

## 2017 EVENT HIGHLIGHTS



### 3 JANUARY 2017 1

Dato' Azmir Merican, Managing Director/Chief Executive Officer ("MD/CEO") together with the Senior Management team welcome Edgenta Stars with coffee giveaway to usher the new year.

### 5 JANUARY 2017

Staff engagement session at UEMS' Malaysia office at Uptown 1, Damansara Utama. This visit is part of a series of roadshows aimed at uniting UEMS as a combined entity.



### 11-13 JANUARY 2017

Senior Management and key personnel from UEM Edgenta and UEMS attended a two-day study tour in Singapore and Malaysia to get an in-depth understanding of each other's operational capabilities. This was followed with a Synergy Workshop at Saujana Hotel Kuala Lumpur.



### 12 JANUARY 2017 2

Representatives of TalentCorp Malaysia Berhad together with 39 Malaysian undergraduate students made a study visit to UEM Edgenta's Command and Contact Centre ("CnC") showcasing UEM Edgenta's centralised monitoring hub for all its digital solutions and the Internet of Buildings.

### 20 JANUARY 2017

UEM Edgenta received a Certificate of Appreciation from Politeknik Sultan Salahuddin Abdul Aziz Shah ("PSA"), Shah Alam, in recognition of the Company's collaboration and contribution on Work Based Learning ("WBL") programme.

### 11 FEBRUARY 2017 3

Edgenta Mediserve Sdn Bhd ("Edgenta Mediserve") has successfully organised its inaugural 'Hospital Support Services ("HSS") Summit Perak Region 2017' at the Tower Regency, Ipoh. The event was attended by more than 100 Edgenta Mediserve personnel comprising Facility Managers, Facility Heads of Engineering and HSS teams from 16 hospitals within the Perak Region and Kamunting plant.

### 16-18 FEBRUARY 2017 4

UEM Edgenta's top management attended the annual Senior Management Training (SMT) - with a theme "Continue To Grow Our Business Together" organised by UEMS Taiwan.



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### 27 FEBRUARY 2017 **5**

UEM Edgenta held its annual Analyst Briefing at The Point, Mercu UEM to provide update on the Company's 2016 full year financial results, strategic direction and outlook for 2017.

### 17 MARCH 2017

Edgenta Stars attended the 2017 Edgenta Star Huddle with a theme "Let's Make It Happen" at Nexus Connection, Kuala Lumpur.

### 26 MARCH 2017 **6**

UEM Edgenta was one of the corporate sponsors at the CIMB Cycle 2017 @ Seri Menanti in collaboration with CIMB Group to promote cycling, fitness and engagement amongst the community and at the same time doing charity benefiting the needy.



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### 28 MARCH 2017 **7**

UEM Edgenta signed the agreement for RM1 Billion Sukuk Programme. The proceeds raised is aimed to rebalance the Company's capital and for its Shariah-compliant general corporate expansion.

### 13 APRIL 2017

UEM Edgenta was conferred the "2017 Frost & Sullivan Malaysia Facilities Management Company of the Year Award" for the second consecutive year.

### 28 APRIL 2017

Opus International (M) Berhad ("OIM") has taken up 29.97% equity in Ace Vector Sdn Bhd. With this acquisition, Ace Vector Sdn Bhd has officially changed its name to Opus Consultants (M) Sdn Bhd.



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## 2017 EVENT HIGHLIGHTS (CONT'D.)



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### 12 MAY 2017

UEMS Solutions Pte Ltd ("UEMS") has successfully renewed and achieved the National Environment Agency's Enhanced Clean Mark Accreditation Scheme (Gold) Award, third year running.

### 22 MAY 2017 1

UEM Edgenta was the winner of "Brand Excellence in Integrated Assets Solutions" during the BrandLaureate Most Sustainable Brand Awards 2016-2017 Gala Dinner.

### 23 MAY 2017 2

UEM Edgenta Star Huddle session held with KFM Holdings Sdn Bhd ("KFM") team.

### 25 MAY 2017 3

UEM Edgenta held its 54<sup>th</sup> Annual General Meeting at Persada PLUS.

### 30 MAY 2017

UEM Edgenta contributed RM100,000 from its Zakat Fund to Hospital Raja Permaisuri Bainun, Ipoh to provide financial assistance to hospital's *Asnaf* patients who are seeking medical treatment including surgery.

### 5 JULY 2017

Edgenta Mediserve bagged a contract worth RM75.5 million for the provision of HSS at the National Cancer Institute, Putrajaya.

### 10 JULY 2017 4

UEM Edgenta contributed RM100,000 from its Zakat Fund to Hospital Pulau Pinang to provide financial assistance to the hospital's *Asnaf* patients who are seeking medical treatment including surgery.



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### 15 JULY 2017

Edgenta PROPEL Berhad ("Edgenta PROPEL") won a RM6.5 million contract from Senai Desaru Expressway to undertake pavement works and construction of the New Jersey Barriers at the Senai Desaru Expressway in Johor.

### 27 JULY 2017 5

The UEM Edgenta Risk Management team was named "Second Runner-up Risk Management Team of the Year Award 2017". The award was accorded by the Malaysian Association of Risk and Insurance Management ("MARIM").

### 31 JULY 2017

UEMS awarded with multiple new non-healthcare contracts, comprising Integrated Facilities Management services, Facilities Management Services, Managing Agent services and Housekeeping Services to numerous properties in Singapore. The newly awarded contracts also saw UEMS expanded its services into the Aviation and Education sector in Singapore.



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### 3 AUGUST 2017 6

Over 250 OIM employees attended the inaugural EDGETalks, a knowledge sharing session inspired by TEDTalks series. With a theme, "The Art of Consultancy", it served as a platform for employees to benefit and gained knowledge, insights, lesson learnt and invaluable experiences from their peers.

### 14 AUGUST 2017

UEM Edgenta received a notice of intention from WSP Global Inc. to purchase its 61.2% stake in Opus International Consultants Limited ("OIC").

## 2017 EVENT HIGHLIGHTS (CONT'D.)

### 23 AUGUST 2017 **1**

UEM Edgenta held its second Analyst Briefing to share the Company's Half Year 2017 financial results, updates on key divisions followed with a visit to UEM Edgenta's CnC.

### 26 AUGUST 2017 **2**

15 Edgenta Mediserve Facility Managers and Engineers graduated from the Certified Healthcare Facility Manager ("CHFM") programme.

### 7 SEPTEMBER 2017 **3**

Edgenta Mediserve successfully hosted the Second Project Monitoring Committee ("PMC") Meeting held at Le Meridien Kuala Lumpur attended by Ministry of Health ("MOH") officials and HSS Concessionaires representatives.

### 25 SEPTEMBER 2017

KFM was awarded a RM6.75 million contract by Malaysia Airlines Berhad ("MAB") to provide engineering services.



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### 26 SEPTEMBER 2017

KFM through its subsidiary, Operon Middle East Ltd won the "Overall Best Facility Management Service Provider (FMSP) of the Year 2016" award from Wasl Asset Management Group (WASL), Dubai for the second consecutive year.

### 27 SEPTEMBER 2017 **4**

UEM Edgenta MD/CEO and employees from the Northern Region attended the v3 Roadshow and Townhall at Seberang Jaya, Penang organised by UEM Group. Dato' Izzaddin Idris, UEM Group MD/CEO shared corporate updates on UEM Group of Companies whilst Dato' Azmir Merican presented updates on UEM Edgenta.



### 9 OCTOBER 2017 5

Edgenta PROPEL received a RM50.6 million contract for pavement rehabilitation and new pavement works for Federal Road (Teluk Intan to Kampung Lekir, Perak) from Menuju Asas Sdn. Bhd.

### 11-13 OCTOBER 2017 6

UEM Edgenta participated as an exhibitor at the annual International Greentech Exhibition and Conference Malaysia ("IGEM") 2017 through Edgenta Mediserve in collaboration with MOH and other concession companies. Edgenta Energy Projects Sdn Bhd participated as a sponsor in the International Urban Sustainability and Green Building Conference during IGEM.

### 13-14 OCTOBER 2017 7

As a part of our efforts to align UEM Edgenta's Corporate Responsibility ("CR") strategy and initiatives with its operational DNA, our first "Train the Trainers" programme to build a team of STEM (Science, Technology, Engineering and Mathematics) - trained volunteers was held at PSA, Shah Alam.

### 16 OCTOBER 2017 8

Edgenta PROPEL clinched a new contract worth over RM12 million for the provision of Traffic Management Services for the construction and completion of the Light Rail Transit Line ("LRT3") spanning from Bandar Utama to Johan Setia - Package GS03.



## 2017 EVENT HIGHLIGHTS (CONT'D.)



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### 17 OCTOBER 2017 1

The Institution of Engineers Malaysia ("IEM") members made a technical visit to UEM Edgenta and CnC to learn more about UEM Edgenta's digitisation journey and Smart Facilities Management.

### 1 NOVEMBER 2017 2

UEM Edgenta through KFM handed over the newly built Memorial Tun Hussein Onn, a GBI Certified Green Building to Arkib Negara Malaysia.

### 2 NOVEMBER 2017 3

The shareholders of UEM Edgenta approved the proposed disposal of its 61.2% stake in OIC via an Extraordinary General Meeting held at Persada PLUS.

### 5 NOVEMBER 2017 4

Our pilot project to teach STEM-based coding and circuitry to children in our PINTAR adopted schools has borne fruit with one of our four projects that entered for the Kuala Lumpur Engineering Science Festival 2017 ("KLESF") 2017, winning a silver in the Primary School Category.

### 6 NOVEMBER 2017 5

KFM staff received a warm welcome from the Management and staff of UEM Edgenta when they relocated from its former office in Kelana Jaya to Menara UEM.

### 25 NOVEMBER 2017 6

Communa™, an Edgenta Solution by our Real Estate Division was launched at ISKARNIVAL 2017, Iskandar Puteri, Johor. Communa™ is a one-stop online smart service portal for the township and community management developed by Edgenta Township Management ("ETMS").



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#### 27 NOVEMBER 2017

Faber Sindoori Management Services Private Limited ("Faber Sindoori") won a RM8.7 million five-year contract to provide comprehensive Biomedical Engineering Maintenance to the State Government Hospitals of Karnataka State in India.

#### 4 DECEMBER 2017

UEM Edgenta together with UEM Group of Companies have reaffirmed the Company's commitment against corruption and towards good governance as we signed the Corruption Free Pledge in the presence of Malaysian Anti-Corruption (MACC) officials at Mercu UEM.

#### 6 DECEMBER 2017 7

UEM Edgenta received the Merit Award for "Most Improved Corporate Governance Disclosure 2017" at the Minority Shareholder Watchdog Group (MSWG) - ASEAN Corporate Governance Recognition 2017 award ceremony.

#### 22-23 DECEMBER 2017 8

800 underprivileged students of all races received back-to-school items from UEM Edgenta. The distribution ceremony was held at Segamat, Johor and in Balik Pulau, Penang on 22 and 23 December respectively.



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# MEDIA HIGHLIGHTS

## PRINT MEDIA

### UEM Edgenta to raise RM1 billion for expansion, capital rebalancing

**PETALING JAYA:** UEM Edgenta Bhd has secured an agreement for the issuance of RM1 billion in sukuk to raise capital and rebalance its debt and general corporate purposes.

The Islamic Commercial Paper (ICP) programme will finance Malaysia Yana Bhd's (MYB) expansion, UEM Edgenta's expansion and general corporate purposes. MYB is a subsidiary of UEM Edgenta Bhd.

"This sukuk programme is a key step in our strategy to raise capital and rebalance our debt and general corporate purposes," said UEM Edgenta CEO, Datuk Seri Dr. Hussain Husain.

ICP programme will finance MYB's expansion, UEM Edgenta's expansion and general corporate purposes. MYB is a subsidiary of UEM Edgenta Bhd.

"This sukuk programme is a key step in our strategy to raise capital and rebalance our debt and general corporate purposes," said UEM Edgenta CEO, Datuk Seri Dr. Hussain Husain.

### UEM Edgenta tumpu tiga teras

**KUALA LUMPUR:** UEM Edgenta Bhd has announced its focus on three core areas: infrastructure, healthcare, and general corporate purposes.

The company's strategy is to expand its operations in these sectors, driven by strong market demand and government support.

"Our focus on infrastructure, healthcare, and general corporate purposes is a key part of our long-term growth strategy," said UEM Edgenta CEO, Datuk Seri Dr. Hussain Husain.

### UEM Edgenta to trim borrowings with proceeds

**PETALING JAYA:** UEM Edgenta Bhd plans to use the bulk of proceeds from the sale of 48.3 per cent stake in Opus Investment Consultants (OIC) to reduce borrowings.

The company's management expects to complete the disposal by the end of the year.

"The disposal of OIC shares is a key step in our strategy to reduce our debt and improve our financial position," said UEM Edgenta CEO, Datuk Seri Dr. Hussain Husain.

### UEM Edgenta catat pendapatan RM17.2j

**KUALA LUMPUR:** UEM Edgenta Bhd reported a net profit of RM17.2 million for the first half of 2017, compared to RM15.2 million for the same period last year.

The company's revenue increased to RM172.2 million, up from RM168.5 million in the same period last year.

"Our strong performance in the first half of 2017 is a testament to our strategic focus and operational excellence," said UEM Edgenta CEO, Datuk Seri Dr. Hussain Husain.

### UEM Edgenta says it received higher offer for Opus stake

**PETALING JAYA:** UEM Edgenta Bhd has announced that it received a higher offer for its stake in Opus Investment Consultants (OIC) than the one it initially received.

The company's management is pleased with the outcome of the disposal process.

"We are pleased to have received a higher offer for our stake in OIC, which reflects the strong interest in the company," said UEM Edgenta CEO, Datuk Seri Dr. Hussain Husain.

### UEM Edgenta's OIC Accepts takeover offer from WSP

**KUALA LUMPUR:** UEM Edgenta Bhd's subsidiary, Opus Investment Consultants (OIC), has accepted a takeover offer from WSP Global.

The deal is valued at RM1.3 billion and will result in WSP Global acquiring a 48.3 per cent stake in OIC.

"We are pleased to have secured a strategic partnership with WSP Global, which will enhance OIC's capabilities and growth prospects," said UEM Edgenta CEO, Datuk Seri Dr. Hussain Husain.

### UEM 前線獲7550萬服務合約

**●UEM前線(EDGENTA.1368, 主板貿服組)获卫生部颁发布城国家癌症医疗中心的服务支援合约, 总值料为7550万令吉**

UEM前線发表公告表示, 合约将从今年9月1日生效, 并在2019年8月31日完成。UEM前線将提供设施工程维修(FEMS)、生物医学工程维修(BEMS)、清洁(CLS)、医疗废物管理(HWMS)、洗衣(LLS)及设施管理服务(FMS)。

### UEM Edgenta perkukuh sektor teras

**Hasil jualan saham OIC lulus hujung**

UEM Edgenta Bhd has announced that the sale of its stake in Opus Investment Consultants (OIC) has been completed successfully.

The company's management is pleased with the outcome of the disposal process.

"We are pleased to have completed the sale of our stake in OIC, which marks a significant milestone in our financial strategy," said UEM Edgenta CEO, Datuk Seri Dr. Hussain Husain.



**UEM EDGENTA COMPLETES RM300M SUKUK ISSUANCES**

**PETALING JAYA:** UEM Edgenta Bhd has completed the issuances of RM500 million in non-puttable Islamic commercial papers (ICPs) and RM250 million in non-puttable Islamic medium-term notes (IMTNs) in a filing with Bursa Malaysia yesterday. It said the proceeds raised from the ICPs and IMTNs will be used for its syariah-compliant general corporate purposes. The ICPs and IMTNs, which were issued under an ICP programme and IMTN programme respectively, have a tenor of 12 months and five years, respectively.

### UEM Edgenta wins RM75.5mil hospital support project

**PETALING JAYA:** UEM Edgenta Bhd has bagged a contract worth RM75.5mil for the provision of hospital support services at the National Cancer Institute in Putrajaya.

UEM Edgenta said in a filing with Bursa Malaysia that the Health Ministry had awarded the contract, which involves facility engineering maintenance, biomedical engineering maintenance, cleaning, healthcare waste management, linen and laundry, and facility management services.

The company's shares were excluded from the FTSE Bursa Malaysia Mid 70 Index early last month.

The company said the contract would be effective from Sept 1, 2017 to Aug 31, 2019 and is expected to contribute positively to future earnings.

BLOGS



UEM Edgenta - Awarded the 2017 Malaysia Infrastructure as a Service Provider of the Year by Frost & Sullivan at the 17th annual Malaysia Excellence Awards

Opus Majority Shareholder UEM Edgenta Approves WSP Offer

Friday, 3 November 2017, 10:11 am

Share Report: Shareholder UEM Edgenta formally approves WSP offer

Opus Infrastructure Company Limited (Opus) today announced that the Opus Board (the Board) has approved the proposed acquisition of WSP Limited (WSP) and the proposed acquisition of the remaining shares of UEM Edgenta Limited, which will be completed on 1 November.

The percentage of Opus shareholders who have accepted the offer is estimated to be 88.5%. The offer period remains open for acceptance until 11 November 2017. Opus is pleased to announce the successful completion of the offer.

Opus is pleased to announce the successful completion of the offer. The offer is subject to the approval of the relevant regulatory authorities. The offer is subject to the approval of the relevant regulatory authorities.

ONLINE MEDIA



SOCIAL MEDIA



## AWARDS AND RECOGNITION

7 MARCH 2017

### ISO 13485:2003 and ISO 13485:2012 Certification

Edgenta Mediserve Sdn Bhd received certification in ISO 13485:2003 and EN ISO 13485:2012 (Quality Management System for Medical Devices) for all hospital sites on the provision of Biomedical Engineering Services.

**Awarded by**

SGS United Kingdom Ltd.



13 APRIL 2017

### 2017 Frost & Sullivan Facilities Management Company of the Year Award

UEM Edgenta received the award due to its remarkable brand equity, commendable strategy execution, and unique competitive advantages and a strong competitor in the IFM industry in the region.

**Awarded by**

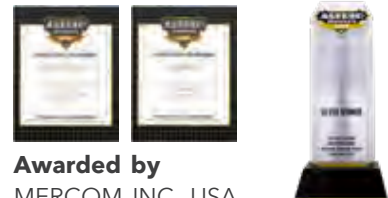
Frost & Sullivan Malaysia



8 MAY 2017

### Astrid Awards 2017 for UEM Edgenta Annual Report 2015

Excellence in Design: Silver Winner (Annual Report Covers: Illustrations) and Excellence in Design: Honours (Annual Report - Covers: Special Treatment).



**Awarded by**

MERCOM INC, USA

12 MAY 2017

### Enhanced Clean Mark Accreditation Scheme (Gold) Award

This is the third year running where UEMS Solutions Pte Ltd has successfully renewed and awarded with the Clean Mark Gold for the high standards and professionalism delivery of its cleaning services.

**Awarded by**

National Environment Agency Singapore



22 MAY 2017

### BrandLaureate Most Sustainable Brand Awards 2016-2017: Brand Excellence in Integrated Assets Solutions

UEM Edgenta was recognised for displaying qualities of integrity, quality and credibility in its brand and brand presence in neighbouring countries.

**Awarded by**

BrandLaureate



7 SEPTEMBER 2017

### Excellent Hospital Support Award

Edgenta Mediserve Sdn Bhd received the award due to its excellence service delivery achieving >90% rating for Company Performance Assessment (CPA) for the period of January to April 2017.

**Awarded by**

Ministry of Health Malaysia



27 JULY 2017

### MARIM: Second Runner-up Risk Management Team of the Year Award 2017

UEM Edgenta received the award for outstanding achievement in Risk Management and tireless pursuit of excellence and professional proficiency.

**Awarded by**

Malaysian Association of Risk and Insurance Management (MARIM)



26 SEPTEMBER 2017

### Overall Best Facility Management Service Provider (FMSP) of the Year 2016 Award

KFM Holdings Sdn Bhd via its subsidiary, Operon Middle East Ltd has received this award due to its outstanding performance as a FM vendor partner for the second consecutive year.

**Awarded by**

Wasl Asset Management Group (WASL), Dubai, United Arab Emirates



**31 OCTOBER 2017****Healthcare Supplier Awards 2017**

UEMS Pte Ltd clinched six awards in all three categories (ie. Productivity Award, Innovation Award and Continuous Improvement Award) for its relentless drive in embarking its quality and productivity initiatives and implementing them successfully at its affiliated healthcare facilities.

**Outstanding Productivity**

Enhancing Spot Cleaning Productivity via I-Mop Machine at Khoo Teck Puat Hospital.

**Outstanding Continuous Improvement**

Enhancing UETrack™ Portering System for Smart Assignment of Jobs at Tan Tock Seng Hospital.

**Outstanding Productivity**

UETrack™ Toilet Demand Inspection System Pioneering Restroom Cleaning on Demand at National University Hospital Medical Centre.

**Merit Continuous Improvement**

Improving the Quality of Housekeeping via UETrack™ Housekeeping ie. Performance-Based System Inspection Module at Yishun Community Hospital.

**Outstanding Innovation**

UETrack™ Housekeeping Performance-Based System Module Strengthening Inter-Departmental Collaboration at National University Hospital Medical Centre.

**Merit Continuous Improvement**

KAIVAC-Professionalising Restroom Cleaning at National University Hospital Medical Centre.



**Awarded by**

Singapore National Healthcare Group

**11 OCTOBER 2017****2017 International ARC Award for UEM Edgenta Annual Report 2016**

Bronze Winner Interior Design: Diversified Business

**Awarded by**

MERCOM  
INC, USA

**20 NOVEMBER 2017****Excellent Hospital Support Services Award**

Edgenta Mediserve Sdn Bhd received the award due to its excellence service delivery achieving >90% rating for Company Performance Assessment (CPA) for the period of May to August 2017

**Awarded by**

Ministry of Health Malaysia

**6 DECEMBER 2017****The MSWG-ASEAN Corporate Governance Recognition Award 2017 - Merit Award for "Most Improved Corporate Governance Disclosure 2017"**

**Awarded by**

Minority Shareholder  
Watchdog Group



## PAST AWARDS AND RECOGNITION

### 14 APRIL 2016

#### 2016 Frost & Sullivan Malaysia Facilities Management Company of the Year Award

UEM Edgenta received the award based on a variety of actual market performance indicators which include revenue growth; market share and growth in market share; leadership in product innovation; marketing strategy and business development strategy.

#### Awarded by

Frost & Sullivan Malaysia

### 11 MAY 2016

#### NCE 100 Company of the Year 2016 Award

Opus International Consultants Limited ("OIC"), the international Asset Consultancy arm of UEM Edgenta was conferred the award after being selected as one of the eight companies which was shortlisted in both the 'Best Place to Work' and 'Talent Champion' categories. OIC is also one of ten finalists in the 'International Impact' category.

#### Awarded by

New Civil Engineer (NCE) United Kingdom

### JUNE 2016

#### FTSE4Good Bursa Malaysia Index

UEM Edgenta is included in the FTSE4Good Bursa Malaysia Index constituent for strong Environment, Social and Governance practice for the second consecutive year.

#### Awarded by

Bursa Malaysia Securities Berhad

### 8 SEPTEMBER 2016

#### Malaysia Productivity & Innovation Class (MPIC) Membership

KFM Holdings Sdn Bhd received the Malaysia Productivity & Innovation Class (MPIC) Membership.

#### Awarded by

Malaysia Productivity Corporation (MPC)

### 6 OCTOBER 2016

#### Energy Management Gold Standard (EMGS) Certification

Edgenta Mediserve received a "One STAR" rating for the following Hospitals:

- Hospital Sultanah Bahiyah (Alor Setar)
- Hospital Langkawi
- Hospital Kuala Kangsar
- Hospital Sultan Abdul Halim (Sungai Petani)
- Hospital Batu Gajah
- Hospital Parit Buntar

#### Awarded by

ASEAN Energy Management Scheme (AEMAS)

### 4 NOVEMBER 2016

#### Commercial Project Leadership Award

KFM Holdings Sdn Bhd received the award for Bangunan Perdana Putra, Platinum Green Building Index (GBI) Project.

#### Awarded by

Malaysia Green Building Confederation (MGBC)

**JUNE 2015****FTSE4Good Bursa Malaysia Index**

UEM Edgenta was included in the FTSE4Good Bursa Malaysia Index constituent for strong Environment, Social and Governance practices.

**Awarded by**

Bursa Malaysia Securities Berhad

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**2 NOVEMBER 2015****Forbes Asia's "Best Under A Billion" 2015**

UEM Edgenta was one of the 11 Malaysian companies included in the Forbes Asia's "Best Under A Billion" list in 2015.

**Awarded by**

Forbes Media LLC.

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**15 OCTOBER 2015****2015 Frost & Sullivan Asia Pacific Integrated Facilities Management Competitive Strategy Innovation and Leadership Award**

The award acknowledges UEM Edgenta's transformation in bringing asset solutions to the forefront for the Company and integrated facilities management industry.

**Awarded by**

Frost & Sullivan Asia Pacific

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**5 NOVEMBER 2015****Gold Awards (3 and 2 Stars) at the Annual Productivity & Innovation Conference & Exposition (APIC) 2015**

UEM Edgenta's Infra Services - Edgenta PROPEL Berhad won Gold Three (3) Stars Award for creation of 'Alat Pengesan Awal Kenderaan' and Gold Two (2) Stars Award for design of mechanical signboard cleaning brush.

**Awarded by**

Malaysian Productivity Corporation

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**11 SEPTEMBER 2015****Special Mention under the Best Project Award (Infrastructure Project - Major) by the Malaysian Construction Industry Excellence Award 2015 ("MCIEA")**

UEM Edgenta's Asset Consultancy received the special mention under the Best Project Award (Infrastructure Project - Major) by MCIEA for the design, construction, completion, testing and commissioning of the Electrified Double Track Project between Ipoh and Padang Besar.

**Awarded by**

Construction Industry Development Board (CIDB)

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# SUSTAINABILITY STATEMENT

## OUR SUSTAINABILITY COMMITMENT

AT UEM EDGENTA BERHAD ("UEM EDGENTA"), IT IS BOTH OUR INTENT AND ASPIRATION TO BE DRIVEN BY OUR BELIEF OF OPTIMISING ASSETS TO IMPROVE LIVES. AS A LEADING TOTAL ASSET SOLUTIONS COMPANY, WE BELIEVE THAT OUR CLIENTS SHOULD DERIVE MORE VALUE OUT OF THEIR ASSETS. WE ARE THEREFORE COMMITTED TO PARTNER WITH THEM TO CREATE AND DELIVER CUTTING-EDGE SOLUTIONS AND SERVICES TO OPTIMISE THE PERFORMANCE OF THEIR ASSETS, THEIR WORKPLACES AND THE COMMUNITIES WHERE WE OPERATE.

We recognise that as a Total Asset Solutions provider, our role goes beyond business-as-usual. Our greater responsibility is to preserve the economic value and economic benefits of critical infrastructure and other assets for future generation of users. Our asset valuation process in itself catalyses responsible or sustainable investments. It is our commitment to ensure our decisions help enhance 'public equity', with higher valued assets relative to their intrinsic value. In other words, we are a strong believer in the total asset lifecycle approach, which we continuously aim to revolutionise through the use of better technologies.

For instance, our Command and Contact Centre ("CnC") is a centralised monitoring facility that tracks assets in real time and is equipped with a centre for data intelligence as well as analytics for Internet of Things ("IoT")

and Ambient Intelligence. With the help of these new age technologies, we are able to reduce redundancies and operational expenditure, track performance of energy, eliminate the need for routine preventive maintenance and thus reduce breakdowns. All of these lead to an improved sustainability factor of our assets, i.e., longer and higher-valued asset lifecycle.

Going forward, we will tap more opportunities to build a robust portfolio by integrating material Economic, Environmental, Social ("EES") considerations into our operations. Meanwhile, we will continue to embrace sustainable practices, technologies and behaviour at individual and organisational levels, motivating employees, our partners and our networks to support our commitment to minimise EES risks and impact, contributing to the welfare of all stakeholders.

## OUR APPROACH TO SUSTAINABILITY

Beyond our Sustainability Policy, our efforts are to understand the EES risks and points of impact associated with our business, so that we can take measures in close collaboration with our clients, partners, employees and our other stakeholders. We continue to empower our people to fulfil their corporate social responsibility by leveraging on technology, innovation and our core areas of expertise.

Our approach to sustainability helps us to create economic value, establishes and promotes sound environmental practices and delivers social equity. As the leading Total Asset Solutions company, we partner with our clients and our people to create and deliver cutting edge solutions and services to help optimise the performance of their assets, their workplaces and the communities where we operate.

The scope of our sustainability initiatives can be represented under three key pillars.



### OPTIMISING ASSETS (ECONOMIC)

We impact businesses by helping them reach their full potential, especially by optimising value throughout their assets' lifecycle. In the process, we remain committed to quality and excellence for greater efficiencies.

We strive to preserve the economic life of assets and the businesses they represent.



### DEPLOYING TECHNOLOGY (ENVIRONMENTAL)

We impact the environment positively by deploying new-age technologies to improve operational and energy efficiencies across our offices as well as within our client networks and the assets that we manage.

We strive to promote environmental stewardship and green/responsible behaviour.



### IMPROVING LIVES (SOCIAL)

We impact people at many points in their daily lives - in our operations, hospitals, traveling on the roads, and in their homes and offices - which is why everything we do has the well-being of people in mind.

We strive to promote welfare and well-being of our people and the communities we serve.

#### In meeting our EES commitments, we continue to positively contribute to various causes to include:

- ✓ Providing a healthy, safe, conducive and empowering workplace;
- ✓ Being an environmentally responsible leader and partner in our communities;
- ✓ Conserving natural resources by optimising reuse and recycling wherever possible;
- ✓ Ensuring the efficient and responsible use of water and energy;
- ✓ Utilising operational processes that do not adversely affect the environment;
- ✓ Conducting rigorous audits, evaluations, and self-assessments of the implementation of the sustainability policy;
- ✓ Working with our stakeholders to enhance awareness, and incorporate, practice and promote sound environmental practices, using our resources to provide leadership, guidance and motivation where necessary; and
- ✓ Taking steps to continually develop and provide environmentally-supportive performance and advances, including embedding sustainability into our decision-making, planning and investment processes to provide sustainable value increase to our shareholders.

## SUSTAINABILITY STATEMENT (CONT'D.)

### ABOUT SUSTAINABILITY DISCLOSURES

#### Scope

Our Sustainability Report 2017 includes various programmes implemented in workplace, marketplace, community and environment. The report has been prepared in compliance with the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The data included in the report are limited to our Malaysian operations, which include UEM Edgenta and its subsidiaries, KFM Holdings Sdn Bhd ("KFM") and UEMS Pte. Ltd. ("UEMS") Malaysia operations for the period 1 January 2017 to 31 December 2017.

Qualitative and quantitative data have been provided where applicable. Currently, we are in the process of institutionalising data collection, analysis and reporting mechanisms across our Malaysian operations. Hence, we are able to provide comparable data (for maximum two years) only for select material topics and select subsidiaries. Over the next 2-3 years, we aspire to achieve consistency in performance reporting to reflect our progress on financial and non-financial metrics. During the same period, we will also target to document our Sustainability Report/ Statement in line with the guidelines prescribed by Global Reporting Index ("GRI").




In future, we aspire to extend the scope and boundary to our overseas operations. It will be a progressive journey for us to integrate sustainability principles and practices into our value chain.

#### Governance

**Corporate Governance:** Our corporate governance framework is in line with the guidelines prescribed by the new Malaysian Code on Corporate Governance ("MCCG 2017"), with 36 practices and the three key principles of board leadership and effectiveness; effective audit, risk management, and internal controls; and corporate reporting and relationship with stakeholders. In addition, we are also guided by our internal policies and procedures for effective implementation.

We strictly adhere to all regulatory and legal requirements as we continue to practice fair and transparent dealings with clients, partners and suppliers.

Our sustainability governance is supported by key policies, systems, processes, standard operating procedures and best practices.

Focus Areas	Relevant Policies
<b>Economic</b> 	<ul style="list-style-type: none"> <li>Investor Relations Policy</li> <li>Corporate Disclosure Policy</li> <li>Sustainability Policy</li> <li>Corporate Responsibility Policy</li> <li>Privacy Policy/Personal Data Protection Policy</li> <li>Procurement Policy</li> <li>No Gifts Policy</li> <li>Code of Conduct</li> <li>Donations &amp; Sponsorships Guidelines</li> </ul>
<b>Environmental</b> 	<ul style="list-style-type: none"> <li>Quality, Health, Safety, Security &amp; Environment Policy</li> <li>Energy Policy</li> </ul>
<b>Social</b> 	<ul style="list-style-type: none"> <li>Whistle Blower Policy</li> <li>Code of Conduct</li> <li>Quality, Health, Safety, Security &amp; Environment Policy</li> <li>Sustainability Policy</li> <li>Corporate Responsibility Policy</li> <li>Donations &amp; Sponsorship Guidelines</li> <li>Corporate Disclosure Policy</li> <li>Social Media Policy</li> <li>IT General (Governance) Policy</li> <li>Group Mobile Device Policy</li> </ul>

**Sustainability Governance:** Our approach to sustainability is supported by sound decision making, policies and systems, standard operating procedures, and most importantly, stakeholders involvement. The Board of Directors reviews and approves all policies and strategies, which are reviewed on an annual basis.

The Managing Director/Chief Executive Officer (“MD/CEO”), supported by the General Management Committee, is responsible to present EES risks and mitigation actions to the Board every year, as well as to establish and maintain relevant policies and procedures for effective implementation. The team ensures the respective heads of department manage their respective teams effectively to integrate sustainability into their daily operations.

**Stakeholder Engagement**

We acknowledge the importance of taking an outside in approach to sustainability, by understanding the expectations as well as the issues material to our critical stakeholders. We have institutionalised both formal and informal engagement and feedback mechanisms, with active participation from both internal and external stakeholders.

For instance, we conduct quarterly townhalls’ employees’ engagements, annual Employees Engagement Survey, with our employees; we have quarterly client satisfaction surveys; regular performance reviews with our suppliers; and our ongoing interactions with regulatory authorities and Government agencies.

We consolidate insights, information, ideas, and improvement areas from these mechanisms for deliberation at management-level. We ultimately arrive at issues material to our business as well as to our stakeholders.

**Material Topics of Interest**

In 2017, we analysed the information collated through various mechanisms, in addition to the findings from our stakeholders materiality survey 2016. There was no significant change or deviation to the trend or issues that surfaced in the previous year’s study.

The most salient economic, environmental and governance issues were prioritised based on our analysis of both internal and external stakeholder expectations and aspirations.

In 2017, we followed these steps in determining materiality:

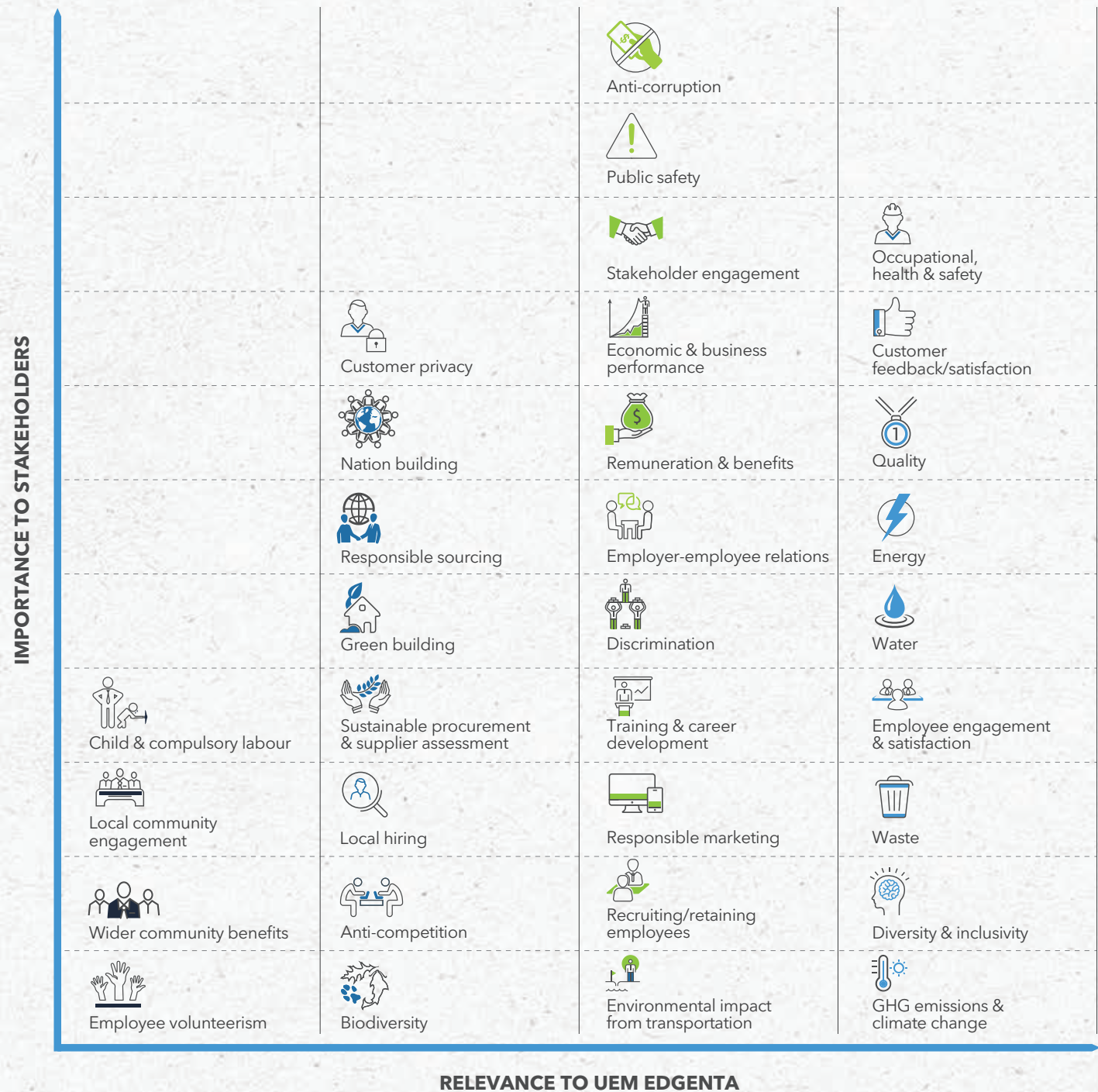
-  1 Data analysis from various customer and stakeholder touch points as indicated in Stakeholder Engagement and Materiality Table below.
-  2 Benchmarking with the data from Stakeholders Materiality Survey 2016\*\*.
-  3 Board and Top Management level deliberations on materiality assessment as against external stakeholders’ materiality assessment.
-  4 Building of materiality matrix.

\*\* For the study undertaken last year, a five-level Likert scale was used for each criterion and stakeholders could choose between ‘Very unimportant (1), ‘Unimportant (2), ‘Neutral (3), ‘Important (4) and ‘Very important (5)’. Respondents were asked to rate the importance they placed on 32 economic, environmental and social aspects.

The following material topics have been shared by the MD/CEO with the Board, along with the action plans for review and approval. Of the 32 material topics represented in UEM Edgenta Materiality Index, we had identified 17 priority areas to address in 2017, also indicated on pages 103 to 104.

## SUSTAINABILITY STATEMENT (CONT'D.)

### UEM EDGENTA MATERIALITY INDEX



Below is the table with details of our various stakeholder engagement platforms that we leverage to share knowledge and best practices, while gaining stakeholder insights on various material aspects of our business.

### Stakeholder Engagement & Materiality Table

Stakeholders & Engagement Platforms	17 Material Topics	Our Response
<b>Clients &amp; Partners</b> <ul style="list-style-type: none"> <li>- Meetings (Quarterly)</li> <li>- Client Satisfaction Surveys (Quarterly)</li> </ul>	<ul style="list-style-type: none"> <li>- Quality</li> <li>- Safety</li> <li>- Service</li> </ul>	<ul style="list-style-type: none"> <li>• Raised 100% awareness and implemented more than seven (7) ISO quality, safety and environmental standards across all our projects</li> <li>• Achieved a consistent &gt;70% score on client satisfaction index for the past three years, with Q4 2017 score at 82%</li> <li>• Implemented 148 initiatives to promote HSSE and develop 31 Standard Operating Procedures</li> <li>• Implemented 45 ideas received from employees to improve quality and process efficiency measures and health &amp; safety programmes amongst others</li> </ul>
<b>Employees</b> <ul style="list-style-type: none"> <li>- Appraisals (Yearly)</li> <li>- CEO Chat Sessions (Quarterly)</li> <li>- Employee Engagement Survey (Yearly)</li> <li>- Internal Employee Events</li> <li>- Intranet (Monthly)</li> <li>- Management-Staff Reviews (Monthly)</li> <li>- Townhalls (Quarterly/Yearly)</li> </ul>	<ul style="list-style-type: none"> <li>- Employer-Employee Relations</li> <li>- Safety</li> <li>- Remuneration and Benefits</li> <li>- Training and Career Development</li> </ul>	<ul style="list-style-type: none"> <li>• Maintained gender diversity at 45% of the total workforce; 33% of the Board positions are held by women leaders in keeping with the national agenda</li> <li>• Invested RM9.5 million on employees' training and development, up by over 70% from 2016. 47% on OSHE training modules including Safety Certification, Standard Operating Procedures and Work Instructions</li> <li>• Submitted more than 11,000 Safety Observations to embed a safety culture across our operations and delivered 5,000 training days on safety related programmes</li> <li>• Achieved a score of 68% on Employee Engagement Survey, with 95% response rate, which is 8% higher than 2016</li> <li>• Introduced Staggered Work Hours and maternity/paternity leave to support work-life balance</li> </ul>
<b>Regulators and Policy-makers</b> <ul style="list-style-type: none"> <li>- Meetings (Quarterly)</li> <li>- Conferences and Events</li> </ul>	<ul style="list-style-type: none"> <li>- Compliance</li> <li>- Local and Government Agenda</li> <li>- Nation Building</li> </ul>	<ul style="list-style-type: none"> <li>• Reported Zero Cases of Non-compliance on environment and safety guidelines prescribed by the Department of Safety and Health ("DOSH") and Department of Environment</li> <li>• Awarded 44% of the sub-contract value to Bumiputera vendors, who constitute 39% of our total vendors</li> <li>• Organised four (4) training programmes on quality standards for the participants of the Vendor Development Programme of the Government</li> <li>• Conducted seven (7) energy audits for industrial sites under the Government's Energy Audit Conditional Grant programme</li> </ul>

## SUSTAINABILITY STATEMENT (CONT'D.)

Stakeholders & Engagement Platforms	17 Material Topics	Our Response
<p><b>Value Chain Partners</b></p> <ul style="list-style-type: none"> <li>- Vendor Performance Reviews (Half-yearly)</li> <li>- Vendor Perception Survey (Yearly)</li> <li>- Ad-hoc Audits and Site Visits</li> </ul>	<ul style="list-style-type: none"> <li>- Anti-Corruption</li> <li>- Responsible Sourcing</li> <li>- Economic and Business Performance</li> </ul>	<ul style="list-style-type: none"> <li>• There are 3,216 Approve Vendors as at December 2017</li> <li>• Achieved 100% compliance and 100% suppliers' commitment on our 'Integrity Pledge'</li> <li>• Introduced an Online Vendor Registration Portal, with zero registration fees. Registered 501 vendors as at 31 December 2017</li> <li>• Launched the E-sourcing process for sub-contracting to ensure greater transparency and competitive pricing</li> <li>• Awarded approximately RM278 million worth of contracts, which constitutes 45% of sub-contract value, to Bumiputra Contractors in 2017</li> <li>• Nurtured 11 selected Bumiputera vendors under our Vendor Development Programme ("VDP")</li> </ul>
<p><b>Community</b></p> <ul style="list-style-type: none"> <li>- Events and Gatherings (Bi-monthly)</li> </ul>	<ul style="list-style-type: none"> <li>- Wider Community Contributions</li> <li>- Community Engagement</li> </ul>	<ul style="list-style-type: none"> <li>• Implemented Work Based Learning ("WBL") programme, benefitting 196 students to-date since its launch in 2016.</li> <li>• Promoted STEM Talent and inspired innovation through our pilot programme at SK Jenderam which won Silver in Primary School Category at KL Engineering Science Fair 2017 ("KLESF2017")</li> <li>• Registered 294 UEM Edgenta Volunteers under UEM ALERT, on standby to offer support/manpower during natural disasters</li> <li>• Made Zakat contribution of RM309,631</li> <li>• Enlisted 800 students from all ethnic backgrounds for our Back-to-School Programme</li> </ul>
<p><b>Shareholders &amp; Investors</b></p> <ul style="list-style-type: none"> <li>- Meetings with the Board and Shareholders (Quarterly)</li> <li>- Investor Briefings (Yearly)</li> </ul>	<ul style="list-style-type: none"> <li>- Business Performance</li> <li>- Return on Investments</li> <li>- EES risks and impacts</li> </ul>	<ul style="list-style-type: none"> <li>• Achieved approximately RM8.8 million in savings from implementation/deployment of technology enhancements, certifications and improved overall efficiencies across 32 Project Sites under Energy Management Programme</li> <li>• Initiated the process of identifying, streamlining, and reporting data pertaining to EES risks and impacts</li> <li>• Reported RM143.3 million Profit After Tax and Non-Controlling Interest ("PATANCI"), excluding one-off gain from disposal of OIC</li> <li>• Announced bumper dividend of RM257.8 million to shareholders</li> </ul>

*The list of engagement platforms is not comprehensive*

### Disclosure and External Assurance

We are at a nascent stage of our sustainability reporting and are in the process of improving our internal data collection methodologies to improve the quality of our future reporting. Meanwhile, our reporting format follows Bursa Malaysia's Listing Requirement Guidelines and Reporting Framework and we have not undergone any external assurance in 2017.



## ECONOMIC IMPACT [MARKETPLACE]

IN DELIVERING TOTAL ASSET SOLUTIONS, WE PLACE GREAT EMPHASIS ON SETTING AND ACHIEVING HIGH STANDARDS OF QUALITY AND PERFORMANCE.



Our efforts are geared towards empowering partnerships with clients, by encouraging relation-based collaboration, which is more credible and stable. This further allows us to understand our clients' true operational needs and their expectations.

We apply the same principle to our network of partners and suppliers, who are critical in helping us meet our greater vision to Optimising Assets to Improve Lives.

