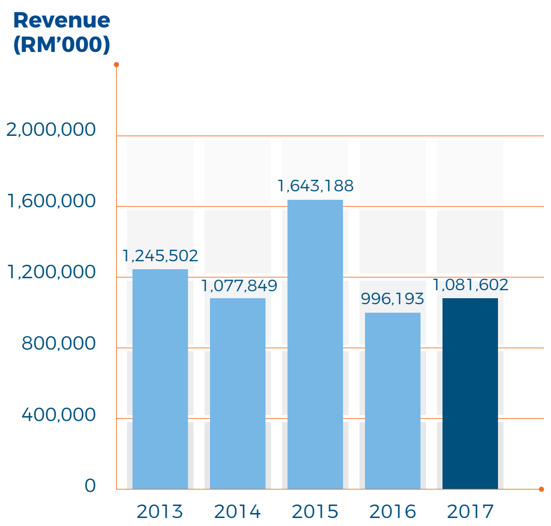
The revenue of the Group increased by 8.6% to RM1.08 billion from RM996.2 million in the previous financial year. The higher revenue was due to the higher recognition from four projects which were in their advanced stage of construction which were subsequently completed during the financial year.

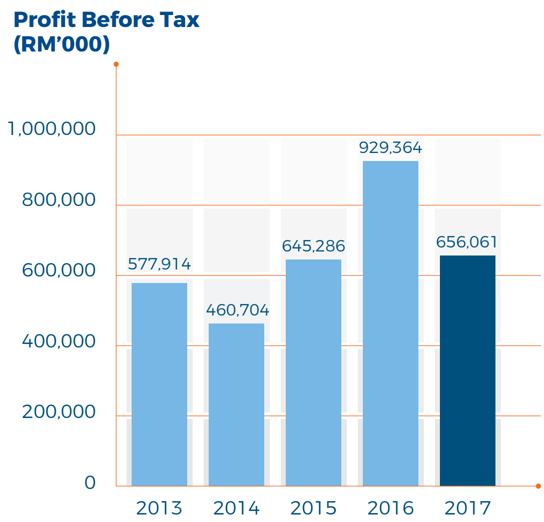
The Group's PATAMI was lower at RM491.2 million compared to RM676.7 million in the preceding year. This was mainly due to the absence of fair value adjustment on investment properties in the current financial year. In the previous year, there was a substantial non-recurring gain on fair value adjustment from the completion of investment properties.

Other Income in financial year 2017 saw an increase compared to the previous year. Excluding gain on remeasurement as a result of acquisition of an associated company, the increase in other income was predominantly from the operations of the Group's hospitality division as well as an increase in rental income from investment properties.

Operating expenses in financial year 2017 was higher partially due to a corresponding growth in operations of the hospitality division. The finance costs of the Group remained low at RM4.2 million with the total borrowings of RM126.8 million while the cash and cash equivalents continued to be healthy at RM567.1 million.

As at 31 December 2017, there is a capital commitment of approximately RM188 million. The capital commitment is mainly for the construction of investment properties and will be funded from internally generated funds.





MANAGEMENT DISCUSSION & ANALYSIS (Cont'd.)

REVIEW OF OPERATING ACTIVITIES

The Group has achieved total property sales of RM1.30 billion in financial year 2017, attributed mainly to Sentul Point, United Point Residence, UOA Business Park and Desa Green projects.

Completed Developments

A total of four development projects with an estimated Gross Development Value ("GDV") of RM2.03 billion collectively were completed in financial year 2017. They include South View Serviced Apartments, Suria@North Kiara, Sentul Village and Southbank Residence.

Completed in 2017, South View Serviced Apartments consists of 1,204 units of serviced apartments in a complex which is located within close proximity to Bangsar South. Suria@North Kiara comprises a mix of serviced apartments and retail spaces which are located in Segambut. Another mixed development, namely Sentul Village which is located in Sentul saw its completion in the second quarter of 2017 while Southbank Residence consisting of serviced apartments and boutique office towers located along Old Klang Road was completed in the third quarter of 2017.

Suria@North Kiara

Sentul Village

South View Serviced Apartments


United Point


Southbank Residence


Desa Commercial Center

MANAGEMENT DISCUSSION & ANALYSIS (Cont'd.)

Current Developments

Danau Kota Suite Apartment development is located in the matured township of Setapak off Jalan Genting Kelang and is complemented by excellent facilities. This project consists of 285 units of apartments together with 25 units of shop offices. It is expected to be completed in year 2018 with an estimated GDV of RM203.0 million.

Sentul Point in Sentul consists of 3 blocks of residences consisting of 2,352 units of serviced apartments and 142 units of retail shops. United Point Residence in Kepong, consists of 2,509 units of serviced apartments and a commercial complex, it has a direct link to the future KTM commuter train station. The construction of these projects are on-going and are expected to be completed in year 2021 with an estimated total GDV of RM3.0 billion.

The Sphere, a lifestyle hub which is located in Bangsar South, is scheduled to be opened for operation in the first quarter of 2018. This project consists of 3 levels of retail spaces with approximately 50 retail lots which are predominantly for food and beverage outlets.

Future Developments

Desa Commercial Center (formerly known as Desa Center) is a commercial project located near Taman Desa, Old Klang Road off the East-West Link Highway. This project comprises 2 blocks of boutique office buildings each of 16-stories with an anticipated GDV of RM300.0 million.

South Link Lifestyle Apartments comprises 1,422 units of freehold serviced apartments, along with a 2-storey lifestyle retail podium.

South Point is a hotel adjacent to South Link Lifestyle Apartments.

Both projects are located within close proximity to Bangsar South. The construction of these projects is on-going, and the latter is expected to be completed in year 2020 while the former is expected to be completed in year 2022. These two projects have an anticipated GDV on completion of RM919.0 million.

Danau Kota Suite Apartments

South Link Lifestyle Apartments

East Bank

The Sphere

Sentul Point

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

ANTICIPATED OR KNOWN RISKS

Weak sentiment in the Malaysian property market and uncertainties in the domestic as well as global economies remain as risks which the Group remains cautious on. Market supply will continue to influence property prices.

The Group continues its focus on the mid-end residential market as it recognises the potential in this market segment despite the challenges in the current market.

MOVING FORWARD

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

As a commitment to reward our shareholders, the Group will continue its dividend policy of paying 30% to 50% of realised profix after tax.

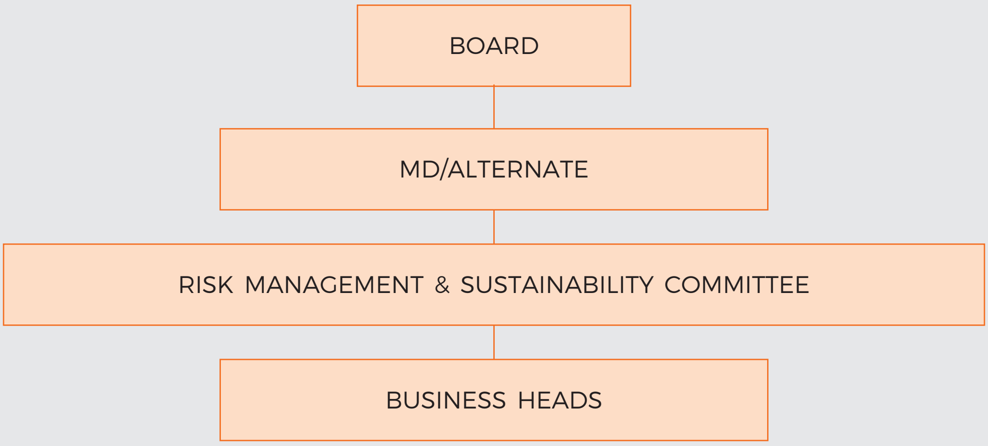
SUSTAINABILITY STATEMENT

INTRODUCTION

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

SUSTAINABILITY GOVERNANCE STRUCTURE

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



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

STAKEHOLDER ENGAGEMENT

The table below illustrates UOA's outreach efforts to its various stakeholder groups in 2017.

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 newsletters	Yearly
Shareholders	Annual General Meetings	Yearly
	Interim financial reports	Quarterly
	Corporate announcements	On-going
	UOA newsletters	Yearly
Employees	Recruitment, training and development programmes	Yearly
	Staff engagement events	Yearly
	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	On-going
	(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

SUSTAINABILITY STATEMENT (Cont'd.)

MATERIAL ANALYSIS

In determining sustainability priorities, UOA continues to reach out to its stakeholders with the purpose to identify and address key sustainability issues which reflect significant economic, environmental and social impact on our business. It is essential for gaining a better understanding of the sustainability aspects that are important to UOA as we strive to align them in our efforts to improve business practices, reduce environmental impact and enhance livelihoods.

MATERIAL ISSUES

Economic

- **Financial Sustainability**

  Our commitment to business excellence is underpinned by an unwavering focus on strong corporate governance and prudent financial management in the face of 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

- **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 in fostering a sense of responsibility and trust with our stakeholders.

  We are committed to our obligation to manage the progress and process in ensuring compliance with applicable laws, rules and regulations.

- **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 18001:2007 certification - an International Organisation for Standardisation (ISO) standard on occupational health and safety management - for our projects.

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

  – reviewing practices on an issue-by-issue basis and develop recommendations for improvement
  – ensuring adoption of best practices by adhering to the guidelines of the OHSAS certification
  – engaging all contractors in the implementation and enforcement of safety procedures and practices
  – setting up a Safety division that performs daily walkabout inspection of work practices and monitoring occupational accident statistics regularly and provide recommendations for improvement
  – mandatory training programmes for employees organised by Construction Industry Development Board (CIDB) to continuously improve site conditions, work practices and ethics

- **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 matters related to our products. In addition, our products integrate environmental considerations into the planning, design, development and operations of our businesses. These key principles contribute to the delivery of our exceptional, customer-focused and responsible products.

We carry out various measures to assure the quality of our products. Whilst all our buildings are equipped with fire services and security systems, we also arrange daily patrols by our auxiliary police in order to ensure the safety of our buildings. Our building management division has adopted crisis management policies and procedures to ensure annual testing, simulations and training for crisis situations. These scenarios include electricity supply, lift system, gas and fuel supply, fire alarm system and water supply failure, as well as flooding.

In addition, we organise fire drills regularly 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.

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.

- **Waste Management & Energy Efficiency**

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

  Designated buildings within the MSC Malaysia Cybercentre at The Vertical, Bangsar South including UOA Corporate Tower are built to meet the Malaysian Green Building Index (GBI) specifications based on six design criteria, namely energy efficiency, indoor environment quality, sustainable site planning and management, materials and resources, water efficiency and innovation. The GBI is Malaysia's industry recognised green rating tool for buildings to promote sustainability in the built environment.

  Listed below are the green building provisions for UOA Corporate Tower at The Vertical, Bangsar South, which have led to overall energy savings of 36.2% (800,000kWhr/yr) and water savings of 51% (364m^3/yr):

  Double Glazing Unit

  – Building façades are equipped with curtain glass wall using double glaze glass (DGU) to reduce heat penetration into the building.

  Lighting Zoning & Energy Saving Light Fitting

  – The lighting zones allow for more flexible control by owners and tenants to reduce energy consumption and cost by lighting only areas or zones that are occupied. This is complemented by the energy saving light fittings to reduce energy throughout the office spaces.

  Motion Sensor

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

SUSTAINABILITY STATEMENT (Cont'd.)

Sub-Metering

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

Energy Management System

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

Heat Recovery Wheel

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

Carbon Dioxide Monitoring & Control System

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

Smoke Free Zone

– Smoking is prohibited in the building.

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.

Centralised Air-Conditioning System

– The use of centralised air-conditioning system to reduce the overall energy consumption in the building.

High Frequency Ballasts

– Replacement of low frequency flickers with high frequency ballast to reduce undetectable optical strain on office employees.

Green Vehicle Priority

– Parking areas for green vehicles are designated to encourage the use of hybrid or electric vehicles in an effort to reduce pollution and land development impacts from automobile use.

Refrigerant & Clean Agents

– Use of environmental friendly refrigerants and clean agents that exceed Malaysia's commitment to the Montreal and Kyoto protocols. Demonstrated leadership in accelerating the phase out of all ozone depleting substances and promoting the use of low global warming substances.

Rainwater Harvesting

– Reduction in portable water consumption through rainwater collection from roof top to designated water tank by gravity fed system to applications such as toilets and landscape irrigation.

Water Efficient Landscaping

– Use of native or adaptive plants to reduce portable water consumption.

Water Efficient Fittings

– Use of water efficient devices including water closets and wash hand basins to reduce portable water consumption in the building.

Non-Chemical Water Treatment for Cooling Tower

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

Cut & Fill Earthworks

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

Tree Removal

- Trees that obstructed construction works are removed and relocated to a more conducive environment.

Temporary Soil Stabilisation

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

Pollution Control Mechanism

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

Our hospitality arm, UOA Hospitality, has also undertaken the following initiatives for V E Hotel & Residence in Bangsar South to create positive environmental impact:

- Recycling of paper, bottles, boxes, used oil and linen
- Reduce plastic bottle waste of hotel amenities by offering guests refill bottles
- Usage of green cleaning products
- Promotion of eco lunch box at The Straits Estate Coffee House
- Appointment of selected suppliers to segregate waste and to ensure that the whole dispose process is managed in a responsible manner
- Placement of recycle bins on all pantry floors
- Promote environmental awareness among employees

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

UOA also obtained the Construction Quality Assessment System (CONQUAS) certification - a standard assessment system introduced in Singapore - for its two projects, namely Southbank Residence and South View Serviced Apartments.

Social

Promising Workplace

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

In 2017, we continued to step up on staff communication and employee engagement through diverse initiatives. Our focus remains on people development through performance management and manpower planning to groom a new generation of capable employees within a dynamic workplace.

As of 31 December 2017, there are 839 employees under UOA's employment. The employee profile background is as follows:

Employee Breakdown

TOTAL NUMBER	839
Gender	
Female	339 (40%)
Male	500 (60%)
Race	
Malay	388 (46%)
Chinese	410 (49%)
Indian	16 (2%)
Others	25 (3%)
Age	
≤30	335 (40%)
31-40	267 (32%)
41-50	135 (16%)
51-60	84 (10%)
>60	18 (2%)

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

Recruitment

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

Training & Development

Relevant internal and external training programmes that tailor to different divisions and individual employees were organised. Internal courses included induction programmes which were attended by close to 80 new employees for 2017 while external courses comprising technical and non-technical training workshops, seminars as well as conferences amounted to a total of 71.5 days by more than 200 employees.

Employee Engagement

Various activities such as Annual Dinner, UOA Explorace Day and Malaysia Day Potluck Lunch were held to promote engagement and camaraderie among the employees. These activities were organised by our Sports & Recreational Club Committee, which is run by UOA employees. The committee is responsible for the in-house gymnasium which offers recreational classes such as yoga, tai-chi and dance sessions to promote a healthy work-life balance among the employees. The committee also organises friendly matches such as badminton and bowling.

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 employees to connect with the new generation through day-to-day work. In addition, the internship programme enables us to identify potentially suitable candidates for long-term employment with UOA.

COMMUNITY OUTREACH

As a responsible corporate citizen, we give back to communities wherever we operate through our multi-faceted approach towards corporate social responsibility, which is derived from education and community activities.

Education

UOA continued its support for the fifth consecutive year to the free intensive reading programme offered to children at PPR flats in Kampung Kerinchi under the JOMBACA Children Literacy Campaign by ADRF Malaysia. The campaign was held in collaboration with i-Sina, an intensive reading programme provider that assists children to be able to read in less than three months. The programme has been running since 2006 with a reading/passing rate of 85% for children who have undergone its reading system.

JOMBACA Programme for underprivileged children in Sentul

Following the success of the literacy programme, UOA further extended its support to ADRF Malaysia in its efforts to introduce a similar programme to the underprivileged children in Sentul. More than 100 children aged 6 to 14 participated in the school holiday initiative.

UOA also sponsored the Excellearn programme organised by ADRF Malaysia for more than 40 underprivileged children in Kampung Kerinchi. The brain stimulation programme aimed to help slow learning children to acquire memory and learning skills through highly interactive short lectures, live demonstrations, activities and group exercises.

ADRF Malaysia is a non-profit organisation that helps underprivileged and vulnerable children to better their lives through education by organising free intensive reading programmes for communities in need within Klang Valley.

Community Activities

UOA made a contribution of RM10,000 to Persatuan Kebajikan Ceriajaya Kuala Lumpur Dan Selangor (WeCare Journey) in support of the Annual Influenza Vaccination Programme for patients with Spinal Muscular Atrophy (SMA) and their family members. SMA is a neuromuscular disease that takes away the ability to move, walk, eat or breathe without assistance. A not-for-profit organisation, WeCare Journey champions care and support for families with SMA and disabilities.

UOA also organised 'Kempen Kembali Ke Sekolah', a back-to-school campaign, for the third consecutive year for the underprivileged children in the Bangsar South vicinity. More than 500 primary and secondary school students from low income families were presented with new school bags and water tumblers. The campaign was initiated to ease the families' financial burden and help the children to start their new academic year in a positive manner.

UOA also supports socially responsible initiatives undertaken by Suria Bangsar South, a community centre operated by Soroptimist International Club of Bangsar (SICB) and sponsored by UOA. Suria Bangsar South offers educational support and skill development programmes for women and young girls living in the low cost flats within the Kampung Kerinchi neighbourhood.

The community centre runs in tandem with four programme focus goals namely equity and equality for women and girls, living in safe and healthy environments, access to education, and development of leadership and practical skills.

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 support of the Annual Influenza Vaccination Programme for SMA families

Back-To-School Campaign for the Kerinchi community

CORPORATE INFORMATION

BOARD OF DIRECTORS

Kong Chong Soon @ Chi Suim	(Managing Director/Non-Independent Director)
Kong Pak Lim	(Executive Director/Non-Independent Director)
Alan Charles Winduss	(Independent Non-Executive Director)
AR Steve Low Shu Nyok	(Independent Non-Executive Director)
Terence Teo Chee Seng	(Independent Non-Executive Director)
Ang Kheng Im	(Executive Director/Non-Independent Director)
Kong Sze Choon	(Alternate Director to Kong Chong Soon @ Chi Suim)
Stephanie Kong Pei Zen	(Alternate Director to Kong Pak Lim)

AUDIT AND RISK MANAGEMENT COMMITTEE

Terence Teo Chee Seng	(Chairman, Independent Non-Executive Director)
Alan Charles Winduss	(Independent Non-Executive Director)
AR Steve Low Shu Nyok	(Independent Non-Executive Director)

NOMINATION AND REMUNERATION COMMITTEE

Terence Teo Chee Seng	(Chairman, Independent Non-Executive Director)
Alan Charles Winduss	(Independent Non-Executive Director)
AR Steve Low Shu Nyok	(Independent Non-Executive Director)

SECRETARIES

Yap Kai Weng (MAICSA No: 74580)
Wong Yoke Leng (MAICSA No: 7032314)

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Facsimile : +603-9287 2000

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PRINCIPAL PLACE OF BUSINESS

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Facsimile : +603-2245 9198

AUDITORS

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Wisma Selangor Dredging
11th Floor, South Block
142-A, Jalan Ampang
50450 Kuala Lumpur
Telephone : +603-2161 5222
Facsimile : +603-2161 3909

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
RHB Bank Berhad
United Overseas Bank (M) Bhd
CIMB Bank Berhad

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad

STOCK CODE

5200

WEBSITE

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INVESTOR RELATIONS

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Telephone: **1-300-88-6668**

FINANCIAL CALENDAR

Financial Year

1 January to 31 December 2017

Announcement of Quarterly Results

22 MAY 2017

Announcement of unaudited consolidated results for the first quarter ended 31 March 2017

23 AUGUST 2017

Announcement of unaudited consolidated results for the second quarter ended 30 June 2017

21 NOVEMBER 2017

Announcement of unaudited consolidated results for the third quarter ended 30 September 2017

21 FEBRUARY 2017

Announcement of unaudited consolidated results for the fourth quarter ended 31 December 2017

Annual Report & Annual General Meeting

28 APRIL 2017

Date of notice of 14th Annual General Meeting and issuance of Annual Report 2017

23 MAY 2017

Date of 14th Annual General Meeting

Dividend

To be proposed at the 14th Annual General Meeting

CORPORATE **STRUCTURE**

UOA DEVELOPMENT BHD

- 100% Kumpulan Sejahtera Sdn Bhd
- 100% Tiarawoods Sdn Bhd
- 100% Magna Tiara Development Sdn Bhd
- 100% IDP Industrial Development Sdn Bhd
- 100% Sunny Uptown Sdn Bhd
- 60% Peninsular Home Sdn Bhd
- 73.75% Magna Kelana Development Sdn Bhd
- 60% Scenic Point Development Sdn Bhd
- 54% Ceylon Hills Sdn Bhd
- 100% Saujanis Sdn Bhd
- 100% Allied Engineering Construction Sdn Bhd
- 100% URC Engineering Sdn Bhd
- 100% Resodex Construction Sdn Bhd
- 100% Windsor Triumph Sdn Bhd
- 60% Everise Tiara (M) Sdn Bhd
- 74% Everise Project Sdn Bhd
  - 51% Jendela Dinamik Sdn Bhd

- 100% Paramount Hills Sdn Bhd
- 100% Sagaharta Sdn Bhd
- 100% Paramount Properties Sdn Bhd
- 85% Seri Tiara Development Sdn Bhd
- 100% Maxim Development Sdn Bhd
- 100% Infinite Accomplishment Sdn Bhd
- 100% Orient Housing Development Sdn Bhd
- 100% Seri Prima Development Sdn Bhd
- 100% Regenta Development Sdn Bhd
  - 0.00002%
- 60% Eureka Equity Sdn Bhd
- 100% Concord Housing Development Sdn Bhd
- 100% Fabullane Development Sdn Bhd
- 100% Topview Housing Sdn Bhd
- 84% Nova Metro Development Sdn Bhd
- 100% UOA Hospitality Sdn Bhd
- 100% Citra Jaya Sejahtera Sdn Bhd
- 100% UOA Komune Sdn Bhd
- 100% UOA Properties Sdn Bhd
  - 100% Dynasty Portfolio Sdn Bhd
  - 100% Lencana Harapan Sdn Bhd
  - 100% Bangsar South City Sdn Bhd
  - 100% Nasib Unggul Sdn Bhd
  - 100% Enchant Heritage Sdn Bhd
  - 100% Tunjang Idaman Sdn Bhd
  - 100% Distinctive Acres Sdn Bhd
  - 100% Full Marks Property Sdn Bhd
  - 100% Nova Lagenda Sdn Bhd

LEGEND:

→ Subsidiary

BOARD OF DIRECTORS

The members of the Board of Directors are as follows:

Name	Designation
Kong Chong Soon @ Chi Suim	Managing Director/Non-Independent Director
Kong Pak Lim	Executive Director/Non-Independent Director
Alan Charles Winduss	Independent Non-Executive Director
Terence Teo Chee Seng	Independent Non-Executive Director
AR Steve Low Shu Nyok	Independent Non-Executive Director
Ang Kheng Im	Executive Director/Non-Independent 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

KONG CHONG SOON @ CHI SUIM
Managing Director/
Non-Independent Director

Kong Chong Soon @ Chi Suim, Malaysian, male, aged 77, 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 34 years of experience in the construction and property development industries, both in Malaysia and Singapore. He played a key role as Project Advisor to the Harapan group of companies where he was instrumental in overseeing the successful construction of three internationally-rated hotels in Singapore, namely Hotel Meridien, Glass Hotel and Changi Meridien Hotel, valued in excess of SGD866.0 million, during the 1970s and 1980s.

In 1987, Mr. Kong co-founded United Overseas Australia Ltd ("UOA" or "Parent Group") and spearheaded our Parent Group's rapid growth in Malaysia. Over the last 30 years, our Parent Group together with other Group members have successfully completed numerous residential, industrial and commercial developments in various parts of Kuala Lumpur. He has in the past served in various capacities in several public-listed companies both in Malaysia and Singapore which included Raleigh Bhd, Town and City Properties Ltd and Tuan Sing Holdings Ltd.

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

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

KONG PAK LIM
Executive Director/
Non-Independent Director

Kong Pak Lim, Malaysian, male, aged 65, 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 39 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.

ALAN CHARLES WINDUSS
Independent
Non-Executive Director

Alan Charles Winduss, Australian, male, aged 77, 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 is a Director of Winduss & Associates Pty Ltd Chartered Accountants. He has been involved in professional Public Practice for over 30 years, specialising in matters relating to corporate management, restructuring, corporate finance and company secretarial matters including the Australian Securities Exchange ("ASX") and the Australian Securities 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.

AR STEVE LOW SHU NYOK
Independent
Non-Executive Director

Ar. Steve Low Shu Nyok, Malaysian, male, aged 64, was appointed a Director of the Company on 30 May 2012. He is also a member of the Audit and Risk Management Committee and the Nomination and Remuneration Committee.

Ar. Low was Founder/Director of SN Low & Associates Sdn Bhd in 1987. He is currently Managing Director of SN Low & Associates Sdn Bhd. Prior to this, he was Architect at Stewart & Riddick & Partners in Finchley, London, and Owen-Ward & Palmer Architect in Palmer Green, London, United Kingdom. He has more than 30 years experience in the building/construction industry.

Ar. Low holds a Diploma (Hons) in Architecture from Thames Polytechnic London in United Kingdom. He is a Corporate Member of Pertubuhan Akitek 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.

PROFILE OF BOARD OF DIRECTORS (Cont'd.)

TERENCE TEO CHEE SENG
Independent
Non-Executive Director

Terence Teo Chee Seng, Singaporean, male, aged 63, was appointed an Independent Non-Executive Director to the Company on 20 December 2012. He is also a member of the Audit and Risk Management Committee and the Nomination and Remuneration Committee. He is in legal practice in Singapore, specialising primarily in the corporate sector. He has been in practice for more than 30 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.

ANG KHENG IM
Executive Director/
Non-Independent Director

Ang Kheng Im, Malaysian, female, aged 52, 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.

KONG SZE CHOON
(Alternate Director to Kong Chong Soon @ Chi Suim)

Kong Sze Choon, Singaporean, male, aged 41, was appointed on 20 August 2015 as Alternate Director to Mr. Kong Chong Soon @ Chi Suim, who is Managing Director of the Company. He is a graduate of Curtin University of Technology, Perth, Australia with a Bachelor of Commerce Degree in Finance. He has worked in financial institutions in Singapore where he was involved in managing and growing the investment portfolio of high net worth individuals. He was part of the management team of UOA Asset Management Sdn Bhd ("UOA Asset Management") which is the Manager for UOA Real Estate Investment Trust, and held the position of Assets Management Manager prior to his appointment as Chief Executive Officer of UOA Asset Management.

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

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

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

STEPHANIE KONG PEI ZEN
(Alternate Director to Kong Pak Lim)

Stephanie Kong Pei Zen, Malaysian, female aged 32, was appointed on 12 October 2017 as Alternate Director to Mr. Kong Pak Lim, who is the Executive Director of the Company. She is a First Class Honours graduate from The University of Sydney, Australia with a Bachelor Degree in Mechanical/Biomedical Engineering.

Ms. Kong worked at The Agency for Science, Technology & Research (A*Star), Singapore as a Commercialisation Manager for over four years. Her role focused on technical assessment and analysis of innovative science and technology to identify commercial opportunities for intellectual property. As the link between scientific research and industry, she raised both internal gap funding and industry capital to bring early stage technologies to the market. She led several projects that focused on diagnostic product development, most noteworthy were the setup of an international MNC R & D investment business in Singapore and the licensing arrangement for the diagnostic test used in Singapore for the 2009 H1N1 flu epidemic.

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

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

KEY MANAGEMENT TEAM

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

The members of the key management, as at 31 December 2017, are as follows:

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

PROFILE OF KEY MANAGEMENT TEAM

CECELIA CHAN
Property Director

Cecelia Chan, Singaporean, female, aged 63, 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 59, 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 who is the Managing Director and a major shareholder of the Company. He has no conflict of interest with the Company, no convictions for any offences, and no sanction or penalty was imposed on him by any regulatory bodies over the past 5 years.

PUAH KIM WEE
Chief Operating Officer (Contracts)

Puah Kim Wee, Malaysian, male, aged 58, who is our Chief Operating Officer (Contracts), joined our Company in 2012 and is responsible for negotiating contracts for our Company and overseeing the Contracts Department. Prior to joining our Company, he had worked in several engineering and construction companies with vast experience as head of Contracts Department, Building and Tender Department. He holds a Bachelor of Applied Science degree in Construction Management and Economics from the Curtin University of Technology. He has also completed his studies in Contract Law and was accepted as an Associate Member of the Chartered Institute of Arbitrators, England.

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

PROFILE OF KEY MANAGEMENT TEAM (Cont'd.)

NG BOON HWEE
Chief Operating Officer (Planning)

Ng Boon Hwee, Malaysian, male, aged 57, who is our Chief Operating Officer (Planning), joined our Company in 2014 and is responsible for overseeing project management of our development projects. Prior to joining our Company, he had worked in several development companies and overseas projects in the Middle East. He graduated in 1984 with a Bachelor Degree in Civil Engineering from University of Malaya.

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

KONG SZE HOU
Head of Hospitality

Kong Sze Hou, Singaporean, male, aged 34, 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 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 42, 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 and sales and the marketing of commercial developments of the Group.

He has worked in the financial industry for over 14 years prior to joining UOA Group. Before he assumed the present position, he was a global investment specialist in J.P. Morgan Private Bank (Singapore). Prior to that, he also took up different roles in Treasury and Risk Management in Hong Leong Bank Berhad and Standard Chartered Bank Berhad. He holds a degree in Economics and Social Studies from The University of Manchester.

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 12 April 2017.

The Board has implemented and disseminated to all employees of UOA Group of Companies ("UOA Group") a "Whistle Blowing Policy" that allows employees to confidentially inform Management of any abuses of power or any detrimental actions by any employee or Management of the UOA Group, such as engaging in fraud and cheating, accepting bribery, sexual harassment or committing criminal offences of any kind. Whistle blowers can report directly to the Human Resource Department on such issues with total confidentiality.

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.

CORPORATE GOVERNANCE STATEMENT (Cont'd.)

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

At the date of this Annual Report, the Board consists of six (6) members comprising three (3) Executive Directors and three (3) Independent Non-Executive Directors. The Board composition fulfils 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. The Company is currently sourcing for a suitable candidate to fill the position of the Chairman of the Board. A Non-Executive Director usually chairs the Meetings of the Directors and the Board appoints one of their members to chair general meetings.

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 9 years, the tenure stated in the CG Code and which the Board adopts.

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

Board Meetings

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

Name of Director	Total Meetings Attended	Percentage of Attendance (%)
Kong Chong Soon @ Chi Suim	6/6	100
Kong Pak Lim	5/6	83
Alan Charles Winduss	6/6	100
AR Steve Low Shu Nyok	5/6	83
Teo Chee Seng	4/6	66
Ang Kheng Im (appointed on 11 April 2018)	–	–

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 was established on 25 January 2011 and 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 no Chairman of the Board for the time being but the position of the CEO (MD) does not assume the role of the Chairman or any of the independent Directors, and the absence of a Chairman does not imbalance the power and authority between the Independent Directors and the Executive Directors. The Nomination and Remuneration Committee is of the opinion that for the time being, the Board is adequate and functions well as a whole in the absence of a Chairman.

  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 2 meetings during the financial year ended 31 December 2017.

  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 11 April 2018.

  In regards to new appointment 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 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 Continuing Education Programme prescribed by Bursa Securities. The Directors will continue to undergo other 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 following Directors attended the following training programmes and seminars to further broaden their skills, knowledge and perspective and keep them abreast with the new and relevant developments pertaining to changes in legislation and regulations in order to discharge their duties more effectively.

Directors	Training/Seminars Attended
Kong Chong Soon @ Chi Suim	(1) CG Watch 2016 – Ecosystems Matter
AR Steve Low Shu Nyok	(1) DATUM KL (2) 9th International Conference on World Class Sustainable Cities (WCSC 2017) (3) Changes affecting Directors under the Companies Act 2016: What every Director need to know
Alan Charles Winduss	(1) Strategy and Risks for Directors (by Australian Institute of Company Directors) (2) Governance for directors (by Australian Institute of Company Directors)
Teo Chee Seng	(1) Construction Law Conference 2017 – Construction Law & Practice in Changing Times
Kong Sze Choon Alternate Director to Kong Chong Soon @ Chi Suim	(1) Fin Tech II: Blockchain and Crytocurrencies (2) Fundamentals of Corporate Finance
Stephanie Kong Pei Zen Alternate Director to Kong Pak Lim	(1) Mandatory Accreditation Programme

Mr. Kong Pak Lim had not attended any training in 2017 as he had attended courses related to his nature of work during the course of his work and as a Director of a public listed company in prior years. He is experienced in his field of expertise and had kept abreast with the rules and regulations through the updates mentioned above and read widely to enhance his knowledge and skills.

CORPORATE GOVERNANCE STATEMENT (Cont'd.)

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.

	Non-Executive Directors RM'000	Executive Directors RM'000	Total RM'000
Salary	–	2,692	2,692
Bonus	–	5,040	5,040
Fees	180	–	180
Other emoluments	29	–	29
Benefit-in-kind	–	160	160
Total	**209**	**7,892**	**8,101**

Remuneration paid to Directors during the year analysed into bands of RM50,000, which complies with the disclosure requirements under Bursa Malaysia Listing Requirements is as follows:-

	Non-Executive Directors	Executive Directors
Up to RM50,000	–	–
From RM50,001 to RM100,000	3	–
From RM3,950,001 to RM4,000,000	–	2

C. SHAREHOLDERS

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

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

D. ACCOUNTABILITY AND AUDIT

Financial Reporting

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

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

Related Party Transactions

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

Statement of Risk Management and Internal Control

The Statement of Risk Management and Internal Control furnished on page 38 to 43 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 2017. The CG Report can be viewed at the Company's website, http://uoa.com.my.

The disclosure of this Statement on Corporate Governance was approved by the Board during the Board Meeting held on 11 April 2018.

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 three (3) Independent Non-Executive Directors:-

Teo Chee Seng – Chairman/Independent Non-Executive Director

AR Steve Low Shu Nyok – Independent Non-Executive Director

Alan Charles Winduss – Independent Non-Executive Director

SUMMARY OF TERMS OF REFERENCE

1. COMPOSITION

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

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

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

2. FREQUENCY AND ATTENDANCE OF MEETINGS

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

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

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

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

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

Other Board members and employees may attend any particular ARMC meeting only upon the invitation of the ARMC specific to a relevant meeting.

The ARMC held six (6) meetings during the financial year ended 31 December 2017. The details of attendance of the ARMC are as follows:-

Name of Director	Total Meetings Attended
Teo Chee Seng	5/6
AR Steve Low Shu Nyok	5/6
Alan Charles Winduss	6/6

3. KEY FUNCTIONS & RESPONSIBILITIES

The key functions and responsibilities of the ARMC shall be:-

External Audit

i. To recommend to the Board any matters relating to the appointment of external auditors, the fees and any matters in relation to resignation or dismissal of the external auditors;

ii. To review the external auditors audit planning memorandum, discuss problems and reservations arising from the interim and final audits and to present the audit findings and recommendations of the external auditors to the Board; and

iii. To assess the suitability and independence of the external auditors. The ARMC reviews the independence of the external auditors at the meeting where the external auditors confirm their independence when they table their audit findings to the ARMC.

Internal Audit

i. To review the internal audit plans, consider the major findings of internal audits and management's responses and ensure coordination between the internal and external auditors;

ii. To review the adequacy of the scope, functions, competency and resources of the internal audit departments and ensure that it has the necessary authority to carry out its work

iii. To review the audit reports; and

iv. To direct internal auditors to any specific area or procedure where necessary.

The Internal Audit Function of the Company is performed in-house, undertaken by the Internal Audit Department of the ultimate holding company, United Overseas Australia Ltd. The share of cost for the Internal Audit Function amounted to approximately RM297,000 for the financial year ended 31 December 2017.

3. KEY FUNCTIONS & RESPONSIBILITIES

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 2017. 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

The ARMC met six (6) times during the financial year ended 31 December 2017. The activities of the ARMC for the financial year were as follows (continued):-

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 2017.

v. Reviewed and approved the internal audit plan for year 2017, revised internal audit charter and revised internal audit manual.

vi. Reviewed the internal audit reports including details of planned activities that were carried out, audit findings and recommendations, which were tabled at the quarterly ARMC Meetings. A summary of internal audit activities are as follows:

   - Reviewed the adequacy and effectiveness of existing internal control and compliance with policies & procedures for capital expenditure;
   - Reviewed and approved the Revised Risk Management Policy and the plan developed by the Risk Management Working Committee with the assistance rendered by the internal auditors for the Board approval;
   - Reviewed the Group wide risk register and heat map subsequent to the yearly risk assessment;
   - Review of system for occupancy room control, food & beverage income for the hospitality division;
   - Review of health and safety procedure for the hospitality division;
   - Review of sales, collection, discount and meeting room booking for VE Hotel and Invito Hotel;
   - Review of sales and marketing, credit control and project management for the property division;
   - Review of debtors aging and debtor control system;
   - Review the handling of vacant possession of completed unit as well as defect rectification process;
   - Review and assess the quality control of the construction work and completed properties and quality of services from hospitalities division;
   - Review of contracts and agreements relating to sales of properties and sale agencies for property division; and
   - Reviewed the related party transactions entered into by the Company and the Group.

iv. 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 Securities Berhad ("Bursa Securities") 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 Securities ("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 suit 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 is in place to manage risks and management responses to these risks are acceptable.

The Internal Audit Department function is guided by Institute of Internal Auditors' International Professional Practices Framework ("IPPF"). The internal audit framework is designed to be in line with the Committee of Sponsoring Organisations of the Treadway Commission ("COSO") Internal Control – Integrated Framework. The Internal Audit Department reports directly to the Audit Committee and has unrestricted access to 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. Scheduled internal audits are carried out by the internal auditors based on the audit plan presented to and approved by the Audit Committee. The internal audit work is designed based on a risk based approach, which takes into consideration the risk profile of the Group and the Board's risk appetite. During internal audit assignments, the Internal Audit Department also undertook, wherever relevant, the following:

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

On a quarterly basis, the internal auditors report to the Audit Committee on areas for improvement and will subsequently follow up to determine the extent that their recommendations that 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. As at year ended 31 December 2017, the Group Internal Audit Department comprises of 3 internal auditors. All internal auditors are members of the Institute of Internal Audit Malaysia and the department is led by Mr. Lim Yong Joo, a Certified Internal Auditor (CIA). All internal audit personnel are free from any relationship or conflicts of interest, which could impair their objectivity and independence.