### Clients & Partners

Quality and safety are the two prerequisites for not just business continuity, but for credibility and success of UEM Edgenta and its subsidiaries in Healthcare, Infrastructure and Real Estate sectors. For instance, our ISO 9001:2008 certification reinforces our sound management principles, processes and our structured approach to quality project management. We continue to remain disciplined in our implementation methodologies, which in turn help us deliver to the quality expectations of our clients and partners.

We operate to OHSAS 18001:2007 and ISO 14001:2004 standards that guide our Health, Safety, Security and Environment ("HSSE") commitments and practices. Our certification enables us to develop and implement policies and objectives which take into account not just legal requirements but also significant economic aspects. With these policies in place, we are well-positioned to extend the benefit of our product responsibility and services delivery to our stakeholders.

During the year, we have been awarded various quality and safety certifications by local and international institutions such as the National Environment Agency; Workplace Safety and Health Council, and Certification International (Singapore) Pte Ltd.

## SUSTAINABILITY STATEMENT (CONT'D.)

Nearly all of UEM Edgenta's subsidiaries adhere to one or more of the following ISO Standards and are duly accredited.

### CERTIFICATIONS

**ISO 9001:2015**  
(Quality Management System)

**ISO 9001:2008**  
(Quality Management System)

**ISO 14001:2004**  
(Environmental Management System)

**OHSAS 18001:2007**  
(Occupational Health & Safety Management System)

**ISO/IEC/17025:2005**  
(General Requirements for the Competencies of Testing & Calibration Laboratories)

**ISO 13485:2003/EN ISO 13485:2012**  
(Quality Management System - Medical Devices)

**MS 1722:2011**  
(Occupational Safety & Health Management System)

We also conduct quarterly client satisfaction surveys to closely monitor our services delivery as well as to stay abreast of changing client expectations. The survey covers multiple aspects of business, operations and governance.

In Q4 2017, UEM Edgenta achieved an average client satisfaction score of 82%. The score has been averaged across our divisions of Consultancy, Infra Services, Healthcare Services and Real Estate Services. The top three achievers are Edgenta Mediserve Sdn Bhd, Opus International (M) Bhd and

Edgenta Township Management Services Sdn Bhd, with scores of 90%, 92% and 96.5% respectively.

### Value/Supply Chain

Another critical aspect for business continuity is our value chain of vendors who have significant influence on our organisational performance.

In UEM Edgenta, our value-chain relationships are guided by our Procurement Policies which are in line with the applicable laws and regulations. Our policies promote equitable treatment of vendors through fair participation opportunities and transparent processes. We also uphold ethical and professional behaviour, to set the highest standards of integrity, honesty and trust.

We encourage and support domestic and underserved community of vendors, particularly those classified as small and medium enterprises ("SME") and Bumiputra, but with the right potential and capabilities.

For instance, we have been actively partnering with the Ministry of International Trade and Industry ("MITI") to deliver the Vendor Development Programme. Under the

**3,216**  
APPROVED VENDORS

DISBURSED A TOTAL OF  
**RM 623.8 million**  
IN CONTRACT VALUE

TO 52% OF THESE VENDORS BASED ON THE VALUE AND CATEGORY OF WORKS THE VENDORS ARE QUALIFIED FOR.

**53%**  
OF OUR APPROVED VENDORS ARE BUMIPUTRA VENDORS.

programme, we have the Bumiputra Empowerment Agenda where we have nurtured and extended the benefit of our professional networks and project opportunities to eleven (11) selected Bumiputra vendors to-date.

### E-sourcing

Launched E-sourcing platform to drive minimum 4% target savings and 10% stretched target for cost sustainability.



We have institutionalised both formal and informal engagement and feedback mechanisms, with active participation from both internal and external stakeholders.

### Vendor Development Programme (“VDP”)

UEM Edgenta has been supporting UEM Group’s VDP, an initiative with the MITI. The VDP aims to create and develop sustainable and competitive Bumiputra entrepreneurs in the construction, property development and expressway related supply chains. Our pool of registered vendors serve many categories including, facilities management covering buildings and infrastructure, highway construction involving pavement works and traffic management.

Under the VDP, we provide intervention programmes, Business Excellence (“BE”) workshops and consultancy to selected vendors in five structured phases. Through these training sessions, the vendors gain knowledge of the sustainable way of conducting their business as well as insights on how to address the social, environmental and ethical aspects of running a business. Upon completion, these vendors are well-equipped to compete in the open market.

<p>A TOTAL OF <b>RM 278</b> million</p> <p>WORTH OF CONTRACTS, WHICH CONSTITUTES 45% OF SUB-CONTRACT VALUE, WERE AWARDED TO BUMIPUTRA CONTRACTORS IN 2017.</p>	<p>WE ORGANISED FOUR <b>TRAINING PROGRAMMES</b> ON QUALITY STANDARDS AS PART OF THE VDP PROGRAMME FOR OUR VDP VENDORS.</p> <hr/> <p>NURTURED <b>11</b> selected Bumiputera vendors</p>	<p><b>4 VDP VENDORS RECEIVED TOP PERFORMER AWARDS</b> AT THE BUMIPUTERA EMPOWERMENT AGENDA APPRECIATION CEREMONY</p> <hr/> <p><b>FINE MARGIN SDN BHD</b> OUR FIRST VENDOR RECEIVED ITS ISO CERTIFICATION UNDER VDP</p>
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To date, we have nurtured and extended the benefit of our professional networks and project opportunities to eleven (11) selected Bumiputera vendors.



## SUSTAINABILITY STATEMENT (CONT'D.)

### Online Vendor Registration

During the year, we have launched an online vendor management portal in our corporate website. It allows vendors to register, renew registration or update their profile online, making the process more efficient, with reduced paperwork. To offload some of the costs for participating in tenders, we have also abolished the vendor registration fees. Since the launch of the online vendor management portal, 501 vendors have applied to be registered on the electronic portal. Internally, we have created the vendor E-directory to provide accessibility of registered vendors particulars to our subsidiaries.

### Responsible Sourcing

Our sustainable procurement strategy embeds environmental, economic and social criteria into contractual documents and when making purchasing decisions to help minimise the impact in these areas. For instance, all vendors, suppliers, contractors and sub-contractors are required to conform to the requirements mandated by ISO 14001 and OHSAS 18001, and the related Environmental Quality Act 1974 and Occupational Safety and Health Act 1994. Similarly, all selected vendors are expected to provide safe, hygienic and healthy working facilities and provide their employees with adequate training on these matters.

Periodic and random checks are carried out to ensure vendors' compliance with all applicable laws, enactment, orders, regulations and legislations governed by the Malaysian Laws. Those failing to comply with these requirements are subject to penalties, which may include termination of contracts. Vendors are also encouraged to report any irregularities or signs of all forms of corruption through our Whistle Blower platforms/channels.

We also conduct quarterly, half-yearly and annual vendor perception surveys to continuously improve the quality of our relationships as well as to keep them competent and prosperous under the auspices of UEM Edgenta. The survey covers aspects of business, operations and governance.



### United Against Corruption

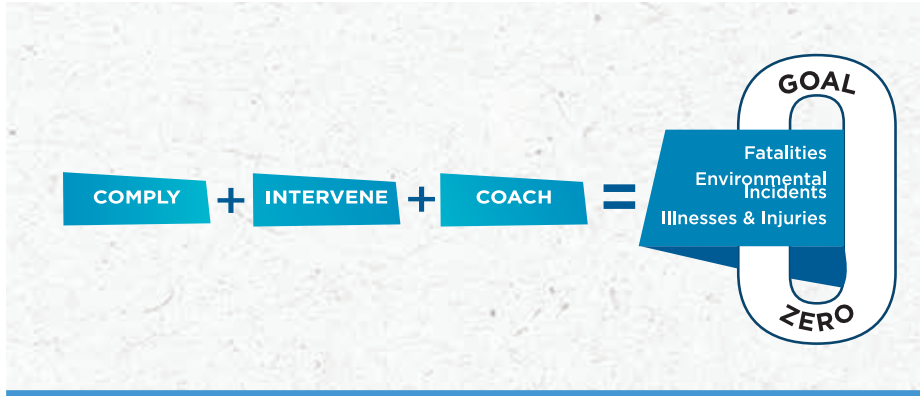
UEM Edgenta, together with UEM Group of Companies, reaffirmed positive action against corruption and towards good governance by taking the Corruption-Free Pledge with the Malaysian Anti-Corruption Commission ("MACC") at Mercu UEM on 4 December 2017.

The pledge reinforces our will and the corruption-free stand taken by the Board and Top Management of UEM Edgenta. Our commitment to honour the pledge sets a clear tone on our uncompromising take on corruption. It demonstrates our long-standing affirmation and commitment towards promoting values of integrity and good governance amongst our personnel as well as our intolerance on the abuse of power and corrupt practices in any form throughout our organisation.

Our **Whistle Blower Policy** has been formulated with a view to provide a mechanism for not just officers and employees of the Company, but also our suppliers to report instances of unethical behaviour, actual or suspected fraud or dishonesty or violation of the Company's Code of Conduct.

All communications made in good faith that discloses or demonstrates information that may evidence malpractice or unethical activity are to be addressed to the Chairman of the Board of Directors or the Chairman of Audit and Risk Committee.

The Whistle-Blower Policy portal is available on the company's website [www.uemedgenta.com](http://www.uemedgenta.com). The whistle-blowers can make their reports based on the information made available on the portal.



**OPERATIONS EXCELLENCE AND HSSE: AIMING TOWARDS GOAL ZERO IN SAFETY**

Given the nature of the work that we undertake, safety is of paramount importance to us at UEM Edgenta. We make every effort possible to inculcate a safety culture among all employees.

While the Company has increased its Health, Safety, Security & Environment (“HSSE”) awareness internally, new initiatives are necessary to ensure our sub-contractors are on-board with us on the journey towards **“Goal Zero”** i.e., zero fatalities through 100% risk awareness.

In 2017, we have recorded 11 fatal incidents, which caused 12 deaths, involving contractors and thirty party road users as well as an incident involving a staff. Our ongoing emphasis is on the critical need to improve our HSSE performance urgently.

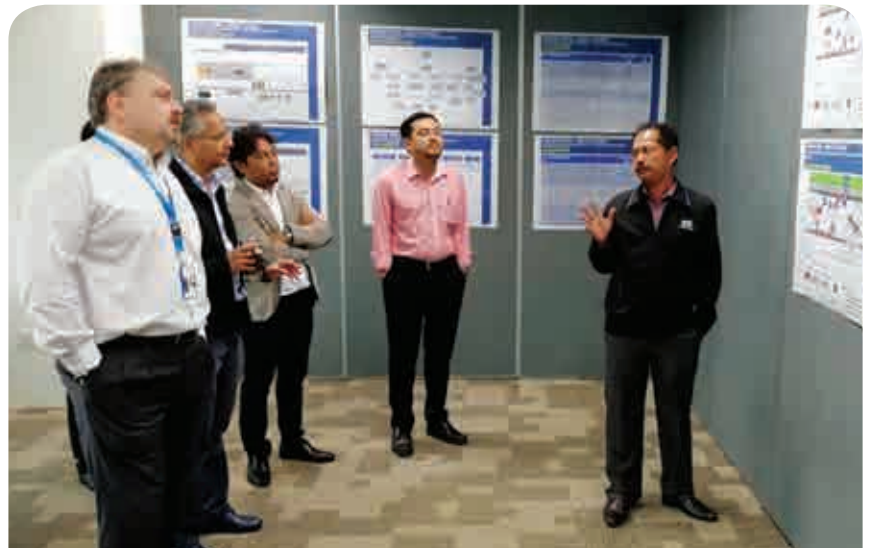
During the year, we have developed the HSSE Masterplan 2018-2020 and HSSE Management Systems. We decided to re-look into our operations and in moving

forward, developed these strategic objectives to drive our HSSE programmes:

- To create a culture where HSSE is in our DNA, company-wide and across our value chain.
- To drive HSSE disciplined execution at all operations including project sites.
- To develop a highly competent workforce with HSSE as their Top of Mind.
- To work with and educate our external stakeholders including our business partners.

The strategy will be implemented by approaching HSSE via:

- ✓ Improving our HSSE culture
- ✓ Enhancing our HSSE processes
- ✓ Upskilling our people
- ✓ Engaging our partners including clients and contractors



HSSE team providing updates to MD/CEO on HSSE Masterplan 2018-2020 and HSSE Management Systems

## SUSTAINABILITY STATEMENT (CONT'D.)

### Some of the key HSSE initiatives completed as at 31 December 2017 include:

- ✓ Appointed a senior role - new Operations Excellence & HSSE Head to lead and drive transformation of HSSE in UEM Edgenta.
- ✓ Implemented 148 initiatives to promote HSSE. These included Hazard Identification Training, Safety Leadership Awareness Programmes, HSSE Inspections, Audits and Assessments, HSSE e-Reporting System, and HSE Induction Sessions.
- ✓ Engaged a HSSE Consultant to develop UEM Edgenta HSSE Management System. This included, 31 Standard Operating Procedures, HSSE Management System Manual, Permit to Work Process, Contractor Safety Management and HSSE IT Software Assessment.
- ✓ Demonstrated commitment to HSSE in operations, with over 1,000 personnel of UEM Edgenta's Infra Services across Malaysia and Indonesia having taken the Safety Pledge.
- ✓ Submitted more than 11,000 Safety Observations, which are instrumental in embedding a safety culture across our operations.

### UEM Edgenta's Safety Performance

Indicator	2015	2016	2017
Total recordable injury frequency rate	8.07	3.99	<b>1.7</b>
Lost Time Injury (No. of cases)	83	41	<b>31</b>
Fatal Accidents (No. of cases)	4	5	<b>11</b>
Occupational Diseases (No. of cases)	0	0	<b>1</b>

### Thought Leadership & Industry Contributions:

UEM Edgenta is dedicated to advancing the industry through memberships in associations and engagement with fellow industry players. We play our role in advancing the industry by exercising our expertise, offering our opinions and exchanging views on matters affecting the industry. To date, UEM Edgenta is an active member in the following organisations:

- Board of Engineers Malaysia (BEM)
- Construction Industry Development Board (CIDB)
- Energy Commission (Suruhanjaya Tenaga) - (Government Membership)
- Green Technology Malaysia Cooperation
- Institution of Engineers Malaysia (IEM)
- The Malaysian Asset & Project Management Association (MAPMA)
- Ministry of Finance (MOF)
- Ministry of Health (MOH)
- Ministry of Works (MOW)
- Malaysia Association of Energy Service Company (MAESCO)
- Malaysia Association of Cleaning Contractors
- Road Engineering Association of Malaysia (REAM)



Dato' Azmir Merican, MD/CEO of UEM Edgenta sharing his knowledge as one of the panelists during a session organised by the Ministry of Health Malaysia



## ENVIRONMENTAL IMPACT [ENVIRONMENT]

THE CONCEPT OF SUSTAINABILITY IN THE ASSET AND FACILITY MANAGEMENT INDUSTRY IS FAST GAINING TRACTION WITH INCREASING CONSUMER DEMAND AND PRESSURE FOR GREATER SOCIAL AND ENVIRONMENTAL RESPONSIBILITY.



In UEM Edgenta, we emphasise the environmental impact of our operations and will continue to promote an environmentally sustainable and responsible culture across the organisation and within our networks of influence. In all our projects, we are guided by our environmental standards and regulations.

We are continuously evaluating various green solutions and technologies, which can be deployed for greater efficiencies in our projects, also contributing to minimise the carbon footprint of our projects, operations and properties.

### ENVIRONMENTAL STEWARDSHIP

In UEM Edgenta, we believe that all organisations must be conscious of their environmental impact to mitigate the global issues concerning climate change. In 2017, we have undertaken more initiatives to minimise our environmental impact and identify areas for improvement in our operations and community.

### RENEWABLE ENERGY IS CLEAN ENERGY

UEM Edgenta harnesses solar energy from panels installed on the roof of Menara UEM. Unlike fossil fuels, solar energy is renewable as it is obtained from inexhaustible sources. Renewable energy is:

- ✓ Clean and non-polluting
- ✓ Does not emit GHG or toxic wastes
- ✓ Cost effective and efficient

### TECHNOLOGY TO IMPROVE ENERGY EFFICIENCIES AT MENARA UEM

In 2017, we deployed the smart facilities management solution based on Microsoft's Azure Internet of Things ("IoT") Hub and Machine Learning at our HQ in Menara UEM in Bangsar South City, Kuala Lumpur, making it the most sensorised building in the country, with 4,800 IoT sensors that compile the data. Such data is analysed to enhance energy efficiencies. This has seen a 10% improvement in energy efficiencies when compared to the period before the technology deployment.

## SUSTAINABILITY STATEMENT (CONT'D.)

**10%**  
REDUCTION IN  
ENERGY CONSUMED

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**44,000 Kgs**  
REDUCTION IN CO<sub>2</sub> EMISSIONS

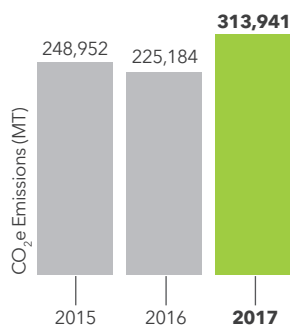
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**2,000 TREES**  
SAVED PER YEAR  
(MGTC CARBON CALCULATOR)

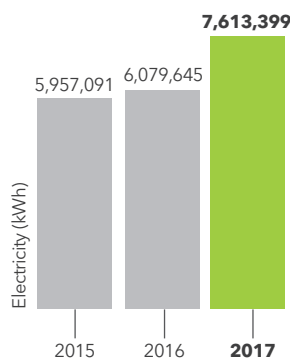
### WATER MANAGEMENT

UEM Edgenta adopts and operates rainwater harvesting systems that redirect and store water for irrigation. Our rainwater collection systems channel rainwater from roofs to storage tanks. These rainwater harvesting systems reduce non-point source pollution such as pesticides, fertilisers and petroleum products that end up in rivers and groundwater.

#### UEM Edgenta Water Consumption



#### UEM Edgenta Electricity Consumption



**BEFORE THE START OF YOUR JOURNEY**  
PLEASE MAKE SURE YOU HAVE THESE ITEMS WITH YOU

**UEM Edgenta Safety Bag**

Each vehicle is equipped with these items:

- 1 First Aid Kit
- 2 Reflective Vests
- 1 Reflective Baton
- 1 Reflective Triangle
- 1 Fire Extinguisher
- 2 Safety Cones

### RESPONSIBLE FLEET MANAGEMENT

UEM Edgenta has an Electronic Pool Driver Online Booking System to encourage employees to utilise company pool car for daily operations. The service was introduced in December 2017, with a fleet of 20 pool cars. It is estimated that the fleet will significantly reduce indirect emissions from the use of personal cars and public transportation for office and business purposes.

## EMISSIONS & WASTE MANAGEMENT

We record and report our emissions data based on the internationally recognised GHG Protocol established by the World Business Council for Sustainable Development (WBCSD) and World Research Institute (WRI). Emissions accounting is based on the GHG Protocol classification of direct and indirect emissions.

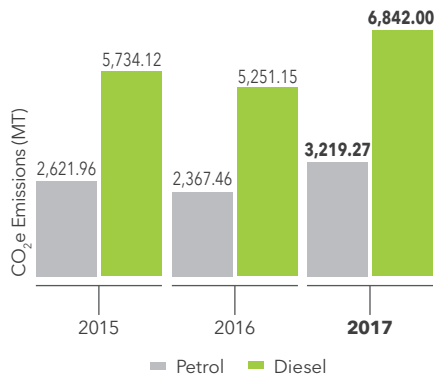
Scope	Category	Indicators Measured
Scope 1	Direct GHG Emissions	Petrol & Diesel
Scope 2	Indirect GHG Emissions	Electricity
Scope 3	Other Indirect GHG Emissions	Air travel

### Scope 1

All fuel purchases are monitored and recorded to calculate GHG emissions from petrol and diesel. Separate calculations have been performed for each type of fuel.

CO<sub>2</sub> emissions from the consumption of fuel were derived from the emission factor published by the IPCC Guidelines for National Greenhouse Gas Inventories.

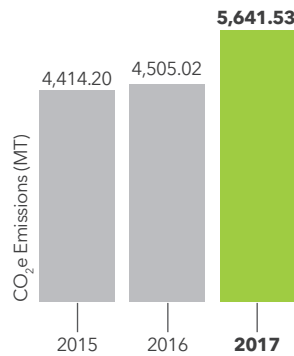
#### CO<sub>2</sub>e Emissions from Petrol and Diesel



### Scope 2

Indirect emissions result from electricity use. CO<sub>2</sub> emissions from the use of electricity were derived using the emission factor published by the Malaysian Green Technology Corporation for the Peninsular Grid.

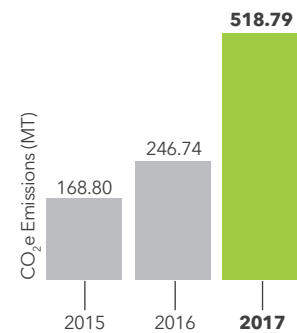
#### CO<sub>2</sub>e Emissions from Electricity



### Scope 3

Air travel GHG emissions were calculated point to point including the number of employees on board and distance travelled. Separate calculations were performed for business and economy class flights. Online tools derived from the WRI Greenhouse Gas Protocol have been used to calculate the CO<sub>2</sub> emissions from air travel.

#### CO<sub>2</sub>e Emissions from Air Travel



Year	General Waste (kg)	Clinical Waste (kg)
2016	10,110,594.95	3,844,233.13
2017	9,961,206.22	3,953,980.54

Waste from 32 hospitals at Northern States of Peninsular Malaysia

## SUSTAINABILITY STATEMENT (CONT'D.)

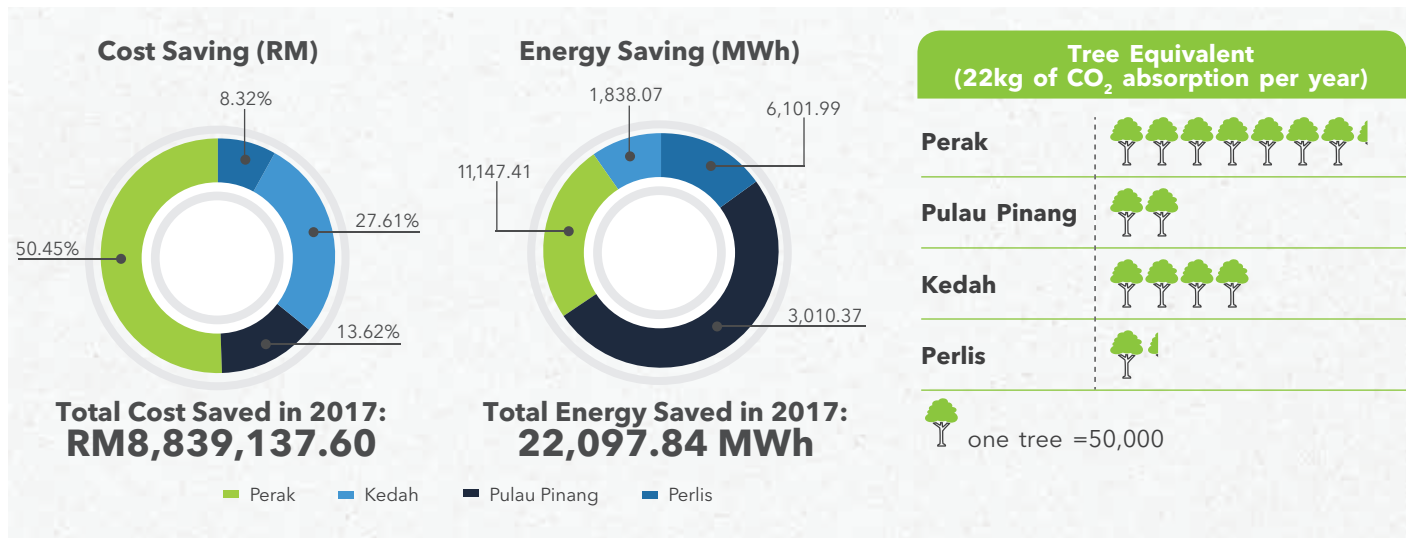
### Environmental Management at Project Sites

In 2017, we continued to influence our clients to invest in sustainable infrastructure in the assets under our management. For instance, during the year, we successfully implemented Energy Management Programme at Government Hospitals. In 2017, we recorded total cost savings of RM8.8 million from our energy management projects in 32 hospitals across the states of Perlis, Kedah, Pulau Pinang, and Perak.

In addition, we have also saved energy of 22,097.84 MWh, which is equivalent to 725,000 trees that is equivalent to approximately 16 million kg of CO<sub>2</sub> absorption capacity per year.

During the year, we have also conducted seven (7) energy audits for industrial sites (including cement, oleochemical, and manufacturing companies) under the Government's Energy Audit Conditional Grant programme, which aims to create environmental consciousness and awareness amongst the industrial plant owners on various aspect of energy conservation at their respective facilities.

In 2017, representatives from our Solutions Division presented two conference papers at the International Green Building Conference in Hong Kong in June on the use of normalisation techniques to compare building energy efficiency. Similarly, at the International Greentech & Eco Products Exhibition & Conference Malaysia ("IGEM"), our representative presented a paper on "Business Case on Energy Performance Contracts in Hospitals" during a Roundtable Discussion in October 2017.



### BANGUNAN PERDANA PUTRA

In November 2017, we met all assessment criteria and successfully obtained the recertification of Platinum rating for Bangunan Perdana Putra, from the Green Building Index (GBI) organisation.

### GOVERNMENT HOSPITALS

During the year, we have increased the number of hospitals certified with "ONE STAR" for Energy Management Gold Standard under the ASEAN Energy Management Scheme ("AEMAS") to 28 hospitals and 1 clinical lab, up from 10 hospitals in 2016.

 SOCIAL IMPACT

WE, IN UEM EDGENTA, CONSIDER PEOPLE AS CATALYSTS FOR SOCIO-ECONOMIC DEVELOPMENT. AKIN TO OUR APPROACH TO TOTAL ASSET SOLUTIONS, WE INVEST AND HELP OUR PEOPLE, AS WELL AS THE COMMUNITIES WE SERVE, TO REACH THEIR FULL POTENTIAL.



We adopt the industry’s best HR policies and practices that promote employee welfare and well-being. From nurturing skills to planning career development roadmaps, and from enriching learning experiences to motivating social citizenship - we strive to create a culture of high performance. On the community front, we support the national agenda to promote quality education and human capital development.

Overall, our aim is to create a culture of excellence and competitiveness within the organisation, whilst playing our role in the community to build a knowledgeable and prosperous society. Internally, UEM Edgenta is guided by its values - we are an enterprising entity that embraces teamwork, integrity and passion with a focus on success in conducting our business activities. This section covers employee benefits, their welfare and our community involvement.

**DIVERSITY FOR GROWTH**

UEM Edgenta has an international workforce that comprises companies spanning across countries such as Malaysia, Singapore, Indonesia, Taiwan, India and the United Arab Emirates. In addition to our diverse sectors, we also promote diversity in skills and competencies amongst our people. Our people come from various ethnic, cultural and academic backgrounds, making the workplace a breeding ground for new ideas and innovative programmes.

Our international human resource frameworks comply with local regulations and are strictly based on meritocracy and performance. Candidates are evaluated based on individual competencies, organisational and job fit. Our hiring policies ensure equal employment opportunities for all, regardless of race, religion, gender, marital status, disability or age.



## SUSTAINABILITY STATEMENT (CONT'D.)

In 2017, 45% of the total workforce consists of women, with 29% and 21% in Management and Top Management positions respectively. In addition, 33% of Board positions are represented by women. This has exceeded our target of 30% by 2020, in keeping with the national agenda.

Our organisation also reflects ethnic diversity with employees from diverse cultural backgrounds, nationalities and professional competencies, making our workplace dynamic and competitive. We also offer equal work opportunities to disadvantaged and indigenous communities of Malaysia to include the Orang Asli amongst others. As at 31 December 2017, we have 42 such employees working in our organisation.

### CONTINUOUS LEARNING AND DEVELOPMENT

We recognise that the Industrial Revolution 4.0 ("IR4.0") will put pressure on organisations to continuously upskill and reskill their workforce, to stay relevant and productive. We encourage our employees to pursue professional development opportunities, and provide a structured learning and development programmes.

We also provide mentoring and guidance on employees' career progression pathways through our Talent Management Framework. The programme identifies talents to be groomed for critical and leadership positions through a structured Succession Management Plan.

In 2017, we have built the framework for Edgenta Academy and embarked on our second phase of technical competencies development and comprehensive talent management. We

have invested approximately RM9.5 million on employees training and development initiatives, up by over 70% from 2016. We have delivered 14,342 training days, with an average of 3.4 training days per employee.

Our programmes, focusing on building technical and functional competencies of our staff, were delivered through UEM Edgenta customised modules, UEM Learning Centre signature modules, external public courses, international and local conferences. The modules covered in 2017 are in four broad categories which are Behavioural, Leadership, Technical & Functional; and Quality, Safety, Health and Environment ("QSHE"). QSHE made up of 47% of the training modules including Safety Certification, Standard Operating Procedures and Work Instructions. The Technical and Functional modules cover 38% of the training, while a total of 15% of the training attended covered behavioural and leadership modules.



**RM 9.5 million**

ON EMPLOYEES TRAINING AND DEVELOPMENT INITIATIVES

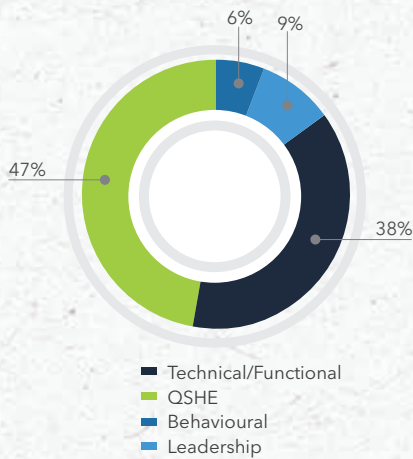
**Delivered  
14,342**

TRAINING DAYS, WITH AN AVERAGE OF 3.4 TRAINING DAYS PER EMPLOYEE


Work-Based Learning 2017 at Penang General Hospital for Facilities Engineering Maintenance Services

Leadership and behavioural programmes, are also essentials to creating the right mind-set of a responsible corporate citizen, driving responsible growth.

**2017 Training Programmes by Categories**



An approximate 5,000 training days were from safety related programmes (such as - Expressway Operations Safety Passport ("EOSP"); ISO related standards, in-house safety operating procedures and work instructions; bio-waste chemical handling; working at heights; working in confined space; safety audit and fire marshall) and employees corporate values (which includes enterprising; teamwork; integrity; passion and success). These programmes drive the need for our workforce to not only care but also have the competencies in managing safety and the environment. UEM Edgenta also ensures that our sub-contractors attend the EOSP certification in 2017.

**QSHE made up of**  
**47%**    
 OF THE TRAINING MODULES INCLUDING SAFETY CERTIFICATION, STANDARD OPERATING PROCEDURES AND WORK INSTRUCTIONS

**The Technical and Functional modules cover**  
**38%**  
 OF THE TRAINING

**An approximate**  
**5,000**  
 TRAINING DAYS WERE FROM SAFETY RELATED PROGRAMMES



EDGETalk Programme - The Art of Consultancy

**EDGE20**

(Engage, Develop, Grow and Excel by 2020).

The EDGE20 programme was conceptualised in 2016 to redefine the way we work at UEM Edgenta. EDGE20 also helps us to build our People Value Proposition ("PVP") towards organisational excellence. Its includes a combination of mini-lectures, talks, team building activities and experiential learning platform.

Our PVP answers questions, such as how we work; how we learn; how we perform; how we support each other; and how we are rewarded.

## SUSTAINABILITY STATEMENT (CONT'D.)

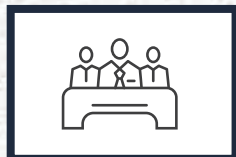
### 2017 FLAGSHIP DEVELOPMENT PROGRAMMES BUILDING A WORKFORCE OF THE FUTURE



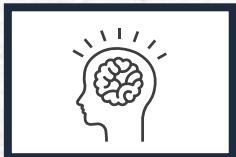
**Leading Safety** was the roll-out of our revised Health, Safety and Environment processes in Infrastructure services. A total of 37 sessions were delivered to raise awareness and reinforce safety procedures to more than 800 employees. It included simulations and discussion on the safety toolbox, individual roles and responsibilities in cases of emergencies etc.



**EDGETalk** provides a knowledge-sharing platform for experts of UEM Edgenta to share insights, valuable lessons and project experiences with organisation-wide employees. Our first dialogue, themed 'The Art of Consultancy' was championed by Opus International (M) Bhd ("OIM") which saw the participation of over 300 employees, benefiting from thought provoking topics such as Engineers Meeting the Demands of the 21<sup>st</sup> Century; Building Information Modelling; and the Future of Programme Management.



**People Management & Development Programme** was a combination of three signature modules, which included Customer Service, Supervisory Development and Leadership Excellence. It was designed for our frontline Hygiene Teams of Healthcare Services. A total of 404 employees attended the modules in Perak, Kedah, and Pulau Pinang. The programme reinforced the desired behaviour expected of our employees to delight customers' expectations and unlocked their leadership potential.



The inaugural **Knowledge Transfer Programme** was held for Healthcare Services, with a six-month modular programme designed in collaboration with UEMS Singapore. The objective was to create an experiential learning opportunity for the employees to adopt best practices in the Healthcare Services, mainly in the housekeeping sector. The modular programme included certification of trainers, and on-the-job attachment.



The **Blue Ocean Strategy ("BOS") Workshop** was aimed at equipping our employees with BOS tools and approaches to drive innovation and profitable growth. The workshop was delivered to 30 employees from Client Solutions team and corporate support functions.



The **Leadership Challenge Programme** was organised for our middle and senior management of the Real Estate Division. This globally recognised three-day programme included a monthly post group-coaching session over a period of six months. The focus was on developing our high-potential employees to apply leadership thinking at workplace, demonstrate and inspire leadership behaviour, towards a sustainable winning attitude.

## PROMOTING WORK-LIFE BALANCE

We are constantly enhancing our initiatives to improve productivity, supported by our balanced and equitable policies. Since beginning, we have introduced policies that not only enrich our people's lives, but also motivate them to positively contribute to their workplace. Some of our progressive policies include:

- ✓ Staggered Working Hours ("SWH")
- ✓ 2 months of maternity leave
- ✓ 2 days of paternity leave
- ✓ Special paid leave for pre-determined purposes
- ✓ Mother's room

We launched family supports facilities like Mother's room to provide a comfortable and private place for female employees at Menara UEM.

These policies and procedures help improve staff welfare, their motivation, as well as loyalty towards the company.



Launch of Mother's Room on 15 June 2017

## EMPLOYEE ENGAGEMENT

Employee engagement is critical to understanding their career aspirations and workplace challenges, as well as to help employees maximise their innate propensity to learn and grow. Towards this, we formed various strategies, mainly covering four target areas:

1. Aligning with Leadership
2. Celebrating Talent and Diversity
3. Enriching Future Pipeline of Talent
4. Encouraging Educational Excellence

### Aligning with Leadership

To ensure the frontliners' and top management's vision and mission are aligned, several active platforms and channels were introduced to facilitate healthy communication and exchange of ideas.

Some of the engagements included MD/CEO Chat Sessions, Townhalls and employee huddles. On top of these physical engagements, employees are linked digitally via intranet, Office 365 platforms, chatgroups and newsletters.



UEM Edgenta townhall and roadshow (northern)

In March 2017, we organised the Edgenta Star Huddle, where the senior management updated the employees on our yearly plans, as well as shared the aspirations of the various businesses within UEM Edgenta Group.

We also implemented the HR Engagement programme, Meet and Greet, in five locations in Malaysia. Our objective was to provide employees with key updates on Company's direction, the 2017 HR employees' activities as well as other key strategic plans and moving forward initiatives.

### Celebrating Talent and Diversity

2017 opens with a strong community spirit with New Year Coffee Distribution to 5000 employees across nation. In UEM Edgenta, we also embrace diversity by celebrating multi-cultural and multi-ethnic backgrounds of our workforce through various intercompany festivals and competitions. For instance, in 2017, we organised the Little India Competition, Lion Dance Competitions and Semarak Raya Competition amongst others.



Pink October (Breast cancer awareness)

## SUSTAINABILITY STATEMENT (CONT'D.)



Little India's Booth competition



SEMARAK RAYA 2017: Dodol and Buka Durian Competition

In addition to cultural festivals, we planned various purpose-driven events, targeting awareness on critical health issues. In 2017, more than 100 employees and partners attended UEM Edgenta's Pink October and Movember events, which were organised to raise awareness on the risks of cancer and focus on health.

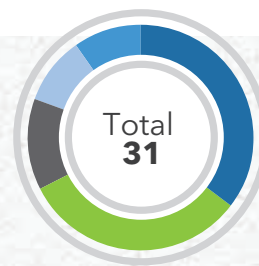
Meanwhile, we also organised the Administrative Appreciation Day on 26 April 2017 to recognise 21 administrative assistants, who are frontliners of our top management offices. This programme included a series of training programmes on Empowerment Learning, Personal Learning, and Workplace Productivity.

### Enriching Future Pipelines

To grow young talents, UEM Edgenta actively builds platforms to engage, innovate and inspire our high potential entry-level workforce. Two critical programmes are Young Engineers Programme ("YEP") and Young Graduate Programme ("YGP") and SL1M. These programmes create opportunities for entry-level talent, exposing them to different work environments.

In 2017, a total of 31 young talents successfully completed the YEP/YGP programmes, and 21 were absorbed into the Company in different functions.

### YEP/YGP Programmes Completion



- Infra Services **11**
- Consultancy **10**
- Business and Corporate Support **4**
- Healthcare Services **3**
- Real Estate Services **3**

**DEGREE:**  
**70.97%**



**MASTER:**  
**29.03%**

### Top 2 Specialisation



**CIVIL  
ENGINEERING**  
**41.94%**



**MECHANICAL  
ENGINEERING**  
**32.26%**

In addition, UEM Edgenta positively contributed to UEM Group's winning the Best SL1M Employer 2017 and M100 Top 10 Leading Graduate Employers. In 2017, UEM Group received the award for Best SL1M Employer. We had recruited 89 graduates and 22 diploma holders under our SL1M programme, making a total of 111 trainees. This number exceeded our target to of 88 graduate trainees in UEM Edgenta for the year. In 2017, the focus was on placing 111 SL1M trainees in various business divisions throughout our organisation of which 30% of the trainees were placed in our Healthcare Services division.



YEP/YGP Experiencing Command & Contact Centre at UEM Edgenta



#### Muhamad Shukri Bin Abd Wahab

Graduate Trainee (SL1M), OPUS  
International (M) Bhd

At the start of my career, I have been eyeing on being a part of UEM Edgenta. Thankfully, I was selected as one of the SL1M trainees for Asset Consultancy services.

I have noticed that UEM Edgenta pays the SL1M trainees competitively. However, pay is not only the pull factor but essentially, the experience to explore various skills. I get to travel to sites to meet clients such as PLUS and Lembaga Lebuhraya Malaysia ("LLM"). I have gained a great deal of technical skills and soft skills which are required to project build my careers in future. The diversity in UEM Edgenta helped to enhance my understanding of organisational structures which has proven vital in my communication with clients.



#### Farah Haniza Binti Mirza Safri

Young Engineers Programme, Edgenta  
Energy Projects Sdn Bhd

My 4<sup>th</sup> years as part of YEP has brought me into myriad of prospects to learn and apply my skills into diverse projects through different rotations. The highlight of my career in the programme is the inaugural launch of Energy Performance Contracting Project - Teluk Intan, first of its kind in Malaysia. My team members have managed to develop an energy saving contract system for Government assets in northern hospitals. The thrills of working at site offices to complete whole cycle of projects brought a whole new perspective on how I see a career. Thanks to the YEP programme, I get the platform to gather as much experience as I can. Now, I am working on the second Energy Performance Contracting Project in Ipoh.

### Encouraging Educational Excellence

Another initiative is to nurture future leaders through our Employees' Children Academic Award. In 2017, we had recognised 51 children of our employees through their academic excellence achievement from UPSR up to STPM. This award is also a form of recognition to the employees for their involvement and commitment towards their children's future. It also serves to drive positive competition for the children to secure the award from UEM Edgenta.

## SUSTAINABILITY STATEMENT (CONT'D.)

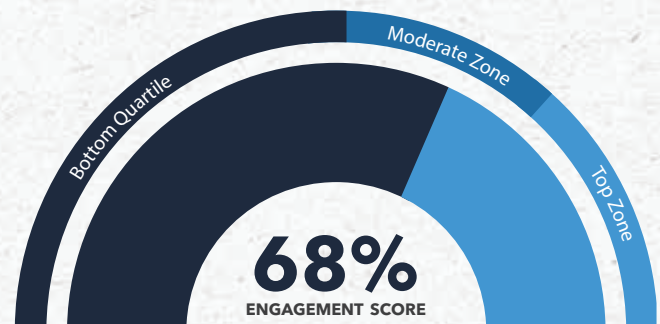
### EMPLOYEE ENGAGEMENT SURVEY ("EES")

At UEM Edgenta, we employ Aon Hewitt's Engagement model that goes beyond measuring people's current satisfaction levels, to include valuable insights on various engagement drivers. The annual EES helps us to better understand our employees' perceptions, their aspirations and challenges at workplace. These further guide us to strategise on the intent of our engagement exercises, as well as to design programmes that meets employees' expectations, in addition to the business outcomes.

2017 EES received positive response rate of 95%, 8% higher than in 2016 with 4,047 number of participants, 13% more than 2016. Overall results shown drivers to improve are Collaboration, Talent (staffing) and Senior Leadership. Highest drivers are on Engagement, Work tasks, Brand and Safety. Most improved driver is on Learning and Development where it increased by 8% in comparison to 2016.



<b>Overall 2015</b>	<b>Overall 2016</b>	<b>Overall 2017</b>
<b>66%</b>	<b>77%</b>	<b>68%</b>



**Employee' Data (Malaysia Operations)**

<b>Workforce</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>TOTAL NUMBER OF EMPLOYEES</b>	<b>5,272</b>	<b>5,008</b>	<b>5,154</b>
<b>BREAKDOWN OF EMPLOYEES (%)</b>			
Malaysian	99.8%	92%	<b>91%</b>
Other Nationals	0.2%	8%	<b>9%</b>
<b>BREAKDOWN OF GENDER (%)</b>			
Female	36.3%	27%	<b>27%</b>
Male	63.7%	73%	<b>73%</b>
<b>CONTRACT TYPE (%)</b>			
Permanent	47.7%	64%	<b>67%</b>
Contract	52.3%	36%	<b>33%</b>
<b>EMPLOYEES BY AGE GROUP</b>			
Below 20	44	25	<b>49</b>
20-29	1,048	1,265	<b>1,276</b>
30-39	1,398	1,452	<b>1,533</b>
40-49	1,780	1,363	<b>1,331</b>
50-59	967	850	<b>927</b>
Above 60	35	53	<b>38</b>
<b>EMPLOYEES BY LEVEL</b>			
Management	338	371	<b>409</b>
Executive	713	830	<b>939</b>
Non-Executive	4,221	3,041	<b>3,806</b>
<b>No. of New Hires</b>	<b>2016</b>	<b>2017</b>	
Managerial (Mid management and above)	55	<b>67</b>	
Executive and Above (Exec)	194	<b>154</b>	
Non-Executive	771	<b>600</b>	
Total	1,020	<b>821</b>	

\* UEM Edgenta completed the acquisition of KFM on 6 April 2016 and UEMS on 15 December 2016

## SUSTAINABILITY STATEMENT (CONT'D.)

### Inspiring Ideas through Ideazone

The Edgenta Ideazone was conceptualised to inspire employees to contribute intelligent information, creative solutions, and innovative ideas to create intellectual stimulus and meaningful action. Introduced as a productive outcome from our

Employee Engagement Survey in 2016, the Ideazone continues to generate mini-projects, completely owned and implemented by employees, driving process improvements, improving workplace dynamics, saving costs and enhancing revenues.

In 2017, we received more than 80 submissions from employees, of which 45 initiatives were implemented to cover quality and process efficiency measures; health and safety programmes; cost-saving and productivity enhancing projects amongst others.

Categories of Ideazone	
<b>Just-Do-It (JDI)</b>	Simple ideas that can be implemented immediately
<b>Continual Improvement Programme (CIP)</b>	Improvement processes through structured methodologies e.g. Plan-Do-Check-Act, Lean, Kaizen



### Meritocracy and Performance

The Company is committed to creating and maintaining a high-performance culture. Our Performance Management System ("PMS") ensures that all our employees are evaluated for their contributions to the overall organizational growth based on their merit and delivery at workplace. The 'Pay for Performance' framework rewards employees based on their level of performance compared to other employees.

To achieve the high-performance culture, employees' performance is consistently reviewed and monitored against the set goals. The Performance Individual Plan ('PIP') is in place to manage the under performance through a structured programmes to provide coach, guide and feedback to employees to improve their performance.

The Company pays attention in developing employees to leverage their individual strength and capture development areas through the Individual Development Plan ("IDP"). The IDP provides a structured approach to help talents to reach their career goals by focusing on the development of the Professional and Technical Competencies and Leadership Attributes. Through IDP, talents' potential is accelerated to prepare them to assume greater role thus ensuring a continuous talent succession plan is in place.

### Connecting Communities with UEM Edgenta

Our work is at the heart of the communities we live in, and we are always seeking opportunities to anticipate and meet the needs of the people within them. In conducting our business, we take a forward-looking approach to providing responsible solutions with minimal impact on environment and communities. Our employees partake as equal partners

in fulfilling this greater responsibility towards community. We encourage our employees to actively volunteer for cause-worthy initiatives.

Over the years, our community development efforts focused on education and human capital development, where we aim to create a culture of excellence, competitiveness and knowledge through continuous engagement with key stakeholders. This is in-line with the 11<sup>th</sup> Malaysia Plan's "anchoring growth on people" objective.

**IN UEM EDGENTA, WE HAVE A TOTAL OF 294 VOLUNTEERS REGISTERED AS UEM ALERT WHO WILL STANDBY AS VOLUNTEERS DURING NATURAL DISASTERS**

## CONTRIBUTIONS TO THE COMMUNITY

WE ARE COMMITTED TO PROMOTE WELFARE AND WELL-BEING TO THE COMMUNITIES WHERE WE OPERATE. THIS COMMITMENT IS BROUGHT TO LIFE BY THE PASSION SHOWN BY OUR EMPLOYEES.

OUR COMMUNITY DEVELOPMENT EFFORTS ARE FOCUSED ON EDUCATION AND HUMAN CAPITAL DEVELOPMENT WHERE WE AIM TO CREATE A CULTURE OF EXCELLENCE, COMPETITIVENESS AND KNOWLEDGE THROUGH CONTINUOUS ENGAGEMENT WITH OUR KEY STAKEHOLDERS. THIS IS IN-LINE WITH THE 11<sup>TH</sup> MALAYSIA PLAN ON "ANCHORING GROWTH ON PEOPLE".

### EDUCATION

#### Work-Based Learning programme ("WBL")

For more than a decade, we have been actively supporting the Work-Based Learning ("WBL") programme, in collaboration with the Ministry of Education ("MoE") and Politeknik Sultan Salahuddin Abdul Aziz Shah ("PSA") in Shah Alam. The objective is to provide PSA Advanced Diploma students an opportunity to undergo a one-year industry attachment programme in the Healthcare Services industry. The idea is to expose the students to industry knowledge and perspective in addition to their academic learning, which will also help increase their employability after their graduation.

These students are exposed to Facilities Engineering Maintenance Services and Biomedical Engineering Maintenance Services during their one-year attachments with various hospitals managed by our Healthcare Services Division, Edgenta Mediserve. Adhering to Malaysian Qualifications Agency requirements, the students follow a structured curriculum that consists of both academic and on-the-job training.

During the 2016-2017 intake, a total of 10 PSA students, pursuing Bachelor of Technology in Electronics Engineering (Medical) (Honours) have undergone WBL from 5 September 2016 to 23 June 2017 at five hospitals managed by Edgenta Mediserve. These include Hospital Raja Permaisuri Bainun (Ipoh, Perak); Hospital Pulau Pinang; Hospital Sultanah Bahiyah (Alor Setar, Kedah); Hospital Tuanku Fauziah (Kangar, Perlis); and Hospital Sultan Abdul Halim (Sungai Petani, Kedah). Of the 10 students who graduated in 2017, one of the students was offered a full-time employment by Hospital Sultanah Bahiyah, Alor Setar, Kedah. For the 2017-2018 intake, a new batch of 10 students are currently undergoing the similar programme at five (5) hospitals from 5 September 2017 until 22 June 2018.

Another 10 PSA students, pursuing Bachelor of Technology in Facility Management (Honours), have successfully completed their WBL training from 21 March 2016 to 20 March 2017 at Hospital Raja Permaisuri Bainun, Ipoh, Perak and Hospital Pulau Pinang and all of them have graduated. For the 2017-2018 intake, five new students are currently

attached at Hospital Pulau Pinang from 25 September 2017 until 6 July 2018.

On 20 January 2017, UEM Edgenta received a Certificate of Appreciation from PSA in recognition of the Company's collaboration and contribution for the first batch of PSA students graduated under the degree programme. The Company has expressed its commitment to continue the WBL for another two years.

#### PINTAR School Adoption Programme

UEM Edgenta has adopted six primary schools in Peninsular Malaysia in areas where we operate. This is in support of UEM Group's PINTAR Foundation School Adoption Programme since 2015. The programme aims to improve the socio-economic standards through educational achievement. This initiative is in-line with the Government's call to become a high-income economy nation. The programme promotes the importance of academic excellence in alleviating poverty students from low-income households.

## SUSTAINABILITY STATEMENT (CONT'D.)



Students of SK Wan Sulaiman Sidiq, Kedah enjoying their new Reading Corner

### UEM Edgenta's Six Adopted Primary Schools

<b>Northern Region</b>	<ul style="list-style-type: none"> <li>- SK Bandar Bukit Kayu Hitam, Kedah</li> <li>- SK Wan Sulaiman Sidiq, Kedah</li> </ul>
<b>Central Region</b>	<ul style="list-style-type: none"> <li>- SK Jenderam, Selangor</li> <li>- SK Sungai Rawang, Selangor</li> <li>- SK Bukit Tampoi (Asli), Selangor</li> </ul>
<b>Southern Region</b>	<ul style="list-style-type: none"> <li>- SK Seri Yong Peng, Johor</li> </ul>

On 11 May 2017, 16 staff from our Northern Region volunteered to create a brand-new "Reading Corner" for the students of SK Wan Sulaiman Sidiq, Kedah. The volunteers helped to refurbish the place with a fresh coat of paint and new infrastructure to include 200 new books, shelves, shoe racks, tables and chairs. The aim is to create an alternative place for learning, away from the classroom and to inculcate a reading habit amongst young students.



Families and students receiving duit raya, food provisions and festive accessories such as kain pelikat for the boys, and a brooch and headscarf for the girls from UEM Edgenta's volunteers

### Donation of Provisions to Underprivileged Students

On 20 and 21 June 2017, the Company has donated provisions to 100 underprivileged students from our two PINTAR adopted schools, Sekolah Kebangsaan Jenderam in Dengkil and Sekolah Kebangsaan Sungai Rawang in Sepang.

### Providing the Means for Quality Education

UEM Edgenta has been supporting "UEM Back-to-School Programme", a Groupwide flagship initiative. The primary objective is to support students and families from disadvantaged and underprivileged communities, helping them to access quality education. We provide school supplies ranging from uniforms, shoes, school bag, stationery to ease the financial burden or costs associated with schooling. Since its inception in 2013, more than 40,000 students nationwide benefited from this programme.

In 2017, staff volunteers from UEM Edgenta distributed back-to-school items to 800 students from all ethnic backgrounds, living in Segamat, Johor and Balik Pulau, Pulau Pinang.



Back-to-School distribution ceremony in Segamat, in the presence of Datuk Seri Dr. S. Subramaniam, Malaysia's Minister of Health; and Muhammad Noor Abd Aziz, Chief Financial Officer, UEM Edgenta



"Train-the-Trainers" two-day STEM-code training session at SK Jenderam in Dengkil



Dato' Seri Dr. Hilmi bin Yahaya, Deputy Minister of Health led the distribution in Balik Pulau, alongside Ahmad Zamri Said, Head of Healthcare Services (Concession), UEM Edgenta

### Promoting STEM Talent & Inspiring Innovation

We recognise the national agenda of building Science, Technology, Engineering and Mathematics ("STEM") talent to fuel new growth in the National Key Economic Areas ("NKEA") sectors. We also understand the critical need to continuously build the STEM talent pool to meet the current and future needs of our industry.

In 2017, we organised our first "Train-the-Trainers" programme to build a team of STEM-trained volunteers comprising PSA students. The two-day STEM-code training session saw 12 PSA student volunteers learning coding and circuitry using the Arduino platform. After successful completion, the volunteers conducted after-school STEM programme for students from SK Jenderam in Dengkil, Selangor with Chumbaka, our STEM training partner. The objective is to seed creativity and innovation in our PINTAR Adopted Schools' students, encouraging them to use coding and circuitry to solve every day problems and preparing the students to participate in the KL Engineering Science Fair 2017 ("KLESF2017").

One of the four projects entered in the KLESF 2017 has won a Silver in the Primary School Category. KLESF 2017 saw participants from 119 schools from all over the world, including China, Hong Kong, Thailand, Philippines and Myanmar. Of the 88 project nominations from various primary schools, "The Automatic Lighting System Triggered by Voice or Clapping", submitted by our adopted school SK Jenderam, won the award.

## SUSTAINABILITY STATEMENT (CONT'D.)

The winning project was designed to help pregnant women, senior citizens and the disabled community, who are less mobile or find it challenging to locate light switches, to avoid accidents especially in dark environments. The project was built in a record time of 9-days, including preparing for pitching to the judging panel as well as for the competition.

### Community Involvement: Leadership by Example

In UEM Edgenta, we believe in the spirit of community; the camaraderie; and the greater sense of responsibility, which are all best demonstrated in times of crisis.

In 2017, our General Management Committee Members as well as our team of volunteers joined hands to support the flood victims in and around our project site as well as Hospital Pulau Pinang. Our chageman, Abd. Hamid bin Abdullah, Facility Manager, Abdul Haris bin Ismail and our volunteers worked on the ground to clear the traffic in the vicinity and took all safety precautions to prevent electrocutions in the flooded areas of the hospital. They also helped transport critical medical equipment to a safer place; helped with the clean-up works; and supported 49 of our flood-affected employees. We also made cash and in-kind donations to help the victims ease their cost of reviving their lost and damaged properties.



Dato' Azmir Merican, MD/CEO together with some of the General Management Committee Members of UEM Edgenta visited the Hospital Pulau Pinang and the homes of the flood-affected employees

### Zakat Contributions

In 2017, we made Zakat contributions in the form of financial aid and assistance-in-kind, mainly to support the poor and underprivileged communities. Our objective has been to help people meet the rising costs of living, including healthcare, education and community welfare.

The total amount distributed towards Fisabilillah was RM309,631 and below is the breakdown of various causes supported by us during the year.



Zakat Presentation Ceremony held at Kolej Kejururawatan Pulau Pinang. In the picture: (Left) Dato' Azmir Merican, our MD/CEO presenting the contribution to Dato' Dr. Norsidah Binti Ismail, Director of HPP and witnessed by Dato' Seri Dr. Hilmi Bin Haji Yahaya, Deputy Minister of Health Malaysia as well as Dato' Dr. Sukumar Mahesan, Director of the State Health Department

### Fisabilillah Contributions in 2017

- On 31 January 2017, we contributed RM100,000 to 208 employee's children toward Financial Aid for School Opening.
- On 18 May 2017, we supported one of our employee's son with a modest amount of RM9,631 to purchase a peg leg for mobility and for medical expenses.
- On 30 May 2017, we offered RM100,000 to Hospital Raja Permaisuri Bainun, Ipoh to provide financial assistance to hospital's Asnaf patients seeking medical treatment including surgery.
- On 10 July 2017, we donated another RM100,000 to Hospital Pulau Pinang for the same purpose.

**PRODUCT RESPONSIBILITY STATEMENT:**

As a Total Asset Solutions provider, committed to optimising assets and improving lives, our product responsibility encompasses managing the total asset lifecycle, by improving efficiencies, reducing costs and enhancing performance. We place high emphasis on quality, safety, innovation, and energy efficiency. Our innovative technologies help us to deliver credible and reliable services, and to manage environmental impact. Our greater commitment is to preserve the economic life or economic benefits of our assets for future generations.

**TOTAL ASSET LIFE CYCLE**

- We map the entire asset life cycle and the various services that can be deployed to improve its useful and economic life. A comprehensive assessment will include evaluating the various EES impacts in delivering such services.
- We demonstrate environmental stewardship by choosing innovative technologies, which will help enhance assets' life; conserve energy; manage waste and, minimise emissions.
- We respect human rights in delivering our product solutions and develop procedures and systems to prevent accidents and enhance safety.

- We have established quality management systems for tracking and improving client satisfaction.
- We do not compromise on compliance and fulfil all regulatory obligations and requirements, also enabling our clients to fulfil theirs too.

**Across our value chain in our three focus sectors of Healthcare, Infrastructure and Real Estate, we have the following practices in place:**

- Labour: We have a labour policy and we abide by our Human Rights Statement to protect the rights and interests of the people who work on our projects.

- Transportation: We have health, safety, and quality controls in place for handling raw materials etc.
- Technology: We choose green and smart technologies, which can potentially reduce use of energy, and manage emissions.
- Waste Management: The disposal of hazardous waste, such as clinical, chemicals and e-waste, is closely monitored to ensure it follows the approved procedures and the Environmental Quality Act 1974 as well as the guidelines of Department of Environment.

**UEM Edgenta's Building Internet-of-Things ("BloT") System**

In 2017, we deployed smart facilities management solutions based on Microsoft's Azure Internet of Thing ("IoT") Hub and Machine Learning at our HQ in Menara UEM in Bangsar South with IoT sensors that compile data. Based on the analysed data there is a 10% improvement in energy efficiencies. By adopting the BloT systems it enable owners to save 10% to 20% on a typical buildings overall life-cycle cost, improve energy consumption and operational efficiencies.

BloT also mitigates various risks associated with employing reactive and preventive methods, which are labour intensive, expensive and time-consuming, with an additional risk of poor performance.

## SUSTAINABILITY STATEMENT (CONT'D.)

### TOTAL QUALITY MANAGEMENT

- We are committed to maintaining to the highest standards of quality in delivering Total Asset Solutions. Our quality management principle goes beyond business-as-usual and regulatory requirements, to include best practices and benchmarks.
- From environmental guidelines to occupational health and safety management systems, we adhere to various ISO, MS and IEC certifications and standards to ensure our products and services are delivered in a responsible manner.
- Our subsidiary UEMS Pte Ltd ("UEMS") has been awarded various certifications/accreditations by credible bodies such as the National Environment Agency; Workplace Safety and Health Council, and Certification International (Singapore) Pte Ltd for the environmental and safety performance of our business.

### TOTAL PRODUCT INNOVATION

- To move up the value chain, we have invested over RM2.0 million in the UEM Edgenta Research & Development Centre ("Edgenta R&D Centre"), located in Bukit Beruntung where it will house the Pavement Research Centre ("PRC").

The main objectives of PRC include:

- To explore and develop new asphalt mixes and innovative techniques for pavement research and development, which will then be produced using the in-house Premix Plant.
- The R&D work will involve desk study, laboratory investigation, analysis and interpretation of test results, field trials and performance evaluation.
- The development of new asphalt mixes will utilise milling waste, which will reduce the bitumen cost, allowing us to offer better cost-benefits to our clients.
- In operation since August 2017, PRC focuses on creating new asphalt mix designs for innovative pavement engineering services, testing and analysis services for asphalt binders and asphalt mix.

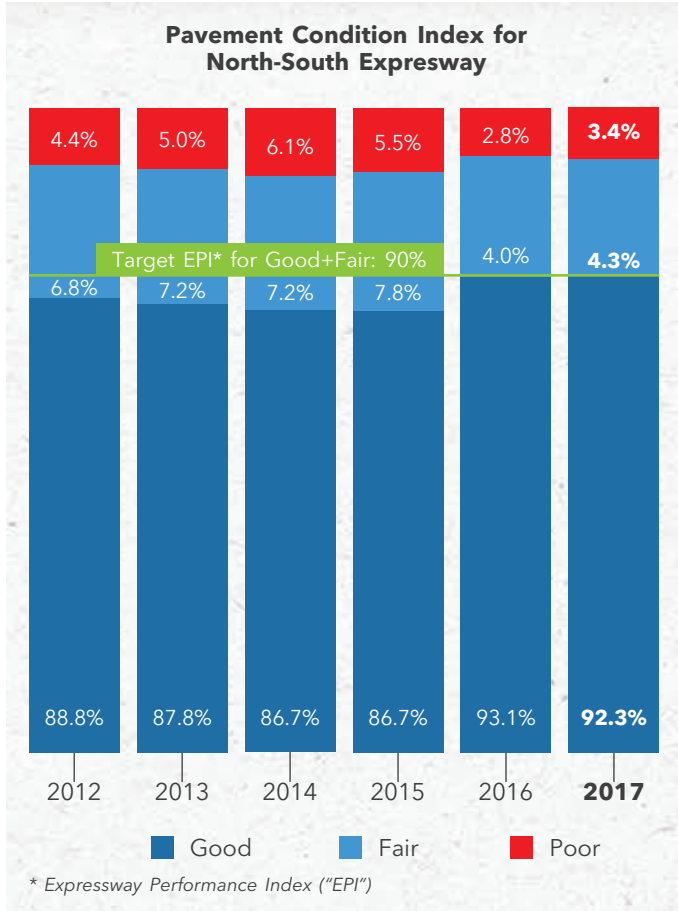
### ENHANCING THE ECONOMIC LIFE OF PAVEMENT ASSETS

To enhance economic and useful life of our assets, we apply our innovative asset management principles, approaches and best practices. For instance, for total preservation of pavement asset throughout the concession period and beyond, we choose various interventions for application at the right time and at the right location, reducing wastage through prudent and informed decision-making. Our objective is also to help our customers derive maximum benefits against their investment outlay by optimising maintenance strategies. One of the ways we achieve this is through pavement deterioration modelling and economic analysis with regularly surveyed data and testing.

With the implementation of the industry's best practises in Expressway Asset management for the North-South Expressway ("NSE"), the Network Maintenance Management team was able to achieve a significant improvement in Pavement Condition Index ("PCI") from 95.6% in 2012 to 96.6% in 2017. Additionally, we were also able to reduce heavy maintenance costs from RM68,396 to RM51,582 per Lane-Kilometre within the same period.



UEM Edgenta Research & Development Centre at Bukit Beruntung



**TOTAL CLIENT SATISFACTION**

- We strive to help our clients reach their full potential by ensuring we perform services so that their assets are always in the best condition; we advise on the best way to design and manage their assets; we embed technology to better manage their assets and enhance value.
- While we work closely with our clients to develop bespoke solutions, we operate as true partners by seeking their continuous feedback, to better understand their expectations and requirements.
- We conduct Client Satisfaction Survey on a quarterly, half-yearly and annual basis, with top 21 clients in local operations throughout Malaysia. We aim for year-on-year continual improvement on client satisfaction surveys.

**UEM Edgenta's Client Satisfaction Score**

In Q4 2017, UEM Edgenta achieved an average client satisfaction score of 82%. The score has been averaged across our four core divisions of Consultancy, Healthcare Services, Infra Services, Real Estate Services.

Overall, the historical data provides sufficient evidence on the successful outcomes of our differentiated Asset Management approach:

- Consistently sustaining (and exceeding) target EPI for Good+Fair: 90% as mandated by Malaysia Highway Authority ("MHA");
- Extension and preservation of service life of pavement assets;
- Improved risk management through long term planning and proactive intervention; and
- Improved serviceability to road users through improved ride quality and safety.

## SUSTAINABILITY STATEMENT (CONT'D.)



*We acknowledge the importance of taking an outside in approach to sustainability, by understanding the expectations as well as the issues material to our critical stakeholders.*

### DRIVING EXCELLENCE IN HEALTHCARE

Edgenta Mediserve Sdn. Bhd. ("Edgenta Mediserve"), a 100% owned subsidiary of UEM Edgenta is the first leading concession company amongst the five concessionaires to obtain all four Management Systems: ISO 9001, ISO 14001, OHSAS 18001 and ISO 13485.

Edgenta Mediserve received certification in ISO 13485:2003 and EN ISO 13485:2012 (Quality Management System for Medical Devices) for all our hospital sites for the provision of Biomedical Engineering Maintenance Services in the Healthcare industry.

### PRODUCT SAFETY

We are committed to providing our customers with safe products that exceed quality and safety guidelines and comply with all statutory standards and regulations. All suppliers and vendors are expected to provide goods and services that meet the agreed and legally required consumers' health and safety standards, including health warnings and safety information.

### CUSTOMER PRIVACY

Our Code of Conduct prohibits employees from discussing confidential Company information with business partners, customers, clients or any other confidential information except in the course of carrying out the Company's business.

We are committed to protecting all personal information retained by us. UEM Edgenta is bound by the Personal Data Protection Act 2010 ("PDP Act") and all other applicable laws in Malaysia in respect of privacy protection which set out a number of principles concerning personal information and consumer protection in Malaysia.

We do not disclose personal information that we collect about our customers, except as described in our Privacy Policy or otherwise disclosed to our customers at the time the personal information is collected.

**HUMAN RIGHTS STATEMENT:**

Our efforts are to continuously monitor and evaluate human rights related impact and the associated risks, especially in projects that are highly dependent on contractual and sub-contract labour. Nearly 80% of our workforce comprise of blue-collared workers. We endeavour to maintain a healthy channel of communication with them, educate them on various aspects of health, safety and environment, as well as aspire to positively contribute to their socio-economic well-being.

Our Commitment to Human Rights is to ensure our stakeholders, including our employees, suppliers, communities where we operate, would know their rights. Additionally, they are able to exercise their freedom to express ideas, submit feedback, raise concerns, and above all, exercise their equitable right to grow with the company.

<p><b>2</b> We <b>believe</b> all our people should be treated with <b>dignity</b> and <b>respect</b>.</p>	<p><b>3</b> We <b>provide equal</b> and <b>fair opportunities</b> to our people for <b>learning</b> and <b>growth</b>.</p>	<p><b>1</b> We <b>treat</b> all people as <b>equal</b>, and prohibit any and all basis for discrimination in our <b>hiring</b> and <b>employment practices</b>.</p>
<p><b>5</b> We make our <b>workplace free from all kinds of abuse and exploitation</b>.</p>	<p><b>6</b> We offer our people <b>fair</b> and <b>adequate compensation</b> and <b>rewards</b>.</p>	<p><b>4</b> We <b>ensure</b> our people work in a <b>safe, conducive environment</b>.</p>
<p><b>8</b> We <b>equip</b> our people with <b>both professional</b> and <b>life-skills</b>, helping them to improve their <b>competitiveness</b>.</p>	<p><b>9</b> We <b>support</b> causes, events, organisations, projects and people that advocate or support <b>human rights</b>.</p>	<p><b>7</b> We <b>give</b> our people <b>unbiased</b> and <b>neutral access</b> to grievance and conflict management platforms.</p> <p><b>10</b> We <b>ensure</b> that in the conduct of our business we do not 'knowingly' breach any regulations, laws, conventions in relation to <b>human rights</b>.</p>

**During the year under review:**



There were **ZERO** cases of forced, indentured, bonded or involuntary labour at our project sites or in operating offices



There were **ZERO** incidences of child labour in our project sites



There were **ZERO** incidents of discrimination or breaches related to freedom of association and collective bargaining



**Governance of Human Rights:**

The monitoring of all our Human Rights principles has been entrusted with the UEM Group Human Resources and Legal Departments, who conduct regular external/independent audits of Project Sites; the Grievance Mechanisms; Conflict Resolution etc.

Our human rights policy is embedded in our Code of Conduct. All associates review and receive annual awareness on this Code. We also review our suppliers' adherence to this Code.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

THE BOARD OF UEM EDGENTA BERHAD (“UEM EDGENTA” OR “THE COMPANY”) IS FULLY COMMITTED TO MAINTAIN THE HIGHEST STANDARDS IN CORPORATE GOVERNANCE PRACTICES, PROFESSIONALISM AND INTEGRITY IN DRIVING THE COMPANY TO SAFEGUARD AND ENHANCE SHAREHOLDERS’ VALUE AND PERFORMANCE OF THE COMPANY AND ITS SUBSIDIARIES (“THE GROUP”).

In reinforcing the importance of corporate governance, the Board is dedicated in ensuring that good corporate governance is practised and complied with throughout the Group within the framework as expounded by the principles and recommendations promoted by the Malaysian Code on Corporate Governance 2017 (“MCCG”), issued by the Securities Commission.

As required under the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), a listed issuer is to provide an overview of the application of the principles as set out in the MCCG by the Board.

This Corporate Governance Overview Statement (“Statement”) provides a summary of the Company’s corporate governance practices during the financial year under review, with reference to the following three (3) key principles:-

- (a) Board leadership and effectiveness;
- (b) Effective audit and risk management; and
- (c) Integrity in corporate reporting and meaningful relationship with stakeholders.

This Statement is to be read together with the Corporate Governance Report (“CG Report”), which provides details on how the Company has applied each Practice as set out in the MCCG. The CG Report is available on the Company’s website at [www.umedgenta.com](http://www.umedgenta.com).

The Board will continue to take measures to improve compliance with the recommended best practices in the ensuing years.

## A. BOARD LEADERSHIP AND EFFECTIVENESS

### 1. BOARD RESPONSIBILITIES

The Board affirms its ultimate and overall responsibility for corporate governance, strategic direction, financial and organisational matters of the Group. In discharging its roles and responsibilities, the Board is guided by the Board Charter and the Discretionary Authority Limits (“DAL”) which outlines the duties and responsibilities of the Board, as well as matters that the Board may delegate to the Board Committees, the Managing Director/Chief Executive Officer and Management.

The Board explicitly assumes the following principal responsibilities, to facilitate the Board’s stewardship responsibilities:-

- Establishing, reviewing and adopting the strategic plans and direction for the Group.
- Overseeing the conduct of the Group’s business to evaluate whether the business is being properly managed.
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks.
- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management.
- Developing and implementing an investor relations programme or Corporate Disclosure Policy for the Group.
- Reviewing the adequacy and the integrity of the Group’s internal control systems and management information systems, including system for compliance with applicable laws, regulations, rules, directives and guidelines.

In order to ensure that the Board responsibilities are effectively discharged, the Board delegates certain functions to the Board Committees to support and assist in discharging fiduciary duties and responsibilities. The respective committees with responsibilities guided by the respective terms of references, report to the Board on matters considered and their recommendations thereon. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

The Board is also supported by a suitable, qualified and competent Company Secretary who is accountable to the Board through the Chairman of the Board and Board Committees on all governance matters.



On 21 March 2018, the Board approved the amendments to the Board Charter and Terms of References of the Audit and Risk Committee and Nomination and Remuneration Committee to be in line with the corporate governance standards as set out in the MCCG.

Prior to every Board and Board Committees meetings, it is a practice of the respective Chairmen to have a pre-meeting session with the relevant management staff to discuss on the agenda items for the purpose of effective deliberation on the meeting day.

#### Audit and Risk Committee ("ARC")

Assist the Board in the oversight responsibilities by reviewing and monitoring the integrity and adequacy of the Group's internal controls, financial and non-financial reporting process and management information systems, including related party transactions and systems for compliance with applicable laws, regulations, rules, directives and guidelines.

Also assists in the oversight risk management matters in order to manage the overall risk exposure of the Group. This includes effectiveness of risk management framework in identifying, assessing and monitoring key business risks and internal processes to safeguard shareholders' investments and the Group's assets.

#### Nomination and Remuneration Committee ("NRC")

The NRC comprises three (3) Non-Executive Directors, a majority whom are Independent. The NRC consist of the following members:-

Name of members	Designation
Juniwati Rahmat Hussin (Appointed on 1 December 2017)	Independent Non-Executive Director (Chairman)
Dato' Izzaddin Idris	Non-Independent Non-Executive Director
Dr. Saman @ Saimy Ismail	Independent Non-Executive Director
Amir Hamzah Azizan (Chairman of NRC) (Resigned on 30 November 2017)	Independent Non-Executive Director
Zailah Tun Dr Ismail Al-Haj (Appointed on 27 February 2017, Demised on 21 July 2017)	Independent Non-Executive Director

The main responsibilities of the NRC is to assist the Board on the nomination of Directors and Senior Management, assessing the effectiveness of the Board and Board Committees, recommending remuneration packages and assessing the performance of Managing Director/Chief Executive Officer and Senior Management.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D.)

Among the key activities undertaken by the NRC during the financial year under review were as follows:-

### Board Composition and Succession Planning

- Reviewed the mix of Directors to ensure high standard of Board performance and succession for both Executive and Non-Executive Directors in the event of any deficiency.
- Reviewed the composition of the Board and Board Committees.
- Examined the structure, size and composition of the Board with a view to determine the number of Directors on the Board in relation to its effectiveness and ensure that at every annual general meeting, one-third (1/3) of the Directors for the time being shall retire from office.
- Recommended the re-election/re-appointment of Directors under the retirement by rotation provisions of the Articles of Association of the Company and the Companies Act 2016.

### Recruitment and Appointment of Directors

- Assessed and recommended to the Board the candidacy of directors, appointment of directors to Board committees, and reviewed Board's succession plans and training programmes for the Board.
- Reviewed the required mix of skills and experience and other qualities, including core competencies which non-executive directors should bring to the Board.

### Remuneration of Directors

- Reviewed and recommended to the Board the remuneration of Executive Directors and Non-Executive Directors in all its forms and to review the Group's remuneration policies and procedures which should be disclosed in the Annual Report.
- Recommended the proposed payment of Directors' fees for Non-Executive Directors of subsidiary.

### Board Effectiveness Evaluation

- Assessed the Directors annually, the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director including his/her time commitment to effectively discharge his/her role as a director, character, experience and integrity. All assessments and evaluations carried out by the NRC in the discharge of all its functions were properly documented.

### Recruitment and Appointment of Senior Management

- Reviewed the character, experience, integrity, competence and time commitment to effectively discharge the roles of Managing Director/Chief Executive Officer and Chief Financial Officer.
- Reviewed and recommended the extension of contract for the Managing Director/Chief Executive Officer and Senior Management.
- Conducted mid-year review on the performance of the Managing Director/Chief Executive Officer.
- Reviewed and recommended the appointment of the Chief Financial Officer, Chief Operating Officer and Chief Human Resources Officer.
- Reviewed senior management's succession plans and to ensure there are programmes in place to provide for the orderly succession of senior management.
- Reviewed and recommended the revised organisation chart following the streamlining of businesses.

### Remuneration for UEM Edgenta Group

- Reviewed and recommended the 2016 Performance Bonus of the Managing Director/Chief Executive Officer and Senior Management.
- Reviewed and recommended the proposed payout of Long Term Investment Plan 3 to Senior Management.
- Reviewed and recommended the proposed annual increment, market adjustment and promotion increment.
- Reviewed and recommended the proposed 2017 Corporate Scorecard and Managing Director/Chief Executive Officer's Scorecard.

### Governance/Policy

- Reviewed and recommended the proposed implementation of Fit and Proper Assessment Guidelines in the Top Management External Directorship(s) Policy.

For the year under review, eight (8) meetings were held and the details of attendance are as follows:-

Name of NRC Members	No. of Meetings Attended	Percentage of Attendance (%)
Juniwati Rahmat Hussin Chairman (Appointed on 1 December 2017)	N/A*	N/A
Dato' Izzaddin Idris Member	5/8	62.5
Dr. Saman @ Saimy Ismail Member	7/8	87.5
Amir Hamzah Azizan Chairman (Resigned on 30 November 2017)	8/8	100
Zailah Tun Dr Ismail Al-Haj (Demised on 21 July 2017)	4/4	100

\* No meeting was held since her appointment as member of NRC.

### Board Tender Committee ("BTC")

The BTC which would be formed in the first half of 2018, will assist the Board to reinforce corporate governance, integrity and transparency in the procurement process and contract management.

### Continuing Education Programmes

In discharging its duties, the Board acknowledges that continuous education is vital to gain insight into the state of economy, technological advances, regulatory updates and management strategies to enhance the Board's skills and knowledge in discharging their responsibilities.

The Board through the NRC had conducted an assessment of each Director's training needs via its Board Evaluation Assessment.

During the year under review, the Directors have attended the following seminars and training programmes to gain insights into the latest regulatory and industry developments in relation to the Group's businesses:-

Directors	Description
Amir Hamzah Azizan	<ul style="list-style-type: none"> <li>Bain &amp; Co: How Conglomerates in SEA can Live Long and Prosper</li> <li>Beyond Lean: Gaining Competitive Edge through Sustained Cost Transformation</li> <li>Securities Commission Malaysia: Inauguration of Malaysian Code on Corporate Governance 2017</li> <li>19<sup>th</sup> Asia Oil &amp; Gas Conference</li> <li>TN50 Workshop - Industry in 2050</li> <li>Khazanah: Trending Innovation, Disruption and Entrepreneurship (TIDE) Open Day</li> <li>Khazanah Megatrends Forum 2017</li> <li>Khazanah: Trending Innovation, Disruption and Entrepreneurship (TIDE) Event - Exponential Innovation Workshop</li> </ul>
Dato' Azmir Merican	<ul style="list-style-type: none"> <li>Suruhanjaya Syarikat Malaysia: Highlights of the Companies Act 2016</li> <li>Ministry of Health - Building an Excellent Organization Forum (Speaker)</li> <li>Khazanah: Trending Innovation, Disruption and Entrepreneurship (TIDE) Open Day</li> <li>Khazanah Megatrends Forum 2017</li> <li>Khazanah: Trending Innovation, Disruption and Entrepreneurship (TIDE) Event - Exponential Innovation Workshop</li> <li>Ministry of Health - Forum Persidangan Pengurusan: Berhemat &amp; Berintegriti (panellist)</li> </ul>



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D.)

Directors	Description
Dato' Izzaddin Idris	<ul style="list-style-type: none"> <li>• Project Enterprise: Culture Change Offsite</li> <li>• AXIATA Digital Services Sdn Bhd: Strategy Forum</li> <li>• UEM Leadership Team Forum: Driving our Business</li> <li>• CIMB Leadership Series (Speaker)</li> <li>• Skrine Clients Seminar (Speaker)</li> <li>• Suruhanjaya Syarikat Malaysia: Highlights of the Companies Act 2016</li> <li>• MARA: Emerging Leader Development Programme (ELDP) (Speaker)</li> <li>• UEM Group Lectures Series by Mr. Peter Bellew, Group CEO Malaysia Airlines</li> <li>• Iskandar Malaysia CEO Forum</li> <li>• Securities Commission Malaysia: World Bank Conference - Islamic Finance &amp; Public Private Partnership for Infrastructure Development (Speaker)</li> <li>• UEM Group Business Leadership Forum</li> <li>• UEM Group Lecture Series by Datuk Shahril Ridza Ridzuan, CEO of Employees Provident Fund (EPF)</li> <li>• GLC Explorace - Excelling in the Digital World</li> <li>• Khazanah Megatrends Forum 2017</li> <li>• Khazanah: Trending Innovation, Disruption and Entrepreneurship (TIDE) Event - Exponential Innovation Workshop</li> <li>• 10<sup>th</sup> Iskandar Malaysia CEO Forum</li> <li>• UEM Group: The Exchange 2017 of Knowledge &amp; Ideas - Driving Performance Together</li> <li>• FTMS College - ASCENT International Conference (Speaker)</li> <li>• UEM Group Business Leadership Forum</li> </ul>
Robert Tan Bun Poo	<ul style="list-style-type: none"> <li>• Suruhanjaya Syarikat Malaysia: Highlights of the Companies Act 2016</li> <li>• KPMG: Cyber Security Awareness</li> <li>• Bursa Malaysia Berhad: Sustaining Business Growth with Sound Governance Risk Management, Internal Control &amp; Compliance Workshop</li> <li>• Agile Avant Sdn Bhd: Liquidity Risk Governance</li> <li>• MIA: MFRS 15 - Revenue from Contracts with Customers and MFRS 16 Leases</li> <li>• MINDA: Cyber Security Essentials for Board of Directors of Capital Market Intermediaries</li> <li>• FIDE FORUM: 3<sup>rd</sup> Distinguished Board Leadership Series Cryptocurrency and Blockchain Technology</li> <li>• MIA: Shares with No Par Value, Share Buybacks and Redeemable Preference Share - Proposed Companies Bill 2015</li> <li>• Excel Asia: MCCG 2017</li> <li>• UEM Group: The Exchange 2017 of Knowledge &amp; Ideas - Driving Performance Together</li> <li>• FFM Institute - 2018 Budget and Tax Update</li> </ul>
Dr. Saman @ Saimy Ismail	<ul style="list-style-type: none"> <li>• Suruhanjaya Syarikat Malaysia: Highlights of the Companies Act 2016</li> <li>• Khazanah Megatrends Forum 2017</li> <li>• UEM Group: The Exchange 2017 of Knowledge &amp; Ideas - Driving Performance Together</li> </ul>
Elakumari Kantilal	<ul style="list-style-type: none"> <li>• Khazanah Megatrends Forum 2017</li> <li>• UEM Group: The Exchange 2017 of Knowledge &amp; Ideas - Driving Performance Together</li> </ul>
Juniwati Rahmat Hussin (Appointed on 1 October 2017)	<ul style="list-style-type: none"> <li>• Khazanah Megatrends Forum 2017</li> <li>• Bursa Malaysia Berhad &amp; ICLIF: Independent Directors' Programme - The Essence of Independence</li> </ul>

Dato' George Stewart LaBrooy, who was appointed as Director of the Company on 1 December 2017 did not attend any training during the year as there was no suitable training that suited his schedule in the month of December 2017.

## 2. BOARD COMPOSITION

The Board currently has nine (9) members, comprising a Non-Independent Non-Executive Chairman, one (1) Executive Director, two (2) Non-Independent Non-Executive Directors and five (5) Independent Non-Executive Directors. One third (1/3) of the Board comprises of Independent Non-Executive Directors, in compliance with Paragraph 15.02(1) of the Listing Requirements.

	Details					Status
	Independent Directors (Practice 4.1 - Majority Independent)	Independent		Non-Independent		
	<b>5</b>		<b>4</b>			
Gender (Practice 4.5 - 30% women directors)	Male			Female		<b>33%</b>
						
Age	Below 50 years	50 to 60 years	61 to 70 years	70 years above		(average age) <b>59</b>
	<b>1</b>	<b>4</b>	<b>3</b>	<b>1</b>		
Tenure on Board	Less than 1 year	Between 1 - 5 years	Between 6 - 8 years	Above 8 years		(independent directors above 9 years) <b>0</b>
	<b>3</b>	<b>4</b>	<b>1</b>	<b>1</b>		
Ethnicity/ Nationality	Malay	Chinese	Others	Malaysian	Foreigner	n/a
	5	2	2	9	0	

The profile of each Directors is set out on pages 064 to 073 of this Annual Report.

For financial year 2017, the Company had 50% independent directors and 25% women directors on Board. The Board had recently appointed Ms. Emily Kok, an independent director to the Board on 30 March 2018. This recent appointment has addressed the Board's desire to have a board represented by majority independent directors and 30% female representation on Board.

Through the NRC, the annual Board Effectiveness Assessment ("BEA") was conducted to identify the strengths and weaknesses of the Board operations and established a common understanding of the Board's roles and responsibilities with a view to maximise Board performance. The Board via NRC evaluates the overall Board's performance against criteria that the Board determines are important to its success. The evaluation criteria includes the Board's structure, operations and interaction and roles and responsibilities of the Board and its committees. In addition, the BEA also includes the evaluation on the Board's composition in regards to the mix of skills, character, experience, integrity, competence and time commitment.

Based on the feedbacks from the BEA, the Board Criteria Matrix is updated and was used as a tool to search for suitable potential new board candidates. The Board Criteria Matrix is deemed an important tool to ensure the diversity in the Board in terms of experience and expertise. With the Board Criteria Matrix, the Board is able to identify any gap areas of the Board composition.

Upon determining the preferred criteria for the proposed new board member, the Board sought recommendation from existing Board Members, Management and Major Shareholders, requested recommendation from independent sources such as NAM Institute for the Empowerment of Women (NIEW) and Lead Women Sdn Bhd and desktop searches were also conducted to identify suitably qualified candidates.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D.)

### 3. REMUNERATION

The Directors' remuneration is reviewed from time to time and is determined at levels which enable UEM Edgenta Group to attract and retain Directors with the relevant experience and expertise needed to manage the Group effectively.

The Managing Director/Chief Executive Officer is subject to a 3-year service contract with the Company. He is not paid an attendance allowance nor Director's fees. His remuneration is structured so as to link rewards to corporate and individual performance. Performance is measured against specified targets by reference to the Group's Annual Business Plan. The reward process also takes into account relevant market comparisons and competitive pressures in the industry.

Non-Executive Directors are paid a fixed base fee on a quarterly basis. With the recommendation from the NRC, the Board as a whole determines the remuneration for Non-Executive Director with directors concerned abstaining from deliberation or voting on decision in respect of their remuneration. The aggregate amount of Directors' fees to be paid to Non-Executive Directors is subject to the approval of the shareholders at general meeting.

The Directors Remuneration Framework are as follows. Details of the quantum of the individual directors' remuneration on named basis are as set out in the CG Report under Practice 7.1.

Directors' Fees	Proposed Directors' Fee per annum (RM)	
	Chairman	Member
Board	210,000	108,000
Audit and Risk Committee	50,000	30,000
Other Board Committees	25,000	15,000

The current benefits payable and accorded to the Directors are:-

Description	Directors' benefits
(a) Allowance will be paid to Directors for the following:- (i) Attending meetings with Government representatives or third parties such as consultants, bankers and advisors on behalf of the Company; or (ii) Visiting project and/or reference sites to advise Management, the Company and/or its operating companies.	RM1,000 per day
(b) Meeting allowance for ad-hoc or temporary Board Committees established for specific purposes.	(i) Chairman of Committee - RM2,000 per meeting (ii) Member of Committee - RM1,000 per meeting
(c) Car allowance for Chairman of UEM Edgenta	RM3,400 per month
(d) Medical benefits for Board members <i>Where a Director sits on several boards within the UEM Group of Companies, he will only be entitled to claim medical benefits from one (1) company only.</i>	(i) Medical coverage of RM7,000.00 per annum, inclusive of outpatient, clinical, specialist and dental; and (ii) Hospitalisation of RM100,000.00 per annum including room and board at RM500.00 per day
(e) Training and Development of Directors	A training budget is allocated for Directors to attend relevant training programmes and seminars to enhance their knowledge and skills in discharging their duties.
(f) Directors' & Officers' Liability Insurance	The Company through UEM Group Berhad's group-wide Directors' and Officers' Liability Insurance maintains coverage throughout the financial year to indemnify directors and officers against any liability incurred by them in the discharge of their duties while holding office as directors and officers of the Company.

The Company would be seeking shareholders' approval at the forthcoming Annual General Meeting for the payment of Directors' benefits for items (a) to (c) of the above table.

## B. EFFECTIVE AUDIT AND RISK MANAGEMENT

### 1. AUDIT COMMITTEE

The ARC led by Mr. Robert Tan Bun Poo, assists the Board in its oversight of the Company's financial reporting, and in fulfilling its fiduciary responsibilities relating to internal controls. This includes risk management, maintenance of financial and accounting records and setting policies as well as financial reporting practices of the Group. It also reviews related party transactions, conflict of interest situations that may arise within the Group and the provision of non-audit services by the External Auditors.

The ARC comprises of three (3) members, all of whom are Non-Executive Directors, with a majority of them being Independent Directors.

The ARC Report including its membership, composition and summary of work carried out by the ARC during financial year 2017 is presented on pages 151 to 153 of this Annual Report.

The duties and responsibilities of the ARC are set out in its Terms of Reference which is available at the Company's website at [www.uemedgenta.com](http://www.uemedgenta.com).

The Board, through the ARC maintains a transparent and professional relationship with the Internal and External Auditors. The ARC has been explicitly accorded the authority to communicate directly with both the Internal and External Auditors.

Currently, Messrs Ernst & Young provides independent and professional external auditing services to the Group. The ARC conducts yearly assessment on the suitability and independence of the External Auditors.

For the year under review, the External Auditors have confirmed to the Board their independence in providing their services.

The ARC and Board meets up with the External Auditors at least twice and once a year respectively in the absence of the Managing Director/Chief Executive Officer and Management.

The Board is satisfied with the outcome of the assessment of the External Auditors on their suitability and independence, and recommending for their re-appointment at the forthcoming annual general meeting, subject to the approval of the shareholders.

### 2. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

#### Effective Risk Management and Internal Control Framework

The Board has overall responsibility for the system of Risk Management and Internal Control which includes financial controls, operational and compliance controls to ensure that shareholders' investments, customers' interests and the Company's assets are safeguarded.

The Statement on Risk Management and Internal Control as set out on pages 143 to 150 of this Annual Report provides an overview of the state of internal controls within the Group.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D.)

### C. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

#### 1. COMMUNICATION WITH STAKEHOLDERS

The Group has been transparent and accountable to its shareholders and investors and recognises the importance of timely dissemination of information to shareholders and other stakeholders. The Board is also committed to ensure that the shareholders and other stakeholders are well informed of major developments of the Company and the information is communicated to them through the following channels:-

- Annual Report;
- Various disclosures and announcement to Bursa Securities including quarterly results;
- Analyst briefings, press releases and announcements to the media;
- Dialogues and presentations at general meetings to provide overview and clear rationale with regard to the proposals tabled for approval by shareholders;
- Online investor relations on the Company's website at [www.uemedgenta.com](http://www.uemedgenta.com); and
- All announcement made by the Company to Bursa Securities will be posted on the Company's website at [www.uemedgenta.com](http://www.uemedgenta.com).

Shareholders may forward any concern/queries to Investor Relations at [ir@uemedgenta.uemnet.com](mailto:ir@uemedgenta.uemnet.com) and all relevant and appropriate issues raised will be addressed accordingly.

The Company's website has a dedicated section that provides investors with detailed information on the Group's business, commitments and latest developments.

While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, the Company is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

The Company has in place, the Corporate Disclosure Policy which outlines the Company's approach towards the determination and dissemination of confidential information, the circumstances under which the confidentiality of information will be maintained and restrictions on insider trading. The Corporate Disclosure Policy also provides guidelines in order to achieve consistent disclosure practices across the Group.

#### 2. CONDUCT OF GENERAL MEETINGS

The Annual General Meeting ("AGM") is the principal forum for dialogue with shareholders. Shareholders are provided with an opportunity to participate in the question and answer session in which shareholders may raise questions pertaining to the business activities of the Company. The Chairman as well as the Managing Director/Chief Executive Officer and the external auditors, if so required, will respond to questions from shareholders at the AGM.

In year 2017, the Notice of AGM was given to shareholders in accordance with the Company's Constitution of 21 days' notice. The notice was given on 26 April 2017 and the AGM was held on 25 May 2017.

With the MCCG which came into effect on 26 April 2017, the Notice of AGM would be given to shareholders at least 28 days prior to the meeting.

This Corporate Governance Overview Statement was approved by the Board on 21 March 2018.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

IN ACCORDANCE WITH THE PRACTICE SET OUT IN THE MALAYSIAN CODE ON CORPORATE GOVERNANCE 2017, A LISTED COMPANY SHOULD ESTABLISH AN EFFECTIVE RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK. THE BOARD OF DIRECTORS (“BOARD”) IS PLEASED TO PROVIDE THIS STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL PURSUANT TO PARAGRAPH 15.26(B) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD AND AS GUIDED BY THE STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL: GUIDELINES FOR DIRECTORS OF LISTED ISSUERS.

## RESPONSIBILITY OF THE BOARD

The Board acknowledges the importance of maintaining a sound framework in managing risks to safeguard the shareholders’ investments and the Company’s assets.

The Board is constantly and actively identifying the Company’s level of risk tolerance, assessing and monitoring the key business risks. These include updating the internal control systems of the Company.

The Board however, acknowledges that the system of internal control is designed to manage and reduce the risk of not achieving business objectives and only provide reasonable and not absolute assurance of effectiveness against material misstatement of management and financial information and records or against financial losses or fraud.