RISK MANAGEMENT

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

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

A revised Risk Management Policy was tabled to the Audit and Risk Management Committee for review and was approved for adoption by the Board on 21 November 2017. The revised Risk Management Policy reflects a conclusive and updated Risk Management Framework adopted by the Group in ensuring that a high standard of internal control is working effectively and risks are well assessed and mitigated.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd.)

KEY ELEMENTS OF INTERNAL CONTROL

- Established a conducive 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 the Board Charter.
- Key responsibilities and accountability in the organisational structure are clearly defined, with clear reporting lines up to the Board and its committees. Established delegation of authority which sets out the appropriate authority levels for decision making, including matters requiring the Board's approval. A process of hierarchical reporting has been established which provides a documented and auditable trail of accountability.
- Management meetings involving discussion on operational issues at the respective departmental levels.
- Internal policies and guidelines are effectively communicated to all employees through memos and internal information portals.
- Establishment of an effective segregation of duties via independent checks, reviews and reconciliation activities to prevent human error, fraud and abuses.
- Continuous quality improvement initiatives to obtain accreditation for all operating subsidiaries such as ISO certification.
- An ISO 9001:2000 management system which is subject to regular internal review and improvement continuously manages and controls the quality requirement of the Group's products and services.
- Where relevant, external certification such as Malaysia Green Building Index ('GBI') and Construction Quality Assessment System ('CONQUAS') were adopted to strengthen and improve the delivery process and quality.
- A departmental self-assessment program that evaluates the risk and control of each department and the effectiveness and efficiency of departmental processes. Cross functional self-assessment is conducted randomly to maintain a proper check and balance within company operations.
- 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 Audit to the Board via the Audit Committee.
- The Group's management team monitors and reviews financial and operational results, including monitoring and reporting of performance against the operational plans. The management team formulates and communicates action plans to address areas of concern.
- A budget is prepared and regular budget meetings are held to ensure variances are promptly identified and addressed by the management.
- Establishment of an in-house Internal Audit Department which undertakes the responsibility as independent reviewer of internal controls to provide sufficient assurance to the Audit Committee.

- A Whistle Blowing Policy has been implemented to provide a channel for staff to voice any concerns.
- The Human Resource Department periodically informs the staff through employee engagement and new policies to govern staff code of conduct, cultivate corporate culture and define employee performance and ethical behaviour. Also included in the Human Resource policy are a set of Personal Data Protection Notice and handling of confidential and sensitive information which help to govern staff on handling customer data during the course of their work.
- The Audit Committee regularly convenes meetings to deliberate on the findings and recommendations for improvement by internal auditors, external auditors as well as regulatory authorities. The Audit Committee reviews the actions taken to rectify the findings in a timely manner, and to evaluate the effectiveness and adequacy of the Group's internal control system.
- The preparation of periodic and annual results and the state of affairs of the Group is reviewed and approved by the Board before release of the same to the regulators whilst the full year financial statements are audited by the external auditors before 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 has been implemented for Directors and relevant staff in assessing the adequacy and integrity of the Group's risks and control processes.
- Implementation of proper guidelines for hiring and termination of staff, formal training programs for staff, annual performance appraisals and other procedures are in place to ensure professionalism and competency of staff have been emphasised through continuous training and regular performance evaluation.
- The Group takes continuous efforts in maintaining the quality of products and service. Safety and health regulations, environmental requirements and relevant legislations affecting the Group's operations have been considered and complied with, as appropriate.

RISK MANAGEMENT FRAMEWORK

The Risk Management Working Committee (RMWC) comprises various heads of department from different departments and subsidiaries who principally developed, executed and maintained 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 action taken to counter significant risks identified including changes to internal control, impact from changes in law, rules, regulations and guidelines as well as continuous monitoring and review process of identifying risk and effectiveness of mitigation strategies and control.

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd.)

For year 2017, the Group identified major risks and mitigating actions were undertaken within appropriate timeframes. The significant risks identified for financial year 2017 is the subdued property market and construction cost and timeline risk.

1. Subdued Property Market

This risk concerns the Group as decline in market conditions have direct 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 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 sculpted innovative incentive plans to market our products. In addition to our expertise in getting land at strategic locations, the Group has done market surveys to ensure products introduced to the market are well received by the buyer which includes a more affordable sector. Moving away from conventional property is also the Group's strategy to combat such threats. Recently the Group has ventured into a community office space known as UOA Komune to cater to a different commercial sector which complements our development very well. Generally, the development by the Group is well received by the buyers and investors as well as our potential tenants.

2. Construction Cost and timeline

The risk of fluctuating construction material cost could squeeze the Group profit margin while weather conditions and staff inadequacy could hamper the completion timeline of the construction site.

Mitigation Plan: The Group purchasing department negotiates competitive prices for all construction materials. The transparent tender procedures ensure the Group is able to sub-contract construction packages at the most competitive pricing while ensuring the highest quality of workmanship. Our plan of standardising construction materials not only helps to save cost but also saves on construction time. Weekly progress meetings are conducted to gauge the completion timeline where any delays are immediately investigated and an expedite plan is carved to combat those delays. Continuous staff and foreign worker planning are done to ensure any vacant position is replaced on timely manner to avoid any delay at site.

RISK MANAGEMENT STRATEGIES

The Group has set 4 strategies to respond to any risk identified. The 4 responses are as follows:

Risk Mitigation/Reduction – Taking steps to counteract the risk of loss by implementing effective 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 ventures or partnerships and transferring financial risk via insurance coverage.

Risk Avoidance – Taking steps to avoid the risk by either stopping business dealings/processes that potentially 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 objectives of the Group and processes are efficiently and effectively carried out at the minimal cost to the Group.

Other Risks and Control Process

The Board has also put in place an organisational structure which formally defines 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 financial results. Where areas of improvement in the internal control system are identified, the Board considers the recommendations made by the Audit Committee.

Review of the Statement by External Auditors

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

The Board's Commitment

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

ADDITIONAL COMPLIANCE INFORMATION

SHARE BUY BACKS

The details of share buy backs of the Company during the financial year ended 31 December 2017 are as follows:

Date of Buy Back	Number of Shares Purchased (Units)	Lowest Price (RM)	Highest Price (RM)	Average Price (RM)	Consideration Paid (RM)
28 February 2017	10,000	2.49	2.49	2.51	25,082

As at 31 December 2017, 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 2017.

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

There were no ADR or GDR sponsored by the Company during the financial year ended 31 December 2017.

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 2017.

NON-AUDIT FEES

Non-audit fees paid/payable to External Auditors of the Company and the Group for the financial year ended 31 December 2017 amounted to RM4,000 (2016: RM3,000) and RM20,200 (2016: RM22,500) respectively. The non-audit fees were in respect of services for the review of the Statement on Risk Management and Internal Control of the Company and audit of Housing Development Accounts.

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

VARIATION IN RESULTS

There were no profit estimations, forecasts and projections made or released by the Company during the financial year ended 31 December 2017.

PROFIT GUARANTEE

There were no profit guarantees given by the Company and its subsidiaries during the financial year ended 31 December 2017.

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 45(a) of the financial statements.

EMPLOYEES SHARE OPTION SCHEME ("ESOS")

The Company did not have any ESOS in place for the year ended 31 December 2017.

RECURRENT RELATED PARTY TRANSACTIONS

At the Extraordinary General Meeting of the Company held on 22 May 2017, 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 22 May 2017 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 45 of the Financial Statements in this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT
for the Audited Financial Statements

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

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

In preparing the financial statements, the Directors have:

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

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

REPORTS & FINANCIAL STATEMENTS

CORPORATE INFORMATION

DOMICILE

Malaysia

LEGAL FORM AND PLACE OF INCORPORATION

Public company limited by way of shares incorporated in Malaysia under the Companies Act 2016

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS

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

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 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiary companies are disclosed in Note 8 to the financial statements.

RESULTS

	Group	Company
	RM'000	RM'000
Net profit for the year attributable to:		
Owners of the Company	491,182	412,547
Non-controlling interest	35,596	–
Net profit for the financial year	526,778	412,547

DIVIDENDS

During an Extraordinary General Meeting held on 22 May 2017 the shareholders of the Company resolved to approve the Company's Dividend Reinvestment Scheme ("DRS").

The DRS provides an option to the shareholder 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 issued by the Company:

A first and final single tier dividend of 15 sen per ordinary share amounting to RM244,700,280 in respect of the financial year ended 31 December 2016, as proposed in the directors' report for that financial year.

The dividend of RM244,700,280 was issued as follows:

- RM227,983,392 have been issued as 101,778,300 new ordinary shares at an issue price of RM2.24 per ordinary share, pursuant to the DRS to shareholders who have elected for the DRS.
- RM16,716,888 was paid to shareholders who elected to receive the dividends in cash.

The directors now recommend a first and final single tier dividend of 15 sen per ordinary share in respect of the financial year ended 31 December 2017 amounting to RM259,967,025 based on 1,731,113,500 ordinary shares (net of treasury shares at the date of this report) for shareholders' approval at the forthcoming Annual General Meeting.

DIRECTORS' REPORT (Cont'd.)

for the year ended 31 December 2017

DIVIDENDS (CONT'D.)

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 2018.

RESERVES AND PROVISIONS

All material transfer, if any, to or from reserves and provisions during the financial year are disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company has increased its issued and paid–up ordinary share capital from RM81,623,450 to RM309,606,842 by way of issuance of 101,778,300 new ordinary shares at an issue price of RM2.24 per ordinary share pursuant to the DRS of the Company.

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

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

SHARE OPTIONS

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

TREASURY SHARES

During an Extraordinary General Meeting held on 22 May 2017 the shareholders of the Company resolved to approve the Company's share buy–back of up to 10% of the Company's issued and paid–up share capital.

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

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

HOLDING COMPANY

At the end of the financial year, the directors regard United Overseas Australia Ltd, a company incorporated in Australia, as the ultimate holding company.

SUBSIDIARIES

Details of the subsidiaries are set out in Note 8 to the financial statements.

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

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

DIRECTORS

The directors in office during the period commencing from the beginning of the financial year to the date of this report are:

Kong Chong Soon @ Chi Suim
Kong Pak Lim
Alan Charles Winduss
Low Shu Nyok
Teo Chee Seng
Kong Sze Choon (alternate for Kong Chong Soon @ Chi Suim)
Stephanie Kong Pei Zen (alternate for Kong Pak Lim) (appointed on 12.10.2017)

DIRECTORS' INTERESTS IN SHARES

The following directors, who held office at the end of the financial year, had interest in shares as follows:

	Number of ordinary shares			
	At 1.1.2017	**Acquired**	**Disposed**	**At 31.12.2017**
The Company				
Direct interest				
– Alan Charles Winduss	105,700	–	–	105,700
– Kong Sze Choon	70,300	4,700	–	75,000
Indirect interest				
– Kong Chong Soon @ Chi Suim	1,130,332,140	75,691,500	–	1,206,023,640
– Kong Pak Lim	1,130,168,920	75,680,700	–	1,205,849,620
– Kong Sze Choon	25,400	1,700	–	27,100

DIRECTORS' INTERESTS IN SHARES (CONT'D.)

	Number of ordinary shares			
	At 1.1.2017	Acquired	Disposed	At 31.12.2017
United Overseas Australia Ltd (Holding company)				
Direct interest				
– Kong Chong Soon @ Chi Suim	100,901	5,200	–	106,101
– Kong Pak Lim	482,282	24,850	–	507,132
– Alan Charles Winduss	29,058	1,500	–	30,558
– Teo Chee Seng	150,974	7,779	–	158,753
– Kong Sze Choon	549,674	28,322	–	577,996
Indirect interest				
– Kong Chong Soon @ Chi Suim	910,356,723	82,471,158	–	992,827,881
– Kong Pak Lim	698,703,056	62,968,929	–	761,671,985
– Alan Charles Winduss	1,897,089	40,896	–	1,937,985

By virtue of the above directors' interest in shares in United Overseas Australia Ltd, they are deemed to be interested in shares in 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 1.1.2017	Acquired	Disposed	At 31.12.2017
Directors' interest in subsidiary companies				
Indirect interest				
– Kong Chong Soon @ Chi Suim				
– Peninsular Home Sdn Bhd	40	–	–	40
– Scenic Point Development Sdn Bhd	100,000	–	–	100,000
– Ceylon Hills Sdn Bhd	90,000	–	–	90,000
– Everise Tiara (M) Sdn Bhd	120,000	–	–	120,000
– Everise Project Sdn Bhd	78,000	–	–	78,000

DIRECTORS' BENEFITS

Since the end of the previous financial year, no directors of the Company has received or become entitled to receive any benefit (other than a benefit 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 45 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.

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object is to enable the 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.

INDEMNITY AND INSURANCE COST

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

OTHER INFORMATION

(a) Before the financial statements were made out, the directors took reasonable steps:

   (i) 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

   (ii) to ensure that any current assets which were unlikely to realise in the ordinary course of business 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.

(b) At the date of this report, the directors are not aware of any circumstances:

   (i) 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

   (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or

   (iii) 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

   (iv) 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.

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

   (i) 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

   (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

(d) 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.

OTHER INFORMATION (CONT'D.)

(e) In the opinion of the directors:

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) 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

On 4 December 2017, the Company acquired an additional 35% of the ordinary shares in Everise Project Sdn Bhd for a total consideration of RM159,535,101 from Kaginic Assets Holdings Sdn Bhd. Consequently, Everise Project Sdn Bhd became a 74% owned subsidiary of the Group.

SUBSEQUENT EVENTS

Details of subsequent events after the financial year end are disclosed in Note 55 to the financial statements.

AUDITORS

Auditors' remuneration is set out in Note 37 to the financial statements.

The auditors, Mazars PLT, Chartered Accountants, have expressed their willingness accept re–appointment.

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

APPROVAL OF THE DIRECTORS' REPORT

This report is approved by the board of directors, and signed on behalf of the board of directors in accordance with a directors' resolution.

KONG PAK LIM
Director

KONG CHONG SOON @ CHI SUIM
Director

Kuala Lumpur
Date: 28 March 2018

INDEPENDENT AUDITORS' REPORT

to the members of UOA Development Bhd
(Incorporated in Malaysia)

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 2017 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 60 to 135.

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 2017, and of their financial performance and their cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

We have fulfilled the responsibilities described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risk of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis of our opinion on the accompanying financial statements.

INDEPENDENT AUDITORS' REPORT

to the members of UOA Development Bhd
(Incorporated in Malaysia)

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

Key Audit Matters (Cont'd.)

(a) Fair Value of Investment Properties

The risk:

The Group's investment properties as at 31 December 2017 is RM1,707,544,000.

The fair value of the investment properties were assessed by reference to valuations or an update of previous valuations carried out by independent professional valuers. The valuation exercise relies on the accuracy of the financial information provided to the valuers by the management.

The key judgement involved in the valuation of investment properties are:

(i) discount rate;

(ii) estimated market yield; and

(iii) occupancy rates.

We focused on this area due to the significance of the balance and the complexities in determining the fair value of the investment properties, which involves significant judgement and estimation that could result in material misstatement.

Our response:

(i) We assessed the valuers' competence, capabilities and objectivity. In addition, we obtained declaration of independence from the valuers to determine that there were no matters that affected their independence and objectivity.

(ii) We challenged the significant assumptions and critical judgement areas, including discount rate, estimated market yield and occupancy rate.

(iii) On a sampling basis, we tested the input data and reasonableness of the assumptions used in the valuation models to the financial information as applicable.

(iv) We assessed whether the valuation methodology was consistent with those used in prior years and commonly used in the investment property industry for the type of property being valued.

(v) We performed site visits on major properties.

Information regarding the inputs used in determining the fair value is disclosed in Note 6 to the financial statements.

(b) Revenue Recognition for Property Development Activities

The risk:

For the financial year ended 31 December 2017, the Group's revenue from the sale of development properties is RM959,011,000.

The Group's recognition of revenue from sale of development properties under construction and construction contracts is largely dependent on estimated total revenue, estimated total development costs as well as the estimated stage of completion of each project.

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

Key Audit Matters (Cont'd.)

(b) Revenue Recognition for Property Development Activities (Cont'd.)

The risk: (Cont'd.)

The stage of completion is determined based on the proportion of development costs incurred for work performed to-date compared to the estimated total development costs.

There is a risk that the estimated revenue, costs or margins may be different from actuals, resulting in material variance in the amount of revenue and/or profit recognised in the current period.

We focused on revenue recognition because it is significant determinant of the Group's profitability. There is inherent risk on revenue recognition, including the appropriateness and completeness of income recognition, in the appropriate accounting period.

Our response:

(i) We obtained understanding and evaluated the operating effectiveness of key controls in respect of the revenue recognition process involving construction contracts in particular around the budgeting process of total estimated construction costs and the continuous review process of these budgets.

(ii) We examined project files and discuss with management the progress of each project.

(iii) We assessed the reasonableness of management's key assumptions used in deriving at the estimates for total contract costs and budgeted costs to complete taking into account the historical data and current economic conditions.

(iv) Where costs are yet to be billed or certified, we assessed the adequacy of management accruals by reviewing subsequent contractors' claims and suppliers' invoices to ensure they are recorded in the appropriate accounting period.

(v) We tested the computation of the contract revenue, contract costs and profits based on the percentage of completion.

(vi) We enquired the management if there is any delay in completion of projects and assessed the adequacy of any possible foreseeable losses.

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.

INDEPENDENT AUDITORS' REPORT

to the members of UOA Development Bhd
(Incorporated in Malaysia)

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

Responsibilities of the Directors for the Financial Statements

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

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

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 ability to continue as a going concern. 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 a going concern.

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

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

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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.