## MAIN FEATURES OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board recognises the importance of key risk management and internal control system that sets the tone for the Group. In recognising the importance of risk management and

internal control system in the overall governance process, the Board of the Company has instituted the following:-

### Board and Board Committees

- For the financial year under review, there are eight (8) Directors on the Board comprising one (1) Managing Director/Chief Executive Officer, four (4) Independent Non-Executive Directors and three (3) Non-Independent Non-Executive Directors.
- The Board has established the Audit and Risk Committee (“ARC”) and Nomination and Remuneration Committee (“NRC”) with specific Terms of Reference, which have the authority to examine all matters within its scope of responsibilities and report to the Board with its recommendations for the Board’s decision.
- The responsibilities and functions of the Board, each of its committees and the individual directors are specified in its respective Terms of Reference and Board Charter.

### General Management Committee

- The General Management Committee (“GMC”) is chaired by the Managing Director/Chief

Executive Officer and comprises the senior management team members from respective divisions.

- The key role of GMC is to deliberate and resolve the Group’s key strategic and operational issues in a timely manner and keep track of key business developments.
- The GMC also serves as a platform for members to report on their respective business and operation plans to the Managing Director/Chief Executive Officer and to address other matters as directed by the Board and/or the Managing Director/Chief Executive Officer.

### Risk Management Committee

- Risk Management Committee (“RMC”) assists the Board in ensuring sound and robust Risk Management Framework (“RMF”) to achieve the Company’s strategic objectives, safeguard shareholders’ investments and its assets. Terms of Reference was established and endorsed by the Board to govern its responsibilities and activities.
- The RMC is chaired by the Company’s Managing Director/Chief Executive Officer and consists of Head of Companies of the Group and co-opted members from

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D.)

the management team of the Group. The RMC undertakes the following responsibilities:

- Review and recommend risk management policies and procedures for the approval or acknowledgement of the ARC and Board;
  - Act as Primary Champion of risk management at strategic and operational levels;
  - Review the on-going adequacy and effectiveness of risk management process;
  - Review the consolidated risk registers to identify significant risks and whether these are adequately managed; and
  - Ensure that the ARC and Board receive adequate and appropriate information for review and decision-making respectively.
- The RMC is assisted by the Risk Management Department ("RMD"), which is primarily responsible for the implementation of RMF and operationalisation of risk management processes and practices. A Charter, which defines RMD's responsibilities, scope and authority for the Group has been established and endorsed by the ARC and Board.

### Company Values

The Group is intensifying the communication and inculcation of the Company's values: "Enterprising, Teamwork, Integrity, Passion and Success" amongst its employees through description of key behaviours and roll out via leaders and supervisors.

### Policies and Procedures

Written policies are established to guide how a department or an individual within the Group works or behaves and provide guidance to employees as to what their obligations are. Some policies are supported by procedures which describe the steps the employees shall take to produce an output or to complete a process. The policies and procedures also form part of the various management systems and are reviewed regularly and updated when necessary. Briefings and trainings are frequently held to enhance employees' awareness on the policies and procedures.

The Group has dedicated teams to carry out Quality Assurance/Quality Control, Safety, Health and Environment activities. Those teams monitor compliance to the established internal Policies and Procedures, International Management System Standards (ISO 9001 - Quality Management System, OHSAS 18001 - Occupational Quality Health & Safety Management System, ISO 14001 - Environmental Management System, ISO 13485 - Medical Devices Quality Management System ISO/IEC 17025 - Laboratory Management System), contracts and relevant legal requirements.

Subsidiaries within the Group have implemented several Internationally Accredited Management Systems to standardise its management and operational processes and to further improve its efficiency. The following subsidiaries have been awarded with various Management System certifications:



A member of UEM Group

#### Edgenta PROPEL Berhad

- ISO 9001:2015
- ISO 14001:2004
- OHSAS 18001:2007



A member of UEM Group

#### Opus International (M) Berhad

- ISO 9001:2015
- ISO 14001:2004
- OHSAS 18001:2007



A member of UEM Group

#### Edgenta Mediserve Sdn Bhd

- ISO 9001:2008
- ISO 14001:2004
- OHSAS 18001:2007/MS 1722: Part 1:2011
- ISO 13485:2003/EN ISO 13485:2012



A member of UEM Group

#### Edgenta Environmental & Material Testing Sdn Bhd

- ISO 9001:2008
- ISO 14001:2004
- OHSAS 18001:2007
- ISO/IEC 17025

These certifications reflect the Group's commitment in ensuring the quality deliverables to customers, safeguard safety and health of employees and safeguard the environment.

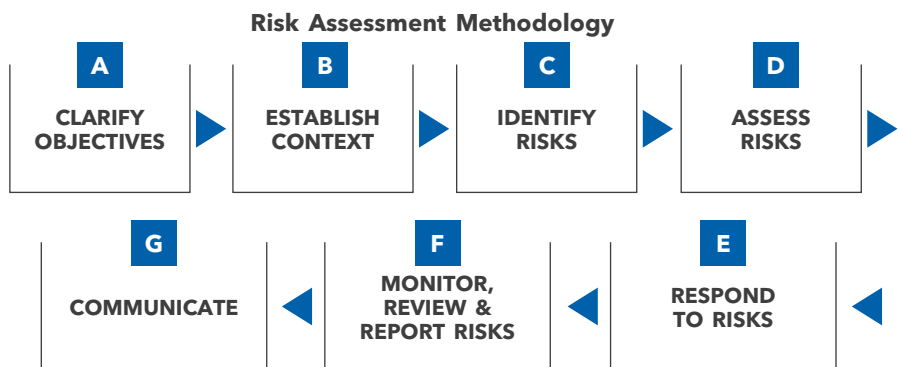
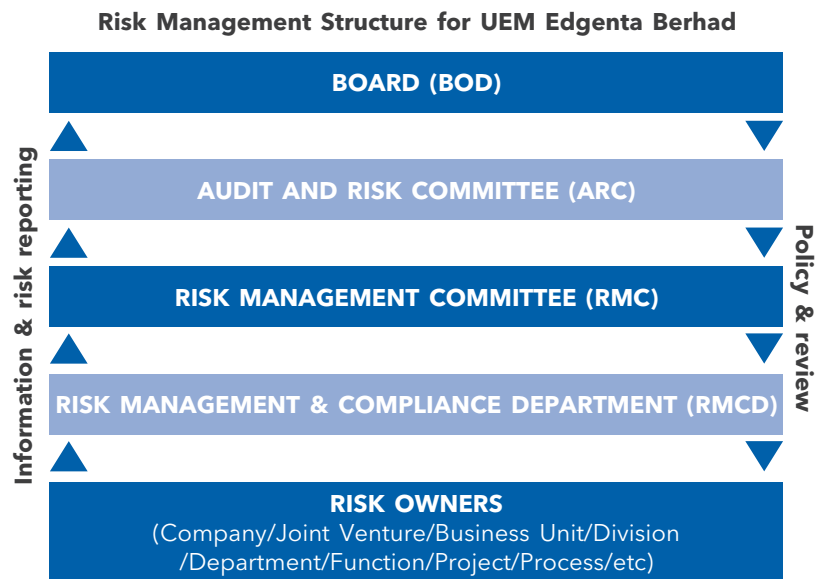
**Risk Management**

*Risk Management Framework*

- The RMF provides the foundation and organisational arrangement for managing risk across the Group. It illustrates how risk management is embedded in the organisational systems and integrated at all levels and work contexts, making risk consideration part of our day-to-day decision-making and business practices.
- Principally aligned with ISO31000:2010, the RMF include scope and objectives, emphasis on enterprise-wide risk assessment and management, and Risk Control Effectiveness Indicators (“RCEI”), which measure the appropriateness and effectiveness of risk countermeasures based on demonstrated/observed improvements on key business, operating and financial parameters.
- The RMF aims to:
  - Establish common risk language, modus operandi and direction with regard to risk management;
  - Convey the Group policy and attitude to risk management;
  - Set the policy, methodology, scope and application of risk management;
  - Detail the process for escalating and reporting risks;
  - Establish the roles and responsibilities for managing risk;
  - Facilitate open communication between management and the Board with respect to risk; encourage proactive decision making; and
  - Build an appropriate culture of integrity and risk awareness.

- The key features of RMF are:

- Risk appetite: represents the amount of risk that the Company is prepared to accept or retain in pursuit of its business objectives and value, and in inextricably linked to the entity’s strategic goals, operations tactics and day-to-day decision making.
- Roles and responsibilities



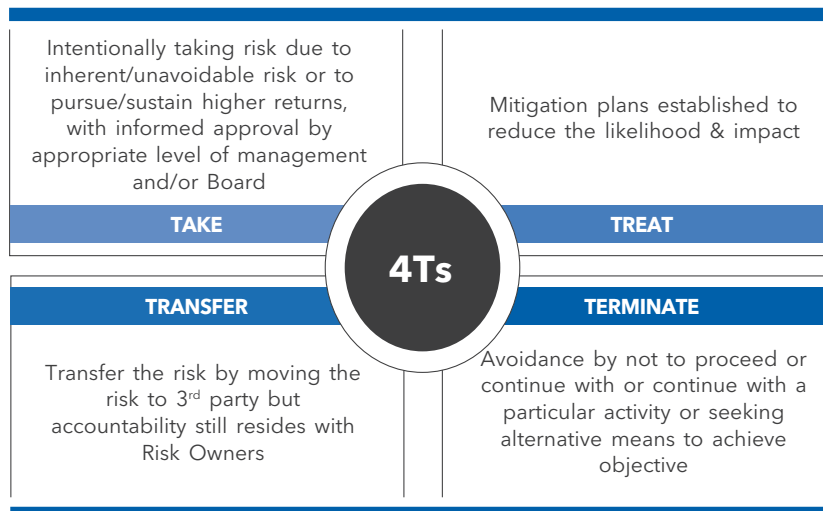
- The RMF has been communicated to staff of relevant levels and will be reviewed for continuous improvement.

*Risk Management Approach*

- The Group adopts a formal and structured approach for risk assessment process.
- The methodology comprises sequential steps of risk management activities that are interrelated and iterative. The process applied to the whole of a business (enterprise level) or to any part of a business (divisions, departments, functions, business units, projects, processes).

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D.)

- a. Set/clarify business objectives:  
Understanding of what the objectives are for the Company and its group of companies.
- b. Establish context:  
Establish the context and boundaries within which the Company operates.
- c. Identify risks:  
Risk are those internal or external factors which could affect/influence the achievement of business objectives either positively or negatively.
- d. Assess risks:  
Prioritise risks by evaluating the potential impact on business objectives if a risk were to materialise together with the likelihood of occurrence.
- e. Respond to risks:  
The Group adopts the **4Ts** strategy in responding to the identified risks and qualify these according to the acceptable levels.



- f. Monitor, review and report risks:  
Risk events and trends to be continually scanned, assessed and monitored and similarly risk responses are monitored continuously to ensure that risk responses are operating as designed and expected.
- g. Communicate:  
Communication is required for an effective risk management programme. Changing business condition continuously alter the risk profile of an entity, hence, frequent and explicit conversation about risk is vital to maintain continued awareness and management of key risks.

### *Risk Identification Process*

Risks are those internal or external factors which could affect/influence the achievement of business objectives either positively or negatively.

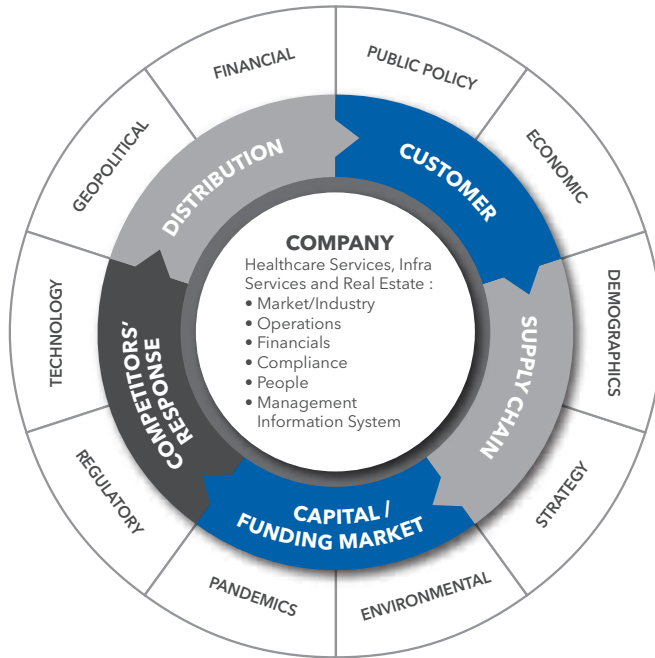
- Risk waterfall is a systematically identify the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> order effects of each risk event; link some of the events into cascades:
  - a) 1<sup>st</sup> Order Effects:  
Effects that have a direct impact on financial performance.
  - b) 2<sup>nd</sup> order Effects:  
Effects that have an indirect impact on financial performance; they influence another element in industry or value chain consequently altering the dynamics in the marketplace.
  - c) 3<sup>rd</sup> Order Effects:  
Effect of macroeconomic that affect the entire economy.

### *Summary of Risk Management Activities*

Risk management activities that were undertaken at both the Company and subsidiary levels to instil a proactive risk management culture and ownership are as follows:

- Periodic risk awareness briefing, risk identification and mitigating action plans workshops are conducted as continuous efforts to inculcate proactive risk-aware culture within the Group.
- Risk Management Status Reports are produced quarterly at the minimum and are presented to the RMC, ARC and Board of Directors for deliberation and approval.

### Watch for Interdependent & Cascading Risk Drivers



- Quarterly review and monitoring implementation of risk action plans by the risk management team.
- Provides risk management consultation and advisory services to projects, investment and potential business leads.

#### Organisational Structure

The organisational structure of the Group is clear and detailed, defining the roles, responsibilities and reporting line of the various Committees of the Board; Management of the Corporate Office and subsidiaries; departments and individuals.

The Board appoints the Managing Director/Chief Executive Officer of the Company, Chief Operating Officer, Chief Financial Officer, Chief Human Resource Officer, Heads of Companies of the subsidiaries within the Group as well as critical roles positions.

The organisational structure is reviewed regularly to assess its effectiveness and to ensure that it is in line with any change in business requirements.

#### Annual Business Plan and Strategies

The Group undertakes a comprehensive annual budgeting and forecasting exercise to ensure that the development of business plan for respective operating divisions are in line with the Group's short term and long term strategic plans.

Each operating division is responsible for carrying out a comprehensive analysis and identify the strategic priorities as part of the formation process of the Group annual operating and strategic plan. It also includes the establishment of Key Performance Indicators ("KPI") which is deliberated and approved by the Board and the Board of UEM Group Berhad on a yearly basis.

The approved annual operating and strategic plan is then cascaded to the senior management team members across the Group's operating divisions for planning and execution.

The Group monitors the business performance of respective operating divisions through its KPI and measures it against the approved annual operating and strategic plan on a regular basis in the management reports. The management reports analyse and highlight variances against the plan after taking into consideration the macroeconomic sentiments and associated business risks. Similar reports and results are reviewed by the Board on a quarterly basis.

The management is responsible for identifying and executing any mitigation action, where necessary.

#### Employee's Authority and Responsibility

The respective Head of Divisions/ Departments defines the authority and responsibility of each employee as specified in the Job Description.

The establishment of performance monitoring serves as a tool to monitor performance against the set KPI and targets at various levels, covering key financials, customers, internal business processes and learning and growth indicators.

The Group also continuously assesses its employees' needs and organisational requirement through the Employees Engagement Survey and focus group plan sessions. This derive an action plan on identified areas of improvement.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D.)

### Discretionary Authority Limits

Clear delegation of authority is defined in the Discretionary Authority Limits ("DAL"), which sets the limit for strategic, operating and capital decisions and expenditures as well as decision authority for each level of Management within the Group, and also the Board's authority.

The DAL is reviewed from time to time to ensure effectiveness of strategic and operational executions.

### Procurement

As a member of UEM Group Berhad, UEM Edgenta is guided by UEM Group's Procurement Policy. We have established a Standard Operating Procedure (SOP) aligned to the Group Procurement Policy encompassing three key areas, namely, General Procurement, Project Tender & Outsourcing and Contract Management. The potential risks with regard to these three areas is mitigated through procedural governance and compliance as detailed in the SOP. The SOP is reviewed periodically and updated as and when required to ensure continuous improvement in internal controls and taking into consideration process improvement as well any new changes in the group procurement policy.

### Insurance on Assets

Sufficient insurance coverage and physical safeguards on the Group assets, including its human resources are in place to ensure adequate coverage against any mishap that could result in material loss. Coverage typically includes damage to or theft of assets; liability coverage for the legal responsibility to others for

accidents, bodily injury or property damage; and medical coverage for the cost of treating injuries and illness, rehabilitation and death.

Insurance coverage is reviewed regularly to ensure sufficient coverage in view of changing business environment or assets.

### Business Continuity Management ("BCM")

A Business Continuity Management Framework ("BCM Framework") has been formalised and is applicable across entire UEM Edgenta Group.

UEM Edgenta in its commitment to build a resilience organisation have embarked to review its BCM Programme for its corporate office. This covers the areas of crisis communication, IT Disaster Recovery Plan, emergency response plan and business continuity plan.

UEM Edgenta recognises the need to undertake a timely and holistic re-evaluation its BCM Framework and its ability to deliver uninterrupted critical services to its stakeholders. The BCM programmes involved BCM lifecycle activities as below:

#### BCM As-Is Review and Framework Enhancement:

The BCM Framework revised based on ISO 22301:2013, ISO22313:2012, ISO22300:2012, and other relevant international BCM standards and guidelines.

Reviewed existing documentations pertaining to BCM (e.g. Emergency Response Plan, Crisis Communication Plan, IT Disaster Recovery Plan) to provide enhancement to the BCM Framework.

#### Business Impact Analysis ("BIA"):

Conducted BIA to identify UEM Edgenta's current business priorities in the event of a crisis or disaster.

The analysis covered business functions, internal and external dependencies relevant to the business functions, impacts resulting from the disruption of the business functions and identified critical business functions key documents in hardcopy or electronic form.

The outcomes are identification of critical business functions and its Recovery Time Objective ("RTO"), Recovery Point Objectives ("RPO"), minimum resource requirements and respective critical IT System dependencies.

#### Development of Recovery Strategy:

Identified UEM Edgenta's BCM recovery strategies in the event of a crisis or disaster, to recover and resume critical business functions at a minimum level of services that is acceptable to the organisation.

#### Development of BC Plan:

Developed divisional Business Continuity Plan ("BC Plan") and Crisis Management Plan based on the agreed recovery priorities and recovery strategies.

#### Call Tree Exercise:

Conducted Call Tree Exercise which seeks to assess UEM Edgenta's capability in notifying and accounting all staff in the event of a crisis or disaster.

### Human Resources Management

The internal control of UEM Edgenta Berhad is realised and supported by a formal organisational structure. This official structure is made of defined lines of authority, responsibility and accountability. These lines of authority, responsibility and accountability are continuously and transparently updated and improved to demonstrate good governance.

Talent acquisition policies and guidelines are established within UEM Edgenta Berhad and its subsidiaries to ensure that the right candidates with the right competencies are selected to fill available positions at the right time. Potential candidates are subjected to a structured recruitment process which involves multiple behavioural interviews and psychometric assessments.

To ensure that we are able to develop a capable, agile and competitive workforce, employees are provided with structured internal training, mobility opportunities and external development programmes. Technical skills training is also prioritised through the development of a technical competency framework and subsequent development interventions.

As a member of UEM Group Berhad, UEM Edgenta Berhad is also guided by UEM Group's Performance Management Policy. The existing performance management system has been refined and updated via Align Collaborate Execute (ACE) System to monitor and manage employees' performance. People managers are continuously coached and trained to ensure a robust performance management.

To ensure transparency and accountability, employees are required to strictly adhere to the Code of Conduct ("COC") in discharging all their duties and obligations, without exception. A Whistle Blower Policy is in place and provides a viable and discreet avenue for all employees of UEM Edgenta Berhad and its subsidiaries as well as members of the public to disclose any improper conduct committed or are about to be committed within the Group. Under the policy, a whistle blower will be accorded with protection of confidentiality of identity, to a degree reasonably practicable. In addition, an employee who whistle blows internally will also be protected against any adverse and detrimental actions for making the disclosure, to a degree reasonably practicable, provided that the disclosure is made in good faith. Protection is accorded even if the investigation subsequently reveals that the whistle blower(s) is erroneous as to the facts, rules and procedures.

### Management Information System ("MIS")

The Group has comprehensive MIS for effective and efficient management of budget, financial, human resource, procurement, employees' performance process as well as retaining, analysing and reporting corporate information. MIS is a key enabler to enhance productivity and decision-making process. Being part of Group, MIS adheres to policies and adopts Group MIS Strategy and roadmap.

The MIS Systems are available on real-time basis accessible via the client-server platform and dedicated IPVPN (Internet Protocol Virtual Private Network) line for branches. Moving forward with new web and Mobile applications will be available for End users for better efficiency and productivity.

The Security Policy ensures adequate level of security in providing availability, confidentiality and integrity of MIS systems and information to support the Group activities. Mobile devices usage within the Group is governed by Mobile Devices Policy whereby appropriate procedures are applied to allow authorised access to corporate network, organisation's data and MIS infrastructure.

### Disaster Recovery Planning

Data Recovery Planning for the Group is a subset of Computer Disaster Recovery whereby systems is restored timely in the event of disaster. The Group has recently relocated its Disaster Recovery ("DR") centre to a cold-site at one of its subsidiaries office. Periodic DR simulation is scheduled to test data restoration and verify data usability. The simulation also serves as a platform to capture latest changes in business applications, improve the DR planning and ensure availability of data for business continuity purpose.

### Internal Audit

The Group has established its own Internal Audit Department ("IAD") and the internal audit functions of the Group were undertaken by the IAD auditors. The reviews are based on the Annual Audit Plan approved by the ARC. The results of such reviews are reported regularly to the ARC. The ARC holds regular meetings to deliberate on findings and recommendations for improvements by both the internal and external auditors on the state of the internal control system, and report back to the Board.

The Group has also established a Management Audit Committee ("MAC") to ensure effective actions are taken to address internal control weaknesses

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D.)

and proper closures of all audit issues highlighted by the IAD. The MAC is chaired by the MD/CEO and holds its meeting regularly.

Internal control weaknesses identified during the financial period under review have been or are being addressed by the management. None of the weaknesses have resulted in any material loss that would require disclosure in the Group's financial statements.

### Corporate Social Responsibility

In undertaking its Corporate Social Responsibility initiatives, UEM Edgenta has adopted and is guided by the following:

- Silver Book (Achieving Value through Social Responsibility), an initiative that's part of the Government-Linked Companies Transformation Programme. It outlines the principles and guidelines on how organisations can manage their contributions to society in an effective and sustainable manner.
- Bursa Malaysia's Corporate Social Responsibility Framework for Public Listed Companies. UEM Edgenta's Sustainability Policy and Corporate Responsibility have been reviewed in 2016 to further reflect the Company's commitment towards operating in a responsible and sustainable manner and to meet the requirements of the Environmental, Social and Governance (ESG) aligned with FTSE4Good Bursa Malaysia Index. Both the mentioned policies can be accessible via the Company's corporate website at [www.uemedgenta.com](http://www.uemedgenta.com).

- As a subsidiary of UEM Group, UEM Edgenta's Corporate Responsibility initiatives and sustainability performance are reported in the Company's Annual Report and UEM Group consolidated Sustainability Report. UEM Group consolidated Sustainability Report is structured in accordance with the Global Reporting Initiative (GRI) G4 Guidelines at Core level to provide an integrated account of the UEM Group sustainability activities. This Sustainability Report focuses on the material aspects in relation to the business and value chain of UEM Group of Companies. The sustainability performance will be reported every two years. A copy of the above report is also available in the Company's corporate website at [www.uemedgenta.com](http://www.uemedgenta.com).

### ASSURANCE FROM MANAGEMENT

The Board has received assurance from the Managing Director/Chief Executive Officer and Chief Financial Officer that a review on the adequacy and effectiveness of the risk management framework and internal control system has been undertaken and the Group's risk management and internal control system are operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

### REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditor have performed limited assurance procedures on this Statement on Risk Management and Internal Control in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information and Recommended Practice Guide ("RPG") 5 (Revised), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the Annual Report of the Group for the year ended 31 December 2017, and reported to the Board that nothing has come to their attention that causes them to believe that the statement is not prepared, in all material respects, in accordance with the disclosure required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is the Statement factually inaccurate.

This Statement on Risk Management and Internal Control was approved by the Board on 21 March 2018.

### CONCLUSION

The Board is of the view that the risk management and internal control systems are in place for the year under review, and up to the date of approval of the Statement on Risk Management and Internal Control, are sound and sufficient to safeguard shareholders' interests and the Group's assets.

# AUDIT AND RISK COMMITTEE REPORT

THE BOARD IS PLEASED TO PRESENT THE AUDIT AND RISK COMMITTEE (“ARC”) REPORT WHICH PROVIDES INSIGHTS ON HOW THE ARC DISCHARGE ITS FUNCTION AND DUTIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017.

THE ARC ASSISTS THE BOARD IN ITS OVERSIGHT OF THE COMPANY’S FINANCIAL REPORTING, AND IN FULFILLING ITS FIDUCIARY RESPONSIBILITIES RELATING TO INTERNAL CONTROLS. THIS INCLUDES RISK MANAGEMENT, MAINTENANCE OF FINANCIAL AND ACCOUNTING RECORDS AND SETTING POLICIES AS WELL AS FINANCIAL REPORTING PRACTICES OF THE GROUP. IT ALSO REVIEWS RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST SITUATIONS THAT MAY ARISE WITHIN THE GROUP.

## COMPOSITION

The ARC consists of three (3) members, all of whom are Non-Executive Directors, with a majority of them being Independent Directors. This complies with Paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The ARC Chairman, Mr. Robert Tan Bun Poo, is a member of the Malaysian Institute of Accountants (MIA) and the Malaysian Institute of Certified Public Accountants. With two (2) ARC members being members of the Malaysian Institute of Accountants, the Company meets the requirement of Paragraph 15.09(1)(c)(i) of the Listing Requirements.

The members of ARC are as follows:-

Name of ARC Members	Directorship
Robert Tan Bun Poo*^ (Chairman)	Independent Non-Executive Director
Elakumari Kantilal*	Non-Independent Non-Executive Director
Dr. Saman @ Saimy Ismail	Independent Non-Executive Director

\* Member of the Malaysian Institute of Accountants

^ Member of the Malaysian Institute of Certified Public Accountants

## MEETINGS

A total of seven (7) meetings were held during the financial year ended 31 December 2017 and the attendance of the ARC members are as follows:-

Name of ARC Members	No. of meetings attended
Robert Tan Bun Poo (Chairman)	7/7
Elakumari Kantilal	5/7
Dr. Saman @ Saimy Ismail	7/7

## SUMMARY OF WORK OF THE ARC

During the year, the Chairman of ARC met the Head of Risk Management and Head of Internal Audit for pre-meeting discussions of their activities and reports.

In line with the terms of reference of the ARC, the following works were carried out by the ARC during the financial year ended 31 December 2017:-

### A. Financial Statements and Corporate Governance

1. Reviewed the quarterly and annual financial statements of the Company and of the Group; and recommended them for Board’s approval, focusing particularly on:-
  - (a) appropriateness and relevance of accounting policies and practices adopted and their application;

## AUDIT AND RISK COMMITTEE REPORT (CONT'D.)

- (b) any significant non-recurrent or unusual year-end transactions made or events occurred during the year;
  - (c) any significant changes to the basis of preparation of the financial statements or new accounting standards adopted during the year which impacted the result or financial position of the Group;
  - (d) the going concern assumption used in the preparation of the financial statement;
  - (e) significant accounting matters highlighted which included financial reporting issues, estimates or judgements made by Management, unusual events or transactions, and how these matters are addressed; and
  - (f) compliance with financial reporting standards and other regulatory requirements.
2. Reviewed non-recurrent and recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations in the ordinary course of business of the Company and its subsidiaries to ascertain as to whether they are undertaken on an arm's length basis on normal commercial terms not more favourable to the related parties than those generally available to the public or those extended to unrelated parties and are not detrimental to the minority shareholders.
  3. Reviewed the Circular to Shareholders in respect of the proposed shareholders' mandate for recurrent related party transactions and proposed new mandate for additional recurrent related party transactions of a revenue or trading nature.
  4. Reviewed and recommended the Corporate Governance Overview Statement, Corporate Governance Report and ARC Report, to the Board for its approval.

### B. Internal Audit

1. Reviewed the Annual Internal Audit Plan which included the planning methodology, manpower requirement and proposed audits activities planned to ensure scope and coverage are adequate and comprehensive.

2. Reviewed the overall performance of the Internal Audit function to ensure its effectiveness in meeting audit objectives and professional standards.
3. Reviewed and deliberated the internal audit findings and observation arising from planned and ad hoc audit and considered their recommendation to Management for improvement in internal control process.
4. Discussed with Internal Audit, their follow-up on corrective action taken by Management on audit issues to ensure that all the key risks and control lapses have been addressed.

### C. Risk Management

1. Reviewed prior to the Board's approval, the Risk Management Framework, Risk Profile and Risk Appetite prepared by Management's Risk Committee to ensure they are relevant and consistent with Group's business strategy and level of operations in safeguarding the Group's assets and profitability.
2. Reviewed and recommended the Annual Risk Impact Table to the Board for its approval.
3. Reviewed and recommended the quarterly Risk Management Status Reports to the Board.
4. Reviewed the adequacy and effectiveness of the overall risk management process.
5. Reviewed and recommended the Statement on Risk Management and Internal Control to the Board for approval.

### D. External Audit

1. Reviewed with the External Auditors:-
  - (a) The audit plan, audit strategy and scope of work, especially on areas identified for audit focus for the year;
  - (b) Their comments and issues arising from their annual audit, their audit report and management letter of comments on the group internal control;
  - (c) The key audit matters highlighted for inclusion in the audit report and the audit process in addressing them; and
  - (d) The Group's financial reporting process including consolidation.

2. Assessed the objectivity, suitability and independence of the External Auditors in carrying out their audit during the year and this included their appointment for non-audit services.
3. Evaluated the performance of the External Auditors and recommended their re-appointment to the Board of Directors.
4. Reviewed with the External Auditors on 23 November 2017 and 19 February 2018 without the presence of the Managing Director/Chief Executive Officer and Management, on any concerns/issues affecting their audit, the results of audit, including the level of cooperation rendered by Management in respect of their access to financial information and accounting records.
5. Reviewed and recommended the appointment of the Company's External Auditors for the provision of non-audit services, for the projects undertaken by the Company after assessing and considering the following:-
  - (a) The nature of the non-audit services by the external auditors or its affiliates and fees paid for such services relative to the audit fee;
  - (b) The scope of work as required are permitted under the Malaysian Institute of Accountants By-Laws; and
  - (c) The services should not impair their independence or there are safeguard in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the external auditors.

## INTERNAL AUDIT FUNCTION

Internal Audit Department ("IAD") is established as an independent appraisal function to assist both the ARC and the Board of Directors in discharging their duties and to provide assurance to the Management and the Board of Directors that all aspects of the operations of the Company are functioning within the acceptable limits and expectations. The IAD carries out the internal audit function of the Group. The Head of the Internal Audit reports functionally to the ARC and administratively to the Managing Director/Chief Executive Officer of the Company.

The information on the resources, objectivity and independence of the Head of Internal Audit and internal auditors are provided in the Corporate Governance Report in accordance with Practice 10.2 of the Malaysian Code on Corporate Governance 2017.

The total cost incurred for the internal audit function for financial year ended 31 December 2017 is approximately RM981,704.82, comprising mainly salaries, traveling and accommodation expenses for audit assignments.

### Activities

The activities undertaken by IAD are in conformance with the International Professional Practice Framework (IPPF) on Internal Auditing issued by the Institute of Internal Auditors (IIA).

It is the responsibility of the internal audit function to provide the ARC with independent and objective reports on the state of internal control of the various operating divisions within the Group, and the extent of compliance of the divisions with the Group's established policies and procedures as well as relevant statutory requirements. Whenever there was any significant issue, the IAD has it monitored closely and adequately addressed by the Management. The status and closure of audit issues are presented at each planned ARC meeting.

The audit plan had also incorporated the Group's identified risks and focused on those which would have most impacted the business objectives of the Group. Among the focus areas are safety, health & environment risks, operational risks, financial risks as well as the order book risks.

During the year, the internal audit had carried out ten (10) audit assignments. The IAD had also worked closely with Group Internal Audit ("GIA") of UEM Group Berhad in audits that require specific skills and knowledge not available within the IAD. Representatives of IAD were invited to and had attended all the planned ARC meetings during the year.

The scope of the planned independent audit assignments cover the following:-

- (1) HQ Audits over Corporate and Support Services.
- (2) Operational audits in Infra Services, Hospital Support Services and Real Estate Services.

## ADDITIONAL COMPLIANCE INFORMATION

### DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF FINANCIAL STATEMENTS

The Directors are required to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year then ended.

The Directors consider that, in preparing the financial statements for the financial year ended 31 December 2017, the Group has used appropriate accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent. The Directors also consider that all applicable Financial Reporting Standards in Malaysia have been followed and confirm that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the provisions of the Companies Act 2016 and the applicable Financial Reporting Standards in Malaysia.

The Board is satisfied that it has met its obligation to present a balanced and fair assessment of the Company's position and prospects in the Directors' Report on pages 157 to 162 and the Audited Financial Statements from pages 170 to 313 of this Annual Report.

### UTILISATION OF PROCEEDS

On 15 March 2017, the Company lodged with Securities Commission Malaysia the required information and relevant documents relating to the proposed establishment of Islamic Commercial Papers ("ICPs") and Islamic Medium Term Notes ("IMTNs"), which have a combined aggregated limit up to RM1 billion in nominal value and a sub-limit of RM300 million in nominal value for the ICPs under the Shariah Principal of Murabahah via a Tawarruq Arrangement pursuant to the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework effective 15 June 2015.

A summary of the transactions and utilisation of the proceeds is outlined below:

Issuance Date	Type	Maturity Date	Nominal Value (RM million)	Proceeds Utilisation
26 April 2017	ICPs	April 2018	50	For Shariah-compliant general corporate purposes.
26 April 2017	IMTNs	April 2022	250	For Shariah-compliant general corporate purposes.

**NON-AUDIT FEES**

	Company RM'000	Group RM'000
Statutory audit fees paid/payable to external auditors	133	2,933
Non-audit fees paid/payable to external auditors	3,038	3,066

The Company engaged the external auditor for the following non-audit works:

- Review of Statement on Risk Management and Internal Control
- Advisory and review on implementation of new Malaysian Financial Reporting Standards
- Advisory support to achieve planned synergies and integration on newly acquired companies

**MATERIAL CONTRACTS**

Other than those disclosed in the financial statements and the recurrent related party transaction section in this Annual Report, there were no material contracts including contracts to any loans entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests.

**REVALUATION POLICY**

The Company has not adopted a regular revaluation policy on landed properties.

**RECURRENT RELATED PARTY TRANSACTIONS**

The Company proposes to seek approval of its shareholders for the renewal of mandate for recurrent related party transactions and the proposed new shareholders' mandate for additional recurrent related party transactions of a revenue and trading nature which is in the ordinary course of business at the forthcoming Annual General Meeting of the Company to be held on 10 May 2018.

Please refer to pages 319 to 335 of this Annual Report on the disclosure of the recurrent related party transactions conducted during the financial year ended 31 December 2017 pursuant to the shareholders' mandate approved at the last Annual General Meeting.

# FINANCIAL STATEMENTS

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# DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to its subsidiaries.

The principal activities and other information of the subsidiaries, joint ventures and associates are described in Note 44 to the financial statements.

## RESULTS

	<b>Group RM'000</b>	<b>Company RM'000</b>
Profit after tax from continuing operations	125,127	1,224
Profit after tax from discontinued operation	309,633	-
Profit after tax	434,760	1,224
Attributable to:		
Owners of the parent	418,187	1,224
Non-controlling interests	16,573	-
	434,760	1,224

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the gain arising from the disposal of a subsidiary and impairment loss on investment in a subsidiary amounting to RM274.9 million and RM111.9 million respectively, as further disclosed in Note 17(a) and Note 17(c) respectively to the financial statements.

## DIRECTORS' REPORT (CONT'D.)

### DIVIDENDS

The amounts of dividends paid by the Company since 31 December 2016 were as follows:

	<b>RM'000</b>
In respect of the financial year ended 31 December 2016 as reported in the directors' report of that year:	
Single tier final dividend of 7.00 sen on 831,624,030 ordinary shares declared on 25 April 2017 and paid on 21 June 2017	58,214
In respect of the financial year ended 31 December 2017:	
Single tier interim dividend of 8.00 sen on 831,624,030 ordinary shares declared on 22 August 2017 and paid on 20 September 2017	66,530

The Board of Directors has declared a single tier special dividend of 18.00 sen per ordinary share, on 831,624,030 ordinary shares, amounting to RM149,692,325 in respect of the financial year ended 31 December 2017, to be paid on 18 April 2018. The entitlement date is 2 April 2018.

In addition, for the financial year ended 31 December 2017, the Directors have declared a single tier second interim dividend of 5.00 sen per ordinary share, on 831,624,030 ordinary shares, amounting to RM41,581,202, to be paid on 17 May 2018. The entitlement date is 7 May 2018.

The Directors do not recommend the payment of any final dividend in respect of the current financial year.

### DIRECTORS

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Amir Hamzah bin Azizan

Dato' Azmir Merican bin Azmi Merican\*

Dato' Mohd Izzaddin bin Idris\*

Tan Bun Poo

Dr. Saman @ Saimy bin Ismail

Elakumari a/p Kantilal

Juniwati Rahmat Hussin

Dato' George Stewart LaBrooy

Mohd Shahazwan bin Mohd Harris

Zailah binti Tun Dr Ismail Al-Haj

(appointed on 1 October 2017)

(appointed on 1 December 2017)

(resigned on 23 June 2017)

(demised on 21 July 2017)

\* These directors are also directors of the Company's subsidiaries.

**DIRECTORS (CONT'D.)**

The names of the directors of the subsidiaries of the Company since the beginning of the financial year to the date of this report (not including those directors listed above) are:

Adnan Mohammad	
Ahmad Yusri bin Yahaya	
Ahmad Zamri bin Said	
Anwar Syahrin bin Abdul Ajib	
Chan Cheow Hong	
Chen Yen-Yu	
Chin Chi Haw	
Dato' Jezilee bin Mohamad Ramli	
Datuk Nik Airina binti Nik Jaffar	
Fardan bin Abdul Majeed	
Haji Zohari bin Mahur	
Huang Wan Hung	
Ikmal Hijaz bin Hashim	
Ir. Wan Nor 'Azman bin Wan Salleh	
Jesudason Selvaraj	
John Bong Kim Fook	
Kamaludin bin Othman	
Lim Wah Seng	
Low Chee Yen	
Mazli bin Mohamed Ayob	
Muhinder Singh Dasoundha Singh	
Neo Chal Ying	
Nurolamin bin Abas	
Primoehadi Notowidigdo	
Saeed Abdulla Omar Saeed Al Amoudi	
Sharon Ruba a/p Krishnamurthy	
Sivamakrishnan Narayanan Ayakkad	
Suriana binti Abdul Hamid	
Tan Cheh Tian	
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong	
Tan Sri Datuk Chen Lok Loi	
Tan Wan San (Alternate to Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong)	
Tay Tuan Leng	
Tuan Farezuddeen Ahmad bin Tuan Ibrahim	
Alastair Douglas McCracken	(appointed on 19 April 2017)
Azmy bin Mahbot	(appointed on 28 February 2018)
Dr. Tee Kim Siong	(appointed on 19 April 2017)
Graeme Walwyn	(appointed on 30 January 2018)
Mohamad Zamani bin Razali	(appointed on 4 January 2018)
Mohamed bin Rastam Shahrom	(appointed on 1 January 2018)
Mohd Razif bin Mohd Yusoff	(appointed on 30 January 2018)
Muhammad Fadzil bin Abdul Hamid	(appointed on 23 March 2017)
Muhammad Noor bin Abd Aziz @ Hashim	(appointed on 29 August 2017)
Paul Sandanasamy Richard (Alternate to Azmy bin Mahbot)	(appointed on 28 February 2018)

## DIRECTORS' REPORT (CONT'D.)

### DIRECTORS (CONT'D.)

The names of the directors of the subsidiaries of the Company since the beginning of the financial year to the date of this report (not including those directors listed above) are (cont'd.):

Philippa Smith Lambert	(appointed on 7 September 2017)
Siti Aishah binti Md Lassim	(appointed on 30 January 2018)
Sitthambaranatha Gandhi Suppiah	(appointed on 29 August 2017)
Sofia binti Zakaria	(appointed on 31 March 2017)
Zulkiflee bin Omar	(appointed on 23 March 2017)
Chan Kin Pooi	(resigned on 31 March 2017)
Cheah Ho Chee	(resigned on 28 February 2018)
Datin Shahdee binti Ahmad	(resigned on 30 August 2017)
Datuk Ir. Khairil Anwar bin Ahmad	(resigned on 19 April 2017)
Dr. David James Prentice	(resigned on 7 September 2017)
Husni bin Muhammad Mustafa (Alternate to Zulaifah binti Abdul Ghani)	(resigned on 18 August 2017)
Mohan Kumar a/l Ravindranathan	(resigned on 26 July 2017)
Robert Hugh Morrison	(resigned on 30 August 2017)
Rozaifee bin Abu Zaharim	(resigned on 1 April 2017)
Zulaifah binti Abdul Ghani	(resigned on 4 January 2018)
Amy Mokhzani bin Mohamad (Alternate to Dr. Tee Kim Siong)	(appointed on 19 April 2017 and resigned on 4 January 2018)
James Vedamuthu (Alternate to Chin Chi Haw)	(appointed on 15 March 2017 and resigned on 3 November 2017)

Directors of subsidiaries that have been disposed during the year:

Alison Swan	
Andrew Ceifetz	
Art Washuta	
Barrie Sweetman	
Constance Peterson	
Huw Edwards	
Jacqueline Luis	
James Hulme	
Nick Downes	
Paul Dixon	
Peter Mathewson	
Ralph Bode	
Ronald McGaffin	
Timothy Phelan	
Dagen Deslauries	(resigned on 16 November 2017)
Imran Ally	(resigned on 29 May 2017)

## DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full time employee of the Company as shown in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with any 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.

During the financial year, the directors and officers of the Company are covered under the Directors and Officers Liability Insurance ("D&O Insurance") in respect of liabilities arising from acts committed in their respective capacity as, inter alia, the directors and officers of the Company subject to the terms of the D&O Insurance policy, procured by UEM Group Berhad, for all its group companies. The apportioned insurance premium for the Company was RM39,600.

## DIRECTORS' INTEREST

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

## HOLDING COMPANY

The Company regards UEM Group Berhad and Khazanah Nasional Berhad, both incorporated in Malaysia, as its immediate and ultimate holding companies respectively.

## OTHER STATUTORY INFORMATION

- (a) Before the income statements, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business 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 which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

## DIRECTORS' REPORT (CONT'D.)

### OTHER STATUTORY INFORMATION (CONT'D.)

- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or 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 in respect of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

### SIGNIFICANT EVENTS

The details of the significant events are disclosed in Note 45 to the financial statements.

### AUDITORS AND AUDITORS' REMUNERATION

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Auditors' remuneration are disclosed in Note 7 to the financial statements.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 21 March 2018.

**Amir Hamzah bin Azizan**

**Dato' Azmir Merican bin Azmi Merican**

## STATEMENT BY DIRECTORS

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

We, Amir Hamzah bin Azizan and Dato' Azmir Merican bin Azmi Merican, being two of the directors of UEM Edgenta Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 170 to 313 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 21 March 2018.

**Amir Hamzah bin Azizan**

**Dato' Azmir Merican bin Azmi Merican**

## STATUTORY DECLARATION

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

I, Muhammad Noor bin Abd Aziz @ Hashim, being the officer primarily responsible for the financial management of UEM Edgenta Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 170 to 313 are in my opinion 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  
Muhammad Noor bin Abd Aziz @ Hashim  
at Kuala Lumpur in the Federal Territory  
on 21 March 2018

**Muhammad Noor bin Abd Aziz @ Hashim**

Before me,

**Kapt. Jasni bin Yusoff** (Bersara) (No: W465)  
Commissioner of Oaths  
Kuala Lumpur

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UEM EDGENTA BERHAD

(Incorporated in Malaysia)

## Report on the audit of the financial statements

### *Opinion*

We have audited the financial statements of UEM Edgenta Berhad, which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 170 to 313.

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 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 audit 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 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 each matter 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 risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

## Report on the audit of the financial statements (cont'd.)

### *Key audit matters (cont'd.)*

#### Key audit matters in respect of the audit of the financial statements of the Group

(a) Impairment assessment of goodwill

*(Refer to Note 16 - Intangible assets, Note 2.4 (f)(i) and (i) - Summary of significant accounting policies: Intangibles assets - Goodwill and Impairment of non-financial assets and Note 2.5 (b)(ii) - Key sources of estimation uncertainty: Impairment of goodwill)*

As at 31 December 2017, the carrying amount of goodwill amounted to RM533.6 million, representing 47% and 18% of the Group's total non-current assets and total assets respectively. The Group is required to perform annual impairment assessment on the goodwill by comparing the recoverable amounts of the related cash generating units ("CGUs") or groups of CGUs to the carrying amount of the goodwill.

The Group estimated the recoverable amounts of the CGUs based on value-in-use ("VIU"). Estimating the VIU involves the discounting of the estimated future cash inflows and outflows expected to be derived from the CGUs using appropriate discount rates to their present values.

This was our area of focus as the impairment assessment was complex and highly judgemental. The estimation of VIU involved the assessment of possible variations in the amounts and timing of future cash flows, particularly the forecasted revenue, profit margins and long-term growth rate, based on assumptions affected by future market and economic conditions in the respective geographical regions. Judgement was also applied in determining the appropriate discount rate.