MAZARS PLT
LLP0010622-LCA
AF 001954
Chartered Accountants

YAP CHING SHIN
2022/03/18 (J)
Chartered Accountant

Kuala Lumpur
Date: 28 March 2018

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	**297,020**	285,366	**4,577**	4,691
Investment properties	6	**1,707,544**	1,476,898	**–**	–
Land held for property development	7	**500,906**	462,939	**–**	–
Investment in subsidiary companies	8	**–**	–	**391,782**	53,779
Investment in an associate company	9	**–**	64,149	**–**	18,570
Available-for-sale financial assets	10	**25,053**	30,518	**–**	3,300
Deferred tax assets	11	**39,840**	36,483	**–**	–
Total non-current assets		**2,570,363**	2,356,353	**396,359**	80,340
Current assets					
Property development costs	12	**746,734**	989,186	**–**	–
Inventories	13	**969,167**	217,207	**–**	–
Accrued billings	14	**244,719**	112,137	**–**	–
Amount due from contract customer	15	**–**	39,502	**–**	–
Trade and other receivables	16	**392,220**	456,552	**8,191**	7,635
Amount owing by immediate holding company	17	**10**	48	**10**	–
Amount owing by subsidiary companies	18	**–**	–	**1,785,559**	1,704,362
Amount owing by related companies	19	**364**	74	**115**	71
Amount owing by an associate company	20	**–**	3,782	**–**	3,782
Current tax assets		**42,192**	27,162	**486**	89
Short term investments	21	**193,786**	224,082	**137,304**	15,536
Fixed deposits with licensed banks	22	**151,317**	167,953	**3,227**	23,192
Cash and bank balances	23	**224,598**	390,824	**12,439**	8,916
Total current assets		**2,965,107**	2,628,509	**1,947,331**	1,763,583
TOTAL ASSETS		**5,535,470**	4,984,862	**2,343,690**	1,843,923
EQUITY AND LIABILITIES					
Equity					
Share capital	24	**309,607**	81,623	**309,607**	81,623
Share premium	25	**1,496,594**	1,496,594	**1,496,594**	1,496,594
Merger reserve	26	**2,252**	2,252	**–**	–
Fair value reserve	27	**6,959**	7,024	**–**	(2,100)
Unappropriated profit		**2,474,182**	2,227,701	**421,122**	253,275
Treasury shares	28	**(2,119)**	(2,094)	**(2,119)**	(2,094)
Equity attributable to owners of the Company		**4,287,475**	3,813,100	**2,225,204**	1,827,298
Non-controlling interests	8	**256,954**	124,045	**–**	–
Total equity		**4,544,429**	3,937,145	**2,225,204**	1,827,298

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Non-current liabilities					
Amount owing to non-controlling shareholders of subsidiary companies	29	**26,630**	25,362	**-**	-
Hire purchase and finance lease liabilities	30	**3,234**	7,067	**851**	917
Borrowings	31	**10,000**	18,584	**-**	-
Deferred tax liabilities	32	**116,165**	115,614	**-**	-
Total non-current liabilities		**156,029**	166,627	**851**	917
Current liabilities					
Progress billings	14	**-**	28,372	**-**	-
Trade and other payables	33	**643,620**	728,820	**17,313**	15,017
Amount owing to immediate holding company	17	**34**	29	**-**	17
Amount owing to subsidiary companies	18	**-**	-	**99,625**	-
Amount owing to related companies	19	**46,220**	495	**261**	268
Amount owing to non-controlling shareholders of subsidiary companies	29	**9,332**	6,811	**-**	-
Hire purchase and finance lease liabilities	30	**4,980**	6,123	**436**	406
Borrowings	31	**108,616**	93,353	**-**	-
Current tax liabilities		**22,210**	17,087	**-**	-
Total current liabilities		**835,012**	881,090	**117,635**	15,708
Total liabilities		**991,041**	1,047,717	**118,486**	16,625
TOTAL EQUITY AND LIABILITIES		**5,535,470**	4,984,862	**2,343,690**	1,843,923

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 December 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue	34	**1,081,602**	996,193	**253,800**	450,675
Cost of sales	35	**(496,260)**	(453,666)	**–**	–
Gross profit		**585,342**	542,527	**253,800**	450,675
Fair value adjustment on investment properties		**–**	400,370	**–**	–
Other income		**302,763**	185,635	**204,172**	41,760
Administrative and general expenses		**(186,612)**	(161,444)	**(45,156)**	(40,257)
Other expenses		**(62,042)**	(52,495)	**–**	–
Finance costs	36	**(4,171)**	(6,705)	**(69)**	(64)
Share of results of associate company		**20,781**	21,476	**–**	–
Profit before tax		**656,061**	929,364	**412,747**	452,114
Tax expense	38	**(129,283)**	(218,726)	**(200)**	(128)
Profit for the year		**526,778**	710,638	**412,547**	451,986
Other comprehensive income, net of tax					
Item that will be reclassified subsequently to profit or loss					
Fair value (loss)/gain on available-for-sale financial assets		**(965)**	(426)	**1,200**	(2,900)
Fair value loss reclassified to profit or loss upon disposal		**900**	800	**900**	800
Total comprehensive income for the year		**526,713**	711,012	**414,647**	449,886
Profit for the year attributable to:					
Owners of the Company		**491,182**	676,726	**412,547**	451,986
Non-controlling interests		**35,596**	33,912	**–**	–
		526,778	710,638	**412,547**	451,986
Total comprehensive income attributable to:					
Owners of the Company		**491,117**	677,100		
Non-controlling interests		**35,596**	33,912		
		526,713	711,012		
Basic earnings per ordinary share (RM)	39	**0.29**	0.43		

The accompanying notes form an integral part of the financial statements

STATEMENTS OF CHANGES IN EQUITY
for the year ended 31 December 2017

Group	Note	Attributable to owners of the Company								
		Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Fair value reserve RM'000	Unappropriated profit RM'000	Treasury shares RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance at 1 January 2016		76,039	1,289,004	2,252	6,650	1,778,926	(2,061)	3,150,810	143,690	3,294,500
Total comprehensive income for the year		-	-	-	374	676,726	-	677,100	33,912	711,012
Purchase of treasury shares		-	-	-	-	-	(33)	(33)	-	(33)
Dividend paid to non-controlling shareholder of a subsidiary company		-	-	-	-	-	-	-	(53,825)	(53,825)
Dividends to shareholders of the Company	40	5,584	207,724	-	-	(227,951)	-	(14,643)	-	(14,643)
DRS share issuance expenses		-	(134)	-	-	-	-	(134)	-	(134)
Increase in shares in a subsidiary company		-	-	-	-	-	-	-	50	50
Disposal of shares in subsidiary companies		-	-	-	-	-	-	-	218	218
Balance at 31 December 2016		81,623	1,496,594	2,252	7,024	2,227,701	(2,094)	3,813,100	124,045	3,937,145
Total comprehensive income for the year		-	-	-	(65)	491,182	-	491,117	35,596	526,713
Purchase of treasury shares		-	-	-	-	-	(25)	(25)	-	(25)
Dividend paid to non-controlling shareholder of a subsidiary company		-	-	-	-	-	-	-	(21,200)	(21,200)
Dividends to shareholders of the Company	40	227,984	-	-	-	(244,700)	-	(16,716)	-	(16,716)
Acquisition of additional shares in a subsidiary company		-	-	-	-	-	-	-	118,512	118,512
Increase in shares in a subsidiary company		-	-	-	-	(1)	-	(1)	1	-
Balance at 31 December 2017		309,607	1,496,594	2,252	6,959	2,474,182	(2,119)	4,287,475	256,954	4,544,429

The accompanying notes form an integral part of the financial statements

STATEMENTS OF CHANGES IN EQUITY (Cont'd.)

for the year ended 31 December 2017

Company	Note	Share capital RM'000	Share premium RM'000	Fair value reserve RM'000	Unappropriated profit RM'000	Treasury shares RM'000	Total equity RM'000
Balance at 1 January 2016		76,039	1,289,004	–	29,240	(2,061)	1,392,222
Total comprehensive income for the year		–	–	(2,100)	451,986	–	449,886
Purchase of treasury shares		–	–	–	–	(33)	(33)
Dividends	40	5,584	207,724	–	(227,951)	–	(14,643)
DRS share issuance expenses		–	(134)	–	–	–	(134)
Balance at 31 December 2016		81,623	1,496,594	(2,100)	253,275	(2,094)	1,827,298
Total comprehensive income for the year		–	–	2,100	412,547	–	414,647
Purchase of treasury shares		–	–	–	–	(25)	(25)
Dividends	40	227,984	–	–	(244,700)	–	(16,716)
Balance at 31 December 2017		309,607	1,496,594	–	421,122	(2,119)	2,225,204

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	**656,061**	929,364	**412,747**	452,114
Adjustments for:				
Fair value adjustment on investment properties	**-**	(400,370)	**-**	–
Allowance for doubtful debts no longer required	**(101)**	(2,451)	**(101)**	–
Bad and doubtful debts	**4,134**	1,798	**-**	1,519
Depreciation	**20,516**	19,690	**1,213**	1,090
(Gain)/Loss on disposal of property, plant and equipment	**(442)**	(198)	**-**	5
Gain on disposal of available-for-sale financial assets	**(156)**	(622)	**(156)**	(622)
Property, plant and equipment written off	**410**	38	**-**	–
Gain on disposal of subsidiary companies	**-**	(1,197)	**-**	–
Gain on remeasurement	**(89,737)**	–	**(159,198)**	–
Distribution income from available-for-sale financial assets	**(1,460)**	(1,689)	**-**	–
Distribution income from short term investments	**(2,936)**	(9,737)	**(1,083)**	(1,814)
Dividend income	**-**	–	**(253,800)**	(450,675)
Interest income	**(20,720)**	(16,868)	**(536)**	(677)
Interest expense	**4,171**	6,705	**69**	64
Share of profit of associate company	**(20,781)**	(21,476)	**-**	–
Unrealised (loss)/profit from associate	**(3,101)**	4,580	**-**	–
Operating profit/(loss) before working capital changes	**545,858**	507,567	**(845)**	1,004
Net changes in inventories	**52,071**	8,742	**-**	–
Net changes in property development costs	**(63,083)**	(223,067)	**-**	–
Net changes in receivables	**(234,836)**	109,157	**18,105**	(16,016)
Net changes in payables	**(19,486)**	10,676	**2,321**	(1,193)
Cash generated from/(used in) operations	**280,524**	413,075	**19,581**	(16,205)
Interest received	**15,269**	10,882	**-**	–
Dividend received	**-**	–	**253,800**	450,675
Tax paid	**(147,520)**	(127,109)	**(597)**	(803)
Net cash generated from operating activities	**148,273**	296,848	**272,784**	433,667

STATEMENTS OF CASH FLOWS (Cont'd.)

for the year ended 31 December 2017

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to investment properties	**(71,573)**	(256,894)	**–**	–
Purchase of property, plant and equipment (see note 41)	**(31,595)**	(24,884)	**(674)**	(1,969)
Additions to land held for property development	**(70,671)**	(16,297)	**–**	–
Proceeds from disposal of land held for property development	**7,829**	–	**–**	–
Proceeds from disposal of property, plant and equipment (see note 42)	**947**	364	**–**	105
Acquisition of available-for-sale financial assets	**–**	(9,000)	**–**	(9,000)
Proceeds from disposal of available-for-sale financial assets	**5,556**	4,222	**5,556**	4,222
Repayment from/(Advances to) immediate holding company	**38**	(48)	**(10)**	–
Advances to subsidiary companies	**–**	–	**(95,975)**	(469,874)
Advances to related companies	**(290)**	(74)	**(44)**	(71)
Repayment from an associate company	**–**	4	**–**	4
Acquisition of shares in existing subsidiary companies	**–**	–	**(700)**	–
Acquisition of shares in new subsidiary company net of cash (see note 43)	**(152,002)**	–	**(159,535)**	–
Net cash outflow from disposal of subsidiary companies (see note 49)	**–**	(1,021)	**–**	–
Distribution received from short term investments	**3,001**	9,672	**1,083**	1,749
Distribution received from available-for-sale financial assets	**1,460**	1,689	**–**	–
Interest received	**5,451**	5,790	**536**	497
Net cash used in investing activities	**(301,849)**	(286,477)	**(249,763)**	(474,337)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawdown on bank borrowings	**88,705**	92,537	**-**	-
Repayment of bank borrowings	**(101,192)**	(168,989)	**-**	-
Fixed deposit pledged	**(76)**	(521)	**(5)**	(4)
Repayment of hire purchase and finance lease liabilities	**(6,321)**	(8,230)	**(461)**	(523)
(Repayment to)/Advances from immediate holding company	**(25)**	7	**(17)**	5
Repayment to related companies	**(23)**	(67)	**-**	-
Advances from subsidiary companies	**-**	-	**99,593**	-
Repayment to non-controlling shareholders of subsidiary companies	**-**	(53,948)	**-**	-
Interest paid	**(2,785)**	(8,403)	**(69)**	(64)
Dividend paid to owners of the Company	**(16,716)**	(14,643)	**(16,716)**	(14,643)
Dividends paid to non-controlling shareholders of a subsidiary company	**(21,200)**	(53,825)	**-**	-
Purchase of treasury shares	**(25)**	(33)	**(25)**	(33)
DRS share issuance expenses	**-**	(134)	**-**	(134)
Proceeds from issuance of shares of a subsidiary company to non-controlling shareholders	**-**	50	**-**	-
Net cash (used in)/generated from financing activities	**(59,658)**	(216,199)	**82,300**	(15,396)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(213,234)**	(205,828)	**105,321**	(56,066)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	**780,287**	986,115	**47,505**	103,571
CASH AND CASH EQUIVALENTS CARRIED FORWARD	**567,053**	780,287	**152,826**	47,505
Represented by:				
Short term investments	**193,786**	224,082	**137,304**	15,536
Fixed deposits with licensed banks	**151,317**	167,953	**3,227**	23,192
Cash and bank balances	**224,598**	390,824	**12,439**	8,916
	569,701	782,859	**152,970**	47,644
Fixed deposits pledged	**(2,648)**	(2,572)	**(144)**	(139)
	567,053	780,287	**152,826**	47,505

The accompanying notes form an integral part of the financial statements

1. GENERAL

UOA Development Bhd (the "Company") is a public limited liability company incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are disclosed in page 48.

The immediate and ultimate holding companies are UOA Holdings Sdn Bhd and United Overseas Australia Ltd respectively. The holding companies are incorporated in Malaysia and Australia respectively.

The Company is principally engaged in investment holding. There is no significant change in the Company's principal activities during the financial year. The principal activities of the subsidiaries are disclosed in Note 8.

2. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRS") issued by the Malaysian Accounting Standards Board ("MASB") and the requirements of the Companies Act 2016 in Malaysia.

The measurement bases applied in the preparation of the financial statements include cost, recoverable value, realisable value and fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

A fair value measurement of a non-financial asset 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.

Fair value measurements are categorised as follows:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable inputs for the asset or liability.

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

2. BASIS OF PREPARATION (CONT'D.)

Malaysian Financial Reporting Standards

On 19 November 2011, the MASB issued a new approved accounting framework, i.e. Malaysian Financial Reporting Standards (“MFRS”). MFRS is to be applied by all entities other than private entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 *Agriculture* and/or Issues Committee Interpretation (“IC Interpretation’) 15 *Agreements for Construction of Real Estate*, including the entities’ parent, significant investor and venturer (referred to as ‘Transitioning Entities’ collectively). Transitioning Entities are allowed to defer adoption of MFRS, and continue to use the existing FRS framework until the MFRS framework is mandated by the MASB. The Group falls within the definition of Transitioning Entities and has opted to defer adoption of MFRS.

According to an announcement made by the MASB on 28 October 2015, all Transitioning Entities shall adopt the MFRS framework and prepare their first MFRS financial statements for annual periods beginning on or after 1 January 2018.

The Group will adopt the MFRS framework and will prepare its first set of MFRS financial statements for the financial year ending 31 December 2018. In presenting its first set of MFRS financial statements in accordance with MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards, adjustments will also be made on the comparative financial information, i.e. the financial statements for the year ended 31 December 2017. The adjustments required on transition are expected to be made retrospectively, other than those exempted under MFRS 1. Accordingly, the financial performance and financial position of the Group and the Company as presented in these financial statements for the year ended 31 December 2017 could be different if prepared in accordance with MFRS.

Certain subsidiaries of the Group prepare their financial statements using the MFRS framework. However, these do not have significant impact to these consolidated financial statements.

(a) Change in accounting policies

The significant accounting policies adopted by the Group and the Company are consistent with those of the previous financial year except for the adoption of the Amendments to FRSs, effective for financial periods beginning on or after 1 January 2017:

Amendments to FRS 107	Disclosure Initiative
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to FRS 12	Annual Improvements to FRSs 2014 – 2016 Cycle

The adoption of the above Amendments to FRSs do not have significant financial impact on the Group and the Company.

2. BASIS OF PREPARATION (CONT'D.)

(b) Standards issued that are not yet effective

The Group and the Company have not applied the following standards, amendments and interpretation (which are applicable upon adoption of the MFRS framework) that have been issued by the MASB but are not yet effective.

		Applicable for period beginning on or after
Amendments to MFRS 1 and MFRS 128	Annual Improvements to MFRS Standards 2014-2016 Cycle	1 January 2018
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 15	Clarifications to MFRS 15	1 January 2018
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 140	Transfers of Investment Property	1 January 2018
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced by the MASB

Except as otherwise indicated below, the adoption of the above new standard, amendments and interpretations are not expected to have significant impact on the financial statements of the Group and the Company.

2. BASIS OF PREPARATION (CONT'D.)

(b) Standards issued that are not yet effective (Cont'd.)

MFRS 9 Financial Instruments

MFRS 9 addresses the classification, recognition, derecognition, measurement and impairment of financial assets and financial liabilities, as well as general hedge accounting. It replaces MFRS 139. MFRS 9 requires financial assets to be classified into two measurement categories, i.e. at fair value and at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the MFRS 139 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to changes in an entity's own credit risk is recorded in other comprehensive income, unless this creates an accounting mismatch. MFRS 9 contains a new impairment model based on expected losses (as oppose to 'incurred loss' model under MFRS 139), i.e. a loss event need not occur before an impairment loss is recognised, which will result in earlier recognition of losses.

The management expects the financial impact of adopting MFRS 9 for both classification of financial assets and financial liabilities and impairment assessment of financial assets will not be material on the Group's financial position and performance for the financial year ended 31 December 2017.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 introduces a new model for revenue recognition arising from contracts with customers. MFRS 15 will replace MFRS 111 Construction Contracts, MFRS 118 Revenue, IC Interpretation 13 Customer Loyalty Programmes, IC Interpretation 15 Agreements for the Construction of Real Estate, IC Interpretation 18 Transfers of Assets from Customers and IC Interpretation 31 Revenue – Barter Transactions Involving Advertising Services. The application of MFRS 15 may result in a difference in the timing of revenue recognition as compared with current accounting policies.

The Group assessed expenses incurred by the Group in securing contracts with customers will now be capitalised as costs to obtain contact. The cost to obtain contract will be amortised to profit or loss by reference to the progress towards completing the performance obligation under the contract. In addition, legal fees borne by the Company in securing contracts with customers will be accounted for as a reduction against the gross development value of the project.

The Group intends to adopt the standard using the full retrospective approach, requiring the restatement of comparative period presented in the financial statements.

Arising from the above, the Group estimates the impact to its consolidated financial statements on the property development costs, and retained earnings by approximately RM56,000,000 respectively.

2. BASIS OF PREPARATION (CONT'D.)

(b) Standards issued that are not yet effective (Cont'd.)

MFRS 16 Leases

Currently under MRFS 117 Leases, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from finance leases but not operating leases. MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position, and recording or certain leases as off-balance sheet leases will no longer be allowed except for some limited exemptions. For a lessee that has material operating leases, the application of MFRS 16 may result in significant increase in assets and liabilities reported on its statement of financial position as compared with MFRS 117.

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Leases-Incentivees and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Group is currently assessing the impact to the financial statements upon adopting MFRS 16, and will adopt MFRS 16 on the mandatory effective date.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

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

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(a) Basis of consolidation (Cont'd.)

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

Changes of interests in subsidiaries

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

Transactions with non–controlling interests

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

Loss of control

When the Company loses control of a subsidiary:

(i) It derecognises the assets and liabilities, non–controlling interests, and other amounts previously recognised in other comprehensive income relating to the former subsidiary.

(ii) It recognises any gain or loss in profit or loss attributable to the Group, which is calculated as the difference between (i) the aggregate of the fair value of the consideration received, if any, from the transaction, event or circumstances that resulted in the loss of control; plus any investment retained in the former subsidiary at its fair value at the date when control is lost; and (ii) the net carrying amount of assets, liabilities, goodwill and any non–controlling interests attributable to the former subsidiary at the date when control is lost.

(iii) It recognises any investment retained in the former subsidiary at its fair value when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant FRS. That fair value shall be regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

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

On disposal, the difference between the net disposal proceeds and the carrying amount of the subsidiary disposed of is recognised in the profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(b) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(c) Investment in associate company

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

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

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

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(c) Investment in associate company (Cont'd.)