#### Our audit response

In addressing this area of audit focus, we performed, amongst others, the following procedures:

- We obtained an understanding of the methodology adopted by the management in estimating the VIU and assessed whether such methodology is consistently applied and with those used in the industry;
- We assessed the reasonableness of key assumptions used for each CGU, focusing on forecasted revenue, profit margins and long-term growth rate, taking into consideration the current and expected future economic conditions of the respective business segments, industries and geographical regions of the CGUs. We compared the key assumptions against past actual outcomes;
- We involved our internal valuation experts in assessing the reasonableness of the discount rate used and whether the rate used reflects the current market assessments of the time value of money and the risks specific to the asset is the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive from the CGU;
- We performed sensitivity analysis on key assumptions that will significantly affect the VIU of each CGU; and
- We evaluated the adequacy of disclosures of key assumptions to which the outcome of the impairment test is most sensitive.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UEM EDGENTA BERHAD (CONT'D.)

(Incorporated in Malaysia)

### Report on the audit of the financial statements (cont'd.)

*Key audit matters (cont'd.)*

Key audit matters in respect of the audit of the financial statements of the Group (cont'd.)

(b) Revenue recognition on consultancy contract services

*(Refer to Note 3 - Revenue, Note 2.4 (z)(i) Summary of significant accounting policies - Income recognition: Revenue recognition and Note 2.5 (b)(i) - Key sources of estimation uncertainty: Consultancy)*

Revenue from consultancy contract services represents a significant portion of the Group's revenue and it is determined based on the percentage of completion, calculated by reference to the proportion of costs incurred to date against the total expected costs for the contracts.

We identified revenue recognition on consultancy contract services as an area of audit focus given its magnitude and because significant estimates are applied especially in determining the total expected costs of the contracts to reliably estimate the percentage of completion. Management's estimation process is derived from its budgeting process and is reassessed regularly.

Our audit response

We obtained an understanding of the budgeting process and where relevant, tested the appropriate controls relating to the process.

We selected key projects and performed the followings:

- reviewed the reasonableness of the total expected costs vis-à-vis the scope and timeframe of the projects;
- reviewed and recomputed the percentage of completion, including verifying and assessing the completeness of the actual costs incurred to date;
- considered the historical accuracy of management's forecasts for the similar contracts in assessing the reasonableness of the estimated total project costs; and
- interviewed the project managers and reviewed correspondences between the Group and the customers to assess status of projects, indication of potential delays or cost overruns. Where such indications exist, we assessed the adequacy of provision for foreseeable losses.

Key audit matters in respect of the audit of the financial statements of the Company

(a) Impairment assessment of investment in a subsidiary

*(Refer to Note 17 - Investment in subsidiaries, Note 2.4 (i) - Summary of significant accounting policies: Impairment of non-financial assets and Note 2.5 (b)(iii) - Key sources of estimation uncertainty: Impairment of investment in subsidiaries)*

As at 31 December 2017, the carrying amount of the investment in Opus Group Berhad ("OGB") amounted to RM890.6 million, representing 44% and 40% of the Company's total non-current assets and total assets respectively. The Company assessed that there was an indication of impairment for its investment in OGB.

Accordingly, the Company performed an impairment assessment to determine the recoverable amounts of OGB which was based on its value in use.

## Report on the audit of the financial statements (cont'd.)

### *Key audit matters (cont'd.)*

#### Key audit matters in respect of the audit of the financial statements of the Company (cont'd.)

##### (a) Impairment assessment of investment in a subsidiary (cont'd.)

We identified the impairment review as an area of audit focus as the impairment assessment was complex and highly judgemental. Determining the value in use requires management to make an estimate of the amount and timing of the expected future cash flows based on assumptions affected by future market and economic conditions. Judgement is also applied in determining the appropriate discount rate to calculate the present value of those cash flows.

Arising from the impairment assessment, the Company recognised an impairment loss of RM111.9 million in relation to its investment in OGB.

#### Our audit response

In addressing this area of audit focus, we performed, amongst others, the following procedures:

- We obtained an understanding of the methodology adopted by management in estimating the VIU and assessed whether such methodology is consistent with those used in the industry;
- We assessed the reasonableness of key assumptions, focusing on forecasted revenue, profit margins and long-term growth rate, taking into consideration the current and expected future economic conditions of the respective subsidiary. We compared the key assumptions against past actual outcomes;
- We assessed the reasonableness of the discount rate used and whether the rate used reflects the current market assessments of the time value of money and the risks specific to the asset is the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive from the subsidiary;
- We performed sensitivity analysis on key assumptions that will significantly affect the recoverable amounts of the investment in the subsidiary; and
- We evaluated the adequacy of disclosures relating to impairment of investment in the subsidiary recorded during the financial year.

#### *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 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 UEM EDGENTA BERHAD (CONT'D.)

(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.
- 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.

**Report on the audit of the financial statements (cont'd.)**

*Auditors' responsibilities for the audit of the financial statements (cont'd.)*

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 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.

**Report on other legal and regulatory requirements**

In accordance with the requirements of the companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 44 to the financial statements.

**Other matters**

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.

Ernst & Young  
AF: 0039  
Chartered Accountants

Kuala Lumpur, Malaysia  
21 March 2018

Chong Tse Heng  
No. 03179/05/2019 J  
Chartered Accountant

# INCOME STATEMENTS

For the year ended 31 December 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<i>Continuing operations:</i>					
Revenue	3	<b>2,120,766</b>	1,579,093	<b>136,058</b>	293,062
Cost of sales	4	<b>(1,718,792)</b>	(1,239,789)	-	-
<b>Gross profit</b>		<b>401,974</b>	339,304	<b>136,058</b>	293,062
Other income	5	<b>70,148</b>	38,198	<b>95,384</b>	3,020
Administrative expenses		<b>(214,159)</b>	(151,774)	<b>(77,720)</b>	(56,147)
Selling and marketing expenses		<b>(1,709)</b>	(1,518)	-	-
Other expenses		<b>(54,460)</b>	(46,028)	<b>(119,009)</b>	(8,673)
<b>Operating profit</b>		<b>201,794</b>	178,182	<b>34,713</b>	231,262
Finance costs	6	<b>(48,525)</b>	(11,720)	<b>(33,614)</b>	(4,280)
Share of loss of joint ventures		-	(281)	-	-
Share of profit of associates		<b>19,653</b>	15,310	-	-
<b>Profit before tax</b>	7	<b>172,922</b>	181,491	<b>1,099</b>	226,982
Zakat		<b>(1,636)</b>	(1,509)	-	(475)
Income tax (expense)/benefit	10	<b>(46,159)</b>	(39,994)	<b>125</b>	(125)
<b>Profit after tax from continuing operations</b>		<b>125,127</b>	139,988	<b>1,224</b>	226,382
<i>Discontinued operation:</i>					
- Results from operation	17(a)	<b>34,724</b>	(93,416)	-	-
- Gain on disposal	17(a)	<b>274,909</b>	-	-	-
<b>Profit/(loss) after tax from discontinued operation</b>		<b>309,633</b>	(93,416)	-	-
<b>Profit after tax</b>		<b>434,760</b>	46,572	<b>1,224</b>	226,382
<b>Profit/(loss) attributable to:</b>					
Owners of the parent					
- from continuing operations		<b>124,613</b>	138,938	<b>1,224</b>	226,382
- from discontinued operation		<b>293,574</b>	(58,882)	-	-
		<b>418,187</b>	80,056	<b>1,224</b>	226,382
Non-controlling interests		<b>16,573</b>	(33,484)	-	-
		<b>434,760</b>	46,572	<b>1,224</b>	226,382
<b>Earnings/(loss) per share attributable to owners of the parent (sen)</b>					
- from continuing operations		<b>15.0</b>	16.8		
- from discontinued operation		<b>35.3</b>	(7.1)		
	11	<b>50.3</b>	9.7		

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

# 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
<b>Profit after tax</b>		<b>434,760</b>	46,572	<b>1,224</b>	226,382
<b>Other comprehensive (loss)/income</b>					
<i>From continuing operations:</i>					
<i>Other comprehensive loss to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of foreign operations		<b>(34,545)</b>	(775)	-	-
<i>Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:</i>					
Remeasurement gain on Retirement Benefit Scheme	25	<b>58</b>	54	-	-
Remeasurement loss on Defined Benefit Pension Scheme	26	<b>(160)</b>	(78)	-	-
Tax impact on remeasurement loss	10	<b>(14)</b>	(13)	-	-
		<b>(116)</b>	(37)	-	-
Total other comprehensive loss from continuing operations		<b>(34,661)</b>	(812)	-	-
<i>From discontinued operation:</i>					
<i>Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of foreign operations		<b>(12,531)</b>	7,084	-	-
Tax impact on translation of foreign operations	10	<b>2,781</b>	(735)	-	-
Cummulative exchange differences reclassified to profit or loss upon disposal	17(a)	<b>(30,720)</b>	-	-	-
Net (loss)/gain on hedge of net investment		<b>(14,250)</b>	11,928	-	-
Tax impact on hedge of net investment	10	<b>3,989</b>	(3,340)	-	-
		<b>(50,731)</b>	14,937	-	-

**STATEMENTS OF COMPREHENSIVE INCOME (CONT'D.)**

For the year ended 31 December 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<i>From discontinued operation: (cont'd.)</i>					
<i>Other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods:</i>					
Remeasurement loss on Defined Benefit Pension Scheme	26	<b>(863)</b>	(5,292)	-	-
Tax impact on remeasurement loss	10	<b>164</b>	1,058	-	-
		<b>(699)</b>	(4,234)	-	-
Total other comprehensive (loss)/income from discontinued operation		<b>(51,430)</b>	10,703	-	-
<b>Other comprehensive (loss)/income for the year</b>		<b>(86,091)</b>	9,891	-	-
<b>Total comprehensive income for the year</b>		<b>348,669</b>	56,463	<b>1,224</b>	226,382
<b>Total comprehensive income/(loss) attributable to:</b>					
Owners of the parent					
- from continuing operations		<b>90,198</b>	138,002	<b>1,224</b>	226,382
- from discontinued operation		<b>251,131</b>	(51,684)	-	-
		<b>341,329</b>	86,318	<b>1,224</b>	226,382
Non-controlling interests		<b>7,340</b>	(29,855)	-	-
		<b>348,669</b>	56,463	<b>1,224</b>	226,382

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2017

	Note	Group	
		2017 RM'000	2016 RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	193,447	227,769
Land held for property development	14(a)	477	1,115
Prepaid land lease payments	15	3,063	3,150
Intangible assets	16	734,411	964,528
Investment in joint ventures	18(a)	-	2,393
Investment in associates	18(c)	51,283	32,753
Other investments	19	272	272
Trade and other receivables	21	141,736	141,685
Deferred tax assets	31	14,523	51,573
		<b>1,139,212</b>	1,425,238
<b>Current assets</b>			
Property development costs	14(b)	-	128,307
Inventories	20	168,701	36,533
Trade and other receivables	21	994,555	1,256,385
Short term investments	22	183,425	42,375
Derivative financial instruments	23	-	491
Cash, bank balances and deposits	24	520,082	640,010
		<b>1,866,763</b>	2,104,101
<b>Total assets</b>		<b>3,005,975</b>	3,529,339
<b>Equity and liabilities</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	32	268,074	207,906
Share premium	32	-	60,168
Capital reserve	33	313,856	313,856
Other reserves	34	(12,803)	78,149
Retained earnings	35	1,014,229	708,785
		<b>1,583,356</b>	1,368,864
<b>Non-controlling interests</b>		<b>18,476</b>	168,929
<b>Total equity</b>		<b>1,601,832</b>	1,537,793

**STATEMENTS OF FINANCIAL POSITION (CONT'D.)**

As at 31 December 2017

	Note	Group	
		2017 RM'000	2016 RM'000
<b>Non-current liabilities</b>			
Retirement benefit obligations	25	<b>3,700</b>	3,857
Defined benefit pension plan	26	<b>1,904</b>	6,541
Provisions	27	<b>1,395</b>	17,272
Borrowings	28	<b>442,539</b>	761,122
Trade and other payables	30	<b>51,272</b>	30,333
Derivative financial instruments	23	-	5,530
Deferred tax liabilities	31	<b>49,008</b>	51,581
		<b>549,818</b>	876,236
<b>Current liabilities</b>			
Retirement benefit obligations	25	<b>430</b>	261
Provisions	27	<b>1,784</b>	17,585
Borrowings	28	<b>117,222</b>	228,577
Trade and other payables	30	<b>720,275</b>	831,862
Derivative financial instruments	23	-	1,409
Income tax payable		<b>14,614</b>	35,616
		<b>854,325</b>	1,115,310
<b>Total liabilities</b>		<b>1,404,143</b>	1,991,546
<b>Total equity and liabilities</b>		<b>3,005,975</b>	3,529,339

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

	Note	Company	
		2017 RM'000	2016 RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	<b>31,234</b>	28,787
Intangible asset	16	<b>167</b>	12
Investment in subsidiaries	17	<b>1,918,043</b>	2,029,900
Other investments	19	<b>272</b>	272
Amount due from a subsidiary	21	<b>92,841</b>	338,813
		<b>2,042,557</b>	2,397,784
<b>Current assets</b>			
Other receivables	21	<b>80,432</b>	2,998
Cash, bank balances and deposits	24	<b>87,277</b>	86,141
		<b>167,709</b>	89,139
<b>Total assets</b>		<b>2,210,266</b>	2,486,923
<b>Equity and liabilities</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	32	<b>268,074</b>	207,906
Share premium	32	-	60,168
Capital reserve	33	<b>788,375</b>	788,375
Other merger reserve	33	<b>482,035</b>	482,035
Retained earnings	35	<b>296,000</b>	419,520
		<b>1,834,484</b>	1,958,004
<b>Non-current liabilities</b>			
Borrowings	28	<b>249,501</b>	351,703
Other payables	30	<b>9,331</b>	21,830
Derivative financial instrument	23	-	3,859
		<b>258,832</b>	377,392
<b>Current liabilities</b>			
Provisions	27	<b>200</b>	300
Borrowings	28	<b>52,190</b>	124,085
Other payables	30	<b>64,560</b>	27,142
		<b>116,950</b>	151,527
<b>Total liabilities</b>		<b>375,782</b>	528,919
<b>Total equity and liabilities</b>		<b>2,210,266</b>	2,486,923

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Attributable to owners of the parent							Total equity RM'000
	Non-distributable					Total RM'000	Non- controlling interests RM'000	
	Share capital (Note 32) RM'000	Share premium (Note 32) RM'000	Capital reserve (Note 33) RM'000	Other reserves (Note 34) RM'000	Retained earnings (Note 35) RM'000			
<b>Group</b>								
<b>At 1 January 2017</b>	<b>207,906</b>	<b>60,168</b>	<b>313,856</b>	<b>78,149</b>	<b>708,785</b>	<b>1,368,864</b>	<b>168,929</b>	<b>1,537,793</b>
Profit for the year	-	-	-	-	418,187	418,187	16,573	434,760
Other comprehensive loss	-	-	-	(76,317)	(541)	(76,858)	(9,233)	(86,091)
Total comprehensive (loss)/income	-	-	-	(76,317)	417,646	341,329	7,340	348,669
<b>Transactions with owners</b>								
Transfer to share capital*	<b>60,168</b>	<b>(60,168)</b>	-	-	-	-	-	-
Put option granted to non-controlling interests of a subsidiary	-	-	-	(14,635)	-	(14,635)	(23,645)	(38,280)
Disposal of a subsidiary	-	-	-	-	-	-	(108,447)	(108,447)
Dilution of interest in a subsidiary	-	-	-	-	12,542	12,542	3,272	15,814
Dividends paid to:								
- Shareholders of the Company (Note 12)	-	-	-	-	(124,744)	(124,744)	-	(124,744)
- Non-controlling shareholders of subsidiaries	-	-	-	-	-	-	(28,973)	(28,973)
	<b>60,168</b>	<b>(60,168)</b>	-	<b>(14,635)</b>	<b>(112,202)</b>	<b>(126,837)</b>	<b>(157,793)</b>	<b>(284,630)</b>
<b>At 31 December 2017</b>	<b>268,074</b>	<b>-</b>	<b>313,856</b>	<b>(12,803)</b>	<b>1,014,229</b>	<b>1,583,356</b>	<b>18,476</b>	<b>1,601,832</b>

## Attributable to owners of the parent

	Non-distributable					Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital (Note 32) RM'000	Share premium (Note 32) RM'000	Capital reserve (Note 33) RM'000	Other reserves (Note 34) RM'000	Retained earnings (Note 35) RM'000			
<b>Group</b>								
<b>At 1 January 2016</b>	203,375	-	313,856	69,259	753,379	1,339,869	188,222	1,528,091
Profit for the year	-	-	-	-	80,056	80,056	(33,484)	46,572
Other comprehensive income/(loss)	-	-	-	8,890	(2,628)	6,262	3,629	9,891
Total comprehensive income/(loss)	-	-	-	8,890	77,428	86,318	(29,855)	56,463
<b>Transactions with owners</b>								
Acquisition of a subsidiary (Note 17(d)(ii))	4,531	60,168	-	-	-	64,699	19,850	84,549
Issuance of ordinary shares to non-controlling interests (Note 17(d)(i) & (iii))	-	-	-	-	-	-	1,654	1,654
Dilution of interest in a subsidiary	-	-	-	-	3	3	33	36
Dividends paid to:								
- Shareholders of the Company (Note 12)	-	-	-	-	(122,025)	(122,025)	-	(122,025)
- Non-controlling shareholders of subsidiaries	-	-	-	-	-	-	(10,975)	(10,975)
	4,531	60,168	-	-	(122,022)	(57,323)	10,562	(46,761)
<b>At 31 December 2016</b>	207,906	60,168	313,856	78,149	708,785	1,368,864	168,929	1,537,793

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

**STATEMENTS OF CHANGES IN EQUITY (CONT'D.)**

For the year ended 31 December 2017

	Share capital (Note 32) RM'000	Share premium (Note 32) RM'000	Capital reserve (Note 33) RM'000	Other merger reserve (Note 33) RM'000	Retained earnings (Note 35) RM'000	Total equity RM'000
<b>Company</b>						
<b>At 1 January 2017</b>	207,906	60,168	788,375	482,035	419,520	1,958,004
Total comprehensive income	-	-	-	-	1,224	1,224
<b>Transaction with owners</b>						
Transfer to share capital*	60,168	(60,168)	-	-	-	-
Dividends (Note 12)	-	-	-	-	(124,744)	(124,744)
<b>At 31 December 2017</b>	<b>268,074</b>	<b>-</b>	<b>788,375</b>	<b>482,035</b>	<b>296,000</b>	<b>1,834,484</b>
<b>At 1 January 2016</b>						
<b>At 1 January 2016</b>	203,375	-	788,375	482,035	315,163	1,788,948
Total comprehensive income	-	-	-	-	226,382	226,382
<b>Transaction with owners</b>						
Acquisition of a subsidiary (Note 17(d)(ii))	4,531	60,168	-	-	-	64,699
Dividends (Note 12)	-	-	-	-	(122,025)	(122,025)
<b>At 31 December 2016</b>	<b>207,906</b>	<b>60,168</b>	<b>788,375</b>	<b>482,035</b>	<b>419,520</b>	<b>1,958,004</b>

\* The Companies Act 2016 ("Act"), which came into effect on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of Section 74 of the Act, use the amount standing to the credit of its share premium account of RM60.2 million for purposes as set out in Section 618(3) of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

# STATEMENTS OF CASH FLOWS

For the year ended 31 December 2017

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Cash flows from operating activities</b>				
Cash receipts from customers	<b>2,084,880</b>	1,506,947	<b>12,275</b>	35,728
Cash payments to suppliers	<b>(943,427)</b>	(913,415)	-	-
Cash payments to employees and for expenses	<b>(950,721)</b>	(531,311)	<b>(82,438)</b>	(54,085)
Cash generated from/(used in) operations	<b>190,732</b>	62,221	<b>(70,163)</b>	(18,357)
Interest paid	<b>(35,895)</b>	(9,223)	<b>(21,433)</b>	(3,133)
Taxes (paid)/refunded	<b>(59,988)</b>	(52,460)	<b>(106)</b>	264
Cash flows from discontinued operation	<b>56,665</b>	32,881	-	-
Net cash flows generated from/(used in) operating activities	<b>151,514</b>	33,419	<b>(91,702)</b>	(21,226)
<b>Cash flows from investing activities</b>				
Proceeds from disposal of property, plant and equipment	<b>375</b>	2,269	-	-
Acquisition of subsidiaries, net of cash acquired	-	(511,321)	-	(36,000)
Proceeds from disposal of a subsidiary, net of cash disposed (Note 17(a))	<b>404,997</b>	-	-	-
Settlement of remaining consideration for the acquisition of subsidiaries in prior year	<b>(19,110)</b>	-	-	-
Payment of deferred consideration	<b>(3,400)</b>	-	-	-
Investment in subsidiaries	-	-	-	(87,127)
Investment in associates	<b>(21)</b>	(400)	-	-
Joint venture equalisation settlement	<b>(1,590)</b>	-	-	-
Placement of short term investments	<b>(194,178)</b>	(26,500)	-	-
Proceeds from withdrawal of short term investments	<b>53,963</b>	233,216	-	-
Interest received	<b>6,607</b>	6,112	<b>6,718</b>	851
Dividend received from an associate	<b>2,400</b>	1,705	-	-
Dividends received from subsidiaries	-	-	<b>67,900</b>	260,842
Purchase of property, plant and equipment	<b>(92,453)</b>	(37,318)	<b>(5,001)</b>	(4,991)
Purchase of intangible assets	<b>(13,044)</b>	(847)	<b>(210)</b>	(4)
Advances to a subsidiary	-	-	<b>(18,722)</b>	(338,813)
Advances from a subsidiary	-	-	<b>15,500</b>	15,000
Repayment from a subsidiary	-	-	<b>318,427</b>	-
Cash flows from discontinued operation	<b>(5,581)</b>	7,619	-	-
Net cash flows generated from/(used in) investing activities	<b>138,965</b>	(325,465)	<b>384,612</b>	(190,242)

**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
<b>Cash flows from financing activities</b>				
Proceeds from issuance of ordinary shares to non-controlling interests	15,814	1,654	-	-
Finance lease repayment	(986)	(626)	-	-
Drawdown of borrowings	337,389	602,104	300,000	418,062
Repayment of borrowings	(552,211)	(29,317)	(467,030)	(20,722)
Dividends paid	(124,744)	(122,025)	(124,744)	(122,025)
Dividends paid to non-controlling shareholders of subsidiaries	(1,408)	-	-	-
Withdrawal/(placement) of fixed deposits	66,676	(61,802)	61,619	(61,619)
Cash flows from discontinued operation	(36,304)	(116,372)	-	-
Net cash flows (used in)/generated from financing activities	(295,774)	273,616	(230,155)	213,696
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(5,295)</b>	<b>(18,430)</b>	<b>62,755</b>	<b>2,228</b>
Net foreign exchange difference	(18,068)	12,849	-	-
Cash and cash equivalents at beginning of year	512,161	517,742	24,522	22,294
<b>Cash and cash equivalents at end of year (Note a)</b>	<b>488,798</b>	<b>512,161</b>	<b>87,277</b>	<b>24,522</b>
(a) Cash and cash equivalents comprise:				
Cash in hand and at banks	200,091	245,017	4,912	5,417
Fixed deposits with licensed banks	309,131	334,993	82,365	80,724
Fixed deposits with other financial institutions	10,860	60,000	-	-
Cash, bank balances and deposits (Note 24)	520,082	640,010	87,277	86,141
Less: Fixed deposits on lien	(14,804)	(16,034)	-	-
Less: Fixed deposits pledged	(15,547)	(4,809)	-	-
Less: Cash and fixed deposit restricted in usage	(933)	(77,117)	-	(61,619)
Less: Bank overdrafts (Note 28)	-	(29,889)	-	-
	<b>488,798</b>	<b>512,161</b>	<b>87,277</b>	<b>24,522</b>

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 17, Menara UEM, Tower 1, Avenue 7, The Horizon, Bangsar South City, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur.

The Company regards UEM Group Berhad and Khazanah Nasional Berhad, both incorporated in Malaysia, as its immediate and ultimate holding companies respectively. Related companies in these financial statements refer to member companies within the UEM Group of companies.

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries, joint ventures and associates are described in Note 44.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 21 March 2018.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRS") and the requirements of the Companies Act 2016 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2017 as described fully in Note 2.2.

The financial statements of the Group and of the Company have also been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

### 2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2017, the Group and the Company adopted the following amended FRSs mandatory for annual financial periods beginning on or after 1 January 2017.

	<b>Effective for annual periods beginning on or after</b>
Amendments to FRS 107 Disclosure Initiative	1 January 2017
Amendments to FRS 112 Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Annual Improvements to FRSs 2014-2016 Cycle	
- Amendments to FRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in FRS 12	1 January 2017

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.2 Changes in accounting policies (cont'd.)

The nature and impact of the amended FRSs are described below:

##### Amendments to FRS 107: Disclosure Initiative

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of this amendment, entities are not required to provide comparative information for preceding periods. Apart from the additional disclosures in Note 28, the application of these amendments has had no impact on the Group and on the Company.

##### Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

The application of these amendments has had no impact on the Group and on the Company as the Group and the Company already assess the sufficiency of future taxable profits in a way that is consistent with these amendments.

#### **Annual Improvements to FRS Standards 2014-2016 Cycle**

##### **Amendments to FRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in FRS 12**

The amendments clarify that an entity need not provide summarised financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. The application of these amendments has had no effect on the Group as none of the Group's interest in these entities are classified, or included in a disposal group that is classified, as held for sale.

#### **Changes in regulatory requirement**

##### Companies Act 2016

The Companies Act 2016 was enacted to replace the Companies Act, 1965 with the objectives to create a legal and regulatory structure that will facilitate business, and promote accountability as well as protection of corporate directors and shareholders, taking into consideration the interest of other stakeholders. The Companies Act 2016 was passed on 4 April 2016 by the Dewan Rakyat (House of Representative) and gazetted on 15 September 2016. The Companies Act 2016 (except section 241 and Division 8 of Part III) becomes effective on 31 January 2017.

Amongst the key changes introduced in the Companies Act 2016 which has affected the financial statements of the Group and of the Company upon the commencement of the Companies Act 2016 on 31 January 2017 are:

- (i) removal of the authorised share capital;
- (ii) shares of the Company will cease to have par or nominal value; and
- (iii) the Company's share premium account will become part of the Company's share capital.

The adoption of the Companies Act 2016 has no financial impact on the Group and the Company for the current financial year ended 31 December 2017. The effect of adoption is mainly on the disclosures to the financial statements of the Group and of the Company.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.3 Standards issued but not yet effective

#### Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the MFRS Framework.

The MFRS Framework has been applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities are allowed to defer adoption of the new MFRS Framework. The adoption will be mandatory for Transitioning Entities for annual periods beginning on or after 1 January 2018. The Group falls within the scope of Transitioning Entities and had then opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2018.

In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings. The consolidated financial statements for the years ended 31 December 2016 and 2017 could be different if prepared under the MFRS Framework.

The Group has established a project team to plan and manage the adoption of the MFRS Framework. This project consists of the following phases:

(a) Assessment and planning phase

This phase involves the following:

- High level identification of the key differences between Financial Reporting Standards and accounting standards under the MFRS Framework and disclosures that are expected to arise from the adoption of MFRS Framework;
- Evaluation of any training requirements; and
- Preparation of a conversion plan.

The Group considers the assessment and planning phase to be completed as at the date of these financial statements.

(b) Implementation and review phase

This phase aims to:

- Develop training programs for the staff;
- Formulate new and/or revised accounting policies and procedures for compliance with the MFRS Framework;
- Identify potential financial effects as at the date of transition, arising from the adoption of the MFRS Framework; and
- Develop disclosures required by the MFRS Framework.

The Group is finalising its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2017 could be different if prepared under the MFRS Framework.

The Group considers that it is achieving its scheduled milestones and expects to be in position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2018.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.4 Summary of significant accounting policies

##### (a) Basis of consolidation and subsidiaries

###### (i) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

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

- (i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of 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 its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

- (i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) Potential voting rights held by the Company, other vote holders or other parties;
- (iii) Rights arising from other contractual arrangements; and
- (iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.4 Summary of significant accounting policies (cont'd.)

#### (a) Basis of consolidation and subsidiaries (cont'd.)

##### (i) Basis of consolidation (cont'd.)

###### ***Business combinations***

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss in accordance with FRS 139. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of FRS 139, it is measured in accordance with the appropriate FRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

###### ***Business combinations involving entities under common control***

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. Under the pooling of interest method, the results of the subsidiaries are presented as if the combination had been effected throughout the current and previous financial periods. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the common control shareholder. Any difference between the cost of consideration and the share capital of the "acquired" entity is classified as an equity and regarded as a non distributable reserve. Comparatives are presented as if the entities has always been combined since the date the entities had come under common control.

##### (ii) Subsidiaries

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.4 Summary of significant accounting policies (cont'd.)

##### (b) Investment in associates

An associate is an entity over which the Group has significant influence. 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 Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in an associate is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Where necessary, adjustments are made to bring the accounting policies of associates in line with those of the Group.

Goodwill relating to associate is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of an associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment 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's profit or loss for the period in which the investment is acquired.

Equity accounting is discontinued when the Group's share of losses and negative reserves in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, unless the Group has incurred obligations or guaranteed obligations in respect of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

In the Company's separate financial statements, investments in associates are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

##### (c) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

##### (i) Joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Investments in joint venture are accounted for in the consolidated financial statements using the equity method of accounting.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.4 Summary of significant accounting policies (cont'd.)

#### (c) Joint arrangements (cont'd.)

##### (ii) Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Group recognises its interest in joint operation using the proportionate consolidation. The Group combines its share of each of the assets, liabilities, income and expenses of the joint operation with the similar items, line by line, in its consolidated financial statements. The joint operation is proportionately consolidated from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint operation.

Adjustments are made in the Group's consolidated financial statements to eliminate the Group's share of intragroup balances, income and expenses and unrealised gains and losses on transactions between the Group and its joint operation.

The financial statements of the joint operation are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

#### (d) Transactions with non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the income statement of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity.

Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

Put option issued to non-controlling interests by the Group over its own equity gives rise to a financial liability with a corresponding charge directly to equity. At each reporting date, the related non-controlling interests are derecognised against this equity as if it was acquired at that date.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.4 Summary of significant accounting policies (cont'd.)

##### (e) Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is classified as current when it is:

- (i) Expected to be realised or intended to be sold or consumed in normal operating cycle;
- (ii) Held primarily for the purpose of trading;
- (iii) Expected to be realised within twelve months after the reporting period; or
- (iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- (i) It is expected to be settled in normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

##### (f) Intangible assets

###### (i) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units ("CGU") that are expected to benefit from the synergies of the combination.

The CGU to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the CGU may be impaired, by comparing the carrying amount of the CGU, including the allocated goodwill, with the recoverable amount of the CGU. Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a CGU and part of the operation within that CGU is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the CGU retained.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.4 Summary of significant accounting policies (cont'd.)

#### (f) Intangible assets (cont'd.)

##### (i) Goodwill (cont'd.)

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.4(y).

Goodwill and fair value adjustments which arose on acquisition of foreign operation before 1 January 2006 are deemed to be assets and liabilities of the Company and are recorded in RM at the rates prevailing at the date of acquisition.

##### (ii) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in income statement.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

##### Customer contracts and relationships

Customer contracts and relationships acquired through business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied. The finite useful life of customer contracts and customer relationships are assessed to be ranging from 10 to 15 years and 5 to 10 years respectively. Amortisation is charged on a straight line basis and the expense is recognised in the income statement.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.4 Summary of significant accounting policies (cont'd.)

##### (f) Intangible assets (cont'd.)

##### (ii) Other intangible assets (cont'd.)

###### Software

Software that do not form an integral part of the related hardware have been reclassified as intangible assets. Software is considered to have finite useful lives, are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products between 3 and 5 years. Impairment is assessed whenever there is an indication of impairment and amortisation period and method are also reviewed at least at each reporting date.

###### Research and development costs

Research and development costs are recognised as an expense except that costs incurred on individual development project are recognised as development asset to the extent that such expenditure is expected to generate future economic benefits. Development costs are only recognised as an asset when it is probable that future economic benefits will be realised as a result of the specific expenditure and the costs can be measured reliably.

Following the initial recognition of the development expenditure, the asset is carried at cost less accumulated amortisation and accumulated impairment losses. Policy for the recognition and measurement of impairment loss is in accordance with Note 2.4(i). Any impairment loss recognised shall not be reversed in subsequent periods even if there are changes to the circumstances or events that led to the impairment. These costs are derecognised when they are disposed of or when no future economic benefit is expected from the disposal.

Development costs that have been capitalised are amortised over the period of expected future economic benefits from the related project.

##### (g) Property, plant and equipment

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

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress is not depreciated as these assets are not available for use. Capital work-in-progress relates to the installation of new machinery and renovation of a research and development centre.

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Leasehold land	1% - 2.4%
Buildings	1.8% - 2.2%
Plant and equipment	5% - 50%
Furniture and fittings	10% - 20%
Motor vehicles	20%
Computers	20% - 33%

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.4 Summary of significant accounting policies (cont'd.)

#### (g) Property, plant and equipment (cont'd.)

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

#### (h) Land held for property development and property development costs

##### (i) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

##### (ii) 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.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statements by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the income statements over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the income statements is classified as progress billings within trade payables.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.4 Summary of significant accounting policies (cont'd.)

##### (i) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

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

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.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

##### (j) Inventories

Inventories are stated at lower of cost and net realisable value.

Cost of consumables which is determined on the weighted average basis, comprise cost of purchase of inventories.

Cost of property held for resale is determined on the specific identification basis and include cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.4 Summary of significant accounting policies (cont'd.)

#### (k) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

#### (i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss consist of short term unquoted unit trust.

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

#### (ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

#### (iii) Held-to-maturity investments

The Group and the Company do not have any financial assets classified as held-to-maturity.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.4 Summary of significant accounting policies (cont'd.)

##### (k) Financial assets (cont'd.)

##### (iv) Available-for-sale financial assets

Available-for-sale financial assets consist of non-current unquoted share held for sale and marketable securities. Available-for-sale financial assets are financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's rights to receive payment are established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

##### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.4 Summary of significant accounting policies (cont'd.)

#### (I) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

#### (i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment 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 impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

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 profit or loss.

#### (ii) Unquoted instruments carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) 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.

#### (iii) Available-for-sale financial assets

For available-for-sale financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. When there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss - is removed from OCI and recognised in the statement of profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.4 Summary of significant accounting policies (cont'd.)

##### (m) Accrued billing/Billing in advance

###### (i) Accrued billing

Accrued billing is recognised either on percentage of completion or time-charge basis, whichever is applicable to the terms of the contract. The percentage of completion is estimated based on actual costs incurred over the expected total cost of the contract.

Accrued billing is reviewed on a regular basis for impairment and provision made for any irrecoverable amounts.

###### (ii) Billing in advance

This represents amounts where customers have been invoiced ahead of the work being undertaken.

##### (n) Cash, bank balances and short-term deposits

Cash, bank balances and short-term deposits in the statements of financial position comprise cash at banks and on hand.

For the purpose of the statements of cash flows, cash and cash equivalents consist of cash, bank balances and short-term deposits with a maturity of three months or less with financial institutions, which are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

##### (o) Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

##### (p) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

###### (i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.4 Summary of significant accounting policies (cont'd.)

#### (p) Financial liabilities (cont'd.)

##### (ii) Other financial liabilities

The Group's and the Company's other financial liabilities include trade and other payables, loans and borrowings and financial guarantee contracts.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

Put option issued to non-controlling interests by the Group over its own equity gives rise to financial liability measured at the present value of the estimated redemption amount. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to the equity.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

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

#### (q) Offsetting of financial instruments

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

#### (r) Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as forward currency contracts, cross currency profit rate swap and interest rate swaps, to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into, and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.4 Summary of significant accounting policies (cont'd.)

##### (r) Derivative financial instruments and hedge accounting (cont'd.)

###### Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

##### (s) Leases

###### As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

##### (t) Discontinued operation

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding the finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the sale will be withdrawn. Management must be committed to the plan to sell the asset and the sale is expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.4 Summary of significant accounting policies (cont'd.)

#### (t) Discontinued operation (cont'd.)

A disposal group qualifies as discontinued operation if it is a component of the Group that is a CGU or a group of CGUs that either is classified as held for sale or has been disposed of and represents a major line of business or major geographical area.

Discontinued operation is excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operation in the statement of profit or loss.

#### (u) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

#### (v) Income tax

##### (i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

##### (ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.4 Summary of significant accounting policies (cont'd.)

##### (v) Income tax (cont'd.)

##### (ii) Deferred tax (cont'd.)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

##### (iii) Goods and Service Tax ("GST")

The net amount of GST being the difference between output and input of GST, payable to or receivable from the respective authorities at the reporting date, is included in trade and other payables or trade and other receivables in the statements of financial position.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.4 Summary of significant accounting policies (cont'd.)

#### (w) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### (x) Employee benefits

##### (i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

##### (ii) Long term incentives plan

Long term incentives are granted to eligible employees subject to meeting the pre-determined financial performance and value growth targets of the Group over a vesting period of 3 years.

Liability arising from long term incentives is measured and reviewed at each reporting date, based on the management's estimates on the achievement of the pre-determined targets, and it is recognised as an expense over the performance period of 3 years.

##### (iii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in profit or loss as incurred. As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF").

##### (iv) Defined benefit plan

The Group's subsidiaries operate defined benefit pension schemes for its eligible employees. The benefit is unfunded. A liability or asset is recognised when there is a shortfall or surplus in a defined benefit pension scheme, being the difference between the fair value of the scheme assets and liabilities as determined by an independent actuary. Actuarial gains and losses are recognised in full in other comprehensive income at the time of valuation. Such actuarial gains and losses are also immediately recognised in retained earnings and are not reclassified to profit or loss in subsequent periods. The cost of providing benefits under this plan is determined using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine the current service cost) and to the current and prior periods (to determine the present value of the defined benefit obligation) and is based on actuarial advice. The current service cost is charged to profit or loss. Past service costs are recognised in profit or loss on a straight-line basis over the vesting period or immediately if benefits have vested.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.4 Summary of significant accounting policies (cont'd.)

##### (x) Employee benefits (cont'd.)

###### (iv) Defined benefit plan (cont'd.)

A charge representing the unwinding of the discount on the plan liabilities during the year is included in profit or loss as administrative expenses. A credit representing the expected return of the plan assets during the year is also included within administrative expenses. This credit is based on the market value of the plan assets and expected rates of return at the beginning of the year.

##### (y) Foreign currencies

###### (i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

###### (ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

###### (iii) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.4 Summary of significant accounting policies (cont'd.)

#### (y) Foreign currencies (cont'd.)

##### (iii) Foreign operations (cont'd.)

The principal exchange rates used for every unit of foreign currency ruling at the reporting date are as follows:

	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
United Kingdom Pound (GBP)	<b>5.47</b>	5.52
United States Dollars (USD)	<b>4.05</b>	4.49
United Arab Emirates Dirham (AED)	<b>1.10</b>	1.22
Indian Rupees (INR)	<b>0.06</b>	0.07
New Zealand Dollars (NZD)	<b>2.88</b>	3.12
Saudi Arabian Riyal (SAR)	<b>1.08</b>	1.20
Canadian Dollars (CAD)	<b>3.22</b>	3.33
Australian Dollars (AUD)	<b>3.16</b>	3.24
Singapore Dollars (SGD)	<b>3.03</b>	3.10
Taiwan New Dollar (TWD)	<b>0.14</b>	0.14
Indonesian Rupiah (IDR'000)	<b>0.30</b>	0.33

#### (z) Income recognition

##### Revenue recognition

##### (i) Revenue from services rendered

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the revenue can be measured reliably. The following specific recognition criteria must also be met before revenue is recognised:

##### Consultancy

Fees on project management services are recognised upon performance and when no significant uncertainty exists regarding the fees that will be derived from the projects.

Revenue on consultancy contracts services are calculated as the proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Profits on consultancy contracts services are recognised as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated to reflect the proportion of the work carried out at the year end, by recording revenue and related costs as contract activity progresses. Revenue derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.4 Summary of significant accounting policies (cont'd.)

##### (z) Income recognition (cont'd.)

##### Revenue recognition (cont'd.)

##### (i) Revenue from services rendered (cont'd.)

##### Services

The Group provides integrated facilities management services to public and private healthcare institutions and for a range of buildings types from institutional to retail, offices, educational institutions as well as homes.

##### (1) Healthcare

The Group provides healthcare support services to the public hospital in the Northern zone of Malaysia encompassing the states of Perlis, Kedah, Pulau Pinang and Perak. The services provided are clinical waste management, cleansing, laundry and linen, facilities engineering maintenance and biomedical engineering maintenance. The Group also provides healthcare facilities management, housekeeping and patient management services to various private healthcare institutions in Malaysia, Singapore and Taiwan.

These services are generally provided as a fixed priced contract and revenue is recognised in the period the services are rendered.

##### (2) Infrastructure

The Group provides maintenance service and repair of civil, mechanical and electrical works on roads, infrastructure and expressways works.

Revenue for routine maintenance is recognised based on fixed sum contract and is generally recognised in the period services are rendered. Revenue for non routine maintenance service and repair is recognised upon performance of work and services, and is based on schedule of rates approved by customer when the outcome of the claims can be determined with reasonable certainty.

##### (3) Real estate

The Group provides various facilities management including infrastructure, building and ground maintenance to commercial customers. These services are provided on a time and material basis or as a fixed-priced contract, with contract terms generally ranging from one (1) year to three (3) years.

Revenue from these services is recognised in the period the services are rendered.

##### Solutions

The Group also provides green technology and sustainability services in retro-fitting works of buildings followed by a period in which the Group maintains and services the infrastructure. In such contracts, revenue from the retro-fitting works is accounted for by the percentage of completion method. The percentage of completion is measured by reference on the proportion of contract costs incurred for work performed to date over the estimated total contract costs.

Revenue from the maintenance and servicing of the infrastructure subsequent to the retro-fitting is recognised in the period the services are rendered.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.4 Summary of significant accounting policies (cont'd.)

#### (z) Income recognition (cont'd.)

##### Revenue recognition (cont'd.)

##### (i) Revenue from services rendered (cont'd.)

###### Property development

Revenue from sale of property development is accounted for using the percentage of completion method as described in Note 2.4(h)(ii).

Revenue from sale of completed property units is recognised upon transfer of risk and rewards.

###### Others

##### (i) Management fees

Management fees for services provided to entities within the Group are recognised on an accrual basis.

##### (ii) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

##### Other income recognition

##### (i) Rental income

Rental income is recognised on a straight-line basis over the term of the lease.

##### (ii) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

#### (aa) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 43, including the factors used to identify the reportable segments and the measurement basis of segment information.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.4 Summary of significant accounting policies (cont'd.)

##### (ab) Contingencies

A contingent liability is:

- (i) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (ii) A present obligation that arises from past events but is not recognised because:
  - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statement of financial positions of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

##### (ac) Fair value measurement

The Group measures financial instruments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

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

A fair value measurement of a non-financial 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.

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.4 Summary of significant accounting policies (cont'd.)

#### (ac) Fair value measurement (cont'd.)

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

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

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

### 2.5 Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

#### (a) Judgement

There are no critical judgements made by management in the process of applying the Group's accounting policies that may have significant effects on the amounts recognised in the financial statements.

#### (b) Key sources of estimation uncertainty

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

##### (i) Consultancy

The Group recognised a significant portion of its revenue and profit on consultancy contract services based on the percentage of completion, calculated by reference to the proportion of costs incurred to date against the total expected costs for the contracts. Full provision is made for losses on all contracts when they are first foreseen. Significant estimates are applied especially in determining the total expected costs for the contracts in order to reliably estimate the percentage of completion.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.5 Significant accounting judgements and estimates (cont'd.)

##### (b) Key sources of estimation uncertainty (cont'd.)

###### (ii) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the 'value in use' of the CGU to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the CGU and also to determine suitable discount and growth rates in order to calculate the present value of those cash flows. The carrying amounts of goodwill at 31 December 2017 was RM533.6 million (2016: RM740.4 million). Further details are disclosed in Note 16.

###### (iii) Impairment of investment in subsidiaries

The Company determines whether investment in subsidiaries is impaired when there is an indication of impairment. This requires an estimation of the 'value in use' of the investment in subsidiaries. Estimating a value in use amount requires management to make an estimate of the expected future cash flows and also to determine suitable discount and growth rates in order to calculate the present value of those cash flows. The carrying amounts of investment in subsidiaries at 31 December 2017 was RM1,918.0 million (2016: RM2,029.9 million). Further details are disclosed in Note 17.

###### (iv) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 21.

###### (v) Income taxes

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.5 Significant accounting judgements and estimates (cont'd.)

#### (b) Key sources of estimation uncertainty (cont'd.)

##### (vi) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The deferred tax assets amounting to RM14.5 million (2016: RM51.6 million) are mainly related to subsidiaries of which management are confident that it would be probable for the related subsidiaries to generate future taxable profits.

If the Group was able to recognise all unrecognised deferred tax assets, profit and equity would have increased by RM8.9 million (2016: RM5.9 million). Further details are disclosed in Note 31.

##### (vii) Deferred consideration payable

Deferred consideration payable arose from the acquisition of KFM Holdings Sdn. Bhd. ("KFM") in prior year. At each reporting period, the group assesses the fair value of the deferred consideration payable based on the projected profitability of KFM, and considers the current and projected market conditions.

During the year, management assessed the fair value of the remaining deferred consideration payable for KFM to be RM17.9 million due to lower probability of KFM meeting the performance targets. Accordingly, amount of RM5.8 million was recognised in the income representing the fair value changes relating to the deferred consideration payable during the current financial year.

Further details of the deferred consideration payable are disclosed in Note 30(d).

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 3. REVENUE

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Consultancy	<b>180,935</b>	163,108	-	-
Services				
- Healthcare	<b>912,346</b>	460,820	-	-
- Infrastructure	<b>862,273</b>	781,655	-	-
- Real estate	<b>158,362</b>	125,500	-	-
Solutions	<b>717</b>	306	-	-
Property development	<b>6,133</b>	47,704	-	-
Management fees	-	-	<b>45,558</b>	32,220
Dividend income from subsidiaries	-	-	<b>90,500</b>	260,842
	<b>2,120,766</b>	1,579,093	<b>136,058</b>	293,062

### 4. COST OF SALES

	Group	
	2017 RM'000	2016 RM'000
Consultancy	<b>104,337</b>	61,610
Services		
- Healthcare	<b>752,180</b>	382,721
- Infrastructure	<b>715,683</b>	663,057
- Real estate	<b>130,058</b>	97,188
Solutions	<b>11,137</b>	2,925
Property development:		
- property development costs (Note 14(b))	<b>(65)</b>	22,975
- completed property held for sale (Note 20)	<b>4,352</b>	8,569
- other costs	<b>1,110</b>	744
	<b>1,718,792</b>	1,239,789

## 5. OTHER INCOME

Included in other income are:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Dividend income from short term investments	787	2,639	-	-
Interest income from fixed deposits	10,583	7,246	6,762	851
License and commission fees from an associate	1,455	1,273	-	-
Fair value gain on:				
- short term investments	48	292	-	-
Refund of tax penalty	-	1,000	-	1,000
Reversal of deferred consideration payable (Note 30(d))	5,806	-	5,806	-
Bad debt recovered	5,208	3,555	-	-
Net foreign exchange gain:				
- realised	10,947	1,114	10,935	-
- unrealised	737	-	-	-
Gain on disposal of scrap	863	1,215	-	-
Gain on bargain purchase on acquisition of an associate	1,255	-	-	-
Compensation received	4,230	-	-	-
Accretion of interest on concession receivables	18,830	14,436	-	-
Gain arising from remeasurement of loan to a subsidiary (Note 21(c))	-	-	71,561	-

## 6. FINANCE COSTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Interest expense on:				
- bank borrowings and overdrafts	36,345	10,235	23,460	4,199
- finance lease liabilities	406	130	-	-
Accretion of interest on deferred consideration payable (Note 30(d))	2,120	-	2,120	-
Commitment fees	497	717	-	-
Cost arising from early settlement of borrowing	8,377	-	7,834	-
Bank charges	780	638	200	81
	48,525	11,720	33,614	4,280

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 7. PROFIT BEFORE TAX

The following amounts have been charged/(credited) in arriving at profit before tax:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Employee benefits expense (Note 8)	<b>1,403,523</b>	1,155,970	<b>44,773</b>	45,986
- continuing operations	<b>662,721</b>	346,725	<b>44,773</b>	45,986
- discontinued operation	<b>740,802</b>	809,245	-	-
Non-executive directors' remuneration excluding benefits-in-kind (Note 9)	<b>1,182</b>	1,484	<b>961</b>	914
Auditors' remuneration:				
- statutory	<b>2,933</b>	2,782	<b>133</b>	121
- continuing operations	<b>1,329</b>	1,210	<b>133</b>	121
- discontinued operation	<b>1,604</b>	1,572	-	-
- under provision in prior year	<b>65</b>	41	-	-
- others	<b>3,066</b>	1,171	<b>3,038</b>	1,112
- continuing operations	<b>3,038</b>	1,112	<b>3,038</b>	1,112
- discontinued operation	<b>28</b>	59	-	-
Operating leases:				
- minimum lease payments of premises	<b>56,319</b>	69,017	<b>855</b>	1,713
- continuing operations	<b>12,965</b>	15,202	<b>855</b>	1,713
- discontinued operation	<b>43,354</b>	53,815	-	-
- minimum lease payments of motor vehicles	<b>18,014</b>	16,880	-	-
- continuing operations	<b>3,556</b>	2,262	-	-
- discontinued operation	<b>14,458</b>	14,618	-	-
- minimum lease payments of plant and machineries	<b>2,700</b>	1,956	<b>91</b>	59
- continuing operations	<b>1,545</b>	756	<b>91</b>	59
- discontinued operation	<b>1,155</b>	1,200	-	-
Amortisation of:				
- prepaid land lease payments (Note 15)	<b>87</b>	87	-	-
- intangible assets (Note 16)	<b>27,026</b>	8,268	<b>55</b>	11
- continuing operations	<b>22,797</b>	3,241	<b>55</b>	11
- discontinued operation	<b>4,229</b>	5,027	-	-
Depreciation of property, plant and equipment (Note 13)	<b>59,716</b>	59,251	<b>2,554</b>	1,468
- continuing operations	<b>41,178</b>	33,797	<b>2,554</b>	1,468
- discontinued operation	<b>18,538</b>	25,454	-	-
Impairment of plant and equipment (Note 13)	-	-	-	1,563

**7. PROFIT BEFORE TAX (CONT'D.)**

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Net gain on disposal of plant and equipment	(2,000)	(699)	-	-
- continuing operations	(113)	(463)	-	-
- discontinued operation	(1,887)	(236)	-	-
Provision for professional indemnity claims (Note 27(a))	371	963	-	-
- continuing operations	-	-	-	-
- discontinued operation	371	963	-	-
Provision for late delivery charges (Note 27(c))	-	893	-	-
Property, plant and equipment written off (Note 13)	2,216	20	-	-
Impairment on land held for property development (Note 14)	638	-	-	-
Impairment on trade and other receivables (Note 21)	15,499	8,583	-	-
- continuing operations	6,653	1,796	-	-
- discontinued operation	8,846	6,787	-	-
Reversal of impairment on trade and other receivables (Note 21)	(10,218)	(7,408)	-	-
- continuing operations	(4,140)	(4,766)	-	-
- discontinued operation	(6,078)	(2,642)	-	-
Bad debts written off	3,028	1,606	-	-
- continuing operations	-	322	-	-
- discontinued operation	3,028	1,284	-	-
Impairment loss on goodwill (Note 16)	-	106,914	-	-
- continuing operations	-	-	-	-
- discontinued operation	-	106,914	-	-
Impairment loss on investment in subsidiary (Note 17(c))	-	-	111,857	-
Impairment loss on investment in joint ventures (Note 18(a))	-	3,910	-	-
- continuing operations	-	-	-	-
- discontinued operation	-	3,910	-	-
Net foreign exchange loss:				
- realised	2,141	-	-	-
- unrealised	1,739	126	-	-
Fair value loss/(gain) on derivative financial instruments	4,228	4,147	4,459	3,859
- continuing operations	4,459	3,859	4,459	3,859
- discontinued operation	(231)	288	-	-

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**

For the year ended 31 December 2017

**8. EMPLOYEE BENEFITS EXPENSE**

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Wages and salaries	<b>1,211,466</b>	962,324	<b>31,104</b>	38,801
Contributions to statutory Employees Provident Fund ("EPF")	<b>97,478</b>	78,270	<b>4,400</b>	3,695
Social security contributions	<b>2,675</b>	2,464	<b>246</b>	205
Defined retirement benefit obligations (Note 25)	<b>273</b>	267	-	-
Decrease in liability for defined benefit pension plan (Note 26)	<b>(1,252)</b>	(866)	-	-
Employees' service entitlements (Note 27(b))	<b>2,257</b>	3,289	-	-
Staff rationalisation cost via mutual separation scheme	-	161	-	-
Other benefits	<b>90,626</b>	110,061	<b>9,023</b>	3,285
Total employee benefits recognised in profit or loss (Note 7)	<b>1,403,523</b>	1,155,970	<b>44,773</b>	45,986

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration excluding benefits-in-kind amounting to RM1.9 million (2016: RM1.6 million) and RM1.9 million (2016: RM1.6 million) respectively as further disclosed in Note 9.

## 9. DIRECTORS' REMUNERATION

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Directors of the Company</b>				
Executive:				
Salaries and other emoluments	1,027	885	1,027	885
Bonus	619	485	619	485
Contributions to defined contribution plans	234	208	234	208
Allowances	60	60	60	60
Benefits-in-kind	53	32	53	32
	<b>1,993</b>	1,670	<b>1,993</b>	1,670
Non-Executive:				
Fees	1,182	1,484	961	914
Benefits-in-kind	45	38	45	38
	<b>1,227</b>	1,522	<b>1,006</b>	952
Total	<b>3,220</b>	3,192	<b>2,999</b>	2,622
<b>Total excluding benefits-in-kind</b>	<b>3,122</b>	3,122	<b>2,901</b>	2,552
<b>Analysis excluding benefits-in-kind:</b>				
Total executive directors' remuneration excluding benefits-in-kind (Note 8)	1,940	1,638	1,940	1,638
Total non-executive directors' remuneration excluding benefits-in-kind (Note 7)	1,182	1,484	961	914
Total directors' remuneration excluding benefits-in-kind	<b>3,122</b>	3,122	<b>2,901</b>	2,552

The number of directors of the Company whose total remunerations during the year fell within the following bands is analysed below:

	No. of Directors	
	2017	2016
Executive directors:		
RM1,650,001 - RM1,700,000	-	1
RM1,950,001 - RM2,000,000	1	-
Non-executive directors:		
Below RM50,000	2	1
RM50,001 - RM100,000	1	1
RM100,001 - RM150,000	3	3
RM150,001 - RM200,000	1	1
RM200,001 - RM250,000	-	1
RM250,001 - RM300,000	2	1
RM400,001 - RM450,000	-	1

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**

For the year ended 31 December 2017

**10. INCOME TAX EXPENSE/(BENEFIT)**Major components of income tax expense

Major components of income tax expense for the years ended 31 December 2017 and 2016 are:

	<b>Group</b>		<b>Company</b>	
	<b>2017 RM'000</b>	<b>2016 RM'000</b>	<b>2017 RM'000</b>	<b>2016 RM'000</b>
<b><u>Income statements</u></b>				
Current income tax:				
- Malaysian income tax	<b>43,131</b>	46,825	-	125
- Foreign tax	<b>10,828</b>	2,397	-	-
	<b>53,959</b>	49,222	-	125
Over provision of income tax in prior years:				
- Malaysian income tax	<b>(3,542)</b>	(3,071)	<b>(125)</b>	-
- Foreign tax	<b>(1,294)</b>	(1,160)	-	-
	<b>(4,836)</b>	(4,231)	<b>(125)</b>	-
	<b>49,123</b>	44,991	<b>(125)</b>	125
Deferred tax:				
- Relating to origination and reversal of temporary differences	<b>(2,881)</b>	2,953	-	-
- Relating to changes in tax rates	-	(174)	-	-
- Over provision in prior years	<b>(83)</b>	(7,776)	-	-
	<b>(2,964)</b>	(4,997)	-	-
Income tax from continuing operations	<b>46,159</b>	39,994	<b>(125)</b>	125
Income tax from discontinued operation (Note 17(a))	<b>33,701</b>	25,722	-	-
Income tax recognised in profit or loss	<b>79,860</b>	65,716	<b>(125)</b>	125
<b><u>Statements of other comprehensive income</u></b>				
Deferred tax related to items recognised during the year (Note 31):				
- Remeasurement loss on Retirement Benefit Scheme and Defined Benefit Pension Scheme	<b>(14)</b>	(13)	-	-
- Discontinued operation	<b>6,934</b>	(3,017)	-	-
	<b>6,920</b>	(3,030)	-	-

**10. INCOME TAX EXPENSE/(BENEFIT) (CONT'D.)**

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2016: 24%) of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. Profits derived from overseas branch operations are not subject to Malaysian tax.

Reconciliation between tax expense and accounting profits

A reconciliation of income tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2017 and 2016 are as follows:

	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>		
Profit/(loss) before tax:		
- continuing operations	<b>172,922</b>	181,491
- discontinued operation (Note 17(a))	<b>68,425</b>	(67,694)
	<b>241,347</b>	113,797
Less: Zakat	<b>(1,636)</b>	(1,509)
	<b>239,711</b>	112,288
Taxation at Malaysian statutory tax rate of 24% (2016: 24%)	<b>57,531</b>	26,949
Tax effect on share of profit of joint ventures	<b>(713)</b>	(272)
Tax effect on share of profit of associates	<b>(4,717)</b>	(3,674)
Income not subject to tax	<b>(6,745)</b>	(3,477)
Foreign income not subject to tax	<b>(276)</b>	(215)
Non-deductible expenses	<b>34,979</b>	52,277
Different tax rates in other countries	<b>(568)</b>	(2,453)
Effect of changes in tax rates on deferred tax	-	(174)
Effect of exempt income under investment tax allowance	<b>(108)</b>	-
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	-	(271)
Deferred tax assets not recognised during the year		
- Malaysian subsidiaries	<b>3,034</b>	983
- Foreign operations	<b>4,958</b>	7,851
Utilisation of group tax relief	<b>(3,500)</b>	-
Overprovision of deferred tax in prior years	<b>(27)</b>	(7,030)
Overprovision of income tax expense in prior years	<b>(3,988)</b>	(4,778)
Income tax expense recognised in income statements	<b>79,860</b>	65,716

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**

For the year ended 31 December 2017

**10. INCOME TAX EXPENSE/(BENEFIT) (CONT'D.)**Reconciliation between tax expense and accounting profits (cont'd.)

A reconciliation of income tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2017 and 2016 are as follows: (cont'd.)

	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Company</b>		
Profit before tax	<b>1,099</b>	226,982
Less: Zakat	-	(475)
	<b>1,099</b>	226,507
Taxation at Malaysian statutory tax rate of 24% (2016: 24%)	<b>264</b>	54,362
Non-deductible expenses	<b>42,648</b>	8,365
Income not subject to tax	<b>(42,912)</b>	(62,602)
Overprovision of income tax in prior year	<b>(125)</b>	-
Income tax expense recognised in income statements	<b>(125)</b>	125

**11. EARNINGS PER SHARE**

Basic earnings per share amounts are calculated by dividing profit for the year attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year held by the Company.

	<b>Group</b>	
	<b>2017 RM'000</b>	<b>2016 RM'000</b>
Profit/(loss) attributable to owners of the parent:		
- from continuing operations	<b>124,613</b>	138,938
- from discontinued operation	<b>293,574</b>	(58,882)
<b>Total profit attributable to owners of the parent</b>	<b>418,187</b>	80,056
	<b>Number of Shares '000</b>	<b>Number of Shares '000</b>
Weighted average number of ordinary shares in issue	<b>831,624</b>	826,821
	<b>Group</b>	
	<b>2017 Sen</b>	<b>2016 Sen</b>
Basic earnings per share for:		
- from continuing operations	<b>15.0</b>	16.8
- from discontinued operation	<b>35.3</b>	(7.1)
Basic earnings per share	<b>50.3</b>	9.7

There are no potential ordinary shares outstanding as at 31 December 2017. As such, the diluted earnings per share of the Group is equivalent to the basic earnings per share.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 12. DIVIDENDS

	Group and Company			
	Amount		Net Dividends per Ordinary Share	
	2017 RM'000	2016 RM'000	2017 Sen	2016 Sen
<b>Recognised during the financial year:</b>				
Single tier interim dividend for 2015:				
15.00 sen on 813,501,053 ordinary shares declared on 29 February 2016 and paid on 31 March 2016	-	122,025	-	15.00
Single tier final dividend for 2016:				
7.00 sen on 831,624,030 ordinary shares declared on 25 April 2017 and paid on 21 June 2017	<b>58,214</b>	-	<b>7.00</b>	-
Single tier interim dividend for 2017:				
8.00 sen on 831,624,030 ordinary shares declared on 22 August 2017 and paid on 20 September 2017	<b>66,530</b>	-	<b>8.00</b>	-
	<b>124,744</b>	122,025	<b>15.00</b>	15.00

The Board of Directors has declared a single tier special dividend of 18.00 sen per ordinary share, on 831,624,030 ordinary shares, amounting to RM149,692,325 in respect of the financial year ended 31 December 2017, to be paid on 18 April 2018. The entitlement date is 2 April 2018.

In addition, for the financial year ended 31 December 2017, the Directors have declared a single tier second interim dividend of 5.00 sen per ordinary share, on 831,624,030 ordinary shares, amounting to RM41,581,202, to be paid on 17 May 2018. The entitlement date is 7 May 2018.

The Directors do not recommend the payment of any final dividend in respect of the current financial year.

**13. PROPERTY, PLANT AND EQUIPMENT**

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant, machinery, equipment, furniture, fittings, office equipment, motor vehicles and computers RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Group</b>						
<b>At 31 December 2017</b>						
<b>Cost</b>						
At 1 January 2017	2,368	7,417	19,717	634,645	12,226	676,373
Additions	-	-	-	71,095	39,779	110,874
Disposals	(417)	-	(865)	(24,526)	-	(25,808)
Written off (Note 7)	-	-	-	(34,823)	(1,998)	(36,821)
Reclassification	-	-	-	8,416	(8,416)	-
Disposal of a subsidiary (Note 17(a))	(765)	-	(2,570)	(197,573)	-	(200,908)
Exchange differences	(26)	-	(58)	(17,074)	-	(17,158)
At 31 December 2017	1,160	7,417	16,224	440,160	41,591	506,552
<b>Accumulated depreciation and impairment loss</b>						
At 1 January 2017	-	135	2,289	446,180	-	448,604
Charge for the year (Note 7)	-	74	395	59,247	-	59,716
Disposals	-	-	(241)	(24,105)	-	(24,346)
Written off (Note 7)	-	-	-	(34,605)	-	(34,605)
Disposal of a subsidiary (Note 17(a))	-	-	(956)	(124,105)	-	(125,061)
Exchange differences	-	-	(21)	(11,182)	-	(11,203)
At 31 December 2017	-	209	1,466	311,430	-	313,105
<b>Net carrying amount</b>						
At 31 December 2017	1,160	7,208	14,758	128,730	41,591	193,447

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant, machinery, equipment, furniture, fittings, office equipment, motor vehicles and computers RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Group (cont'd.)</b>						
<b>At 31 December 2016</b>						
<b>Cost</b>						
At 1 January 2016	2,288	7,417	20,034	583,428	7,048	620,215
Additions	-	-	-	59,592	5,650	65,242
Acquisition of subsidiaries	-	-	-	24,997	-	24,997
Disposals	-	-	-	(28,914)	-	(28,914)
Written off (Note 7)	-	-	-	(16,720)	-	(16,720)
Reclassification	-	-	-	472	(472)	-
Exchange differences	80	-	(317)	11,790	-	11,553
At 31 December 2016	2,368	7,417	19,717	634,645	12,226	676,373
<b>Accumulated depreciation and impairment loss</b>						
At 1 January 2016	-	127	1,885	405,169	-	407,181
Charge for the year (Note 7)	-	8	468	58,775	-	59,251
Acquisition of subsidiaries	-	-	-	18,006	-	18,006
Disposals	-	-	-	(26,928)	-	(26,928)
Written off (Note 7)	-	-	-	(16,700)	-	(16,700)
Exchange differences	-	-	(64)	7,858	-	7,794
At 31 December 2016	-	135	2,289	446,180	-	448,604
<b>Net carrying amount</b>						
At 31 December 2016	2,368	7,282	17,428	188,465	12,226	227,769

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

	Leasehold land RM'000	Buildings RM'000	Equipment, furniture, fittings, office equipment, motor vehicles and computers RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Company</b>					
<b>At 31 December 2017</b>					
<b>Cost</b>					
At 1 January 2017	9,823	15,611	10,296	565	36,295
Additions	-	-	5,001	-	5,001
Reclassification	-	-	565	(565)	-
At 31 December 2017	9,823	15,611	15,862	-	41,296
<b>Accumulated depreciation and impairment loss</b>					
At 1 January 2017	1,058	1,848	4,602	-	7,508
Charge for the year (Note 7)	105	312	2,137	-	2,554
At 31 December 2017	1,163	2,160	6,739	-	10,062
<b>Net carrying amount</b>	<b>8,660</b>	<b>13,451</b>	<b>9,123</b>	<b>-</b>	<b>31,234</b>
<b>At 31 December 2016</b>					
<b>Cost</b>					
At 1 January 2016	9,823	15,611	5,398	472	31,304
Additions	-	-	4,426	565	4,991
Reclassification	-	-	472	(472)	-
At 31 December 2016	9,823	15,611	10,296	565	36,295
<b>Accumulated depreciation and impairment loss</b>					
At 1 January 2016	105	821	3,551	-	4,477
Charge for the year (Note 7)	105	312	1,051	-	1,468
Impairment loss recognised in profit or loss (Note 7)	848	715	-	-	1,563
At 31 December 2016	1,058	1,848	4,602	-	7,508
<b>Net carrying amount</b>	<b>8,765</b>	<b>13,763</b>	<b>5,694</b>	<b>565</b>	<b>28,787</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**

For the year ended 31 December 2017

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

- (a) The net carrying amount of property, plant and equipment of the Group charged to a bank for banking facilities (Note 28(f)) are as follows:

	<b>Group</b>	
	<b>2017</b> <b>RM'000</b>	<b>2016</b> <b>RM'000</b>
Plant and equipment	<b>69,356</b>	59,826

- (b) Net carrying amounts of plant and equipment held under finance lease arrangement are as follows:

	<b>Group</b>	
	<b>2017</b> <b>RM'000</b>	<b>2016</b> <b>RM'000</b>
Equipment	<b>303</b>	12,098

Details of the terms and conditions of the finance lease arrangement is disclosed in Note 29.

- (c) During the year, the Group and the Company acquired property, plant and equipment by ways of:

	<b>Group</b>		<b>Company</b>	
	<b>2017</b> <b>RM'000</b>	<b>2016</b> <b>RM'000</b>	<b>2017</b> <b>RM'000</b>	<b>2016</b> <b>RM'000</b>
Cash payment	<b>102,170</b>	53,568	<b>5,001</b>	4,991
Finance lease arrangements	<b>3,801</b>	6,688	-	-
Other payables	<b>4,903</b>	4,986	-	-
	<b>110,874</b>	65,242	<b>5,001</b>	4,991

- (d) In previous year, an impairment loss of RM1.6 million was made, arising from the write down of certain property, plant and equipment of the Company to their recoverable amounts. The recoverable amounts of these property, plant and equipment of RM24.1 million were determined based on their market values by independent valuers. The impairment loss was recognised in the income statement of the Company.

## 14. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

### (a) Land held for property development

	Land RM'000	Development expenditure RM'000	Total RM'000
<b>Group</b>			
<b>At cost</b>			
At 1 January 2016/31 December 2016/31 December 2017	830	6,674	7,504
<b>Accumulated impairment</b>			
At 1 January 2016/31 December 2016	353	6,036	6,389
Impairment loss recognised in profit and loss (Note 7)	-	638	638
At 31 December 2017	353	6,674	7,027
<b>Carrying amount at 31 December 2017</b>	<b>477</b>	<b>-</b>	<b>477</b>
<b>Carrying amount at 31 December 2016</b>	<b>477</b>	<b>638</b>	<b>1,115</b>

### (b) Property development costs

	Land RM'000	Development expenditure RM'000	Total RM'000
<b>Group</b>			
<b>At 31 December 2017</b>			
<b>Cumulative property development costs</b>			
At 1 January 2017	18,500	151,089	169,589
Costs incurred during the year	-	6,262	6,262
Reversal of completed projects	(18,500)	(157,351)	(175,851)
At 31 December 2017	-	-	-
<b>Cumulative costs recognised in income statement</b>			
At 1 January 2017	(4,351)	(36,931)	(41,282)
(Recognised)/reversal during the year (Note 4)	(7)	72	65
Reversal of completed projects	18,500	157,351	175,851
Unsold units transferred to inventories	(14,142)	(120,492)	(134,634)
At 31 December 2017	-	-	-
<b>Property development costs at 31 December 2017</b>	<b>-</b>	<b>-</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**

For the year ended 31 December 2017

**14. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONT'D.)****(b) Property development costs (cont'd.)**

	Land RM'000	Development expenditure RM'000	Total RM'000
<b>Group (cont'd.)</b>			
<b>At 31 December 2016</b>			
<b>Cumulative property development costs</b>			
At 1 January 2016	18,500	71,141	89,641
Costs incurred during the year	-	79,948	79,948
At 31 December 2016	18,500	151,089	169,589
<b>Cumulative costs recognised in income statement</b>			
At 1 January 2016	(1,948)	(16,359)	(18,307)
Recognised during the year (Note 4)	(2,403)	(20,572)	(22,975)
At 31 December 2016	(4,351)	(36,931)	(41,282)
<b>Property development costs at 31 December 2016</b>	<b>14,149</b>	<b>114,158</b>	<b>128,307</b>

**15. PREPAID LAND LEASE PAYMENTS**

	Group	
	2017 RM'000	2016 RM'000
<b>Cost</b>		
At 1 January/31 December	<b>4,320</b>	4,320
<b>Accumulated amortisation</b>		
At 1 January	<b>1,170</b>	1,083
Amortisation for the year (Note 7)	<b>87</b>	87
At 31 December	<b>1,257</b>	1,170
<b>Net carrying amount</b>	<b>3,063</b>	3,150
<b>Amount to be amortised</b>		
Not later than one year	<b>87</b>	87
Later than one year but not later than five years	<b>348</b>	348
Later than five years	<b>2,628</b>	2,715

Leasehold land with an aggregate carrying value of RM2.2 million (2016: RM2.3 million) are pledged as securities for banking facilities (Note 28(f)).

## 16. INTANGIBLE ASSETS

	Goodwill RM'000 Note a	Customer contract RM'000 Note b	Customer relationships RM'000 Note b	Software and other development cost RM'000 Note c	Total RM'000
<b>Group</b>					
<b>Cost</b>					
<b>At 1 January 2016</b>	495,487	-	4,630	57,820	557,937
Additions	-	-	-	4,559	4,559
Acquisition of subsidiaries	399,324	33,996	177,102	4,830	615,252
Disposal	-	-	-	(590)	(590)
Exchange difference	6,477	-	161	2,247	8,885
<b>At 31 December 2016</b>	901,288	33,996	181,893	68,866	1,186,043
Additions	-	-	-	18,102	18,102
Disposal	-	-	-	(4,668)	(4,668)
Written off	-	-	-	(181)	(181)
Disposal of a subsidiary (Note 17(a))	(347,145)	-	(4,639)	(35,027)	(386,811)
Exchange difference	(20,495)	-	(3,879)	(2,746)	(27,120)
<b>At 31 December 2017</b>	533,648	33,996	173,375	44,346	785,365
<b>Accumulated amortisation and impairment</b>					
At 1 January 2016	54,019	-	1,156	49,316	104,491
Amortisation during the year (Note 7)	-	1,645	1,718	4,905	8,268
Acquisition of subsidiaries	-	-	-	784	784
Impairment loss (Note 7)	106,914	-	-	-	106,914
Disposal	-	-	-	(590)	(590)
Exchange difference	-	-	73	1,575	1,648
<b>At 31 December 2016</b>	160,933	1,645	2,947	55,990	221,515
Amortisation during the year (Note 7)	-	2,193	19,179	5,654	27,026
Disposal	-	-	-	(4,668)	(4,668)
Written off	-	-	-	(181)	(181)
Disposal of a subsidiary (Note 17(a))	(155,770)	-	(2,430)	(27,042)	(185,242)
Exchange difference	(5,163)	-	(583)	(1,750)	(7,496)
<b>At 31 December 2017</b>	-	3,838	19,113	28,003	50,954
<b>Net carrying amount</b>					
<b>At 31 December 2017</b>	533,648	30,158	154,262	16,343	734,411
<b>At 31 December 2016</b>	740,355	32,351	178,946	12,876	964,528

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 16. INTANGIBLE ASSETS (CONT'D.)

	<b>Software RM'000</b>
<b>Company</b>	
<b>Cost</b>	
At 1 January 2016	457
Additions	4
At 31 December 2016	461
At 1 January 2017	461
Additions	210
At 31 December 2017	671
<b>Accumulated amortisation</b>	
At 1 January 2016	438
Amortisation for the year (Note 7)	11
At 31 December 2016	449
At 1 January 2017	449
Amortisation for the year (Note 7)	55
At 31 December 2017	504
<b>Net carrying amount</b>	
At 31 December 2017	167
At 31 December 2016	12

**16. INTANGIBLE ASSETS (CONT'D.)****(a) Goodwill****Impairment testing of goodwill**

Goodwill is allocated and monitored by management across the following cash generating units ("CGU"):

	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Consultancy		
New Zealand	-	36,852
United Kingdom	-	40,732
Canada	-	52,206
Canada - Opus Stewart Weir ("OSW")	-	39,081
Australia	-	30,170
Malaysia	<b>38,636</b>	38,636
Services		
Edgenta Mediserve Sdn. Bhd. ("EMS")	<b>26,982</b>	26,982
KFM Holdings Sdn. Bhd. ("KFM")	<b>49,600</b>	49,600
UEMS Group:		
- Malaysia	<b>63,449</b>	-
- Singapore	<b>267,923</b>	-
- Taiwan	<b>10,686</b>	-
Edgenta PROPEL Berhad	<b>76,372</b>	76,372
Provisional goodwill (Note 17(d)(vi))	-	349,724
	<b>533,648</b>	740,355

Goodwill is tested for impairment on an annual basis by comparing the carrying amount of the CGU with their respective recoverable amounts, which is based on value in use. The value in use is determined by discounting future cash flows over a period of five years including a terminal value. The future cash flows are based on management's future business plan, which is the best estimate of immediate future performance.

For Services - EMS, the value in use is determined by discounting cash flows covering a ten-year period over the concession period.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 16. INTANGIBLE ASSETS (CONT'D.)

#### (a) Goodwill (cont'd.)

##### Key assumptions used in value-in-use calculation

The discount rates applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flows beyond the projection period are as follows:

	Projection period Years	Discount rate		Terminal growth rate	
		2017 %	2016 %	2017 %	2016 %
Consultancy					
New Zealand	-	-	12.1	-	1.1
United Kingdom	-	-	12.5	-	2.0
Canada	-	-	12.9	-	2.5
Canada - OSW	-	-	12.9	-	1.5
Australia	-	-	15.7	-	2.5
Malaysia	5	<b>13.0</b>	14.0	<b>1.0</b>	2.0
Services					
EMS	10	<b>12.0</b>	13.0	*	*
KFM	5	<b>12.0</b>	13.0	<b>1.0</b>	1.0
UEMS Group:					
- Malaysia	5	<b>10.0</b>	-	<b>2.0</b>	-
- Singapore	5	<b>8.0</b>	-	<b>1.0</b>	-
- Taiwan	5	<b>8.0</b>	-	<b>1.0</b>	-
Edgenta PROPEL Berhad	5	<b>12.0</b>	14.0	<b>1.0</b>	2.0

\* Future cash flows for the integrated facilities management unit are estimated covering the concession period of ten years with no terminal values.

The calculation of the value-in-use for the CGUs are most sensitive to the following assumptions:

(i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins and average growth rate achieved in the years before the budgeted year, adjusted for market and economic conditions and internal resource efficiency.

(ii) Discount rate

The discount rates reflect the current market assessment of the risks specific to each CGU. This reflected the management's best estimate of return on capital employed required in the Group.

(iii) Terminal growth rate

Terminal growth rates used to extrapolate cash flows beyond the budget period is based on published industry research for each business.

## 16. INTANGIBLE ASSETS (CONT'D.)

### (a) Goodwill (cont'd.)

#### Impairment loss recognised in prior year

Consultancy: Canada - OSW and Australia

Impairment losses of RM94.4 million and RM12.5 million were recognised against the carrying amount of goodwill attributable to the consultancy CGUs in Canada - OSW and Australia respectively, based on management's assessment on current and anticipated future economic environment of the Canadian and Australian market. The recoverable amounts of CGUs in Canada - OSW and Australia were RM100.3 million and RM93.9 million respectively.

#### Sensitivity to change in assumption

Management believes that no reasonable possible change in any of the above key assumptions would cause the recoverable amount of each of the CGUs to be materially lower than their respective amount, other than the UEMS-Malaysia CGU, as follows:

	<b>Decrease in profit before tax 2017 RM'000</b>
Increase in 1% of discount rate	<b>5,048</b>
Decrease in 1% of terminal growth rate	<b>3,010</b>

### (b) Customer contracts and relationships

Customer contracts and relationships arose from the acquisition of KFM and AIFS group in prior year and are amortised over the range of 5 to 15 years.

### (c) Software and other development cost

Computer software represents licences and other software assets that are not an integral part of property, plant and equipment assets. Software assets are recorded at cost and have finite useful life based on the term of the licence or other contractual basis. The cost is amortised over the estimated asset's useful life of 3 to 5 years.

Other development cost relates to the development of a framework for the application of improved processes, systems and services for servicing expressways.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 17. INVESTMENT IN SUBSIDIARIES

	Company	
	2017 RM'000	2016 RM'000
Unquoted shares, at cost:		
- Malaysian subsidiaries	2,134,211	2,134,211
- Foreign subsidiaries	86,795	86,795
	<b>2,221,006</b>	2,221,006
Less: Accumulated impairment	<b>(302,963)</b>	(191,106)
	<b>1,918,043</b>	2,029,900

Certain unquoted shares in subsidiaries are pledged to financial institutions for facilities granted to the Group and the Company as disclosed in Note 28(a) and (b).

Further details of the subsidiaries are disclosed in Note 44.

#### (a) Disposal of a subsidiary

On 4 December 2017, Opus International (NZ) Limited, a wholly-owned subsidiary of Opus Group Berhad, which in turn was a wholly-owned subsidiary of the Company, had completed the disposal of its entire shareholding of 90,511,615 shares in Opus International Consultants Limited ("OIC"), representing 61.2% of its total issued and paid-up share capital, for a cash consideration of NZD161.1 million (equivalent to RM463.0 million).

The comparative statement of comprehensive income and relevant notes have been re-presented to show the discontinued operation separately from continuing operations.

The results of the discontinued operation were as follows:

	2017 RM'000	2016 RM'000
Revenue	1,320,293	1,351,881
Cost of sales	(675,117)	(719,577)
Gross profit	645,176	632,304
Other income	5,989	8,280
Expenses	(578,403)	(588,523)
Impairment losses	-	(110,824)
Finance costs	(7,309)	(10,344)
Share of results of joint ventures	2,972	1,413
Profit/(loss) before tax	68,425	(67,694)
Income tax	(33,701)	(25,722)
<b>Results from operating activities</b>	<b>34,724</b>	(93,416)
<b>Gain on disposal of a subsidiary</b>	<b>274,909</b>	-
<b>Profit/(loss) from discontinued operation</b>	<b>309,633</b>	(93,416)

**17. INVESTMENT IN SUBSIDIARIES (CONT'D.)****(a) Disposal of a subsidiary (cont'd.)**

Cash flows attributable to discontinued operation are as follows:

	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Operating cash flows	<b>56,665</b>	32,881
Investing cash flows	<b>(5,581)</b>	7,619
Financing cash flows	<b>(36,304)</b>	(116,372)
<b>Total cash flows from discontinued operation</b>	<b>14,780</b>	(75,872)

The value of the assets and liabilities disposed on 4 December 2017 are as follows:

	<b>RM'000</b>
Property, plant and equipment	<b>75,847</b>
Other intangible assets	<b>10,194</b>
Goodwill	<b>191,375</b>
Deferred tax assets	<b>30,372</b>
Receivables and other assets	<b>394,258</b>
Cash, bank balances and deposits	<b>63,005</b>
Borrowings	<b>(176,150)</b>
Payables and other liabilities	<b>(261,644)</b>
<b>Total value of net assets disposed</b>	<b>327,257</b>
Less: Non-controlling interest	<b>(108,447)</b>
<b>Group's share of net assets disposed</b>	<b>218,810</b>
Cummulative foreign exchange differences reclassified to profit or loss	<b>30,720</b>
Consideration received, satisfied in cash	<b>462,999</b>
Gain on disposal of a subsidiary	<b>274,909</b>

The effect of the disposal on cash flows is as follows:

	<b>RM'000</b>
Consideration received, satisfied in cash	<b>462,999</b>
Less: Cash and cash equivalents of subsidiary disposed	<b>(58,002)</b>
<b>Net cash inflows from disposal of a subsidiary</b>	<b>404,997</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 17. INVESTMENT IN SUBSIDIARIES (CONT'D.)

#### (b) Liquidation of subsidiaries

##### (i) Members' voluntary winding-up of Asia Integrated Facility Solutions Pte. Ltd. ("AIFS") and Asia Facility Solutions Pte. Ltd. ("AFS")

On 22 November 2017, AIFS and AFS, indirect wholly-owned subsidiaries of the Company incorporated in Singapore, had been placed under members' voluntary winding-up pursuant to Section 290(1) of the Singapore Companies Act (Cap. 50). The members' voluntary winding up is expected to complete in 2018.

The voluntary winding-up of AIFS and AFS is not expected to have material effect on the earnings, gearing or net assets of the Group and Company.

#### (c) Impairment of investment in a subsidiary

During the current financial year, an impairment loss of RM111.9 million was recognised against the carrying amount of its investment in Opus Group Berhad ("OGB") to its recoverable amount. Based on management's assessment, the recoverable amount of its investment in OGB was RM890.0 million which was estimated based on the value in use of OGB.

#### (d) Prior year acquisitions

##### (i) Incorporation of Edgenta TMS Sdn. Bhd. ("Edgenta TMS")

On 12 February 2016, UEM Sunrise Edgenta TMS Sdn. Bhd. ("UEMSET"), a 70% owned subsidiary of Edgenta Township Management Services Sdn. Bhd., has subscribed for 70% equity interest in Edgenta TMS. Following the transaction, Edgenta TMS became a subsidiary of UEMSET.

##### (ii) Acquisition of KFM Holdings Sdn. Bhd. ("KFM")

On 6 April 2016, the Company acquired a total of 12,000,000 ordinary shares of RM1.00 each in KFM, representing 80% of the total issued and paid-up share capital of KFM for a total consideration of up to RM128.0 million satisfied as follows:

- i. Upfront payment of RM92.0 million upon completion of the Shares Sale Agreement as follows:
  - Cash payment of RM36.0 million; and
  - RM56.0 million from the issuance and allotment of 18,122,977 new ordinary shares of RM0.25 each in the Company at an issuance price of RM3.09 per share. The fair value of the shares on the date of issuance is RM3.57 per share.
- ii. The balance of the RM36.0 million will be disbursed over the next three financial years subject to achievement of key financial targets as follows:
  - Deferred cash payment of RM20.0 million upon achievement of targets for financial years ending 2016, 2017 and 2018, and;
  - Incremental value payment of RM16.0 million upon achievement of specific financial milestones.

**17. INVESTMENT IN SUBSIDIARIES (CONT'D.)****(d) Prior year acquisitions (cont'd.)****(ii) Acquisition of KFM Holdings Sdn. Bhd. ("KFM") (cont'd.)**

After considering the fair value of the shares issued and deferred consideration, the total purchase consideration amounted to RM125.7 million.

The fair values of the identifiable assets and liabilities of KFM and its subsidiaries at the date of acquisition were as follows:

	<b>Fair value recognised on acquisition RM'000</b>
Property, plant and equipment	1,725
Investment in associates	392
Trade and other receivables	195,955
Cash and bank balances	20,334
Tax recoverable	1,041
Deferred tax liabilities	(11,200)
Borrowings	(111,957)
Trade and other payables	(33,349)
Net assets acquired	62,941
Less: Non-controlling interests	(13,177)
Group's share of net assets	49,764
Identifiable intangible assets:	
Customer contract	33,996
Customer relationships	7,110
Deferred tax liabilities	(8,159)
Less: Non-controlling interests	(6,589)
	76,122
Total purchase consideration	125,722
Goodwill on acquisition (Note 16(a))	49,600

Arising from the business combination, the Company performed a purchase price allocation exercise resulting in the recognition of intangible assets relating to customer contract and customer relationships of RM34.0 million and RM7.1 million respectively.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 17. INVESTMENT IN SUBSIDIARIES (CONT'D.)

#### (d) Prior year acquisitions (cont'd.)

##### (ii) Acquisition of KFM Holdings Sdn. Bhd. ("KFM") (cont'd.)

The purchase consideration was satisfied by:

	<b>RM'000</b>
Cash consideration	36,000
Fair value of 18,122,977 new ordinary shares in the Company at RM3.57 per share	64,699
Deferred consideration payable (Note 30(d))	25,023
	<b>125,722</b>

The effect of the acquisition on cash flows was as follows:

	<b>RM'000</b>
Purchase consideration satisfied by cash, funded through internal funds	36,000
Cash and bank balances of subsidiaries acquired	20,334
Less: Bank overdraft	(855)
Less: Fixed deposits pledged	(2,448)
Cash and cash equivalents	17,031
Net cash outflow on acquisition of the subsidiaries at the date of acquisition	<b>18,969</b>

The effect of the acquisition on the financial results of the Group from the date of acquisition to 31 December 2016 is as follows:

	<b>RM'000</b>
Revenue	93,852
Profit for the year	<b>14,628</b>

##### (iii) Incorporation of PT Edgenta PROPEL Indonesia ("PT EPI")

A subsidiary of the Company, Edgenta PROPEL Berhad ("Edgenta PROPEL") had on 23 August 2016 received the approval from Ministry of Law and Human Rights of Indonesia confirming the establishment of PT Edgenta PROPEL Indonesia ("PT EPI") on 22 August 2016, as a 99.6% subsidiary of Edgenta PROPEL.

## 17. INVESTMENT IN SUBSIDIARIES (CONT'D.)

### (d) Prior year acquisitions (cont'd.)

#### (iii) Incorporation of PT Edgenta PROPEL Indonesia ("PT EPI") (cont'd.)

The authorised share capital of PT EPI is USD1.0 million divided into 1,000,000 shares of USD1.00 each and the initial paid-up capital of PT EPI is 250,000 shares having nominal value in the aggregate amount of IDR3,324.0 million or equivalent to USD0.3 million where each share having a nominal value of IDR13,296 or equivalent to USD1.00 per share. The intended principal business activities of PT EPI are providing management consultancy and advisory related to management of roads including toll roads.

#### (iv) Incorporation of Edgenta (Singapore) Pte. Ltd. ("Edgenta Singapore")

On 5 September 2016, the Company acquired 1 ordinary share of SGD1.00 representing the entire issued and paid-up share capital of Edgenta Singapore for a total cash consideration of SGD1.00. Following the transaction, Edgenta Singapore became a wholly-owned subsidiary of the Company.

Edgenta Singapore was incorporated on 30 August 2016 with intended principal activity as an investment holding company.

#### (v) Incorporation of Edgenta Energy Projects Sdn. Bhd. ("Edgenta Energy Projects")

On 1 November 2016, the Company acquired 2 ordinary shares of RM1.00 each representing the entire issued and paid-up capital of Edgenta Energy Projects for a total cash consideration of RM2.00. Following the transaction, Edgenta Energy Projects became a wholly-owned subsidiary of the Company.

Edgenta Energy Projects was incorporated on 20 October 2016 with an intended principal activity of providing energy management services and renewable energy services, through capital investment.

On 25 November 2016, Edgenta Energy Projects increased its issued and paid-up share capital from RM2.00 to RM0.8 million by way of an issue of 749,998 new ordinary shares of RM1.00 each fully paid at par value in cash.

#### (vi) Acquisition of Asia Integrated Facility Solutions Pte. Ltd. ("AIFS")

On 15 December 2016, Edgenta Singapore, a wholly-owned subsidiary of the Company completed the acquisition of the entire issued and paid-up share capital of AIFS for a total purchase consideration of SGD191.9 million (RM595.0 million). AIFS holds 100% equity interest in Asia Facility Solutions Pte. Ltd., which in turn, wholly-owned UEMS Pte. Ltd. which has operating subsidiaries in Singapore, Malaysia and Taiwan. Following the transaction, AIFS and its subsidiaries became indirect wholly-owned subsidiaries of the Company.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**

For the year ended 31 December 2017

**17. INVESTMENT IN SUBSIDIARIES (CONT'D.)****(d) Prior year acquisitions (cont'd.)****(vi) Acquisition of Asia Integrated Facility Solutions Pte. Ltd. ("AIFS") (cont'd.)**

The fair values of the identifiable assets and liabilities of AIFS and its subsidiaries at the date of acquisition were as follows:

	<b>Fair value recognised on acquisition RM'000</b>
Property, plant and equipment	5,266
Intangible assets	147
Deferred tax assets	971
Inventories	1,157
Trade and other receivables	95,117
Cash and bank balances	83,925
Borrowings	(10,992)
Trade and other payables, including provisions and defined benefit pension plans	(74,470)
Net assets acquired	101,121
Identifiable intangible assets (provisional)	
Customer relationships	169,992
Software	3,899
Deferred tax liabilities	(29,731)
	245,281
Total purchase consideration	595,005
Goodwill on acquisition - provisional (Note 16(a))	349,724

In the previous financial year, the purchase price allocation for this acquisition was still incomplete as the Company was finalising its identification and measurement of all intangible assets and its allocated goodwill. The Company had up to 12 months to complete such allocation. Accordingly, on a provisional basis, the Company had recognised intangible assets relating to customer relationships and software of RM170.0 million and RM3.9 million respectively, and goodwill of RM349.7 million relating to the acquisition. The purchase price allocation for this acquisition was completed during the year with no changes to the provisional goodwill.

**17. INVESTMENT IN SUBSIDIARIES (CONT'D.)****(d) Prior year acquisitions (cont'd.)****(vi) Acquisition of Asia Integrated Facility Solutions Pte. Ltd. ("AIFS") (cont'd.)**

The purchase consideration was satisfied by:

	<b>RM'000</b>
Cash consideration	595,005*

\* As at 31 December 2016, RM18.7 million of the cash consideration was yet to be settled. The amount has been settled in 2017.

The effect of the acquisition on cash flows was as follows:

	<b>RM'000</b>
Purchase consideration satisfied by cash, funded by bank borrowings	576,277
Cash and cash equivalents of subsidiaries acquired	83,925
<b>Net cash outflow on acquisition of the subsidiaries at the date of acquisition</b>	<b>492,352</b>

The effect of the acquisition on the financial results of the Group from the date of acquisition to 31 December 2016 is as follows:

	<b>RM'000</b>
Revenue	17,558
Profit for the year	4,541

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**

For the year ended 31 December 2017

**17. INVESTMENT IN SUBSIDIARIES (CONT'D.)****Summarised financial information**

Summarised financial information of Opus International Consultants Limited ("OIC"), KFM and Rimbunan Melati Sdn. Bhd. ("Rimbunan Melati"), which have non-controlling interests that are material to the Group, is set out below. The summarised financial information presented below is the amount before inter-company elimination. The non-controlling interests in respect of other entities within the Group are not material to the Group.

**(i) Summarised statements of financial position**

	OIC*		Rimbunan Melati		KFM		Total	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-current assets	-	292,792	1	3	139,070	142,985	139,071	435,780
Current assets	-	509,927	25,179	27,114	113,144	105,288	138,323	642,329
<b>Total assets</b>	-	802,719	25,180	27,117	252,214	248,273	277,394	1,078,109
Non-current liabilities	-	200,472	-	-	108,181	112,850	108,181	313,322
Current liabilities	-	266,024	4,595	4,633	53,336	54,116	57,931	324,773
<b>Total liabilities</b>	-	466,496	4,595	4,633	161,517	166,966	166,112	638,095
Net assets	-	336,223	20,585	22,484	90,697	81,307	111,282	440,014
Equity attributable to owners of the Company	-	207,283	11,322	12,366	90,697	65,046	102,019	284,695
Non-controlling interests	-	128,940	9,263	10,118	-**	16,261	9,263	155,319

\* OIC was disposed in the current financial year.