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

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

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

(d) Property, plant and equipment

Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of an asset.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is contracted as a consequence of acquiring or using the asset.

Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss when incurred.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss.

Depreciation

Freehold land is not depreciated.

Depreciation is calculated to write off the depreciable amount of other property, plant and equipment on a straight-line basis over their estimated useful lives. The depreciable amount is determined after deducting the residual value from cost.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(d) Property, plant and equipment (Cont'd.)

The principal annual rates used for this purpose are:

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

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting date.

(e) Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both rather than for use in the production or supply of goods and services or for administrative purposes, or sale in the ordinary course of business.

Investment properties are measured initially at cost and subsequently at fair value with any change recognised in the profit or loss.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss.

Transfers are made to/from investment properties only when there is a change in its intended use. For a transfer to/from investment properties, the deemed cost for subsequent accounting is the fair value at the date of the change in the intended use.

(f) Leases

A lease is an arrangement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

Finance lease

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(f) Leases (Cont'd.)

Property, plant and equipment acquired by way of finance leases are stated at an amount equal to the lower of their fair values and the present value of minimum lease payments at the inception of the leases, less accumulated depreciation and any impairment losses.

In calculating the present value of the minimum lease payments, the discount rate is the interest rate implicit in the leases, if this is determined; if not the Group incremental borrowing rate is used.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment or investment properties.

Operating lease

An operating lease is a lease other than a finance lease.

Operating lease income or operating lease rentals are credited or charged to profit or loss on a straight-line basis over the period of the lease.

Leasehold land which in substance is an operating lease is classified as prepaid lease payment.

(g) Development properties

Development properties are classified under two categories i.e. land held for property development and property development costs.

Land held for property development is defined as land on which development is not expected to be completed within the normal operating cycle. Usually, no significant development work would have been undertaken on these land. Accordingly, land held for property development is classified as non-current assets on the statement of financial position and is 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.

Where the outcome of a development can be reasonably estimated, revenue is recognised on the percentage of completion method. The stage of completion is either determined by the proportion that costs incurred to date bear to estimated total costs or surveys of work performed. In applying the cost incurred method of determining stage of completion, only those costs that reflect actual development work performed are included as costs incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(g) Development properties (Cont'd.)

Where the outcome of a development cannot be reasonably estimated, revenue is recognised to the extent of property development costs incurred that is probable will be recoverable, and the property development costs on the development units sold shall be recognised as an expense in the period 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 accrued billings under current assets.

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

(h) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost of inventories of completed houses held for sale is determined based on the specific identification method. Cost of inventories of consumables is determined based on the first in first out basis and represents invoiced value of goods purchased.

Net realisable value represents the estimated selling price in the ordinary course of business, less selling and distribution costs.

(i) Long term construction contracts

The Group's long term construction contracts are all fixed price contracts and where their outcome can be reasonably estimated, revenue is recognised on the percentage of completion method. The stage of completion is determined by the proportion that costs incurred to date bear to estimated total costs, and for this purpose, only those costs that reflect actual contract work performed are included as costs.

Where the outcome of a long term construction contract cannot be reasonably estimated, revenue is recognised only to the extent of contract costs incurred that are expected to be recoverable. At the same time, all contract costs incurred are recognised as an expense in the period in which they are incurred.

Costs that relate directly to a contract and which are incurred in securing the contract are also included as part of contract costs if they can be separately identified and measured reliably and it is probable that the contract will be obtained.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(i) Long term construction contracts (Cont'd.)

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 contract work has commenced or not, or of the stage of completion of contract activity, or of the amounts of profits expected to arise on other unrelated contracts.

On the statement of financial position, contracts in progress are reflected either as gross amounts due from or due to customers, where a gross amount due from customers is the surplus of (i) costs incurred plus profits recognised under the percentage of completion method over (ii) recognised foreseeable losses plus progress billings. A gross amount due to customers is the surplus of (ii) over (i).

(j) Financial instruments

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

Initial recognition and measurement

A financial instrument is recognised in the financial statements when, and only when, the Group becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instrument categories and subsequent measurement

<u>Financial assets</u>

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(j) Financial instruments (Cont'd.)

Financial assets at fair value through profit or loss

This category includes financial assets held for trading, including derivatives (except for a derivative that is a designated and effective hedging instrument) and financial assets that are specifically designated into this category upon initial recognition. On initial recognition, these financial assets are measured at fair value.

The subsequent measurement of financial assets in this category is at fair value with changes in fair value recognised as gains or losses.

Available–for–sale financial assets

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

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

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

Loans and receivables

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(j) Financial instruments (Cont'd.)

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities at amortised cost.

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (except for a designated and effective hedging instrument) and financial liabilities that are specifically designated into this category upon initial recognition. These financial liabilities are subsequently measured at their fair values with the gain or loss recognised in the profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method. The Group only has financial liabilities categorised as financial liabilities at amortised cost which are measured using the effective interest method.

Derecognition of financial assets and liabilities

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

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

A financial liability or part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires.

On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit or loss.

(k) Equity instruments

Equity instruments are initially recognised at the proceeds received or receivable and are not remeasured subsequently.

(i) Ordinary shares

Ordinary shares are classified as equity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(k) Equity instruments (Cont'd.)

(ii) Transaction costs

The transaction costs of an equity transaction (e.g. issue of shares) are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

(iii) Distributions

Distributions to holders of an equity instrument shall be debited directly to equity. The liability to pay a dividend shall be recognised when the dividend is appropriately authorised and is no longer at the discretion of the issuer.

Liability to distribute non–cash assets as a dividend to the holders is measured at the fair value of the assets to be distributed. At the end of each reporting period and at the date of settlement, the Group reviews and adjusts the carrying amount of the dividend payable, with any changes in the carrying amount of the dividend payable recognised in equity as adjustments to the amount of the distribution. On settlement of the dividend payable, the Group recognises the difference, if any, between the carrying amounts of the assets distributed and the carrying amount of the dividend payable in profit or loss.

(iv) Treasury shares

When shares of the Company that have been recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. The treasury shares have no rights to voting, dividends or participation in other distribution.

(l) Impairment of non–financial assets

Goodwill

Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that the goodwill may be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash–generating units that are expected to benefit from synergies of the business combination.

An impairment loss is recognised when the carrying amount of the cash–generating unit, including the goodwill, exceeds the recoverable amount of the cash–generating unit. Recoverable amount of the cash–generating unit is the higher of the cash–generating unit's fair value less cost to sell and its value in use.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(l) Impairment of non–financial assets (Cont'd.)

The total impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the cash–generating unit and then to the other assets of the cash–generating unit proportionately on the basis of the carrying amount of each asset in the cash–generating unit.

Impairment loss recognised on goodwill is not reversed in the event of an increase in recoverable amount in subsequent periods.

Property, plant and equipment, investment properties, land held for development and investment in associate and subsidiaries

Property, plant and equipment, investment properties, land held for development and investment in associate and subsidiaries are assessed at each reporting date to determine whether there is any indication of impairment.

If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the assets. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash–generating unit to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or a cash–generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

Any reversal of an impairment loss as a result of a subsequent increase in recoverable amount should not exceed the carrying amount that would have been determined (net of amortisation or depreciation, if applicable) had no impairment loss been previously recognised for the asset.

(m) Impairment of financial assets

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(m) Impairment of financial assets (Cont'd.)

Assets carried at amortised cost

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

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

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

Assets carried at cost

If there is objective evidence that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Such impairment losses are not reversed in subsequent periods.

Available–for–sale financial assets

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(n) Revenue recognition

(i) Revenue from the sale of development properties represents the proportionate sales value of development properties sold attributable to the percentage of development work performed during the financial year.

Revenue from the sale of completed development properties is measured at the fair value of the consideration receivable and is recognised in the profit or loss when the significant risks and rewards of ownership have been transferred to the buyer.

(ii) Revenue from construction contracts represents the proportionate contract value of construction contracts attributable to the percentage of contract work performed during the financial year.

(iii) Distribution from short term investments is recognised when the right to receive payment is established.

(iv) Dividend income is recognised when the right to receive payment is established.

(v) Interest income is recognised on a time proportion basis.

(vi) Rental income is recognised on a straight–line basis over the specific tenure of the respective leases. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(o) Employee benefits

Short–term employee benefits

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

Post–employment benefits

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(q) Income tax

The tax expense in the profit or loss represents the aggregate amount of current tax and deferred tax.

Current tax is the expected income tax payable or receivable on the taxable income or loss for the year, estimated using the tax rates enacted or substantially enacted by the end of the reporting period.

On the statement of financial position, a deferred tax liability is recognised for taxable temporary differences while a deferred tax asset is recognised for deductible temporary differences and unutilised tax losses only to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences and tax losses can be utilised.

No deferred tax is recognised for temporary differences arising from the initial recognition of:

(i) goodwill, or

(ii) an asset or liability which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured based on tax consequences that would follow from the manner in which the asset or liability is expected to be recovered or settled, and based on tax rates enacted or substantively enacted by the reporting date that are expected to apply to the period when the asset is realised or when the liability is settled.

Current tax and deferred tax are charged or credited directly to other comprehensive income if the tax relates to items that are credited or charged, whether in the same or a different period, directly to other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(r) Cash equivalents

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements requires management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities (if any) at the end of the reporting period, and reported amounts of income and expenses during the financial year.

Although these estimates are based on management's best knowledge of current events and actions, historical experiences and various other factors, including expectations for future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgement made in applying accounting policies

The following are judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on amounts recognised in 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 certain criteria based on FRS 140 Investment Property in making that judgement.

In making its judgement, the Group considers whether a property generates cash flows largely independently of other assets held by the Group. Owner-occupied properties generate cash flows that are attributable not only to the property, but also to other assets used in the production or supply process.

Some 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 and services or for administrative purposes.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D.)

If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for these portions separately.

If the portions could not be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production or supply of goods and 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 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 consume substantially all the economic benefits embodied in the investment properties over time. Therefore, in making judgement, the management has determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted.

Accordingly, the Group recognises deferred taxes in respect of the changes in fair value of investment properties. The final tax outcome could be different from the deferred tax liabilities recognised in the financial statements should the investment properties subsequently be disposed rather than consumed substantially all of the economic benefits embodied over time.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources associated with estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are as follows:

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis to write off their costs to their residual values over their estimated useful lives. Management estimates the useful lives of property, plant and equipment to be between 5 and 50 years.

Changes in the expected level of usage, physical wear and tear and technological development could impact the economic useful lives and residual values of these assets, and therefore future depreciation charges could be revised.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D.)

Deferred tax assets

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

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

Impairment loss and write down of inventories

Inventories are stated at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices.

Inventories are reviewed on a regular basis and the Group will make an impairment loss for the inventories based primarily on historical trends and management estimates of expected and future demand and related pricing.

Demand levels, technological advances and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's inventories, the Group might be required to reduce the value of its inventories and additional impairment losses for inventories may be required.

Fair value of investment properties

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

Information regarding the valuation techniques and inputs used in determining the fair value is disclosed in Note 6 to the financial statements.

Revenue recognition for property development activities and construction contracts

The Group recognises revenue from property development activities and construction contracts based on the percentage of completion method. The stage of completion of the property development activities and construction contracts is measured in accordance with the accounting policies set out below.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D.)

Revenue recognition for property development activities and construction contracts (Cont'd.)

Significant judgement is required in determining the percentage of completion, the extent of the development project 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.

Allowance for doubtful debts

The collectability of receivables is assessed on an ongoing basis. An allowance for doubtful debts is made for any receivables considered to be doubtful of collection.

The allowance for doubtful debts is made based on a review of all outstanding amounts as at the financial reporting date. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the creditworthiness and the past collection history of each customer. If the financial condition of customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Income taxes

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

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

5. PROPERTY, PLANT AND EQUIPMENT

Group 2017	Leasehold building RM'000	Leasehold land RM'000	Plant, machinery and motor vehicles RM'000	Furniture, fittings and equipment RM'000	Total RM'000
Cost					
At 1.1.2017	**242,144**	**2,294**	**91,711**	**29,509**	**365,658**
Additions	**345**	**–**	**5,552**	**27,043**	**32,940**
Disposals	**(32)**	**–**	**(553)**	**(843)**	**(1,428)**
Write-offs	**–**	**–**	**(140)**	**(576)**	**(716)**
Acquisition of a subsidiary company (see Note 43)	**–**	**–**	**–**	**166**	**166**
At 31.12.2017	**242,457**	**2,294**	**96,570**	**55,299**	**396,620**
Accumulated depreciation					
At 1.1.2017	**10,109**	**232**	**62,503**	**7,448**	**80,292**
Charge for the year	**4,907**	**23**	**11,849**	**3,737**	**20,516**
Disposals	**(1)**	**–**	**(524)**	**(398)**	**(923)**
Write-offs	**–**	**–**	**(124)**	**(182)**	**(306)**
Acquisition of a subsidiary company (see Note 43)	**–**	**–**	**–**	**21**	**21**
At 31.12.2017	**15,015**	**255**	**73,704**	**10,626**	**99,600**
Net carrying amount at 31.12.2017	**227,442**	**2,039**	**22,866**	**44,673**	**297,020**

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

Group 2016	Leasehold building RM'000	Leasehold land RM'000	Plant, machinery and motor vehicles RM'000	Furniture, fittings and equipment RM'000	Total RM'000
Cost					
At 1.1.2016	112,405	2,294	87,419	21,367	223,485
Additions	11,510	–	5,343	9,312	26,165
Disposals	–	–	(904)	–	(904)
Write-offs	–	–	(84)	(7)	(91)
Transfer from investment properties (see Note 6)	118,229	–	–	–	118,229
Disposal of subsidiary companies (see Note 49)	–	–	(63)	(1,163)	(1,226)
At 31.12.2016	242,144	2,294	91,711	29,509	365,658
Accumulated depreciation					
At 1.1.2016	6,246	209	50,372	4,671	61,498
Charge for the year	3,863	23	12,922	2,882	19,690
Disposals	–	–	(738)	–	(738)
Write-offs	–	–	(49)	(4)	(53)
Disposal of subsidiary companies (see Note 49)	–	–	(4)	(101)	(105)
At 31.12.2016	10,109	232	62,503	7,448	80,292
Net carrying amount at 31.12.2016	232,035	2,062	29,208	22,061	285,366

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

Company 2017	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Total RM'000
Cost			
At 1.1.2017	**3,104**	**5,282**	**8,386**
Additions	**405**	**694**	**1,099**
Disposals	**(13)**	**–**	**(13)**
At 31.12.2017	**3,496**	**5,976**	**9,472**
Accumulated depreciation			
At 1.1.2017	**1,698**	**1,997**	**3,695**
Charge for the year	**500**	**713**	**1,213**
Disposals	**(13)**	**–**	**(13)**
At 31.12.2017	**2,185**	**2,710**	**4,895**
Net carrying amount at 31.12.2017	**1,311**	**3,266**	**4,577**

Company 2016	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Total RM'000
Cost			
At 1.1.2016	2,743	3,438	6,181
Additions	504	1,845	2,349
Disposals	(143)	–	(143)
Write-offs	–	(1)	(1)
At 31.12.2016	3,104	5,282	8,386
Accumulated depreciation			
At 1.1.2016	1,231	1,408	2,639
Charge for the year	500	590	1,090
Disposals	(33)	–	(33)
Write-offs	–	(1)	(1)
At 31.12.2016	1,698	1,997	3,695
Net carrying amount at 31.12.2016	1,406	3,285	4,691

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

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Plant and machinery	**8,629**	14,417	**–**	–
Motor vehicles	**1,835**	2,328	**1,311**	1,405
	10,464	16,745	**1,311**	1,405

6. INVESTMENT PROPERTIES

	At fair value			At cost	
Group	Freehold condominium and apartment RM'000	Freehold commercial properties RM'000	Leasehold commercial properties RM'000	Properties under construction RM'000	Total RM'000
2017					
At 1.1.2017	**2,285**	**130,400**	**1,300,460**	**43,753**	**1,476,898**
Additions or subsequent enhancement	**–**	**–**	**–**	**71,573**	**71,573**
Transfer from land held for property development (see Note 7)	**–**	**–**	**–**	**28,509**	**28,509**
Acquisition of a subsidiary company (see Note 43)	**–**	**130,564**	**–**	**–**	**130,564**
At 31.12.2017	**2,285**	**260,964**	**1,300,460**	**143,835**	**1,707,544**
2016					
At 1.1.2016	2,025	46,000	678,570	192,548	919,143
Additions or subsequent enhancement	–	–	(7,613)	264,507	256,894
Reclassifications	–	77,718	242,350	(320,068)	–
Transfer to property, plant and equipment (see Note 5)	–	–	(6,275)	(111,954)	(118,229)
Transfer from property development costs (see Note 12)	–	–	–	18,720	18,720
Fair value adjustments	260	6,682	393,428	–	400,370
At 31.12.2016	2,285	130,400	1,300,460	43,753	1,476,898

6. INVESTMENT PROPERTIES (CONT'D.)

Included in investment properties is freehold land that has been pledged to secure bank borrowings as disclosed in Note 31.

Investment properties as at 31 December 2017 are stated at fair value based on an assessment by the Board of Directors. 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, the Board of Directors have obtained updated market values of the investment properties as at 31 December 2017 carried out by PA International Property Consultants (KL) Sdn Bhd, a firm of independent professional valuers who has appropriate professional qualification and recent experience in the relevant location and assets being valued. The fair value of the investment properties was determined using comparison method, cost method or investment method. The existing book value of the investment properties as at 31 December 2017 ("Book Value") was not materially different from the updated valuations performed.

In view of the above and taking into account current market conditions, the Board of Directors assessed that the Book Value is fair. Hence, the Book Value was not adjusted and was taken to represent the fair value of the investment properties at the same date.

The following assumptions have been applied in the valuation:

(i) The comparison method entails comparing the property with comparable properties which have been sold or are being offered for sale and making adjustments for factors which affect value such as location and accessibility, size, building construction and finishes, building services, management and maintenance, age and state of repair, market conditions and other relevant characteristics.

(ii) In the cost method, the value of the land is added to the replacement cost of the buildings and other site improvements. The replacement cost of the buildings is derived from estimation of reproduction cost of similar new buildings based on current market prices for materials, labour and present construction techniques and deducting therefrom the accrued depreciation due to use and disrepair, age and obsolescence through technology and market changes.

(iii) The investment method entails the determination of the probable gross annual rental the property is capable of producing and deducting therefrom the outgoings to arrive at the annual net income.

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

6. INVESTMENT PROPERTIES (CONT'D.)

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

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

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Freehold condominium and apartment	–	2,285	–
Freehold commercial properties	–	260,964	–
Leasehold commercial properties	–	508,460	792,000

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

Level 3 Fair Value Measurement

	Level 3 RM'000
At 1 January	242,000
Reclassified from Level 2	550,000
At 31 December	792,000

Details of Level 3 fair value measurements are as follows:

Valuation method and key inputs	Significant unobservable inputs	Relationship of unobservable inputs and fair value
Cost method which estimates the amount of reconstruction cost of the building based on current market prices net of depreciation.	Estimated replacement costs	The higher the estimated replacement costs, the higher the fair value.
Investment method which capitalises the actual or estimated rental income stream, net of projected operating costs, using a discount rate derived from capitalisation rate.	Discount rate of 6.50% to 7.00%	The higher the discount rate, the lower the fair value.
	Estimated capitalisation rate of 6.50% to 7.00%	The higher the estimated capitalisation rate, the lower the fair value.
	Occupancy rates of 65.69% 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 2017. The fair value of the property is expected to be reliably determinable when construction is complete.

7. LAND HELD FOR PROPERTY DEVELOPMENT

	Group	
	2017 RM'000	2016 RM'000
Freehold land at cost	**318,053**	283,630
Leasehold land at cost	**45,633**	44,710
Development cost	**99,253**	57,506
At 1 January	**462,939**	385,846
Development cost incurred during the year	**70,671**	16,297
Transferred (to)/from property development costs (see Note 12)	**(12,650)**	60,796
Transferred to investment properties (see Note 6)	**(28,509)**	–
Disposal	**(7,829)**	–
Acquisition of a subsidiary company (see Note 43)	**16,284**	–
At 31 December	**500,906**	462,939

8. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2017 RM'000	2016 RM'000
Unquoted shares at cost	**391,782**	53,779

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

	Equity interest		
	2017 %	2016 %	Principal activities
Ceylon Hills Sdn Bhd	**54**	54	Property development
Citra Jaya Sejahtera Sdn Bhd	**100**	–	Property development
Concord Housing Development Sdn Bhd	**100**	100	Property development
Eureka Equity Sdn Bhd	**60**	60	Property development
Everise Project Sdn Bhd	**74**	39	Property development
Everise Tiara (M) Sdn Bhd	**60**	60	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

8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D.)

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

	Equity interest		
	2017 %	**2016 %**	**Principal activities**
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
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
UOA Hospitality Sdn Bhd	**100**	100	To manage and operate hotels and service apartments
UOA Komune Sdn Bhd	**100**	–	Managing co-sharing office
UOA Properties Sdn Bhd	**100**	100	Investment holding
Fabullane Development Sdn Bhd	**100**	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
– Distinctive Acres Sdn Bhd	**100**	100	Property investment
– Dynasty Portfolio Sdn Bhd	**100**	100	Property investment
– Enchant Heritage Sdn Bhd	**100**	85	Property investment
– Lencana Harapan Sdn Bhd	**100**	100	Property investment
– 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	Dormant
Held through Everise Project Sdn Bhd			
– Jendela Dinamik Sdn Bhd	**51**	100	Dormant

8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D.)

Subsidiaries that have material non-controlling interests

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

Name of subsidiary	Proportion of ownership interests held by non-controlling interests		Profit allocated to non-controlling interests		Carrying amount of non-controlling interests	
	2017	2016	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Ceylon Hills Sdn Bhd	**46%**	46%	**576**	1,265	**7,719**	16,343
Eureka Equity Sdn Bhd	**40%**	40%	**20,993**	13,872	**54,364**	33,371
Everise Tiara (M) Sdn Bhd	**40%**	40%	**4,306**	13,113	**42,348**	50,042
Everise Project Sdn Bhd	**26%**	–	**59,612**	–	**118,511**	–
Nova Metro Development Sdn Bhd	**16%**	16%	**3,514**	203	**3,757**	243
Peninsular Home Sdn Bhd	**40%**	40%	**365**	316	**2,029**	1,664
Scenic Point Development Sdn Bhd	**40%**	40%	**695**	368	**2,574**	1,879
Seri Tiara Development Sdn Bhd	**15%**	15%	**5,182**	5,023	**25,636**	20,454
Other immaterial entities					**16**	49
					256,954	124,045

9. INVESTMENT IN AN ASSOCIATE COMPANY

In the prior year, the associate company is Everise Project Sdn Bhd, a company incorporated in Malaysia in which the Company holds 39% of the equity interest. During the financial year as stated in Note 43 to the financial statements, the Company has increased its stake to 74%, thus making it a subsidiary with effect from 4 December 2017.

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Unquoted ordinary shares	**–**	18,830	**–**	18,570
Share of post-acquisition reserves	**–**	68,394	**–**	–
Unrealised profit	**–**	(23,075)	**–**	–
	–	64,149	**–**	18,570

9. INVESTMENT IN AN ASSOCIATE COMPANY (CONT'D.)

In the prior year, the summarised financial information of the associate company is as follows:

	2016 RM'000
Assets and liabilities	
Total assets	586,081
Total liabilities	362,431
Results	
Revenue	90,578
Profit for the year	55,067

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At market value				
Shares quoted in Malaysia	**25,053**	30,518	–	3,300

11. DEFERRED TAX ASSETS

	Group	
	2017 RM'000	2016 RM'000
At 1 January	**36,483**	36,441
Origination during the year	**3,357**	42
At 31 December	**39,840**	36,483

Temporary differences recognised as deferred tax assets arose mainly from the difference between the manner in which property development profits is recognised for tax and accounting purposes.

The Group has recognised the deferred tax asset as it is probable that its existing development projects would generate sufficient taxable profit in the future against which the deferred tax assets can be utilised.

12. PROPERTY DEVELOPMENT COSTS

	Group	
	2017 RM'000	**2016 RM'000**
Freehold land at cost	**389,723**	500,820
Leasehold land at cost	**40,819**	9,538
Development cost	**1,746,286**	1,801,746
Cost recognised as expense in prior years	**(1,187,642)**	(1,378,127)
	989,186	933,977
At 1 January		
Cost incurred during the financial year		
– freehold land at cost	**93,000**	28,455
– development cost	**422,776**	619,921
	1,504,962	1,582,353
Cost recognised as an expense in the current year	**(452,693)**	(422,079)
Cost transferred to inventories	**(318,185)**	(91,572)
Cost transferred to investment properties (see Note 6)	**–**	(18,720)
Cost transferred from/(to) land held for property development (see Note 7)	**12,650**	(60,796)
At 31 December	**746,734**	989,186

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

	Group	
	2017 RM'000	**2016 RM'000**
Term loan interest	**530**	1,237
Bridging loan interest	**1,807**	1,993
	2,337	3,230

Freehold land with carrying amount of RM23,175,000 (2016: RM86,675,000) has been charged to secure a bank borrowing referred to in Note 31.

13. INVENTORIES

	Group	
	2017 RM'000	**2016 RM'000**
Stock of completed development properties	**968,685**	216,679
Consumables	**482**	528
	969,167	217,207

The title deeds for the stock of completed development properties totaling RM11,486,000 (2016: RM11,467,000) are registered in the name of a third party.

Included in inventories is freehold land that has been pledged to secure bank borrowings as disclosed in Note 31.

14. ACCRUED BILLINGS/(PROGRESS BILLINGS)

	Group	
	2017 RM'000	**2016 RM'000**
Revenue recognised to date	**2,919,177**	3,235,139
Progress billings to date	**(2,674,458)**	(3,151,374)
	244,719	83,765
Accrued billings	**244,719**	112,137
Progress billings	**-**	(28,372)
	244,719	83,765

15. AMOUNT DUE FROM CONTRACT CUSTOMER

	Group	
	2017 RM'000	**2016 RM'000**
Aggregate contract expenditure incurred to date	**-**	542,110
Attributable profit recognised to date	**-**	68,321
	-	610,431
Progress billings	**-**	(570,929)
	-	39,502

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade receivables (Note 16.1)	**274,622**	360,158	**-**	-
Sundry receivables, deposits and prepayments (Note 16.2)	**124,654**	99,417	**9,705**	9,250
	399,276	459,575	**9,705**	9,250
Allowance for doubtful debts	**(7,056)**	(3,023)	**(1,514)**	(1,615)
	392,220	456,552	**8,191**	7,635

16.1 Trade Receivables

	Group	
	2017 RM'000	2016 RM'000
Progress billings receivable	**87,554**	282,509
Funds held by stakeholders	**187,053**	77,634
Other gross receivables	**15**	15
Total gross receivables	**274,622**	360,158
Allowance for doubtful debts	**(15)**	(15)
	274,607	360,143

The progress billings are due within 14 to 90 days as stipulated in the sale and purchase agreements.

In prior year, progress billings receivable included an amount of RM226,065,000 owing by an associate company.

16.2 Sundry Receivables, Deposits and Prepayments

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Sundry receivables	**86,966**	77,557	**8,050**	7,596
Deposits and prepayments	**37,688**	21,860	**1,655**	1,654
	124,654	99,417	**9,705**	9,250
Allowance for doubtful debts	**(7,041)**	(3,008)	**(1,514)**	(1,615)
	117,613	96,409	**8,191**	7,635

Other receivables are due within 14 to 45 days.

17. HOLDING COMPANIES

The immediate holding company is UOA Holdings Sdn Bhd, a company incorporated in Malaysia which owns 69.40% (2016: 69.11%) of the issued share capital of the Company.

The ultimate holding company is United Overseas Australia Ltd, a company incorporated in Australia.

The amount owing by immediate holding company are unsecured interest free advances which are receivable on demand.

The amount owing to immediate holding company are unsecured interest free advances which are payable on demand.

18. AMOUNT OWING BY/(TO) SUBSIDIARY COMPANIES

The amount owing by subsidiary companies are unsecured and analysed as follows:

	Company	
	2017 RM'000	**2016 RM'000**
Interest free advances	**1,782,006**	1,682,249
Management fee receivable	**3,548**	22,113
Rental receivables	**5**	–
	1,785,559	1,704,362

The interest free advances are unsecured and receivable within 12 months. The management fee receivable is expected to be settled within the normal credit period.

The amount owing to subsidiary companies are unsecured and analysed as follows:

	Company	
	2017 RM'000	**2016 RM'000**
Interest free advances	**99,593**	–
Rental payable	**32**	–
	99,625	–

The interest free advances are unsecured and payable on demand. The rental payable is expected to be settled within the normal credit period.

19. AMOUNT OWING BY/(TO) RELATED COMPANIES

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

The amount owing to related companies comprises:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Management fee payable	**261**	377	**261**	268
Landscaping fee payable	**25**	35	**–**	–
Administrative fee payable	**–**	24	**–**	–
Rental payable	**–**	3	**–**	–
Unsecured loan payable	**45,898**	–	**–**	–
Interest free advances	**36**	56	**–**	–
	46,220	495	**261**	268

The unsecured loan payable which bears interest at 12% (2016: Nil) per annum and is payable by bullet repayments 6 months from the drawdown date.

The interest free advances are unsecured and payable on demand.

Other amount owing to the related companies are expected to be settled within the normal credit period.

20. AMOUNT OWING BY AN ASSOCIATE COMPANY

The amount owing by the associate company in the prior year represents unsecured interest-free advances.

21. SHORT TERM INVESTMENTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Short term funds	**193,786**	224,082	**137,304**	15,536

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

22. FIXED DEPOSITS WITH LICENSED BANKS

Included in fixed deposits is an amount of RM2,647,660 (2016: RM2,571,756) of the Group and RM143,977 (2016: RM139,468) of the Company pledged to secure the Group's banking facilities.

The effective interest rates of the fixed deposits range between 2.50% to 3.40% (2016: 2.40% to 3.40%) per annum. All deposits have maturities of less than one year.

23. CASH AND BANK BALANCES

Cash and bank balances of the Group include an amount of RM137,066,516 (2016: RM316,674,094) maintained in the Housing Development Accounts. Withdrawals from the Housing Development Accounts are restricted in accordance with the Housing Development (Housing Development Account) Regulations 1991.

Funds maintained in the Housing Development Accounts earn interest at 1.70% to 2.00% (2016: 1.70% to 2.15%) per annum.

24. SHARE CAPITAL

	Company			
	2017		2016	
	Number of shares 000	RM'000	Number of shares 000	RM'000
Issued and fully paid:				
Ordinary shares				
At 1 January	**1,632,469**	**81,623**	1,520,789	76,039
Issued pursuant to the DRS	**101,778**	**227,984**	111,680	5,584
At 31 December	**1,734,247**	**309,607**	1,632,469	81,623

The Minister of Domestic Trade, Co-operatives and Consumerism has appointed 31 January 2017 as the date on which the Companies Act 2016 ("CA 2016") comes into operation except section 241 and Division 8 of Part III. CA 2016 replaces the Companies Act 1965 upon its effective date.

24. SHARE CAPITAL (CONT'D.)

Pursuant to CA 2016:

- The concept of authorised share capital is abolished.
- All shares issued before or upon the commencement of CA 2016 shall have no par or nominal value.
- Upon commencement of CA 2016, any amount standing to the credit of the Company's share premium account shall become part of the Company's share capital.
- However, the Company may, within 24 months upon the commencement of CA 2016, use the amount standing to the credit of its share premium account for specific purposes set out in the transitional provisions of CA 2016.

There is no impact on the number of shares in issue as a result of this transition.

25. SHARE PREMIUM

	Company	
	2017 RM'000	**2016 RM'000**
At 1 January	**1,496,594**	1,289,004
111,679,600 ordinary shares at a premium of RM1.86 per share, pursuant to the DRS, net of issuance expenses	**-**	207,590
At 31 December	**1,496,594**	1,496,594

Share premium represents the excess of issue price over the par value of shares issued under the Companies Act 1965.

Pursuant to the transitional provisions of CA 2016, the Company may, within 24 months upon the commencement of CA 2016, use the amount standing to the credit of its share premium account for specific purposes set out in the transitional provisions of CA 2016. Thereafter, any unutilised credit balance in the share premium account shall be transferred and credited to share capital of the Company.

26. MERGER RESERVE

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

27. FAIR VALUE RESERVE

The fair value reserve arose from fair value changes in available-for-sale financial assets.

28. TREASURY SHARES

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

The cumulative treasury shares of the Company are as follows:

	Company			
	2017		2016	
	Number of shares '000	RM'000	Number of shares '000	RM'000
At 1 January	**1,124**	**2,094**	1,109	2,061
Addition	**10**	**25**	15	33
At 31 December	**1,134**	**2,119**	1,124	2,094

29. AMOUNT OWING TO NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARY COMPANIES

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

Included in the amounts owing to non-controlling shareholders of subsidiary companies is an amount of RM1,918,609 (2016: RM1,918,609) owing to key management personnel of the Group and a company in which a director has financial interest.

30. HIRE PURCHASE AND FINANCE LEASE LIABILITIES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Total future instalments payable	**8,677**	14,090	**1,392**	1,443
Unexpired term charges	**(463)**	(900)	**(105)**	(120)
Total outstanding principal	**8,214**	13,190	**1,287**	1,323
Future instalments payable				
– not later than one year	**5,295**	6,677	**489**	461
– later than one year but not later than five years	**3,382**	7,413	**903**	982
Total future instalments payable	**8,677**	14,090	**1,392**	1,443
Outstanding principal				
– not later than one year (included under current liabilities)	**4,980**	6,123	**436**	406
– later than one year but not later than five years (included under non-current liabilities)	**3,234**	7,067	**851**	917
Total outstanding principal	**8,214**	13,190	**1,287**	1,323

The effective interest rates of the hire purchase and finance lease liabilities are between 4.37% to 6.45% (2016: 4.37% to 6.45%) per annum for the Group and 4.37% to 5.82% (2016: 4.37% to 5.82%) per annum for the Company.

The change in hire purchase and finance lease liabilities are as follows:

	Group	Company
	2017 RM'000	2017 RM'000
Balance as at 1 January 2017	**13,190**	**1,323**
Cash flow:		
Repayment of hire purchase and finance lease liabilities	**(6,321)**	**(461)**
Non-cash:		
Acquisition of property, plant and equipment (see Note 41)	**1,345**	**425**
Balance as at 31 December 2017	**8,214**	**1,287**

31. BORROWINGS

	Group	
	2017 RM'000	**2016 RM'000**
Non-Current		
Bridging loan	**10,000**	18,584
Current		
Revolving credit I	**56,000**	45,000
Revolving credit II	**8,000**	10,000
Revolving credit III	**4,882**	–
Bridging loan	**39,734**	19,000
Term loan	**–**	19,353
	108,616	93,353
	118,616	111,937

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

(i) a charge over a fixed deposit of the Group amounting to RM2,503,684 (2016: RM2,432,288);

(ii) a corporate guarantee from the Company; and

(iii) a legal charge over a land included under property development costs (see Note 12) at RM23,175,000 (2016: RM86,675,000).

(iv) a legal charge over a freehold land included under investment properties and inventories (see Note 6 and Note 13) at RM51,893,000.

The term loan and bridging loan facility amounted to RM277 million (2016: RM265 million) and bears interest at 1.25% to 1.50% plus cost of funds ("COF"). The effective interest rate is 4.60% to 4.92% (2016: 4.59% to 5.02%) per annum.

The total revolving credit facilities of the Group is RM103 million.

The revolving credit I is secured by a corporate guarantee from the Company and bears interest at 1.50% plus COF. The effective interest rate is 5.07% (2016: 5.07% to 5.27%) per annum.

The revolving credit II is unsecured and bears interest at 1.50% plus COF. The effective interest rate is 5.05% to 5.36% (2016: 5.01% to 5.04%) per annum.

The revolving credit III is unsecured and bears interest at 1.25% plus COF. The effective interest rate is 4.82% per annum.

31. BORROWINGS (CONT'D.)

The changes in bank borrowings are as follows:

	Group
	2017 RM'000
Balance as at 1 January 2017	**111,937**
Cash flow:	
Drawdown of debts	**88,705**
Repayment of debts	**(101,192)**
Non-cash:	
Acquisition of subsidiary company (see Note 43)	**19,166**
Balance as at 31 December 2017	**118,616**

32. DEFERRED TAX LIABILITIES

	Group	
	2017 RM'000	2016 RM'000
At 1 January	**115,614**	21,184
(Reversal)/Origination during the year	**(549)**	94,430
Acquisition of subsidiary (see Note 43)	**1,100**	–
At 31 December	**116,165**	115,614
Represented by:		
Tax effects of excess of capital allowances claimed over accumulated depreciation on property, plant and equipment	**906**	1,241
Real Property Gains Tax ("RPGT") on fair value adjustment of investment properties	**115,259**	114,373
	116,165	115,614

33. TRADE AND OTHER PAYABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade payables (Note 33.1)	**470,437**	509,276	**–**	–
Sundry payables, deposits and accruals (Note 33.2)	**173,183**	219,544	**17,313**	15,017
	643,620	728,820	**17,313**	15,017

33.1. Trade Payables

	Group	
	2017 RM'000	2016 RM'000
Sub-contractors' claims	**8,199**	22,009
Retention sums	**92,876**	92,749
Accrued construction costs	**358,269**	381,503
Other trade payables	**11,093**	13,015
	470,437	509,276

The normal credit terms extended by sub-contractors and suppliers range between 30 and 60 days.