\*\* At each reporting date, the non-controlling interest is derecognised against the equity arising from the put option issued to the non-controlling interest as if it was acquired at that date (Note 34(a)).

**(ii) Summarised statements of comprehensive income**

	OIC*		Rimbunan Melati		KFM		Total	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue	-	1,359,658	-	-	103,433	112,242	103,433	1,471,900
<b>(Loss)/profit for the year, representing total comprehensive (loss)/ income for the year</b>	-	(78,312)	(1,899)	(5,904)	9,389	17,118	7,490	(67,098)
Attributable to:								
- owners of the Company	-	(47,288)	(855)	(3,247)	7,511	13,694	6,656	(36,841)
- non-controlling interests	-	(31,024)	(1,044)	(2,657)	1,878	3,424	834	(30,257)
<b>Total comprehensive (loss)/income</b>	-	(78,312)	(1,899)	(5,904)	9,389	17,118	7,490	(67,098)
Dividend paid to non- controlling interests	-	10,975	-	-	-	-	-	10,975

\* OIC was disposed in the current financial year.

**17. INVESTMENT IN SUBSIDIARIES (CONT'D.)****Summarised financial information (cont'd.)****(iii) Summarised statements of cash flows**

	OIC*		Rimbunan Melati		KFM		Total	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Net cash (used in)/generated from operating activities	-	41,542	(1,628)	(6,529)	14,029	5,516	12,401	40,529
Net cash generated from/(used in) investing activities	-	(1,630)	3,833	2,091	(306)	847	3,527	1,308
Net cash used in financing activities	-	(127,609)	-	-	(3,748)	(4,803)	(3,748)	(132,412)
<b>Net increase/(decrease) in cash and cash equivalents</b>	-	(87,697)	2,205	(4,438)	9,975	1,560	12,180	(90,575)
Net foreign exchange differences	-	5,533	-	-	168	62	168	5,595
<b>Cash and cash equivalents at beginning of the year</b>	-	176,003	20,607	25,045	26,108	24,486	46,715	225,534
<b>Cash and cash equivalents at end of the year</b>	-	93,839	22,812	20,607	36,251	26,108	59,063	140,554

\* OIC was disposed in the current financial year.

**18. INVESTMENT IN JOINT VENTURES AND ASSOCIATES****(a) Investment in joint ventures**

	Group	
	2017 RM'000	2016 RM'000
Unquoted shares, at cost	-	12,167
Share of post-acquisition reserves	-	(7,895)
	-	4,272
Less: Accumulated impairment loss	-	(3,910)
Exchange differences	-	2,031
	-	2,393

The Group has effectively disposed off its investments in joint ventures held through OIC through the disposal of the subsidiary as disclosed in Note 17(a).

All joint ventures have been determined to be individually not material to the Group. Further details of the joint ventures are disclosed in Note 44.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 18. INVESTMENT IN JOINT VENTURES AND ASSOCIATES (CONT'D.)

#### (b) Investment in jointly controlled operations

The Group's interest in the joint operations are disclosed in Note 44. The Group's share of these joint operations are included as part of the Group's statement of financial position and income statement. The joint operations have been determined to be individually not material to the Group.

#### (c) Investment in associates

	Group	
	2017 RM'000	2016 RM'000
Unquoted shares, at cost		
In Malaysia	6,068	4,792
Outside Malaysia	6,082	6,082
	<b>12,150</b>	10,874
Share of post-acquisition reserves	<b>41,533</b>	23,609
Less: Dividend received	<b>(2,400)</b>	(1,730)
	<b>51,283</b>	32,753

Further details of the associates are disclosed in Note 44.

In the current financial year, Opus International (M) Berhad ("OIM") has subscribed for 21,400 ordinary shares representing 29.97% equity interest in Opus Consultants (M) Sdn. Bhd. ("OCMSB"), formerly known as Ace Vector Sdn. Bhd. ("AVSB"). The principal activity of OCMSB is providing engineering consultancy. The acquisition resulted in a gain on bargain purchase of RM1.3 million. Following the transaction, OCMSB is now an associate of OIM.

Summarised financial information of Faber Sindoori Management Services Private Limited ("Faber Sindoori"), Biomedix Solutions Sdn. Bhd. ("Biomedix"), One Medicare Sdn. Bhd. ("One Medicare") and Sedafiat Sdn. Bhd. ("Sedafiat"), that are material associates of the Group are set out below. The summarised financial information represents the amounts in the FRS financial statements of the associates and not the Group's share of those amounts.

#### (i) Summarised statements of financial position

	Faber Sindoori		Biomedix*		One Medicare		Sedafiat		Total	
	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
Non-current assets	4,514	5,338	3,094	-	7,621	8,345	18,636	12,485	33,865	26,168
Current assets	43,600	24,572	28,376	-	77,177	65,156	137,874	133,187	287,027	222,915
<b>Total assets</b>	<b>48,114</b>	29,910	<b>31,470</b>	-	<b>84,798</b>	73,501	<b>156,510</b>	145,672	<b>320,892</b>	249,083
Non-current liabilities	2,460	120	-	-	278	-	-	-	2,738	120
Current liabilities	13,665	10,423	9,223	-	57,947	49,320	122,017	121,087	202,852	180,830
<b>Total liabilities</b>	<b>16,125</b>	10,543	<b>9,223</b>	-	<b>58,225</b>	49,320	<b>122,017</b>	121,087	<b>205,590</b>	180,950
<b>Net assets</b>	<b>31,989</b>	19,367	<b>22,247</b>	-	<b>26,573</b>	24,181	<b>34,493</b>	24,585	<b>115,302</b>	68,133

**18. INVESTMENT IN JOINT VENTURES AND ASSOCIATES (CONT'D.)****(c) Investment in associates (cont'd.)**

(ii) Summarised statements of comprehensive income

	Faber Sindoori		Biomedix*		One Medicare		Sedafiat		Total	
	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
Revenue	<b>100,249</b>	73,754	<b>46,037</b>	-	<b>179,531</b>	168,483	<b>215,571</b>	212,053	<b>541,388</b>	454,290
Profit before tax	<b>17,843</b>	8,425	<b>19,393</b>	-	<b>2,900</b>	12,610	<b>19,570</b>	19,737	<b>59,706</b>	40,772
Profit for the year	<b>12,622</b>	5,120	<b>14,746</b>	-	<b>2,392</b>	9,758	<b>15,908</b>	15,020	<b>45,668</b>	29,898
Total comprehensive income	<b>12,622</b>	5,120	<b>14,746</b>	-	<b>2,392</b>	9,758	<b>15,908</b>	15,020	<b>45,668</b>	29,898
Dividend received from the associates during the year	-	105	-	-	-	-	<b>2,400</b>	1,600	<b>2,400</b>	1,705

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associates

	Faber Sindoori		Biomedix*		One Medicare		Sedafiat		Total	
	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
Net assets at 1 January	<b>19,367</b>	14,453	<b>7,501</b>	-	<b>24,181</b>	14,423	<b>24,585</b>	13,565	<b>75,634</b>	42,441
Profit for the year	<b>12,622</b>	5,120	<b>14,746</b>	-	<b>2,392</b>	9,758	<b>15,908</b>	15,020	<b>45,668</b>	29,898
Dividend from associate	-	(206)	-	-	-	-	<b>(6,000)</b>	(4,000)	<b>(6,000)</b>	(4,206)
Net assets at 31 December	<b>31,989</b>	19,367	<b>22,247</b>	-	<b>26,573</b>	24,181	<b>34,493</b>	24,585	<b>115,302</b>	68,133
Interest in associates	<b>51%</b>	51%	<b>40%</b>	-	<b>40%</b>	40%	<b>40%</b>	40%		
Additional investment in associate	-	-	-	-	-	-	-	-	-	-
Exchange differences	<b>(716)</b>	(99)	-	-	-	-	-	-	<b>(716)</b>	(99)
Carrying value of Group's interest in material associate	<b>15,598</b>	9,778	<b>8,899</b>	-	<b>10,629</b>	9,672	<b>13,797</b>	9,834	<b>48,923</b>	29,284

\* No comparatives are presented as Biomedix was not a material associate to the Group in the previous financial year.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 19. OTHER INVESTMENTS

	<b>Group and Company</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Available for sale</b>		
Equity instruments (unquoted shares in Malaysia), at cost	<b>1,200</b>	1,200
Less: Accumulated impairment losses	<b>(1,200)</b>	(1,200)
Unquoted shares, net	-	-
Club memberships, at cost	<b>272</b>	272
	<b>272</b>	272

### 20. INVENTORIES

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cost</b>		
Consumables	<b>11,691</b>	9,805
Properties held for sale	<b>157,010</b>	26,728
	<b>168,701</b>	36,533

During the year, the amounts of inventories recognised as expenses in cost of sales of the Group for consumables and properties held for sale were RM93.3 million and RM4.4 million (2016: RM64.9 million and RM8.6 million) respectively.

**21. TRADE AND OTHER RECEIVABLES**

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Current</b>		
<b>Trade receivables (Nota a)</b>		
Third parties	<b>409,003</b>	515,295
Related companies	<b>187,914</b>	193,847
Associates	<b>8,557</b>	43,358
	<b>605,474</b>	752,500
Less: Allowance for impairment:		
Third parties	<b>(41,768)</b>	(48,770)
Related companies	<b>(707)</b>	(627)
	<b>(42,475)</b>	(49,397)
Retention receivables:		
Third parties	<b>18,649</b>	19,278
Related companies	<b>18,126</b>	13,148
	<b>36,775</b>	32,426
Trade receivables, net	<b>599,774</b>	735,529
<b>Concession receivable (Note d)</b>	<b>22,600</b>	22,600
<b>Other receivables (Note c)</b>		
Amounts due from related parties:		
Associates	<b>684</b>	3,478
Holding company	-	2
Related companies	<b>351</b>	41
Joint ventures	-	11,539
	<b>1,035</b>	15,060
Deposits	<b>14,985</b>	15,775
Sundry receivables	<b>62,604</b>	76,138
	<b>78,624</b>	106,973
Less: Allowance for impairment:		
Sundry receivables	<b>(2,997)</b>	(2,751)
Related companies	<b>(9)</b>	-
	<b>(3,006)</b>	(2,751)
Other receivables, net	<b>75,618</b>	104,222

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**

For the year ended 31 December 2017

**21. TRADE AND OTHER RECEIVABLES (CONT'D.)**

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Current (cont'd.)</b>		
<b>Other current assets</b>		
Accrued billings:		
Consultancy	<b>17,984</b>	142,182
Services		
- Infrastructure	<b>220,525</b>	160,674
- Real estate	<b>19,659</b>	29,346
Solutions	<b>272</b>	-
Property development	<b>3,123</b>	22,256
Tax recoverable	<b>22,505</b>	29,468
Prepayments	<b>10,794</b>	8,407
Others	<b>1,701</b>	1,701
	<b>296,563</b>	394,034
<b>Total</b>	<b>994,555</b>	1,256,385
<b>Non-current</b>		
<b>Trade receivables (Note b)</b>		
Third parties	<b>27,114</b>	30,007
Less: Allowance for impairment	<b>(27,114)</b>	(30,007)
	-	-
Retention receivables:		
Third parties	<b>6,791</b>	4,532
Related companies	<b>3,340</b>	6,886
Trade receivables, net	<b>10,131</b>	11,418
<b>Concession receivable (Note d)</b>	<b>131,605</b>	130,267
<b>Total</b>	<b>141,736</b>	141,685

**21. TRADE AND OTHER RECEIVABLES (CONT'D.)**

	<b>Company</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Current</b>		
<b>Other receivables (Note c)</b>		
Amounts due from subsidiaries	<b>94,411</b>	18,998
Deposits	<b>1,768</b>	609
Sundry receivables	<b>2,106</b>	1,383
	<b>98,285</b>	20,990
Less: Allowance for impairment:		
Sundry receivables	<b>(216)</b>	(216)
Subsidiaries	<b>(18,088)</b>	(18,088)
	<b>(18,304)</b>	(18,304)
Other receivables, net	<b>79,981</b>	2,686
<b>Other current assets</b>		
Tax recoverable	<b>451</b>	220
Prepayments	<b>-</b>	92
	<b>451</b>	312
<b>Total</b>	<b>80,432</b>	2,998
<b>Non-current</b>		
Loan to a subsidiary (Note c)	<b>92,841</b>	338,813

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 21. TRADE AND OTHER RECEIVABLES (CONT'D.)

Movements in allowance for impairment accounts:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At 1 January	<b>82,155</b>	79,623	<b>18,304</b>	18,304
Charge for the year (Note 7)	<b>15,499</b>	8,583	-	-
Acquisition of subsidiaries	-	1,447	-	-
Reversal of impairment (Note 7)	<b>(10,218)</b>	(7,408)	-	-
Written off	<b>(3,025)</b>	(1,537)	-	-
Disposal of a subsidiary	<b>(8,868)</b>	-	-	-
Exchange differences	<b>(2,948)</b>	1,447	-	-
At 31 December	<b>72,595</b>	82,155	<b>18,304</b>	18,304

#### (a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2016: 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

#### Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2017 RM'000	2016 RM'000
Neither past due nor impaired	<b>255,100</b>	365,003
1 to 30 days past due from the credit terms but not impaired	<b>114,844</b>	138,099
31 to 60 days past due from the credit terms but not impaired	<b>55,462</b>	81,036
61 to 90 days past due from the credit terms but not impaired	<b>36,293</b>	80,212
91 to 120 days past due from the credit terms but not impaired	<b>31,495</b>	14,391
More than 121 days past due from the credit terms but not impaired	<b>116,711</b>	68,206
	<b>354,805</b>	381,944
Impaired	<b>69,589</b>	79,404
	<b>679,494</b>	826,351

**21. TRADE AND OTHER RECEIVABLES (CONT'D.)****(a) Trade receivables (cont'd.)**Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. At the reporting date, approximately 32% (2016: 14%) of the Group's trade receivables arose from current receivable balances with a related company, while approximately 30% (2016: 9%) of the Group's trade receivables arose from current receivable balances with Ministry of Health ("MOH").

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due from the credit terms but not impaired

The Group has trade receivables amounting to RM354.8 million (2016: RM381.9 million) that are past due from the credit terms at the reporting date but not impaired.

These receivables are unsecured. Based on past experience, the management believes that no allowance for impairment is necessary as these debtors are generally slower in their repayment and the Group is still in active trade with these customers.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date are as follows:

	<b>Individually impaired</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Trade receivables		
- nominal amounts	<b>69,589</b>	79,404
Less: Allowance for impairment	<b>(69,589)</b>	(79,404)
	-	-

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 21. TRADE AND OTHER RECEIVABLES (CONT'D.)

#### (b) Trade receivables (non-current)

Included in the Group's non-current trade receivables is an amount due from a debtor of a foreign subsidiary, which is non-interest bearing, unsecured and is to be paid in cash. The movement of the amount is as follows:

	2017 RM'000	2016 RM'000
Amount due from a debtor of a foreign subsidiary		
At 1 January	30,007	28,785
Exchange difference	(2,893)	1,222
At 31 December	27,114	30,007
Less: Allowance for impairment		
At 1 January	(30,007)	(28,785)
Exchange difference	2,893	(1,222)
At 31 December	(27,114)	(30,007)
Net debt	-	-

#### (c) Other receivables

##### Amounts due from related parties

Amounts due from related parties are non-trade related, non-interest bearing and repayable on demand other than the loans to joint ventures in the previous financial year of RM11.5 million, which bore interest at rates ranging from 4.51% to 5.67% per annum. All related parties receivables are unsecured and are to be settled in cash.

##### Other receivables that are impaired

At the reporting date, the Group and the Company have provided an allowance of RM3.0 million (2016: RM2.8 million) and RM0.2 million (2016: RM0.2 million) respectively. These mainly relate to balances due from third parties which have been long outstanding.

Further details on related party transactions are disclosed in Note 39.

##### Loan to a subsidiary

The loan to a subsidiary is subordinated to the subsidiary's borrowing from a financial institution until the borrowing is fully repaid as disclosed in Note 28(b).

During the financial year, the subsidiary made an early partial settlement of the loan, resulting in a gain of RM71.6 million to the Company from the remeasurement of the remaining loan to the subsidiary.

#### (d) Concession receivable

This is in relation to a concession arrangement in which the Group provides retro-fitting works and upgrades of infrastructure to turn existing buildings into green buildings, and thereafter to maintain these infrastructure for a period of 16 years. These amounts are to be repaid over the remaining period of the concession. These amounts are also pledged as security for the borrowing obtained for this concession as disclosed in Note 28.

**22. SHORT TERM INVESTMENTS**

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Current</b>		
Fair value through profit or loss investments:		
- unquoted unit trusts	<b>181,054</b>	40,073
- investment in Islamic funds	<b>2,371</b>	2,302
	<b>183,425</b>	42,375
Market value	<b>183,425</b>	42,375

Unquoted unit trusts represent investment funds invested with licensed fund managers in the funds approved by the Securities Commission. The portfolio or investments authorised by the Board of Directors comprises only deposits in both Islamic and conventional instruments with financial institutions.

**23. DERIVATIVE FINANCIAL INSTRUMENTS**

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Derivative financial assets</b>		
<b>Current</b>		
Forward exchange rate contract:		
- due within 12 months (net settled)	-	491
<b>Derivative financial liabilities</b>		
<b>Current</b>		
Forward exchange rate contract:		
- due within 12 months (net settled)	-	(1,409)
<b>Non-current</b>		
Forward exchange rate contract:		
- due 12 to 24 months (net settled)	-	(1,384)
Interest rate swap:		
- due 12 to 24 months (net settled)	-	(287)
Cross currency profit rate swap:		
- due 12 to 24 months (net settled)	-	(3,859)
	-	(5,530)

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**

For the year ended 31 December 2017

**23. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D.)**

	<b>Company</b>	
	<b>2017</b> <b>RM'000</b>	<b>2016</b> <b>RM'000</b>
<b>Derivative financial liabilities</b>		
<b>Non-current</b>		
Cross currency profit rate swap:		
- due 12 to 24 months (net settled)	-	(3,859)

The number of derivative financial instrument contracts entered by the Company and a subsidiary of the Group, Opus International Consultants (UK) Ltd. as at the reporting date and previous financial year were as follows:

	<b>2017</b>		<b>2016</b>	
	<b>Number of contracts</b>	<b>Notional principal amount RM'000</b>	<b>Number of contracts</b>	<b>Notional principal amount RM'000</b>
<b>Group</b>				
Forward exchange rate contract	-	-	18	160,874
Interest rate swap	-	-	1	14,905
Cross currency profit rate swap	-	-	1	210,649
	-	-	20	386,428
<b>Company</b>				
Cross currency profit rate swap	-	-	1	210,649

The Group used loans as a hedge of its exposure to foreign exchange risk on its investments in foreign subsidiaries. Refer to Note 41(c) for more details.

The method and assumptions applied in determining the fair values of derivatives are disclosed in Note 41(f).

**24. CASH, BANK BALANCES AND DEPOSITS**

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash in hand and at banks	<b>200,091</b>	245,017	<b>4,912</b>	5,417
Deposits with:				
- licensed banks	<b>309,131</b>	334,993	<b>82,365</b>	80,724
- other financial institutions	<b>10,860</b>	60,000	-	-
	<b>520,082</b>	640,010	<b>87,277</b>	86,141

- (a) Included in cash at bank of the Group are amounts of RM13.9 million (2016: RM55.1 million) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and Section 8A of the Housing Development Account (Control and Licensing) Sabah Act, 1978 and are restricted for use in other operations.
- (b) Deposits with licensed banks of the Group amounting to RM14.8 million (2016: RM16.0 million) are on lien for bank guarantee facilities granted to certain subsidiaries. As at 31 December 2017, the subsidiaries have utilised guarantee facilities amounting to RM12.1 million (2016: RM13.7 million).
- (c) Deposits with licensed banks amounting to RM15.5 million (2016: RM4.8 million) are pledged to secure certain facilities granted to the Group.
- (d) Deposits with licensed banks of the Group amounting to RM0.9 million (2016: RM77.1 million) are pledged as securities for bank borrowing granted to a foreign subsidiary.

Other information on financial risks of cash, bank balances and deposits are disclosed in Note 41.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 25. RETIREMENT BENEFIT OBLIGATIONS

The Group operates an unfunded, defined benefit Retirement Benefit Scheme ("the Scheme") for its eligible employees. The Scheme is closed to new employees. Under the Scheme, eligible employees are entitled to retirement benefits on attainment of the retirement age of 60 (2016: 60), on medical incapacity or on death. The present value of defined benefit obligation was based on the actuarial valuation report by independent actuary dated 26 January 2016.

The details of the net employee benefits liability are as follows:

	Group	
	2017 RM'000	2016 RM'000
Present value of the defined benefit obligations ("PVDBO")		
At 1 January	4,118	4,040
Defined benefit obligations (Note 8)	273	267
Actuarial gain	(58)	(54)
Contributions paid	(203)	(135)
At 31 December	4,130	4,118
<b>Analysis of funded and unfunded PVDBO</b>		
PVDBO from plans that are wholly unfunded	4,130	4,118
Analysed as:		
Current	430	261
Non-current:		
Later than 1 year but not later than 2 years	643	430
Later than 2 years	3,057	3,427
	3,700	3,857
	4,130	4,118

The details of net employee benefits expense recognised in income statement are as follows:

	Group	
	2017 RM'000	2016 RM'000
Current service costs	64	61
Interest cost	209	206
Net employee benefits expense (Note 8)	273	267

**25. RETIREMENT BENEFIT OBLIGATIONS (CONT'D.)****Total amount recognised in statement of comprehensive income**

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Cumulative amount of actuarial loss recognised in statement of comprehensive income:		
At 1 January	<b>768</b>	822
Actuarial gain recognised in other comprehensive income	<b>(58)</b>	(54)
At 31 December	<b>710</b>	768
Historical experience adjustments:		
PVDBO	<b>4,130</b>	4,118
Experience adjustment (value)	<b>(58)</b>	(54)
Experience adjustment (% of PVDBO)	<b>-1%</b>	-1%

**Principal actuarial assumptions used:**

	<b>2017</b>	<b>2016</b>
	<b>%</b>	<b>%</b>
Discount rate	<b>5.25</b>	5.25
Expected rate of salary increases	<b>6.00</b>	6.00

Assumptions regarding future mortality are based on published statistics and mortality tables.

A one percentage point change in the below key assumptions would have the following effects:

	<b>Increase/(decrease) in PVDBO</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Discount rate</u></b>		
Increase in one percentage point on discount rate	<b>(162)</b>	(186)
Decrease in one percentage point on discount rate	<b>174</b>	201
<b><u>Salary increment rate</u></b>		
Increase in one percentage point on salary increment rate	<b>604</b>	546
Decrease in one percentage point on salary increment rate	<b>(549)</b>	(497)

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 26. DEFINED BENEFIT PENSION PLAN

Defined benefit pension plan relates to separate pension plans provided by two subsidiaries of the Company, Opus International Consultants (UK) Ltd. and UEMS Solutions Ltd.

#### (a) Opus International Consultants (UK) Ltd.

The defined benefit pension fund ("Fund") is closed to new employees. The assets of the Fund are held in a legally separate fund from the reporting entity and the Fund exists solely to pay or fund employee benefits. The assets are funded by both the employer and employees. The Fund purchases an annuity at the time of an employee becoming entitled to a pension. The Fund is valued on an annual basis by independent actuary, taking into account gains and losses.

The schemes assets are invested in a Group Pension Contract insured with Clerical Medical. Other than the decision to remain invested in the Group Pension Contract, the trustees and Group do not have control over asset allocation.

The subsidiary has been disposed during the year as disclosed in Note 17(a), hence the Fund ceased to be part of the Group's liabilities on the disposal date.

#### (b) UEMS Solutions Ltd. ("UEMS Taiwan")

UEMS Taiwan has a retirement plan covering all its regular employees who opted for defined benefits plan. Benefits under the plan are based on the length of service and estimated base pay at the time of retirement. The pension assets and liabilities are valued on annual basis by independent actuary, taking into account gains and losses.

The plan assets, comprising cash and cash equivalents, are deposited with the Bank of Taiwan and are managed by the government of Taiwan. The plan assets do not have quoted market prices in active market.

Amount recognised in the income statement and statement of comprehensive income:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Current service cost	<b>448</b>	294
Interest cost on benefit obligation	<b>1,122</b>	1,203
Administration cost	<b>172</b>	170
Expected return on plan assets	<b>(977)</b>	(1,183)
Employer's contribution	<b>(2,017)</b>	(1,347)
Interest income	-	(3)
Total included in employee benefits expense (Note 8)	<b>(1,252)</b>	(866)
Net actuarial loss recognised for the year	<b>1,023</b>	5,370
	<b>(229)</b>	4,504

**26. DEFINED BENEFIT PENSION PLAN (CONT'D.)**

Amount recognised in statement of financial position:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Present value of defined benefit obligation	<b>2,286</b>	41,727
Fair value of plan assets	<b>(382)</b>	(35,186)
Defined benefit obligation	<b>1,904</b>	6,541

Changes in present value of defined benefit obligation:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	<b>41,727</b>	39,374
Acquisition of subsidiaries	-	2,780
Current service cost	<b>448</b>	294
Interest cost	<b>1,122</b>	1,203
Employees' contribution	<b>49</b>	46
Benefit paid	<b>(2,144)</b>	(1,547)
Actuarial loss	<b>1,382</b>	4,519
Disposal of a subsidiary	<b>(39,736)</b>	-
Exchange differences	<b>(562)</b>	(4,942)
At 31 December	<b>2,286</b>	41,727

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 26. DEFINED BENEFIT PENSION PLAN (CONT'D.)

Changes in fair value of plan assets:

	Group	
	2017 RM'000	2016 RM'000
At 1 January	(35,186)	(39,502)
Acquisition of subsidiaries	-	(638)
Expected return	(977)	(1,183)
Employer's contribution	(2,017)	(1,347)
Employees' contribution	(49)	(46)
Benefit paid	2,144	1,547
Actuarial (gain)/loss	(359)	851
Administration costs	172	170
Interest income	-	(3)
Disposal of a subsidiary	35,395	-
Exchange differences	495	4,965
At 31 December	(382)	(35,186)

The principal assumptions used in determining defined benefit obligation of the Group are shown below:

	Group	
	2017	2016
Discount rate	1.4%	2.1%
Salary escalation	3.0%	3.4%
Retail price inflation	-	3.4%

**26. DEFINED BENEFIT PENSION PLAN (CONT'D.)**

Actual return on plan assets:

	<b>Group</b>	
	<b>2017</b> <b>RM'000</b>	<b>2016</b> <b>RM'000</b>
Actual return of plan assets	<b>(1,336)</b>	(332)
Less: expected return on plan assets	<b>977</b>	1,183
Actuarial (gain)/loss recognised in the other comprehensive income	<b>(359)</b>	851

A quantitative sensitivity analysis for significant assumptions as at 31 December 2017 and 2016 are as shown below:

<b>Sensitivity Level</b>	<b>Increase in one percentage</b>		<b>Decrease in one percentage</b>	
	<b>2017</b> <b>RM'000</b>	<b>2016</b> <b>RM'000</b>	<b>2017</b> <b>RM'000</b>	<b>2016</b> <b>RM'000</b>
<b>Assumptions</b>				
Discount rate	<b>(293)</b>	(1,381)	<b>293</b>	1,381
Retail price index	-	273	-	(273)
Salary increase	<b>287</b>	867	<b>(287)</b>	(867)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The average duration of the defined benefit obligation at the end of the reporting period is 12 years (2016: 18 years).

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 27. PROVISIONS

	Group	
	2017 RM'000	2016 RM'000
Current:		
Provision for professional indemnity claims (Note a)	-	3,654
Provision for employee service entitlements (Note b)	-	10,071
Provision for late delivery charges (Note c)	-	2,525
Provision for long term incentive plan (Note d)	<b>1,784</b>	1,335
	<b>1,784</b>	17,585
Non-current:		
Provision for employee service entitlements (Note b)	<b>1,395</b>	17,272
Total	<b>3,179</b>	34,857

	Company	
	2017 RM'000	2016 RM'000
Current:		
Provision for long term incentive plan (Note d)	<b>200</b>	300

#### (a) Provision for professional indemnity claims

	Group	
	2017 RM'000	2016 RM'000
At 1 January	<b>3,654</b>	4,048
Charged to the income statement (Note 7)	<b>371</b>	963
Payments made	<b>(1,724)</b>	(1,414)
Disposal of a subsidiary	<b>(2,127)</b>	-
Exchange differences	<b>(174)</b>	57
At 31 December	-	3,654

The provision for professional indemnity claim was an assessed amount relating to a number of claims the Group may be required to pay over and above its insurance cover.

**27. PROVISIONS (CONT'D.)****(b) Provision for employee service entitlements**

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	<b>27,343</b>	29,255
Charged to the income statement (Note 8)	<b>2,257</b>	3,289
Acquisition of subsidiaries	-	701
Payments made	<b>(3,238)</b>	(7,250)
Disposal of a subsidiary	<b>(22,941)</b>	-
Exchange differences	<b>(2,026)</b>	1,348
At 31 December	<b>1,395</b>	27,343

Provision for employee service entitlements comprises provisions for retirement leave entitlements in respect of eligible employees. The provisions are in respect of both vested and unvested entitlements, and are made by reference to independent actuarial valuations. The timing of such payments depends on when vesting occurs and the subsequent retirement date of the eligible employees.

**(c) Provision for late delivery charges**

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	<b>2,525</b>	1,632
Charged to the income statement (Note 7)	-	893
Settled during the year	<b>(2,525)</b>	-
At 31 December	-	2,525

Provision for late delivery charges was in respect of a property development project undertaken by a subsidiary. The provision is recognised for expected liquidation damages claims payable to the purchasers based on terms of the applicable sale and purchase agreements.

**(d) Provision for long term incentive plan ("LTIP")**

The Company and some of its subsidiaries grant the Shadow Share Option Scheme, i.e. LTIP, to eligible employees, as part of the remuneration package, whereby the employees will be entitled to future cash payments subject to meeting the pre-determined financial performance and value growth targets of the Group over a specific performance vesting period.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**

For the year ended 31 December 2017

**28. BORROWINGS**

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Current borrowings</b>				
Secured:				
Commodity Murabahah Term Financing-i ("CMTF-i") (Note a)	-	20,550	-	20,550
Murabahah Term Facility (Note b)	<b>28,155</b>	132,232	-	103,535
Term loans (Note c)	<b>35,803</b>	17,837	-	-
Finance leases (Note 29)	<b>1,074</b>	6,636	-	-
Revolving credit (Note d)	-	1,433	-	-
	<b>65,032</b>	178,688	-	124,085
Unsecured:				
Islamic Commercial Papers (Note e)	<b>49,964</b>	-	<b>49,964</b>	-
Islamic Medium Term Notes (Note e)	<b>2,226</b>	-	<b>2,226</b>	-
Bank overdrafts (Note c)	-	29,889	-	-
Revolving credit (Note d)	-	20,000	-	-
Total short term borrowings	<b>117,222</b>	228,577	<b>52,190</b>	124,085
<b>Non-current borrowings</b>				
Secured:				
CMTF-i (Note a)	-	40,000	-	40,000
Murabahah Term Facility (Note b)	<b>100,939</b>	443,690	-	311,703
Term loans (Note c)	<b>88,933</b>	96,249	-	-
Finance leases (Note 29)	<b>3,166</b>	11,485	-	-
	<b>193,038</b>	591,424	-	351,703
Unsecured:				
Islamic Medium Term Notes (Note e)	<b>249,501</b>	-	<b>249,501</b>	-
Term loans (Note c)	-	169,698	-	-
Total long term borrowings	<b>442,539</b>	761,122	<b>249,501</b>	351,703

**28. BORROWINGS (CONT'D.)**

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Total borrowings</b>				
Secured:				
CMTF-i (Note a)	-	60,550	-	60,550
Murabahah Term Facility (Note b)	<b>129,094</b>	575,922	-	415,238
Term loans (Note c)	<b>124,736</b>	114,086	-	-
Finance leases (Note 29)	<b>4,240</b>	18,121	-	-
Revolving credit (Note d)	-	1,433	-	-
	<b>258,070</b>	770,112	-	475,788
Unsecured:				
Islamic Commercial Papers (Note e)	<b>49,964</b>	-	<b>49,964</b>	-
Islamic Medium Term Notes (Note e)	<b>251,727</b>	-	<b>251,727</b>	-
Term loans (Note c)	-	169,698	-	-
Bank overdrafts (Note c)	-	29,889	-	-
Revolving credit (Note d)	-	20,000	-	-
Total borrowings	<b>559,761</b>	989,699	<b>301,691</b>	475,788

The maturity profile of the loans and borrowings are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
On demand or within one year	<b>117,222</b>	228,577	<b>52,190</b>	124,085
More than 1 year and less than 2 years	<b>41,012</b>	187,981	-	144,274
More than 2 years and less than 5 years	<b>348,474</b>	509,588	<b>249,501</b>	207,429
More than 5 years	<b>53,053</b>	63,553	-	-
	<b>442,539</b>	761,122	<b>249,501</b>	351,703
	<b>559,761</b>	989,699	<b>301,691</b>	475,788

**(a) Commodity Murabahah Term Financing-i ("CMTF-i")**

On 17 October 2014, the Company obtained a CMTF-i facility of RM100.0 million to part finance the purchase consideration for the acquisition of Edgenta PROPEL.

The facility was secured by 21,012,000 units of shariah compliant Edgenta PROPEL's shares and was repayable by way of 10 equal semi-annual payments, or until full settlement of the financing from the date of the first drawdown on 29 October 2014. Interest was serviced semi-annually in arrears at the end of each profit period of 6 months.

This facility has been fully settled during the year.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 28. BORROWINGS (CONT'D.)

#### (b) Murabahah Term Facility

On 1 December 2016, the Company and its subsidiary, Edgenta Singapore obtained Murabahah Term Facility of RM415.2 million (SGD134.6 million) ("Facility A") and RM160.7 million (SGD52.4 million) ("Facility B") to finance the acquisition of AIFS. As part of the term of Facility A, the Company had entered into a cross currency profit rate swap as further disclosed in Note 41(c).

The profits charged on the borrowing are repayable on quarterly basis, while the principals are repayable on annual basis, for the period of 3 years for Facility A and 5 years for Facility B, from the date of the first drawdown on 15 December 2016.

The weighted average effective profit rate of facility at the reporting date was Nil (2016: 2.82%) per annum for Facility A and 3.61% (2016: 3.32%) per annum for Facility B.

The Facilities A and B are secured by:

- (i) Equitable mortgage over all securities and shares of Edgenta Singapore and its subsidiaries;
- (ii) Debenture creating registered fixed and floating charges over all present and future assets of AIFS and its subsidiaries;
- (iii) Charge over the Designated Accounts of the Company;
- (iv) Assignment of AIFS's rights, title, interest and benefits under the Sales and Purchase Agreement dated 26 September 2016 ("SPA");
- (v) Cash security equivalent to 20% of the purchase consideration under SPA (whereby the monies set aside for the Standby Letter of Credit ("SBLC") facility shall be taken into consideration and counted towards this amount upon expiry of the SBLC or upon cancellation of the SBLC; whichever is earlier);
- (vi) Charge over the Designated Accounts of each customer utilising Facility B; and
- (vii) Assignment of all financing/advances provided to the Edgenta Singapore, AIFS and its subsidiaries.

During the year, the Group and the Company have made repayment for the full settlement for Facility A and partial settlement of RM30.2 million (SGD9.8 million) for Facility B.

#### (c) Term loans

##### (i) Secured term loans

Secured term loans bear interests which range from 1.90% to 7.30% per annum (2016: 1.90% to 7.30% per annum).

The term loans are secured by:

- (i) Master Facilities Agreement;
- (ii) Memorandum of Deposit;
- (iii) Debenture on first party legal charge on machinery and equipment financed by the bank;
- (iv) First fixed and floating charge over all other present and future assets of a subsidiary of the Company;
- (v) Corporate guarantee by a subsidiary of the Company;
- (vi) Joint and several guarantee by the directors of a subsidiary; and
- (vii) Assignment of all rights, title, interest and benefits of a subsidiary of the Company under the concession agreement.

## 28. BORROWINGS (CONT'D.)

### (c) Term loans (cont'd.)

#### (ii) Unsecured term loans and bank overdrafts

The multi-currency bank overdrafts and term loans were obtained from various entities of HSBC and ANZ Banking Group. All bank overdrafts and term loans were unsecured and subject to a deed of negative pledge.

The weighted average interest rate on the bank overdrafts and term loans in the previous financial year was 3.03% per annum.

Interest was paid on monthly, quarterly or semi-annual basis in arrears. The principal is repayable at the maturity date of the facility.

Following the disposal of OIC as disclosed in Note 17(a), there were no outstanding balances as at reporting date.

### (d) Revolving credit facility

#### (i) Secured

The revolving credit was secured by:

- (i) Placement of fixed deposits; and
- (ii) Corporate guarantee by subsidiaries of the Company.

The weighted average interest rate on the revolving credit in the previous financial year was 4.58% per annum.

#### (ii) Unsecured

The weighted average interest rate on the revolving credit in the previous financial year was 4.58% per annum.

### (e) Islamic Commercial Papers ("ICPs") and Islamic Medium Term Notes ("IMTNs")

The Company had established the ICPs and IMTNs under an Islamic Commercial Papers Programme and Islamic Medium Term Notes Programme respectively, which have a combined aggregate limit of up to RM1,000.0 million in nominal value and a sub limit of RM300.0 million in nominal value for the ICP Programme under the Shariah Principle of Murabahah via a Tawarruq Arrangement.

On 26 April 2017, the Company completed the issuance of the following:

- (a) RM50.0 million in nominal value of ICPs with a tenure of 12 months; and
- (b) RM250.0 million in nominal value of IMTNs with a tenure of 5 years.

The proceeds raised from the ICPs and IMTNs are to be utilised by the Company for its Shariah-compliant general corporate purposes.

The effective profit rates for ICPs and IMTNs at the reporting date are 4.33% and 4.85% respectively.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 28. BORROWINGS (CONT'D.)

#### (f) Syndicated banking facilities (secured)

A subsidiary of the Group has Syndicated Banking Facilities which comprise revolving credits, bank guarantees and combined trade facilities.

The Syndicated Banking Facilities are secured by a Debenture and a Deed of Assignment of Proceeds dated 27 December 1996 by way of the following:

- (i) A first fixed charge over all sums paid or may from time to time become due and payable to the subsidiary ("the Proceeds") by the Government of Malaysia pursuant to the Concession Agreement dated 28 October 1996, all its uncalled capital, its present and future goodwill, patents, trademarks, licences and concessions and all its present and future plant, equipment and machinery, motor vehicles and furniture and fittings; and
- (ii) A first floating charge over all the present and future lands undertakings and other properties and assets of the subsidiary both movable and immovable, not otherwise charged in (f)(i) above.

#### Reconciliation of liabilities arising from financing activities

	Borrowings		
	Non-current RM'000	Current RM'000	Total RM'000
<b>Group</b>			
<b>At 1 January 2017</b>	<b>761,122</b>	<b>228,577</b>	<b>989,699</b>
Cash flows			
Drawdown of borrowings	281,218	87,389	368,607
Repayment of borrowings	(417,201)	(169,460)	(586,661)
Repayment of finance lease	-	(6,493)	(6,493)
Interest paid	-	(41,834)	(41,834)
Non-cash changes:			
Transaction costs capitalised	1,727	-	1,727
Disposal of a subsidiary (Note 17(a))	(144,064)	(32,086)	(176,150)
Reclassification and other changes	(40,263)	51,129	10,866
<b>At 31 December 2017</b>	<b>442,539</b>	<b>117,222</b>	<b>559,761</b>

Included in the other changes are the effects of foreign currency translations and accrued but not yet paid interest on interest-bearing loans and borrowings. The Group classifies interest paid as cash flows from operating activities.

**29. FINANCE LEASES**

	<b>Group</b>	
	<b>2017 RM'000</b>	<b>2016 RM'000</b>
<b>Future minimum lease payments:</b>		
Not later than 1 year	<b>1,382</b>	7,266
Later than 1 year and not later than 2 years	<b>1,351</b>	8,230
Later than 2 years and not later than 5 years	<b>2,171</b>	4,270
Total future minimum lease payments	<b>4,904</b>	19,766
Less: Future finance charges	<b>(664)</b>	(1,645)
Present value of finance lease liabilities	<b>4,240</b>	18,121
<b>Analysis of present value of finance lease liabilities:</b>		
Not later than 1 year	<b>1,074</b>	6,636
Later than 1 year and not later than 2 years	<b>1,140</b>	7,613
Later than 2 years and not later than 5 years	<b>2,026</b>	3,872
	<b>4,240</b>	18,121
Less: Amount due within 12 months (Note 28)	<b>(1,074)</b>	(6,636)
Amount due after 12 months (Note 28)	<b>3,166</b>	11,485

The Group obtains finance leases for various items of computer equipment and surveying equipment (see Note 13). These lease contracts expire within one to five years. The leases have terms of renewal, purchase options and escalation clauses. These terms are at the option of the specific entity that holds the lease.

These obligations are secured by a charge over the leased assets (Note 13). Other information on financial risks of finance lease are disclosed in Note 41.

The finance leases bear interest at rates ranging from 2.5% to 4.7% (2016: 3.4% to 4.4%) per annum.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 30. TRADE AND OTHER PAYABLES

	Group	
	2017 RM'000	2016 RM'000
<b>Current</b>		
<b>Trade payables (Note a)</b>		
Third parties	256,829	250,129
Accrued costs	70,122	78,665
Retention payables (Note b):		
Services:		
- Infrastructure	35,129	28,898
- Real estate	1,603	3,513
Property development	7,458	7,364
Due to related companies (Note c)	20,556	1,571
	<b>391,697</b>	370,140
<b>Other payables</b>		
Employee costs payable	99,212	150,834
Accruals	87,666	103,629
Refundable deposits	176	237
Sundry payables	97,875	118,996
Deferred consideration payable (Note d)	8,606	3,193
Due to holding company (Note c)	18,060	6,670
Due to related companies (Note c)	5,804	5,810
	<b>317,399</b>	389,369
<b>Other current liability</b>		
Billing in advance	11,179	72,353
<b>Total</b>	<b>720,275</b>	831,862

**30. TRADE AND OTHER PAYABLES (CONT'D.)**

	<b>Group</b>	
	<b>2017</b> <b>RM'000</b>	<b>2016</b> <b>RM'000</b>
<b>Non-current</b>		
<b>Trade payables (Note a)</b>		
Retention payables (Note b):		
Services:		
- Infrastructure	<b>1,219</b>	6,071
Property development	<b>2,312</b>	2,312
	<b>3,531</b>	8,383
<b>Other payables</b>		
Sundry payables	<b>38,410</b>	120
Deferred consideration payable (Note d)	<b>9,331</b>	21,830
	<b>47,741</b>	21,950
<b>Total</b>	<b>51,272</b>	30,333
<b>Company</b>		
	<b>2017</b> <b>RM'000</b>	<b>2016</b> <b>RM'000</b>
<b>Current</b>		
<b>Other payables</b>		
Accruals	<b>13,064</b>	17,716
Sundry payables	<b>4,162</b>	1,731
Due to holding company (Note c)	<b>17,948</b>	2,751
Due to related companies (Note c)	<b>20,780</b>	1,751
Deferred consideration payable (Note d)	<b>8,606</b>	3,193
<b>Total</b>	<b>64,560</b>	27,142
<b>Non-current</b>		
<b>Other payables</b>		
Deferred consideration payable (Note d)	<b>9,331</b>	21,830

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 30. TRADE AND OTHER PAYABLES (CONT'D.)

#### (a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days (2016: 30 to 90 days).

#### (b) Retention payables

Retention payables are unsecured, interest-free and are expected to be paid within the terms of the relevant contracts.

#### (c) Amounts due to holding and related companies

Related companies refer to companies within the UEM group of companies.

Amounts due to holding and related companies are non-interest bearing and are repayable on demand. The amounts are unsecured and are to be settled in cash.

Further details on related party transactions are disclosed in Note 39.

#### (d) Deferred consideration payable

	<b>Group and Company</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	<b>25,023</b>	-
Acquisition of subsidiaries	-	25,023
Accretion of interest on deferred consideration payable (Note 6)	<b>2,120</b>	-
Reversal of deferred consideration payable (Note 5)	<b>(5,806)</b>	-
Payment	<b>(3,400)</b>	-
At 31 December	<b>17,937</b>	25,023

Deferred consideration payable as at current reporting date arose from the acquisition of KFM group in prior year, which is contingent on certain integration criteria being met.

**31. DEFERRED TAX**

	Group	
	2017 RM'000	2016 RM'000
At 1 January	8	(41,336)
Recognised in profit or loss	3,164	(4,985)
Recognised in other comprehensive income (Note 10)	(6,920)	3,030
Acquisition of subsidiaries	-	48,119
Disposal of a subsidiary (Note 17(a))	30,372	-
Exchange differences	7,861	(4,820)
<b>At 31 December</b>	<b>34,485</b>	<b>8</b>
Presented after appropriate offsetting as follows:		
Deferred tax assets	(14,523)	(51,573)
Deferred tax liabilities	49,008	51,581
	<b>34,485</b>	<b>8</b>

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

**Deferred tax assets of the Group:**

	Provisions and others RM'000	Unused tax losses and other tax credits RM'000	Total RM'000
At 1 January 2017	(51,009)	(10,561)	(61,570)
Recognised in profit or loss	(3,492)	7,505	4,013
Recognised in other comprehensive income	(6,920)	-	(6,920)
Disposal of a subsidiary	28,927	2,419	31,346
Exchange differences	9,182	(377)	8,805
	<b>(23,312)</b>	<b>(1,014)</b>	<b>(24,326)</b>
Less: Set off with deferred tax liabilities			<b>9,803</b>
<b>At 31 December 2017</b>			<b>(14,523)</b>
At 1 January 2016	(44,071)	(13,694)	(57,765)
Recognised in profit or loss	(3,655)	3,391	(264)
Recognised in other comprehensive income	3,030	-	3,030
Acquisition of subsidiaries	(971)	(650)	(1,621)
Exchange differences	(5,342)	392	(4,950)
	(51,009)	(10,561)	(61,570)
Less: Set off with deferred tax liabilities			9,997
<b>At 31 December 2016</b>			<b>(51,573)</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**

For the year ended 31 December 2017

**31. DEFERRED TAX (CONT'D.)**

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows: (cont'd.)