33.2. Sundry Payables, Deposits and Accruals

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Sundry payables	**51,428**	51,074	**6,336**	5,925
Deposits	**29,059**	16,347	**20**	4
Accruals	**92,696**	152,123	**10,957**	9,088
	173,183	219,544	**17,313**	15,017

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)

for the year ended 31 December 2017

34. REVENUE

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Sale of development properties	**959,011**	919,013	**–**	–
Sale of inventories	**122,591**	22,706	**–**	–
Contract revenue	**–**	54,474	**–**	–
Dividend income from subsidiary companies	**–**	–	**253,800**	450,675
	1,081,602	996,193	**253,800**	450,675

35. COST OF SALES

	Group	
	2017 RM'000	2016 RM'000
Cost of development properties sold	**452,693**	422,079
Cost of inventories sold	**52,125**	9,232
Contract cost recognised as expense	**–**	41,902
Overestimate of development costs in prior year	**(8,558)**	(19,547)
	496,260	453,666

36. FINANCE COSTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Amortisation of financial liabilities	**1,268**	1,532	**–**	–
Hire purchase and finance lease interest	**600**	913	**69**	64
Interest on revolving loan	**2,303**	4,020	**–**	–
Others	**–**	240	**–**	–
	4,171	6,705	**69**	64

37. AUDITORS' REMUNERATION

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Statutory audit	**354**	306	**73**	70
Assurance and related services	**20**	23	**4**	3
	374	329	**77**	73

38. TAX EXPENSE

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Malaysian tax based on results for the year				
– current tax	**142,019**	123,419	**144**	221
– deferred tax	**(3,661)**	(3,095)	**–**	–
– deferred RPGT	**–**	97,498	**–**	–
	138,358	217,822	**144**	221
(Over)/Underestimated in prior years				
– current tax	**(8,829)**	919	**56**	(93)
– deferred tax	**(246)**	(15)	**–**	–
	(9,075)	904	**56**	(93)
	129,283	218,726	**200**	128

38. TAX EXPENSE (CONT'D.)

The provision for taxation differs from the amount of taxation determined by applying the applicable statutory tax rate to the profit before tax as a result of the following differences:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit before tax	**656,061**	929,364	**412,747**	452,114
Taxation at statutory rate	**157,455**	223,047	**99,059**	108,507
Tax effects of				
– non-deductible expenses	**12,419**	5,621	**567**	910
– non-taxable income	**(22,922)**	(5,435)	**(99,482)**	(108,896)
Effect of share of results of associate company	**(4,988)**	(5,154)	**-**	-
Movement in unrecognised deferred tax asset	**(3,606)**	(1,671)	**-**	(300)
Difference between income tax rate and RPGT rate applicable on fair value adjustments on investment properties	**-**	1,414	**-**	-
(Over)/Underestimated in prior years	**(9,075)**	904	**56**	(93)
	129,283	218,726	**200**	128

Unabsorbed tax losses as at 31 December wherein no deferred tax benefits have been recognised in the financial statements are as follows:

	Group	
	2017 RM'000	2016 RM'000
Excess of capital allowances over accumulated depreciation on property, plant and equipment	**(29,207)**	(19,517)
Unabsorbed tax losses	**9,411**	9,747
Unabsorbed capital allowance	**45,237**	46,401
Unutilised industrial building allowance	**4,734**	2,404
Unutilised investment tax allowance	**217,956**	224,122
	248,131	263,157

39. BASIC EARNINGS PER ORDINARY SHARE

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

	Group	
	2017 RM'000	2016 RM'000
Profit attributable to owners of the Company (RM'000)	**491,182**	676,726
Weighted average number of ordinary shares ('000)	**1,678,740**	1,571,238
Net earnings per ordinary share (RM)	**0.29**	0.43

40. DIVIDENDS

	Company	
	2017 RM'000	2016 RM'000
In respect of the financial year ended 31 December 2015:		
First and final single tier dividend of 15 sen per share:		
– Dividend reinvested into 111,679,600 new ordinary shares at an issue price of RM1.91 per ordinary share pursuant to the DRS	**–**	213,308
– Payment in cash	**–**	14,643
In respect of the financial year ended 31 December 2016:		
First and final single tier dividend of 15 sen per share:		
– Dividend reinvested into 101,778,300 new ordinary shares at an issue price of RM2.24 per ordinary share pursuant to the DRS	**227,984**	–
– Payment in cash	**16,716**	–
	244,700	227,951

The directors now recommend a first and final single tier dividend of 15 sen per ordinary share in respect of the financial year ended 31 December 2017 amounting to RM259,967,025 based on 1,733,113,500 ordinary shares (net of treasury shares at the date of this report) for shareholders' approval at the forthcoming Annual General Meeting.

41. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Aggregate cost of property, plant and equipment acquired (see Note 5)	**32,940**	26,165	**1,099**	2,349
Financed via hire purchase and finance lease (see Note 30)	**(1,345)**	(1,281)	**(425)**	(380)
	31,595	24,884	**674**	1,969

42. PROCEEDS FROM DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Carrying amount of property, plant and equipment disposed	**505**	166	**-**	110
Gain/(Loss) on disposal of property, plant and equipment	**442**	198	**-**	(5)
Total cash received during the financial year	**947**	364	**-**	105

43. ACQUISITION OF SHARES IN NEW SUBSIDIARY COMPANIES

Details of the new subsidiary companies acquired are as follows:

Name of subsidiary companies acquired	Purchase consideration RM'000	Group's effective interest %	Effective acquisition date
2017			
UOA Komune Sdn Bhd	2	100.00	5 May 2017
Citra Jaya Sejahtera Sdn Bhd	1	100.00	25 May 2017
Everise Project Sdn Bhd	159,535,101	35.00	4 December 2017
2016			
Nova Lagenda Sdn Bhd	2	100.00	4 May 2016

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

On 4 December 2017, the Company acquired an additional 35% of the ordinary shares in Everise Project Sdn Bhd. Consequently, Everise Project Sdn Bhd became a 74% owned subsidiary of the Group.

Everise Project Sdn Bhd is a property development company that owns a parcel of land held for development, investment properties and inventories located at Glenmarie, Petaling Jaya. The management considers that at the date of acquisition, Everise Project Sdn Bhd constituted a group of net assets, rather than a business.

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

	2017 RM'000	2016 RM'000
Property, plant and equipment	**145**	–
Investment properties	**130,564**	–
Land held for property development	**16,284**	–
Inventories	**485,846**	–
Trade and other receivables	**24,075**	–
Cash and cash equivalents	**7,533**	–
Deferred tax liability	**(1,100)**	
Other payables and accruals	**(183,942)**	–
Term loan	**(19,166)**	–
Current tax liability	**(4,424)**	
Net assets acquired	**455,815**	–
Non-controlling interests	**(118,512)**	–
Fair value on previously held stake	**(177,768)**	–
Total purchase consideration	**159,535**	*
Less: Cash and cash equivalents acquired	**(7,533)**	–
Net cash outflow on acquisition during the year	**152,002**	–

* Represent RM2.

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

The revenue and net loss for the year in which the acquisitions took place and their post acquisitions contribution included in the consolidated profit or loss were as follows:

	2017 RM'000	2016 RM'000
Revenue		
During the financial year	**1,164**	–
Pre-acquisition	**–**	–
Post-acquisition	**1,164**	–
Net loss for the year		
During the financial year	**(583)**	(5)
Pre-acquisition	**–**	–
Post-acquisition	**(583)**	(5)

44. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Employee benefits expense	**56,893**	46,834	**34,146**	29,070

Included in the employee benefits expense are EPF contributions amounting to RM5,288,339 (2016: RM4,333,560) for the Group and RM3,491,297 (2016: RM2,964,517) for the Company.

45. RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all directors of the Group, and certain members of senior management of the Group.

The Group has related party relationships with its ultimate holding company, namely, United Overseas Australia Ltd, subsidiary companies, associate company, directors and key management personnel.

45. RELATED PARTY TRANSACTIONS (CONT'D.)

(a) In addition to the related party information disclosed elsewhere in the financial statements, the significant related party transactions are disclosed below:

	Transaction value			
	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Transaction with immediate holding company				
Rental received	**587**	511	**–**	–
Transactions with subsidiary companies				
Management fee receivable	**–**	–	**42,643**	38,077
Rental receivable	**–**	–	**11**	–
Rental paid	**–**	–	**5,529**	4,490
Transactions with related companies				
Management fee payable	**4,514**	3,678	**1,607**	1,548
Rental received	**11,920**	6,596	**–**	–
Rental paid	**54**	63	**–**	–
Administrative fee paid	**261**	214	**–**	–
Landscaping fee payable	**401**	394	**–**	–
Transaction with an associated company				
Construction service income	**39,045**	119,798	**–**	–
Management fee receivable	**198**	–	**198**	–
Transactions with associated companies of the immediate holding company				
Security services paid to Asli Security Services Sdn Bhd	**1,922**	1,839	**17**	–
Rental received from Advanced Informatics & Management Centre Sdn Bhd	**–**	33	**–**	–

45. RELATED PARTY TRANSACTIONS (CONT'D.)

(b) Key management personnel compensation

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Directors				
Remuneration	**7,941**	7,541	**7,941**	7,541
Estimated monetary value of benefits-in-kind	**160**	179	**160**	179
Total short-term employee benefits	**8,101**	7,720	**8,101**	7,720
Post-employment benefits				
- EPF	**926**	878	**926**	878
	9,027	8,598	**9,027**	8,598
Other key management personnel				
Salaries, allowances and bonuses	**5,465**	4,584	**3,122**	2,851
Estimated monetary value of benefits-in-kind	**84**	135	**41**	78
Total short-term employee benefits	**5,549**	4,719	**3,163**	2,929
Post-employment benefits				
- EPF	**505**	510	**266**	307
	6,054	5,229	**3,429**	3,236
Total compensation	**15,081**	13,827	**12,456**	11,834

46. OPERATING LEASE COMMITMENT

The Group as lessee

The Group leases premises from various parties under operating leases. These leases are non-cancellable and typically run for a period ranging from 1 to 3 years, with the option to renew. None of the leases include contingent rentals. There are no restrictions placed upon the Company by entering into these leases.

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

	2017 RM'000	2016 RM'000
As lessee		
Not later than one year	**341**	355
Later than one year but not later than 5 years	**27**	–
	368	355

The Group as lessor

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

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

	2017 RM'000	2016 RM'000
As lessor		
Not later than one year	**92,966**	51,518
Later than one year but not later than 5 years	**97,243**	68,817
	190,209	120,335

47. COMMITMENTS

	Group	
	2017 RM'000	2016 RM'000
Approved and contracted for		
– Purchase of property, plant and equipment	**8,330**	11,200
– Construction of investment properties	**180,156**	129,066

48. CONTINGENT LIABILITIES

	Group	
	2017 RM'000	2016 RM'000
Corporate guarantees to banks of subsidiary company in relation to balances outstanding as at 31 December	**211,148**	205,218

49. DISPOSAL OF SUBSIDIARY COMPANIES

On 13 October 2016 and 31 December 2016, the Group disposed 70% equity interest in Solid Chef Sdn Bhd and 80% equity interest in Botanica Deli Sdn Bhd respectively.

	RM'000
Analysis of assets and liabilities disposed:	
Property, plant and equipment	1,121
Trade and other receivables	1,074
Inventories	285
Cash and bank balances	1,701
Trade and other payables	(4,916)
Net liabilities disposed	(735)
Net cash flows on disposal:	
Consideration received	680
Cash and cash equivalents disposed	(1,701)
Net cash outflow from disposal	(1,021)
Gain on disposal:	
Cash consideration	680
Net liabilities disposed	735
Non-controlling interest	(218)
Gain on disposal	1,197

50. SEGMENTAL INFORMATION

The Group's operations are primarily organised in Malaysia into the following business segments:

(i) Property development

(ii) Construction

Group	Property development		Construction		Others		Elimination		Consolidated	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
External revenue	**1,081,602**	941,720	**-**	72,830	**-**	-	**-**	(18,357)	**1,081,602**	996,193
Inter segment revenue	**612**	18,720	**561,135**	726,473	**-**	-	**(561,747)**	(745,193)	**-**	-
Total revenue	**1,082,214**	960,440	**561,135**	799,303	**-**	-	**(561,747)**	(763,550)	**1,081,602**	996,193
Depreciation	**(1,637)**	(1,600)	**(10,588)**	(11,645)	**(8,057)**	(6,118)	**(234)**	(327)	**(20,516)**	(19,690)
Rental income	**45,707**	41,374	**1,123**	2,151	**23,445**	9,796	**(8,502)**	(8,569)	**61,773**	44,752
Fair value adjustments	**-**	82,064	**-**	-	**-**	307,824	**-**	10,482	**-**	400,370
Distribution income	**1,498**	4,592	**-**	170	**2,898**	6,664	**-**	-	**4,396**	11,426
Interest income	**8,053**	13,173	**11,704**	2,770	**963**	925	**-**	-	**20,720**	16,868
Interest expense	**(1,276)**	(1,782)	**(2,302)**	(4,677)	**(593)**	(246)	**-**	-	**(4,171)**	(6,705)
Other non-cash items	**(3,758)**	(112)	**(6)**	-	**89,366**	(1,676)	**-**	-	**85,602**	(1,788)

50. SEGMENTAL INFORMATION (CONT'D.)

	Property development		Construction		Others		Elimination		Consolidated	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Segment results	**503,887**	520,783	**65,104**	97,851	**66,289**	289,254	**-**	-	**635,280**	907,888
Share of results of associate									**20,781**	21,476
Tax expense									**(129,283)**	(218,726)
Profit for the year									**526,778**	710,638
Segment assets	**3,945,855**	3,141,537	**154,382**	428,116	**1,328,148**	1,256,897	**-**	-	**5,428,385**	4,826,550
Investment in an associate company	**-**	-	**-**	-	**-**	64,149	**-**	-	**-**	64,149
	3,945,855	3,141,537	**154,382**	428,116	**1,328,148**	1,321,046	**-**	-	**5,428,385**	4,890,699
Reconciliation of segment operating assets to total assets										
Segment operating assets									**5,428,385**	4,890,699
Available-for-sale financial assets									**25,053**	30,518
Deferred tax assets									**39,840**	36,483
Current tax assets									**42,192**	27,162
Total assets as per statement of financial position									**5,535,470**	4,984,862

50. SEGMENTAL INFORMATION (CONT'D.)

	Property development		Construction		Others		Elimination		Consolidated	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Segment liabilities	**373,152**	368,784	**389,999**	403,633	**89,515**	142,599	**-**	-	**852,666**	915,016
Reconciliation of segment operating liabilities to total liabilities										
Segment operating liabilities									**852,666**	915,016
Current tax liabilities									**22,210**	17,087
Deferred tax liabilities									**116,165**	115,614
Total liabilities per statement of financial position									**991,041**	1,047,717

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

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

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

51. FINANCIAL INSTRUMENTS

Classification of financial instruments

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

Group	Loans and receivables 2017 RM'000	Available-for-sale 2017 RM'000	Loans and receivables 2016 RM'000	Available-for-sale 2016 RM'000
Financial assets				
Available-for-sale financial assets	**–**	**25,053**	–	30,518
Trade and other receivables	**391,243**	**–**	455,578	–
Amount owing by immediate holding company	**10**	**–**	48	–
Amount owing by related companies	**364**	**–**	74	–
Amount owing by an associate company	**–**	**–**	3,782	–
Short term investments	**193,786**	**–**	224,082	–
Fixed deposits with licensed banks	**151,317**	**–**	167,953	–
Cash and bank balances	**224,598**	**–**	390,824	–
Total financial assets	**961,318**	**25,053**	1,242,341	30,518

Group	At amortised cost 2017 RM'000	At amortised cost 2016 RM'000
Financial liabilities		
Trade and other payables	**643,620**	728,820
Amount owing to immediate holding company	**34**	29
Amount owing to related companies	**46,220**	495
Amount owing to non-controlling interest	**35,962**	32,173
Borrowings	**118,616**	111,937
Hire purchase and finance lease liabilities	**8,214**	13,190
Total financial liabilities	**852,666**	886,644

51. FINANCIAL INSTRUMENTS (CONT'D.)

Company	Loans and receivables 2017 RM'000	Available-for-sale 2017 RM'000	Loans and receivables 2016 RM'000	Available-for-sale 2016 RM'000
Financial assets				
Available-for-sale financial assets	**-**	**-**	–	3,300
Trade and other receivables	**8,191**	**-**	7,635	–
Amount owing by immediate holding company	**10**	**-**	–	–
Amount owing by subsidiary companies	**1,785,559**	**-**	1,704,362	–
Amount owing by related companies	**115**	**-**	71	–
Amount owing by an associate company	**-**	**-**	3,782	–
Short term investments	**137,304**	**-**	15,536	–
Fixed deposits with licensed banks	**3,227**	**-**	23,192	–
Cash and bank balances	**12,439**	**-**	8,916	–
Total financial assets	**1,946,845**	**-**	1,763,494	3,300

Company	At amortised cost 2017 RM'000	At amortised cost 2016 RM'000
Financial liabilities		
Trade and other payables	**17,313**	15,017
Amount owing to immediate holding company	**-**	17
Amount owing to subsidiary companies	**99,625**	–
Amount owing to related companies	**261**	268
Hire purchase and finance lease liabilities	**1,287**	1,323
Total financial liabilities	**118,486**	16,625

52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks, including credit risk, interest rate risk, market risk and liquidity and cash flow risks arising in the normal course of business.

The Group monitors its financial position closely with an objective to minimise potential adverse effects on its financial performance. The Group's policies for managing each of these risks are summarised below:

(a) Credit risk

Credit risk arises from the possibility that a counter party may be unable to meet the terms of a contract in which the Group has a gain position. The Group's management has a credit policy in place to ensure that transactions are conducted with creditworthy counterparties.

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

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

The Group seeks to invest its surplus cash safely by depositing them with licensed financial institutions.

The ageing analysis of receivables as at the reporting date which is trade in nature is as follows:

Group	Gross RM'000	Impairment RM'000
2017		
Not past due	**240,420**	**–**
Less than 44 days past due	**9,989**	**–**
Between 44 and 110 days past due	**10,098**	**–**
More than 110 days past due	**14,115**	**15**
	274,622	**15**
2016		
Not past due	115,299	–
Less than 44 days past due	2,699	–
Between 44 and 110 days past due	23,924	–
More than 110 days past due	218,236	15
	360,158	15

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

(a) *Credit risk (Cont'd.)*

Movements in the allowance for doubtful debts of trade receivables are as follows:

	Group	
	2017 RM'000	**2016 RM'000**
At 1 January/31 December	**15**	15

(b) *Interest rate risk*

The Group is exposed to interest rate risk which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates.

Exposure to interest rate risk related primarily to the Group's interest-bearing borrowings and fixed deposits.

The Group's policy is to borrow principally on a floating rate basis but to retain a proportion of fixed rate debt. The objective of a mix of fixed and floating rate borrowings is to reduce the impact of a rise in interest rates and to enable savings to be enjoyed if interest rates fall. The Group does not generally hedge interest rate risk. The Group has a policy to ensure that interest rates obtained are competitive.

Surplus funds are placed with licensed financial institutions to earn interest income based on prevailing market rates. The Group manages its interest rate risk by placing such funds on short tenures of 12 months or less.

A sensitivity analysis has been performed based on the outstanding floating rate borrowings of the Group as at 31 December 2017. If interest rates increase or decrease by 50 basis points, with all other variables held constant, the Group's profit after tax would decrease or increase by approximately RM593,080, as a result of higher or lower interest expense on these borrowings.

(c) *Market risk*

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

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

52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(d) *Liquidity and cash flow risk*

The Group seeks to ensure all business units maintain optimum levels of liquidity at all times, sufficient for their operating, investing and financing activities.

Therefore, the policy seeks to ensure that each business unit, through efficient working capital management (i.e. inventory, accounts receivable and accounts payable management), must be able to convert its current assets into cash to meet all demands for payment as and when they fall due.

Owing to the nature of the businesses, the Group seeks to maintain sufficient credit lines available to meet the liquidity requirements while ensuring an effective working capital management within the Group.

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

Company	Less than 1 year RM'000	1 to 5 years RM'000	Over 5 years RM'000	Total RM'000
2017				
Trade and other payables	**643,620**	**–**	**–**	**643,620**
Amount owing to immediate holding company	**34**	**–**	**–**	**34**
Amount owing to related companies	**46,220**	**–**	**–**	**46,220**
Amount owing to non-controlling shareholders of subsidiary companies	**9,332**	**28,218**	**–**	**37,550**
Hire purchase and finance lease liabilities	**5,295**	**3,382**	**–**	**8,677**
Bank borrowings	**114,045**	**10,964**	**–**	**125,009**
	818,546	**42,564**	**–**	**861,110**
2016				
Trade and other payables	728,820	–	–	728,820
Amount owing to immediate holding company	29	–	–	29
Amount owing to related companies	495	–	–	495
Amount owing to non-controlling shareholders of subsidiary companies	6,811	28,218	–	35,029
Hire purchase and finance lease liabilities	6,677	7,413	–	14,090
Bank borrowings	97,984	20,375	–	118,359
	840,816	56,006	–	896,822

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

(d) *Liquidity and cash flow risk (Cont'd.)*

Company	Less than 1 year RM'000	1 to 5 years RM'000	Over 5 years RM'000	Total RM'000
2017				
Trade and other payables	**17,313**	**–**	**–**	**17,313**
Amount owing to subsidiary companies	**99,625**	**–**	**–**	**99,625**
Amount owing to related companies	**261**	**–**	**–**	**261**
Hire purchase and finance lease liabilities	**489**	**903**	**–**	**1,392**
	117,688	**903**	**–**	**118,591**
2016				
Trade and other payables	15,017	–	–	15,017
Amount owing to immediate holding company	17	–	–	17
Amount owing to related companies	268	–	–	268
Hire purchase and finance lease liabilities	461	982	–	1,443
	15,763	982	–	16,745

53. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The directors monitor and determine an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

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

	2017 RM'000	2016 RM'000
Total borrowings	**126,830**	125,127
Less : Cash and cash equivalents	**(567,053)**	(780,287)
Net cash	**(440,223)**	(655,160)

	2017 RM'000	2016 RM'000
Equity attributable to the owner of the Company	**4,287,475**	3,813,100
Debt-to-equity ratio (%)	**-**	-

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

54. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

Financial Assets that are measured at Fair Value on a Recurring Basis

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

Financial assets	Fair value 2017 RM'000	Fair value 2016 RM'000	Fair value hierarchy	Valuation method and key inputs
Available-for-sale financial assets- Quoted shares in Malaysia	**25,053**	30,518	Level 1	Quoted bid price in active market

54. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONT'D.)

Financial Assets that are not measured at Fair Value on a Recurring Basis

All financial assets and liabilities of the Group and the Company approximate their fair values as at the end of the reporting period.

55. SUBSEQUENT EVENT

On 2 March 2018, the Company acquired a 100% equity interest in Cosmo Housing Development Sdn Bhd ("Cosmo") for a cash consideration of RM65,250,000. The principal activity of Cosmo is property development.

The initial accounting for the business combination is incomplete and the purchase price allocation has not been finalised as at the date of the report.

56. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 28 March 2018 by the board of directors.

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, Kong Pak Lim and Kong Chong Soon @ Chi Suim, being two of the directors of UOA Development Bhd, do hereby state that, in the opinion of the directors, the financial statements set out on pages 60 to 135 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2017 and financial performance and cash flows of the Company for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the board of directors in accordance with a directors' resolution:

KONG PAK LIM
Director

KONG CHONG SOON @ CHI SUIM
Director

Kuala Lumpur
Date: 28 March 2018

STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act 2016

I, Kong Chong Soon @ Chi Suim, (I/C No.: 410207-11-5203), 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 60 to 135 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)
Kong Chong Soon @ Chi Suim)
at Kuala Lumpur)
in the Federal Territory)
on this 28 March 2018)

KONG CHONG SOON @ CHI SUIM

Before me:

LIST OF MATERIAL PROPERTIES HELD BY THE GROUP

as at 31 December 2017

	Location/Address	Description	Year of Valuation/ Acquisition*	Land area (sq m)/ Built up area (sq m)*/ no of bays	Age of building	Tenure	Net Book Value (RM'000)
1	Vertical Corporate, Tower A, Bangsar, South, Jalan Kerinchi, Kuala Lumpur	38-storey office tower	2016	68,213*	1 year	Leasehold 99 years – expiring 16 August 2106	550,000
2	Lot 1035, 3571, 3572, 340, 1032, 949, 950, 4052, 4053, 47036, 47037, Mukim Batu, Daerah Kuala Lumpur, Kuala Lumpur	Land held for development	2011*, 2012* & 2014*	27.3 acres		Freehold	302,362
3	The Vertical, Bangsar South, Jalan Kerinchi, Kuala Lumpur	Vertical Hotel & Podium	2014* & 2016	50,408*	1 year	Leasehold 99 years – expiring 16 August 2106	195,484
4	Nexus Bangsar South, Jalan Kerinchi, Kuala Lumpur	Retail and convention centre	2016	71,373*	4 years	Leasehold 99 years – expiring 27 December 2110	193,000
5	The Sphere, Bangsar South, Jalan Kerinchi, Kuala Lumpur	Retail complex & commercial land	2016	28,578	< 1 year	Leasehold 99 years – expiring 16 August 2106	173,980
6	Camellia Service Suites, Jalan Kerinchi, Kuala Lumpur	306 units serviced suites	2013* & 2016	23,215*	4 years	Leasehold 99 years – expiring 27 December 2110	133,218
7	PN 51226 Lot 480556, PN 51228 Lot 480558, Mukim Kuala Lumpur, Daerah Kuala Lumpur, Kuala Lumpur	Land held for development	2004*	50,280		Leasehold 99 years – expiring 27 December 2110	115,337
8	The Horizon Phase I & II Carpark, Bangsar South, Jalan Kerinchi, Kuala Lumpur	Car park	2016	4,152 bays	8 years	Leasehold 99 years – expiring 16 August 2106	91,300
9	UOA Business Park, Block 8, Seksyen U1, Shah Alam, Selangor	14-storey office tower	2016	10,777*	1 year	Freehold	75,400
10	Vertical Phase II Carpark, Bangsar South, Jalan Kerinchi, Kuala Lumpur	Car park	2016	3,015 bays	1 year	Leasehold 99 years – expiring 16 August 2106	66,330

ANALYSIS OF SHAREHOLDINGS
as at 30 March 2018

Issued Share Capital	:	1,734,247,300
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	199	4.66	1,736	0.00
100 to 1,000	905	21.18	623,137	0.04
1,001 to 10,000	1,899	44.45	8,610,246	0.50
10,001 to 100,000	965	22.59	28,322,544	1.63
100,001 to less than 5% of issued shares	302	7.07	417,781,743	24.10
5% and above of issued shares	2	0.05	1,277,774,094	73.73
	4,272	100.00	1,733,113,500	100.00

* Excluding treasury shares

LIST OF THIRTY LARGEST SHAREHOLDERS

	Name of Shareholders	No. of Shares	%
1	UOA Holdings Sdn Bhd	1,180,188,100	68.10
2	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	97,585,994	5.63
3	HSBC Nominees (Asing) Sdn Bhd TNTC for Edgbaston Asian Equity Trust	43,099,600	2.49
4	Permodalan Nasional Berhad	31,416,400	1.81
5	RHB Capital Nominees (Tempatan) Sdn Bhd UOA Holdings Sdn Bhd	22,527,900	1.30
6	Amanahraya Trustees Berhad Amanah Saham Wawasan 2020	15,000,000	0.87
7	Citigroup Nominees (Asing) Sdn Bhd CBLDN for Pohjola Bank PLC (Client AC-EUR)	14,748,900	0.85
8	HSBC Nominees (Asing) Sdn Bhd HSBC-FS for Value Partners High – Dividend Stocks Fund	13,534,900	0.78
9	Amanahraya Trustees Berhad Amanah Saham Didik	13,354,619	0.77
10	HSBC Nominees (Asing) Sdn Bhd TNTC for the Edgbaston Asian Equity (Jersey) Trust	12,247,500	0.71
11	Amanahraya Trustees Berhad Amanah Saham Bumiputera 2	10,669,600	0.62

ANALYSIS OF SHAREHOLDINGS (Cont'd.)

as at 30 March 2018

LIST OF THIRTY LARGEST SHAREHOLDERS

	Name of Shareholders	No. of Shares	%
12	Amanahraya Trustees Berhad Amanah Saham Malaysia	10,021,150	0.58
13	Cartaban Nominees (Asing) Sdn Bhd Exempt An for State Street Bank & Trust Company (West CLT OD67)	9,054,100	0.52
14	Citigroup Nominees (Tempatan) Sdn Bhd Exempt An for AIA Bhd	8,942,502	0.52
15	Citigroup Nominees (Asing) Sdn Bhd CBLDN for Global Emerging Markets Equity Income Fund (SLIC)	8,738,323	0.50
16	Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	7,856,700	0.45
17	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (PAR 3)	6,946,400	0.40
18	Amsec Nominees (Tempatan) Sdn Bhd MTrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)	6,424,700	0.37
19	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Amundi)	5,000,000	0.29
20	Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Small Cap Series	4,821,100	0.28
21	Citigroup Nominees (Asing) Sdn Bhd CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	4,665,200	0.27
22	Cartaban Nominees (Asing) Sdn Bhd BBH (Lux) SCA for Fidelity Funds Asean	4,105,800	0.24
23	Cartaban Nominees (Tempatan) Sdn Bhd RHB Trustees Berhad for Manulife Investment Shariah Progressfund	4,105,200	0.24
24	DB (Malaysia) Nominee (Asing) Sdn Bhd SSBT Fund J6S6 for Asia Oceania Dividend Yield Stock Mother Fund	4,000,000	0.23
25	HSBC Nominees (Asing) Sdn Bhd BBH and Co Boston for Vanguard Global Ex-U.S. Real Estate Index Fund	3,610,400	0.21
26	DB (Malaysia) Nominee (Asing) Sdn Bhd SSBT Fund IZQI for GMO Emerging Markets Fund	3,329,467	0.19
27	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Islamic Trustee Berhad for Affin Hwang Select Dividend Fund	3,103,400	0.18
28	Cartaban Nominees (Asing) Sdn Bhd BBH (Lux) SCA for Fidelity Funds Malaysia	3,099,700	0.18
29	Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Noah Foundation (PB)	3,045,600	0.17
30	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for AMB Dividend Trust Fund (5428-401)	3,042,600	0.17

SUBSTANTIAL SHAREHOLDERS

Name	Direct		Indirect	
	Shares	%	Shares	%
UOA Holdings Sdn Bhd ("UOAH")	1,202,827,800	69.40	20[(1)]	*
United Overseas Australia Ltd ("UOAL")	3,021,800	0.17	1,202,827,820[(2)]	69.40
Griyajaya Sdn Bhd	–	–	1,205,849,620[(3)]	69.58
Transmetro Sdn Bhd	20	*	1,205,849,620[(4)]	69.58
Kong Chong Soon @ Chi Suim	–	–	1,206,023,640[(5)]	69.59
Kong Pak Lim	–	–	1,205,849,620[(6)]	69.58
Employees Provident Fund Board	105,326,394	6.08	–	–

* 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 30 March 2018

Name	Direct		Indirect	
	Shares	%	Shares	%
Kong Chong Soon @ Chi Suim	–	–	1,206,023,640[1]	69.59
Kong Pak Lim	–	–	1,205,849,620[2]	69.58
Alan Charles Winduss	105,700	0.01	–	–
Ar. Low Shu Nyok	–	–	–	–
Teo Chee Seng	–	–	–	–
Ang Kheng Im	149,120	0.01	–	–
Kong Sze Choon (Alternate to Kong Chong Soon @ Chi Suim)	75,000	*	27,100[3]	*
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 IS HEREBY GIVEN THAT the Fourteenth Annual General Meeting of UOA Development Bhd will be held at Summit 1, Connexion Conference & Event Centre (CCEC), Level M1, The Vertical Podium, Avenue 3, Bangsar South City, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Wednesday, 23 May 2018 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 2017 together with the Directors' and Auditors' Reports thereon. (Please refer to Explanatory Note 1)

2 To approve a First and Final Single Tier Dividend of 15 sen per share for the financial year ended 31 December 2017. **Resolution 1**

3 To approve the payment of Directors' fees amounting to RM180,000.00 for the financial year ended 31 December 2017. **Resolution 2**

4 To approve the payment of Directors' fees amount to RM180,000.00 for the financial year ending 31 December 2018. **Resolution 3**

5 To re-elect Ar. Low Shu Nyok who shall retire pursuant to Article 115 of the Company's Articles of Association. **Resolution 4**

6 To re-elect Ms. Ang Kheng Im who shall retire pursuant to Article 121 of the Company's Articles of Association. **Resolution 5**

7 To re-appoint Messrs Mazars PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Resolution 6**

AS SPECIAL BUSINESS

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

8 **Authority to Issue Shares pursuant to Section 75 and 76 of the Companies Act 2016** **Resolution 7**

"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 ANNUAL GENERAL MEETING (Cont'd.)

9 **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 8**

"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 22 May 2017, 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 the issue price may not be less than the par value of the Shares at the material time;

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."

To consider and if thought fit, to pass the following as Special 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 UOA Holdings Group** **Resolution 9**

"**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 as set out in Part A of Appendix I of the Circular to Shareholders of the Company dated 24 April 2018 ("Circular") with the related parties mentioned therein which are necessary for UOA Development and its subsidiaries ("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 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 10**

"**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 as set out in Part A of Appendix I of the Circular to Shareholders of the Company dated 24 April 2018 ("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."

12 **Proposed New Shareholders' Mandate for New Recurrent Related Party Transactions of a Revenue or Trading Nature and for Provision of Financial Assistance** **Resolution 11**

"**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 which includes the provision of financial assistance as set out in Part B of Appendix I of the Circular to Shareholders of the Company dated 24 April 2018 ("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."

13 **Proposed Renewal of Share Buy-Back Authority** **Resolution 12**

"**THAT**, subject always to the Companies Act 2016, the Memorandum and Articles 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 EGM of the Company held on 22 May 2017, 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 24 April 2018 ("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."

To consider and if thought fit, to pass the following as Special Resolution:

14 **Proposed Adoption of New Company's Constitution** **Resolution 13**

"THAT approval be and is hereby given to revoke the existing Memorandum and Articles of Association of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in the Circular to Shareholders dated 24 April 2018, accompanying the Company's Annual Report for the financial year ended 31 December 2017 be and is hereby adopted as the Constitution of the Company AND THAT the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

15 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
24 April 2018

NOTICE OF ANNUAL GENERAL MEETING (Cont'd.)

NOTES:

1. Only depositors whose names appear in the Record of Depositors as at 16 May 2018 shall be regarded as members and be entitled to attend and vote at this Annual General Meeting. A member of the Company entitled to attend and vote, is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a member of the Company. Only the first named proxy will be entitled to vote on a show of hands.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or if the appointer is a corporation, either under the corporation's seal, or under the hand of an officer or attorney duly authorised.
3. If a member appoints 2 proxies, the appointment will be invalid unless he states the number of shares to be represented by each proxy.
4. Where a member is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least 1 proxy but not more than 2 proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
5. The instrument appointing a proxy must be deposited at the Share Registrar at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

EXPLANATORY NOTES

1. The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 and do not require approval of shareholders. This item is meant for discussion only under the Agenda and hence, will not be put forward for voting.
2. Resolution 7 – Authority to Issue Shares pursuant to Section 75 and 76 of the Companies Act 2016

   The proposed Resolution 7 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 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 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 8 – Authority to Issue Shares pursuant to the DRS

   The proposed Resolution 8 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 9, Resolution 10 and Resolution 11 – General Mandate for Recurrent Related Party Transactions

   The proposed Resolution 9, Resolution 10 and Resolution 11, 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 24 April 2018, which is despatched together with the Annual Report for the financial year ended 31 December 2017.
5. Resolution 12 – Proposed Renewal of Share Buy-Back Authority

   The proposed Resolution 12, if passed, will empower the Directors to buy-back and/or hold up to a maximum of 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 24 April 2018, which is despatched together with the Annual Report for the financial year ended 31 December 2017.
6. Resolution 13 – Proposed Adoption of New Company's Constitution

   The proposed Special Resolution, if passed, will bring the Company's Constitution in line with the enforcement of the Companies Act 2016 and to enhance administrative efficiency. The proposed new Constitution is set out in the Circular to Shareholders dated 24 April 2018, accompanying the Company's Annual Report for the financial year ended 31 December 2017.

DETAILS OF INDIVIDUALS WHO ARE STANDING FOR ELECTION AS DIRECTORS

No individual is seeking election as Director (excluding Directors standing for re-appointment or re-election) at the Fourteenth 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.

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PROXY FORM

CDS Account No:	
No. of Shares held:	

UOA DEVELOPMENT

UOA DEVELOPMENT BHD
(Company No. 654023-V)
(Incorporated in Malaysia)

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 Fourteenth Annual General Meeting of UOA DEVELOPMENT BHD to be held at Summit 1, Connexion Conference & Event Centre (CCEC), Level M1, The Vertical Podium, Avenue 3, Bangsar South City, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Wednesday, 23 May 2018 at 10.00 a.m., and at any adjournment in the manner indicated below:

Resolutions		For	Against	Abstain
Ordinary Resolution 1	To approve the First and Final Single Tier Dividend for the financial year ended 31 December 2017.			
Ordinary Resolution 2	To approve the payment of Directors' fees amounting to RM180,000 for the financial year ended 31 December 2017.			
Ordinary Resolution 3	To approve the payment of Directors' fees amounting to RM180,000 for the financial year ending 31 December 2018.			
Ordinary Resolution 4	To re-elect Ar. Low Shu Nyok as a Director of the Company.			
Ordinary Resolution 5	To re-elect Ms. Ang Kheng Im as a Director of the Company.			
Ordinary Resolution 6	To re-appoint Messrs Mazars PLT as Auditors of the Company.			
Ordinary Resolution 7	To authorize the Directors to allot and issue shares pursuant to Section 75 and 76 of the Companies Act 2016.			
Ordinary Resolution 8	To authorize the Directors to allot and issue shares pursuant to the DRS of the Company.			
Ordinary Resolution 9	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 10	To approve the renewal of Shareholders' Mandate for existing recurrent related party transactions and for provision of financial assistance with Transmetro Group.			
Ordinary Resolution 11	To approve the new Shareholders' Mandate for new recurrent related party transactions and for provision of financial assistance.			
Ordinary Resolution 12	To approve the renewal of the Share Buy-Back Authority.			
Special Resolution 13	To adopt new Company's Constitution.			

(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.

Date: ______________

____
Signature of Shareholder(s)/Common Seal

Fold this flap for sealing

NOTES:

1. Only depositors whose names appear in the Record of Depositors as at 16 May 2018 shall be regarded as members and be entitled to attend and vote at this Annual General Meeting. A member of the Company entitled to attend and vote, is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a member of the Company. Only the first named proxy will be entitled to vote on a show of hands.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or if the appointer is a corporation, either under the corporation's seal, or under the hand of an officer or attorney duly authorised.
3. If a member appoints 2 proxies, the appointment will be invalid unless he states the number of shares to be represented by each proxy.
4. Where a member is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least 1 proxy but not more than 2 proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
5. The instrument appointing a proxy must be deposited at the Share Registrar at Tricor Investor & Issuing House Services Sdn Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

Then fold here

Affix
Stamp
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TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD

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No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia

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