**Deferred tax liabilities of the Group:**

	<b>Property, plant and equipment RM'000</b>	<b>Intangible assets RM'000</b>	<b>Concession receivable RM'000</b>	<b>Total RM'000</b>
At 1 January 2017	<b>6,329</b>	<b>37,890</b>	<b>17,359</b>	<b>61,578</b>
Recognised in profit or loss	<b>2,300</b>	<b>(3,149)</b>	-	<b>(849)</b>
Disposal of a subsidiary	<b>(974)</b>	-	-	<b>(974)</b>
Exchange differences	<b>(379)</b>	<b>(565)</b>	-	<b>(944)</b>
	<b>7,276</b>	<b>34,176</b>	<b>17,359</b>	<b>58,811</b>
Less: Set off with deferred tax assets				<b>(9,803)</b>
At 31 December 2017				<b>49,008</b>
At 1 January 2016	16,429	-	-	16,429
Recognised in profit or loss	(4,710)	-	(11)	(4,721)
Acquisition of subsidiaries	(5,520)	37,890	17,370	49,740
Exchange differences	130	-	-	130
	<b>6,329</b>	<b>37,890</b>	<b>17,359</b>	<b>61,578</b>
Less: Set off with deferred tax assets				<b>(9,997)</b>
At 31 December 2016				<b>51,581</b>

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

**31. DEFERRED TAX (CONT'D.)**

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

**Malaysian Companies**

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Unused tax losses	<b>33,608</b>	22,307
Unabsorbed capital allowances	<b>358</b>	181
Others	<b>3,107</b>	1,946
	<b>37,073</b>	24,434
Deferred tax of 24%	<b>8,898</b>	5,864

Unused tax losses

At the reporting date, the Group has tax losses of approximately RM33.6 million (2016: RM22.3 million) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia is subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority.

The use of tax losses of subsidiaries in other countries is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate.

Unrecognised temporary differences relating to investments in subsidiaries and associates

At the reporting date, no deferred tax liabilities have been recognised that would be payable on the undistributed profits of subsidiaries and associates of the Group. The Group has determined that these undistributed profits will not be distributed in the foreseeable future.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 32. SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares		Amount	
	2017 '000	2016 '000	2017 RM'000	2016 RM'000
<b>Group and Company</b>				
<b>Issued and fully paid up</b>				
At 1 January	831,624	813,501	207,906	203,375
Issued for acquisition of a subsidiary (Note 17(d)(ii))	-	18,123	-	4,531
Transition to no par value regime	-	-	60,168	-
31 December	831,624	831,624	268,074	207,906
<b>Share premium</b>				
At 1 January			60,168	-
Issued for acquisition of a subsidiary (Note 17(d)(ii))			-	60,168
Transition to no par value regime			(60,168)	-
31 December			-	60,168

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

#### No par value regime

The Companies Act 2016 ("Act"), which came into effect on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of Section 74 of the Act, use the amount standing to the credit of its share premium account of RM60.2 million for purposes as set out in Section 618(3) of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

### 33. CAPITAL AND OTHER MERGER RESERVE

The acquisitions of Opus Group Berhad ("Opus") and Edgenta PROPEL Berhad in prior years, which was accounted for using the pooling of interest method, gave rise to the following at acquisition date:

#### (a) Capital reserve

This reserve represents the excess of issue price of the Company's shares over the par value in accordance with Section 60(4)(a) of the Companies Act, 1965. This reserve had been partially set off against the merger deficit reserve in prior year for the purpose of presentation in the financial statements of the Group.

#### (b) Other merger reserve

This reserve represents the excess of fair value of the Company's shares at the acquisition date over the issue price. This reserve had been fully set off against the merger deficit reserve for the purpose of presentation in the financial statements of the Group.

### 34. OTHER RESERVES

	Put option reserve RM'000 (Note a)	Statutory reserve RM'000 (Note b)	Foreign currency translation reserve RM'000 (Note c)	Other reserve RM'000 (Note d)	Total RM'000
<b>Group</b>					
<b>At 1 January 2016</b>	-	279	59,817	9,163	69,259
Foreign currency translation	-	-	8,890	-	8,890
<b>At 31 December 2016</b>	-	279	68,707	9,163	78,149
Foreign currency translation	-	-	(76,317)	-	(76,317)
Put option granted to non-controlling interests of a subsidiary	(14,635)	-	-	-	(14,635)
<b>At 31 December 2017</b>	(14,635)	279	(7,610)	9,163	(12,803)

#### (a) Put option reserve

This relates to the put option issued to the non-controlling interests over the shares of a subsidiary of the Group. For the purpose of presentation in the financial statements, the put option reserve is shown net of the related non-controlling interests at each reporting date as if it was acquired at that date. The unexercised put option will expire on 31 March 2022.

#### (b) Statutory reserve

In accordance with the United Arab Emirates ("UAE") Commercial Companies Law, 10% of profit for each year from a Limited Liability Company incorporated in the UAE is transferred to a legal reserve until such time as the reserve equalled 50% of the paid-up capital. Faber L.L.C. ("FLLC") has resolved to discontinue such annual transfers since the reserve has equalled to 50% of its share capital. This reserve is not available for distribution except as stipulated by UAE law.

#### (c) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

#### (d) Other reserve

Other reserve arose from the redemption of redeemable preference shares in the prior years by a subsidiary.

### 35. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings under the single tier system.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 36. OPERATING LEASE COMMITMENTS

The Group has entered into non-cancellable operating lease agreements for the use of premises and certain plant and machineries. These leases have an average tenure of between 3 and 5 years with no renewal or purchase option included in the contracts.

The Group also leases various plant and machinery under cancellable operating lease agreements. The Group is required to give a six-month notice for the termination of those agreements.

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Future minimum rental payable of premises:				
Not later than 1 year	<b>13,301</b>	70,802	<b>849</b>	4,866
Later than 1 year and not later than 2 years	<b>11,805</b>	64,453	<b>849</b>	5,138
Later than 2 years and not later than 5 years	<b>10,488</b>	127,869	-	5,022
More than 5 years	-	134,482	-	-
	<b>35,594</b>	397,606	<b>1,698</b>	15,026
Future minimum rental payable of equipment and others:				
Not later than 1 year	<b>997</b>	13,766	<b>76</b>	57
Later than 1 year and not later than 2 years	<b>1,210</b>	8,827	<b>47</b>	57
Later than 2 years and not later than 5 years	<b>1,184</b>	7,337	<b>39</b>	109
More than 5 years	-	16	-	-
	<b>3,391</b>	29,946	<b>162</b>	223

### 37. CAPITAL COMMITMENTS

	Group	
	2017 RM'000	2016 RM'000
Capital expenditure		
Approved and contracted for:		
Purchase of property, plant and equipment	<b>75,302</b>	75,818
Approved but not contracted for:		
Purchase of property, plant and equipment	<b>44,177</b>	41,621

**38. PERFORMANCE BONDS AND GUARANTEES**

	Group	
	2017 RM'000	2016 RM'000
<b>Secured:</b>		
Performance bond extended to Government of Malaysia in respect of security for the due performance of the Hospital Support Services Concession Agreement dated 28 October 1996 (Note 28(f))	<b>16,334</b>	16,618
Performance bond to Western Region Municipality of Abu Dhabi for Facilities Management Services in Abu Dhabi	<b>10,932</b>	12,099
Other bank performance bonds and letter of credit	-	14,626
Bank guarantee issued to authorities	<b>1,692</b>	1,716
Bank guarantees and performance bonds issued to others	<b>33,752</b>	35,591
<b>Total</b>	<b>62,710</b>	80,650
<b>Unsecured:</b>		
Bank guarantees extended to third parties - trade related	<b>61,802</b>	62,455
Performance bond extended to third parties - trade related	<b>25,495</b>	28,216
Retention guarantee extended to third parties - trade related	<b>8,940</b>	9,894
	<b>96,237</b>	100,565

As at the reporting date, no values are ascribed on these guarantees provided by the Group for the purpose described above as the Directors regard the value of the credit enhancement provided by these guarantees as minimal and the probability of default, based on historical track records of the parties receiving the guarantees are not probable.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**

For the year ended 31 December 2017

**39. RELATED PARTY DISCLOSURES****(a) Sale and purchase of goods and services**

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following significant transactions at terms agreed between the related parties during the financial year:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Income received/receivable from</b>				
Management fees from subsidiaries	-	-	<b>(45,558)</b>	(32,220)
Asset consultancy services fees received from:				
- immediate holding company	<b>(8,586)</b>	(2,149)	-	-
- related companies	<b>(52,178)</b>	(64,798)	-	-
- joint ventures	<b>(167,604)</b>	(115,210)	-	-
Infrastructure maintenance fees received from:				
- immediate holding company	<b>(1,137)</b>	-	-	-
- related companies	<b>(791,397)</b>	(663,828)	-	-
Facilities management fees received from:				
- immediate holding company	<b>(131)</b>	-	-	-
- related companies	<b>(70,110)</b>	(25,291)	-	-
- associates	<b>(46,653)</b>	(41,339)	-	-
Other service fees received from:				
- related companies	-	(2,448)	-	-
License and commission fees received from an associate	<b>(1,455)</b>	(1,173)	-	-
<b>Expenses paid/payable to</b>				
Management fee expense to immediate holding company	<b>3,400</b>	793	<b>3,400</b>	207
Rendering of services by:				
- immediate holding company	<b>11,300</b>	11,247	<b>876</b>	653
- related companies	<b>14,037</b>	19,576	<b>501</b>	-
- non-controlling shareholder of a subsidiary	<b>3,419</b>	3,836	-	-
- associates	-	132	-	-
Rental paid to:				
- related company	<b>6,007</b>	6,961	<b>857</b>	1,738

**39. RELATED PARTY DISCLOSURES (CONT'D.)****(a) Sale and purchase of goods and services (cont'd.)**

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following significant transactions at terms agreed between the related parties during the financial year: (cont'd.)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Others</b>				
Deferred consideration paid to non-controlling shareholder of a subsidiary	3,400	-	3,400	-
Repayment from joint ventures	-	(3,511)	-	-

All other significant intercompany transactions have been disclosed in Noted 21 and 30.

**(b) Compensation of key management personnel**

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly including any directors.

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Salaries and other emoluments	13,524	8,314	3,130	3,009
Contributions to defined contribution plans	787	679	348	455
	14,311	8,993	3,478	3,464

Included in total key management personnel compensation are:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Directors' remuneration excluding benefits-in-kind (Note 9)	3,122	3,122	2,901	2,552

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**

For the year ended 31 December 2017

**40. FINANCIAL INSTRUMENTS**Classification of financial instruments

The principal accounting policies in Note 2.4 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis:

<b>2017 Group</b>	<b>Fair value through profit or loss RM'000</b>	<b>Loans and receivables RM'000</b>	<b>Available- for-sale RM'000</b>	<b>Total RM'000</b>
<b>Assets</b>				
Other investments (Note 19)	-	-	272	272
Trade receivables, net (Note 21)	-	609,905	-	609,905
Concession receivable (Note 21)	-	154,205	-	154,205
Other receivables, net (Note 21)	-	75,618	-	75,618
Cash, bank balances and deposits (Note 24)	-	520,082	-	520,082
Short term investments (Note 22)	183,425	-	-	183,425
<b>Total financial assets</b>	<b>183,425</b>	<b>1,359,810</b>	<b>272</b>	<b>1,543,507</b>
Total non-financial assets				<b>1,462,468</b>
Total assets				<b>3,005,975</b>
		<b>Fair value through profit or loss RM'000</b>	<b>Financial liabilities at amortised cost RM'000</b>	<b>Total RM'000</b>
<b>Liabilities</b>				
Trade payables (Note 30)		-	395,228	395,228
Other payables (Note 30)		17,937	347,203	365,140
Borrowings (Note 28)		-	559,761	559,761
<b>Total financial liabilities</b>		<b>17,937</b>	<b>1,302,192</b>	<b>1,320,129</b>
Total non-financial liabilities				<b>84,014</b>
Total liabilities				<b>1,404,143</b>

**40. FINANCIAL INSTRUMENTS (CONT'D.)**

Classification of financial instruments (cont'd.)

<b>2016 Group</b>	<b>Fair value through profit or loss RM'000</b>	<b>Loans and receivables RM'000</b>	<b>Available- for-sale RM'000</b>	<b>Total RM'000</b>
<b>Assets</b>				
Other investments (Note 19)	-	-	272	272
Trade receivables, net (Note 21)	-	746,947	-	746,947
Concession receivable (Note 21)	-	152,867	-	152,867
Other receivables, net (Note 21)	-	104,222	-	104,222
Cash, bank balances and deposits (Note 24)	-	640,010	-	640,010
Short term investments (Note 22)	42,375	-	-	42,375
Derivative financial instruments (Note 23)	491	-	-	491
<b>Total financial assets</b>	<b>42,866</b>	<b>1,644,046</b>	<b>272</b>	<b>1,687,184</b>
Total non-financial assets				1,842,155
Total assets				3,529,339
		<b>Fair value through profit or loss RM'000</b>	<b>Financial liabilities at amortised cost RM'000</b>	<b>Total RM'000</b>
<b>Liabilities</b>				
Trade payables (Note 30)		-	378,523	378,523
Other payables (Note 30)		25,023	386,296	411,319
Derivative financial instruments (Note 23)		6,939	-	6,939
Borrowings (Note 28)		-	989,699	989,699
<b>Total financial liabilities</b>		<b>31,962</b>	<b>1,754,518</b>	<b>1,786,480</b>
Total non-financial liabilities				205,066
Total liabilities				1,991,546

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 40. FINANCIAL INSTRUMENTS (CONT'D.)

Classification of financial instruments (cont'd.)

<b>2017 Company</b>	<b>Loans and receivables RM'000</b>	<b>Available- for-sale RM'000</b>	<b>Total RM'000</b>
<b>Assets</b>			
Other investments (Note 19)	-	272	272
Other receivables, net (Note 21)	172,822	-	172,822
Cash, bank balances and deposits (Note 24)	87,277	-	87,277
<b>Total financial assets</b>	<b>260,099</b>	<b>272</b>	<b>260,371</b>
Total non-financial assets			1,949,895
Total assets			2,210,266
	<b>Fair value through profit or loss RM'000</b>	<b>Financial liabilities at amortised cost RM'000</b>	<b>Total RM'000</b>
<b>Liabilities</b>			
Other payables (Note 30)	17,937	55,954	73,891
Borrowings (Note 28)	-	301,691	301,691
<b>Total financial liabilities</b>	<b>17,937</b>	<b>357,645</b>	<b>375,582</b>
Total non-financial liabilities			200
Total liabilities			375,782

**40. FINANCIAL INSTRUMENTS (CONT'D.)**

Classification of financial instruments (cont'd.)

<b>2016 Company</b>	<b>Loans and receivables RM'000</b>	<b>Available- for-sale RM'000</b>	<b>Total RM'000</b>
<b>Assets</b>			
Other investments (Note 19)	-	272	272
Other receivables, net (Note 21)	341,499	-	341,499
Cash, bank balances and deposits (Note 24)	86,141	-	86,141
<b>Total financial assets</b>	<b>427,640</b>	<b>272</b>	<b>427,912</b>
Total non-financial assets			2,059,011
Total assets			<b>2,486,923</b>
	<b>Fair value through profit or loss RM'000</b>	<b>Financial liabilities at amortised cost RM'000</b>	<b>Total RM'000</b>
<b>Liabilities</b>			
Other payables (Note 30)	25,023	23,949	48,972
Borrowings (Note 28)	-	475,788	475,788
Derivative financial instruments (Note 23)	3,859	-	3,859
<b>Total financial liabilities</b>	<b>28,882</b>	<b>499,737</b>	<b>528,619</b>
Total non-financial liabilities			300
Total liabilities			<b>528,919</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk, interest rate risk and market price risk.

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

#### (a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and bank balances, derivatives and non-current investments), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group controls its credit risk by the application of credit approvals, limits and monitoring procedures. Credit evaluations are performed on all customers requiring credit over a certain amount and strictly limiting the Group's associations to business partners with high credit worthiness. Trade receivables are monitored on an ongoing basis.

The Group's receivables are monitored on an ongoing basis and the status of major receivables are reported to the Board of Directors.

#### Exposure to credit risk

At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

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

### (a) Credit risk (cont'd.)

#### Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's net trade receivables at the reporting date are as follows:

	2017		2016	
	RM'000	% of total	RM'000	% of total
<b>By country:</b>				
Malaysia	<b>490,230</b>	81	<b>433,437</b>	58
India	<b>217</b>	-	<b>217</b>	-
United Arab Emirates	<b>29,482</b>	5	<b>30,110</b>	4
Indonesia	<b>8,460</b>	1	<b>9,398</b>	1
New Zealand	-	-	<b>117,720</b>	16
Australia	-	-	<b>26,490</b>	4
United Kingdom	-	-	<b>22,258</b>	3
Canada	-	-	<b>34,419</b>	5
Fiji	-	-	<b>7,876</b>	1
Singapore	<b>37,221</b>	6	<b>31,741</b>	4
Taiwan	<b>44,295</b>	7	<b>33,281</b>	4
	<b>609,905</b>	100	<b>746,947</b>	100

At the reporting date:

- The Group's ten largest customers account for approximately 64% (2016: 45%) of total trade receivables. Majority of these customers are government, quasi-government agency and government linked organisations.

#### Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 21. Deposits with banks and other financial institutions are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

#### Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 21.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

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

#### (b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

#### Analysis of financial instruments by remaining contractual maturities

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

	On demand or within one year RM'000	One to five years RM'000	More than five years RM'000	Total RM'000
<b>2017</b>				
<b>Group</b>				
<b>Financial liabilities:</b>				
Trade and other payables (Note 30)	720,275	51,272	-	771,547
Loans and borrowings:				
- Murabahah Term Facility	33,303	112,522	-	145,825
- ICPs	50,000	-	-	50,000
- IMTNs	12,125	292,421	-	304,546
- Term loans	42,540	56,184	63,750	162,474
- Finance leases	1,382	3,522	-	4,904
Total undiscounted financial liabilities	859,625	515,921	63,750	1,439,296
<b>2017</b>				
<b>Company</b>				
<b>Financial liabilities:</b>				
Other payables (Note 30)	64,560	9,331	-	73,891
Loans and borrowings:				
- ICPs	50,000	-	-	50,000
- IMTNs	12,125	292,421	-	304,546
Total undiscounted financial liabilities	126,685	301,752	-	428,437

**41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)****(b) Liquidity risk (cont'd.)****Analysis of financial instruments by remaining contractual maturities (cont'd.)**

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations. (cont'd.)

	<b>On demand or within one year RM'000</b>	<b>One to five years RM'000</b>	<b>More than five years RM'000</b>	<b>Total RM'000</b>
<b>2016</b>				
<b>Group</b>				
<b>Financial liabilities:</b>				
Trade and other payables (Note 30)	831,862	30,333	-	862,195
Loans and borrowings:				
- CMTF-i	22,830	42,574	-	65,404
- Murabahah Term Facility	150,685	471,739	-	622,424
- Term loans	28,822	274,487	34,233	337,542
- Finance leases	7,266	12,500	-	19,766
- Revolving credits (Note 28)	21,433	-	-	21,433
- Bank overdrafts (Note 28)	29,889	-	-	29,889
<b>Total undiscounted financial liabilities</b>	<b>1,092,787</b>	<b>831,633</b>	<b>34,233</b>	<b>1,958,653</b>
<b>2016</b>				
<b>Company</b>				
<b>Financial liabilities:</b>				
Other payables (Note 30)	27,142	21,830	-	48,972
Loans and borrowings:				
- CMTF-i	22,830	42,574	-	65,404
- Murabahah Term Facility	116,060	327,020	-	443,080
<b>Total undiscounted financial liabilities</b>	<b>166,032</b>	<b>391,424</b>	<b>-</b>	<b>557,456</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

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

#### (c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities. The foreign currencies in which these transactions are denominated are mainly New Zealand Dollar, Canadian Dollar, Australian Dollar, and British Pound.

As a result of the significant investments in New Zealand, Australia, United Kingdom, Canada, Singapore and Taiwan, the Group's statement of financial position is affected by the movements in the respective functional currencies of the investees against the Ringgit Malaysia.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the investments are located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

As and when the Group undertakes significant transactions denominated in foreign currencies, with continuing exposure over the applicable periods of settlement, the Group evaluates its exposure and the necessity to hedge such exposure, as well as the availability and cost of such hedging instruments.

During the previous year, as part of the term of the Murabahah Term Facility (Note 28(b)), the Company entered into a cross currency profit rate swap agreement with a financial institution. The notional amount of this swap was RM210.6 million and is used to hedge the Company's exposure to changes in foreign currency of the loan secured under the Facility. During the year, the Group partly settled the Murabahah Term Facility. Consequently, the cross currency profit rate swap agreement is uplifted.

#### Hedges of net investments in foreign operations

The Group adopts hedge accounting for net investments in foreign operations. During the year, the Group hedged investments in the United Kingdom, Canada, United States and Australia.

Net investment hedges are hedges of the Group's exposure to foreign currency risk associated with foreign operations. The Group has designated a portion of bank borrowings in the same currency as the foreign operations and forward exchange rate contracts, as hedges of the net investment in those operations. Gains and losses arising on the effective portion of the hedge are recognised directly in other comprehensive income within the Statement of Comprehensive Income. Any gains or losses arising on the ineffective portion are recognised directly in the Income Statement.

**41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)****(c) Foreign currency risk (cont'd.)****Hedges of net investments in foreign operations (cont'd.)**

On loss of control or disposal of foreign operation, the cumulative value of any such gains or losses recognised in other comprehensive income is transferred to the Income Statement.

The hedges were effective throughout 2017 and there was no ineffectiveness recognised in the Income Statement (2016: Nil).

	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Bank borrowings designated as hedges:		
Short term bank borrowings	-	29,889
Long term bank borrowings	-	169,698

The Group also holds cash and cash equivalents and bank overdrafts denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances are as follows:

	<b>Functional currency of Group Companies</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
United Arab Emirates Dirham (AED)	<b>98</b>	158
Australian Dollar (AUD)	-	(9,305)
British Pound (GBP)	-	(12,306)
Euro Dollar (EURO)	-	(87)
United States Dollar (USD)	-	(1,327)
Canadian Dollar (CAD)	-	(6,805)
Indonesian Rupiah (IDR)	<b>7,940</b>	8,058
Singapore Dollar (SGD)	<b>1,463</b>	2,996
	<b>9,501</b>	(18,618)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit after tax to a reasonably possible change in the following exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

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

#### (c) Foreign currency risk (cont'd.)

Sensitivity analysis for foreign currency risk (cont'd.)

	Group	
	2017 RM'000	2016 RM'000
AED/RM - strengthened 10% (2016: 4%)	10	6
AUD/RM - strengthened Nil (2016: 3%)	-	(279)
GBP/RM - strengthened Nil (2016: 13%)	-	(1,600)
EURO/RM - strengthened Nil (2016: 1%)	-	(1)
USD/RM - strengthened Nil (2016: 4%)	-	(53)
CAD/RM - strengthened Nil (2016: 7%)	-	(476)
IDR/RM - strengthened 10% (2016: 1%)	794	81
SGD/RM - strengthened 2% (2016: 2%)	29	60

#### (d) Interest rate risk

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

As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits or occasionally, in short term commercial papers.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

##### Interest Rate Swap Contracts

The Group enters into interest rate swap contracts where it agrees to exchange interest rate cash flows, either from a fixed rate to a floating rate (or vice versa) on a specified notional principal amount. The objective is to protect the Group from the possibility of material losses from interest rate fluctuation.

##### Sensitivity analysis for interest rate risk

A sensitivity analysis had been performed to determine the sensitivity of the Group's profit net of tax to a reasonably possible change in the interest rate at the reporting date. This analysis assumes that all other variables, in particular foreign currency rate, remain constant. Based on the analysis, there is no material impact to the Group's profit net of tax.

**41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)****(d) Interest rate risk (cont'd.)**

The following tables set out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the reporting date and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk:

<b>At 31 December 2017</b>	<b>Note</b>	<b>WAEIR %</b>	<b>Within 1 year RM'000</b>	<b>1-2 years RM'000</b>	<b>2-5 years RM'000</b>	<b>&gt;5 years RM'000</b>	<b>Total RM'000</b>
<b>Group</b>							
<b>Fixed rate</b>							
Deposits with licensed banks and other financial institutions	<b>24</b>	<b>2.88</b>	<b>319,991</b>	-	-	-	<b>319,991</b>
ICPs	<b>28</b>	<b>4.33</b>	<b>(49,964)</b>	-	-	-	<b>(49,964)</b>
IMTNs	<b>28</b>	<b>4.85</b>	-	-	<b>(251,727)</b>	-	<b>(251,727)</b>
Finance leases	<b>29</b>	<b>2.70</b>	<b>(1,074)</b>	<b>(1,140)</b>	<b>(2,026)</b>	-	<b>(4,240)</b>
<b>Floating rate</b>							
Murabahah Term Facility	<b>28</b>	<b>3.61</b>	<b>(28,155)</b>	<b>(31,422)</b>	<b>(69,517)</b>	-	<b>(129,094)</b>
Term loans	<b>28</b>	<b>6.06</b>	<b>(35,803)</b>	<b>(8,450)</b>	<b>(26,688)</b>	<b>(53,795)</b>	<b>(124,736)</b>
<b>Company</b>							
<b>Fixed rate</b>							
Deposits with licensed banks and other financial institutions	<b>24</b>	<b>3.03</b>	<b>82,365</b>	-	-	-	<b>82,365</b>
ICPs	<b>28</b>	<b>4.33</b>	<b>(49,964)</b>	-	-	-	<b>(49,964)</b>
IMTNs	<b>28</b>	<b>4.85</b>	-	-	<b>(251,727)</b>	-	<b>(251,727)</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**

For the year ended 31 December 2017

**41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)****(d) Interest rate risk (cont'd.)**

<b>At 31 December 2016</b>	<b>Note</b>	<b>WAEIR %</b>	<b>Within 1 year RM'000</b>	<b>1-2 years RM'000</b>	<b>2-5 years RM'000</b>	<b>&gt;5 years RM'000</b>	<b>Total RM'000</b>
<b>Group</b>							
<b>Fixed rate</b>							
Deposits with licensed banks and other financial institutions	24	3.40	394,993	-	-	-	394,993
Finance leases	29	4.14	(6,636)	(7,613)	(3,872)	-	(18,121)
CMTF-i	28	5.15	(20,550)	-	-	-	(20,550)
<b>Floating rate</b>							
Murabahah Term Facility	28	2.96	(132,232)	(153,060)	(290,630)	-	(575,922)
Term loans	28	4.40	(17,837)	(7,309)	(195,085)	(63,553)	(283,784)
Bank overdraft	28	4.36	(29,889)	-	-	-	(29,889)
CMTF-i	28	5.15	-	(20,000)	(20,000)	-	(40,000)
Revolving credit	28	4.79	(21,433)	-	-	-	(21,433)
<b>Company</b>							
<b>Fixed rate</b>							
Deposits with licensed banks and other financial institutions	24	3.07	80,724	-	-	-	80,724
CMTF-i	28	5.15	(20,550)	-	-	-	(20,550)
<b>Floating rate</b>							
Murabahah Term Facility	28	2.82	(103,535)	(124,274)	(187,429)	-	(415,238)
CMTF-i	28	5.15	-	(20,000)	(20,000)	-	(40,000)

Interest on financial instruments subject to floating interest rates is contractually repriced at intervals of less than 12 months. Interest on financial instruments at fixed rates are fixed until the maturity of the instruments. The other financial instruments of the Group and of the Company that are not included in the above tables are not subject to interest rate risks.

**(e) Market price risk**

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is not exposed to equity price risk arising from its investment in quoted equity instruments.

**41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)****(f) Fair value****Financial instruments that are not measured at fair value and whose carrying amounts are reasonable approximation of fair value**

Included in these classes of financial instruments are certain financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	<b>Note</b>
Trade and other receivables	21
Cash, bank balances and deposits	24
Borrowings	28
Trade and other payables	30

The carrying amounts of these financial assets and financial liabilities are reasonable approximation of fair values due either to the short-term nature or insignificant impact of discounting or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

**Determination of fair value**

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

	<b>Quoted prices in active markets Level 1 RM'000</b>	<b>Significant observable inputs Level 2 RM'000</b>	<b>Significant unobservable inputs Level 3 RM'000</b>	<b>Total RM'000</b>
<b>Group 2017</b>				
<b>Assets measured at fair value:</b>				
Short term investments*	-	<b>183,425</b>	-	<b>183,425</b>
<b>Group 2016</b>				
<b>Assets measured at fair value:</b>				
Short term investments**	-	42,375	-	42,375
Derivative financial instruments**	-	491	-	491
	-	<b>42,866</b>	-	<b>42,866</b>
<b>Liabilities measured at fair value:</b>				
Derivative financial instruments**	-	6,939	-	6,939

\* The valuation date of these financial instruments is 31 December 2017.

\*\* The valuation date of these financial instruments is 31 December 2016.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

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

#### (f) Fair value (cont'd.)

##### Determination of fair value (cont'd.)

There have been no transfers between levels during the period.

The following methods and assumptions were used to estimate the fair values:

- Derivative financial instruments are valued using valuation techniques with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves of the underlying assets and liabilities.
- Short term investments are valued based on currently available deposits with similar terms and maturities.

### 42. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group also aims to maintain a capital structure that has an appropriate cost of capital available to the Group.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2017 and 31 December 2016.

The Group manages capital by reference to the debt to asset ratio. The Group's debt to asset ratio is as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Bank overdrafts	-	29,889	-	-
CMTF-i	-	60,550	-	60,550
Murabahah Term Facility	<b>129,094</b>	575,922	-	415,238
Term loans	<b>124,736</b>	283,784	-	-
Finance leases	<b>4,240</b>	18,121	-	-
Revolving credit	-	21,433	-	-
ICPs	<b>49,964</b>	-	<b>49,964</b>	-
IMTNs	<b>251,727</b>	-	<b>251,727</b>	-
<b>Total debt</b>	<b>559,761</b>	989,699	<b>301,691</b>	475,788
Total assets	<b>3,005,975</b>	3,529,339	<b>2,210,266</b>	2,486,923
Debt to asset ratio	<b>19%</b>	28%	<b>14%</b>	19%

## 43. SEGMENT INFORMATION

### (a) Business unit segments

For management purposes, the Group is organised into business units based on their products and services, and reflect the Group's offerings across different sectors as follows:

- (i) The consultancy segment relates to advisory and planning, engineering design and consultancy, property and community consultancy, research and development, procurement and construction planning, project and construction management, and asset and facilities management.
- (ii) The services segment provide integrated facilities management and engineering contracting services for a range of assets and building types specialising in expressways and roads to urban transit, institutional to retail, offices to hospitals, educational institutions as well as residential properties and townships. The services cover operations, maintenance (hard and soft services), rehabilitation and upgrading works at different phases of the asset life cycle.

The services segment is further focused into three main sectors as follows:

- Healthcare
  - Infrastructure
  - Real Estate
- (iii) The solutions segment offer solutions that are Green, Smart and Connected for the built environment, such as energy savings solutions, pavement solutions, geotechnical solutions, structural solutions and environmental solutions, through advanced and innovative technology offerings to achieve energy savings via efficient energy management and optimisation of the asset's energy performance while lowering carbon footprint.
  - (iv) The property segment is in the business of developing residential properties.
  - (v) The other segment is largely Group-level corporate services and investment holdings.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 43. SEGMENT INFORMATION (CONT'D.)

#### (b) Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers. The Group's business segments operate in ten geographical areas:

- (i) Malaysia - the operations in this area are principally integrated facilities management, consultancy services, infrastructure maintenance, geotechnical investigation, instrumentation, pavement condition assessment works, township management, property development and investment holding.
- (ii) New Zealand - the operation in this area are principally consultancy services which include asset management services, property management and asset maintenance services.
- (iii) Canada - the operation in this area are principally consultancy services for land surveying, engineering and environmental consultancy.
- (iv) Australia - the operations in this area are principally consultancy services for engineering, rail infrastructure, survey and road infrastructure.
- (v) United Kingdom - the operations in this area are principally consultancy services for roads, survey, civil and building.
- (vi) Indonesia - the operations in this area are principally consultancy services and road infrastructure.
- (vii) Middle East - the operation in this area are principally integrated facilities management and asset management consultancy services.
- (viii) Singapore - the operations in this area are principally integrated facilities management.
- (ix) Taiwan - the operations in this area are principally integrated facilities management.
- (x) India - the operations in this area are principally integrated facilities management.

## 43. SEGMENT INFORMATION (CONT'D.)

	Note	Continuing operations						Discontinued operation	Elimination	Group	
		Consultancy	Services			Solutions	Property development	Others			
		RM'000	Healthcare RM'000	Infrastructure RM'000	Real estate RM'000	RM'000	RM'000	RM'000			Consultancy RM'000
<b>At 31 December 2017</b>											
<b>Revenue</b>											
External revenue		180,935	912,346	862,273	158,362	717	6,133	-	1,320,293	-	3,441,059
Inter-segment revenue	A	8,779	605	36,763	5,777	9,231	-	299,670	-	(360,825)	-
<b>Total revenue</b>		<b>189,714</b>	<b>912,951</b>	<b>899,036</b>	<b>164,139</b>	<b>9,948</b>	<b>6,133</b>	<b>299,670</b>	<b>1,320,293</b>	<b>(360,825)</b>	<b>3,441,059</b>
EBITDA*		33,220	107,799	117,312	23,650	(4,515)	(3,430)	56,900	90,403	(87,438)	333,901
Depreciation and amortisation		(1,422)	(23,787)	(12,551)	(1,029)	(603)	(795)	(21,038)	(22,125)	(3,479)	(86,829)
<b>EBIT**</b>		<b>31,798</b>	<b>84,012</b>	<b>104,761</b>	<b>22,621</b>	<b>(5,118)</b>	<b>(4,225)</b>	<b>35,862</b>	<b>68,278</b>	<b>(90,917)</b>	<b>247,072</b>
<b>Results</b>											
Segment results		32,504	86,026	106,295	23,285	(5,095)	(3,433)	180,083	72,762	(217,871)	274,556
Finance costs		(27)	(645)	(500)	(8,026)	(164)	(12)	(110,911)	(7,309)	71,760	(55,834)
Share of results of associates		715	13,046	-	5,892	-	-	-	-	-	19,653
Share of results of joint ventures		-	-	-	-	-	-	-	2,972	-	2,972
Profit/(loss) before tax		33,192	98,427	105,795	21,151	(5,259)	(3,445)	69,172	68,425	(146,111)	241,347
Zakat		(443)	(994)	-	(199)	-	-	-	-	-	(1,636)
Income tax expense		(8,401)	(16,685)	(23,339)	(4,551)	(10)	(474)	125	(33,701)	7,176	(79,860)
Profit/(loss) after tax		24,348	80,748	82,456	16,401	(5,269)	(3,919)	69,297	34,724	(138,935)	159,851
<b>Assets</b>											
Segment assets	B	684,143	722,419	665,865	324,738	12,402	246,039	838,483	-	(488,114)	3,005,975
<b>Liabilities</b>											
Segment liabilities	B	74,060	301,057	336,193	224,785	15,999	49,581	951,902	-	(549,434)	1,404,143

\* Earnings before interest, taxes, depreciation and amortisation.

\*\* Earnings before interest and taxes.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 43. SEGMENT INFORMATION (CONT'D.)

	Note	Continuing operations						Discontinued operation	Elimination	Group	
		Consultancy	Services			Solutions	Property development	Others			Consultancy
		RM'000	Healthcare RM'000	Infrastructure RM'000	Real estate RM'000	RM'000	RM'000	RM'000			RM'000
<b>At 31 December 2017</b>											
<b>(cont'd.)</b>											
<b>Other segment information</b>											
Capital expenditure	C	679	65,932	28,848	2,954	6,395	-	5,211	18,957	-	128,976
Investments in associates		1,991	33,332	-	15,960	-	-	-	-	-	51,283
Interest income from fixed deposit		(682)	(1,749)	(1,043)	(383)	(22)	(141)	(6,760)	(3,906)	197	(14,489)
Accretion of interest on concession receivable		-	-	-	(18,830)	-	-	-	-	-	(18,830)
Dividend income		(768)	-	-	-	-	(19)	-	-	-	(787)
Depreciation (Note 7)		1,088	23,562	12,332	1,018	603	155	2,556	18,538	(136)	59,716
Amortisation (Note 7)	D	334	225	219	11	-	640	18,482	3,587	3,615	27,113
Non-cash expenses/(income) other than impairment, depreciation, and amortisation	E	284	2,369	(552)	2,751	-	(9)	(5,808)	4,280	-	3,315

## 43. SEGMENT INFORMATION (CONT'D.)

	Note	Continuing operations							Discontinued operation	Elimination	Group
		Consultancy	Services			Solutions	Property development	Others	Consultancy		
			Healthcare	Infrastructure	Real estate						
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>At 31 December 2016</b>											
<b>Revenue</b>											
External revenue		163,108	460,820	781,655	125,500	306	47,704	-	1,351,881	-	2,930,974
Inter-segment revenue	A	713	17,136	40,540	4,123	4,696	-	293,063	-	(360,271)	-
Total revenue		163,821	477,956	822,195	129,623	5,002	47,704	293,063	1,351,881	(360,271)	2,930,974
EBITDA*		49,076	69,975	111,275	25,409	(13)	7,434	229,063	(34,232)	(286,100)	171,887
Depreciation and amortisation		(1,623)	(20,234)	(10,422)	(578)	-	(173)	(1,520)	(30,481)	(2,575)	(67,606)
<b>EBIT**</b>		<b>47,453</b>	<b>49,741</b>	<b>100,853</b>	<b>24,831</b>	<b>(13)</b>	<b>7,261</b>	<b>227,543</b>	<b>(64,713)</b>	<b>(288,675)</b>	<b>104,281</b>
<b>Results</b>											
Segment results		49,752	51,830	102,858	25,282	5	8,657	228,886	52,061	(289,088)	230,243
Impairment losses		-	-	-	-	-	-	-	(110,824)	-	(110,824)
Finance costs		(20)	(73)	(825)	(6,762)	-	(15)	(4,518)	(10,344)	493	(22,064)
Share of results of associates		-	12,692	-	2,618	-	-	-	-	-	15,310
Share of results of joint ventures		(281)	-	-	-	-	-	-	1,413	-	1,132
Profit/(loss) before tax		49,451	64,449	102,033	21,138	5	8,642	224,368	(67,694)	(288,595)	113,797
Zakat		-	(715)	(319)	-	-	-	(475)	-	-	(1,509)
Income tax expense		(8,637)	(2,288)	(23,054)	(1,983)	(117)	(4,479)	169	(25,722)	395	(65,716)
Profit/(loss) after tax		40,814	61,446	78,660	19,155	(112)	4,163	224,062	(93,416)	(288,200)	46,572
<b>Assets</b>											
Segment assets	B	991,944	594,114	560,574	307,489	7,123	283,018	1,276,391	-	(491,314)	3,529,339
<b>Liabilities</b>											
Segment liabilities	B	533,246	239,855	250,340	223,529	5,451	60,040	1,180,360	-	(501,275)	1,991,546

\* Earnings before interest, taxes, depreciation and amortisation.

\*\* Earnings before interest and taxes.

The comparative segment information has been represented based on streamlined business segmentation during the current financial year.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**

For the year ended 31 December 2017

**43. SEGMENT INFORMATION (CONT'D.)**

	Note	Continuing operations						Discontinued operation	Elimination	Group	
		Consultancy	Services			Solutions	Property development	Others			Consultancy
		RM'000	Healthcare RM'000	Infrastructure RM'000	Real estate RM'000	RM'000	RM'000	RM'000			RM'000
<b>At 31 December 2016</b>											
<b>(cont'd.)</b>											
<b>Other segment information</b>											
Capital expenditure	C	27,924	28,048	8,243	591	-	-	4,995	-	-	69,801
Investments in associates		-	22,687	-	10,066	-	-	-	-	-	32,753
Investments in joint ventures		2,393	-	-	-	-	-	-	-	-	2,393
Interest income from fixed deposit		(1,692)	(2,042)	(1,219)	(46)	(14)	(1,381)	(1,349)	(5,808)	497	(13,054)
Accretion of interest on concession receivable		-	-	-	(14,436)	-	-	-	-	-	(14,436)
Dividend income		(2,321)	-	(285)	-	-	(33)	-	-	-	(2,639)
Impairment loss on goodwill (Note 16)		-	-	-	-	-	-	-	106,914	-	106,914
Impairment loss in joint venture (Note 18 (a))		-	-	-	-	-	-	-	3,910	-	3,910
Impairment of property, plant and equipment (Note 13)		-	-	-	-	-	-	1,563	-	(1,563)	-
Depreciation (Note 7)		1,326	20,142	10,237	570	-	167	1,356	25,453	-	59,251
Amortisation (Note 7)	D	271	132	186	9	-	7	12	5,027	2,711	8,355
Non-cash expenses/(income) other than impairment, depreciation, and amortisation	E	(1,043)	(213)	(1,591)	(295)	-	870	-	6,205	-	3,933

The comparative segment information has been represented based on streamlined business segmentation during the financial year.

**43. SEGMENT INFORMATION (CONT'D.)**

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment revenues are eliminated on consolidation.

B The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	<b>2017 RM'000</b>	<b>2016 RM'000</b>
Inter-segment assets	<b>(488,114)</b>	(491,314)

The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	<b>2017 RM'000</b>	<b>2016 RM'000</b>
Inter-segment liabilities	<b>(549,434)</b>	(501,275)

C Capital expenditure consist of:

	<b>2017 RM'000</b>	<b>2016 RM'000</b>
Property, plant and equipment	<b>110,874</b>	65,242
Intangible assets - software & other development cost	<b>18,102</b>	4,559
	<b>128,976</b>	69,801

D Amortisation consist of:

	<b>2017 RM'000</b>	<b>2016 RM'000</b>
Prepaid land lease payments	<b>87</b>	87
Intangible assets	<b>27,026</b>	8,268
	<b>27,113</b>	8,355

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 43. SEGMENT INFORMATION (CONT'D.)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements (cont'd.)

E Other material non-cash expenses/(income) consist of the following items as presented in the respective notes to the financial statements:

	Note	2017 RM'000	2016 RM'000
Fair value gain on:			
- short term investments	5	(48)	(292)
Reversal of deferred consideration arising from acquisition of subsidiary	5	(5,806)	-
Net gain on disposal of plant and equipment	7	(2,000)	(699)
Provision for professional indemnity claims	7	371	963
Provision for late delivery charges	7	-	893
Property, plant and equipment written off	7	2,216	20
Impairment on financial assets:			
- Trade and other receivables	7	15,499	8,583
Reversal of impairment on financial assets:			
- Trade and other receivables	7	(10,218)	(7,408)
Bad debts written off	7	3,028	1,606
Defined retirement benefit obligations	8	273	267
		<b>3,315</b>	<b>3,933</b>

#### Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue	
	2017 RM'000	2016 RM'000
Malaysia	1,614,351	1,519,238
United Arab Emirates	55,680	39,107
New Zealand	829,536	805,328
Australia	124,769	138,299
Canada	206,245	228,958
United Kingdom	159,743	179,297
Indonesia	40,664	5,096
Singapore	241,878	7,403
Taiwan	168,193	8,248
Consolidated	<b>3,441,059</b>	<b>2,930,974</b>

**43. SEGMENT INFORMATION (CONT'D.)**Geographical information (cont'd.)

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows: (cont'd.)

	<b>Non-current assets</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Malaysia	<b>464,375</b>	419,513
United Arab Emirates	<b>3,172</b>	564
India	<b>15,598</b>	7,061
New Zealand	-	88,132
Australia	-	38,117
Canada	-	106,227
United Kingdom	-	43,743
Indonesia	<b>99</b>	-
Singapore	<b>497,750</b>	526,586
Taiwan	<b>1,959</b>	2,037
Consolidated	<b>982,953</b>	1,231,980

Non-current assets information presented above consist of the followings items as presented in the consolidated statement of financial position:

	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Property, plant and equipment	<b>193,447</b>	227,769
Land held for property development	<b>477</b>	1,115
Prepaid land lease payments	<b>3,063</b>	3,150
Intangible assets	<b>734,411</b>	964,528
Investment in joint ventures	-	2,393
Investment in associates	<b>51,283</b>	32,753
Other investments	<b>272</b>	272
	<b>982,953</b>	1,231,980

Information about major customers

Revenue from two (2016: two) major customers amounted to RM746.6 million and RM370.3 million (2016: RM616.0 million and RM408.1million) respectively, arising from services rendered in the Infrastructure Services and Healthcare Services segment.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**

For the year ended 31 December 2017

**44. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES**

Details of subsidiaries, joint ventures and associates are as follows:

Name of Companies	Country of incorporation	Issued and paid-up share capital RM	Effective proportion of ownership interest		Principal activities
			2017 %	2016 %	
<b>Subsidiary of the Company:</b>					
Faber Hotels Holdings Sdn. Bhd.	Malaysia	95,279,551	<b>100</b>	100	Investment holding
Faber Development Holdings Sdn. Bhd.	Malaysia	28,260,006	<b>100</b>	100	Investment holding
Edgenta Facilities Sdn. Bhd.	Malaysia	200,000	<b>100</b>	100	Investment holding and provision of integrated facilities management services
Edgenta Healthcare Management Sdn. Bhd.	Malaysia	2	<b>100</b>	100	Investment holding
Renown Alliance Sdn. Bhd.	Malaysia	2	-	100	Dissolved in current year
Edgenta PROPEL Berhad	Malaysia	70,000,000	<b>100</b>	100	Maintenance and repair of civil, mechanical and electrical works on roads, infrastructure and expressways and industrial cleaning services
Opus Group Berhad	Malaysia	89,822,472	<b>100</b>	100	Investment holding
Faber L.L.C. (b)	Emirates of Dubai	AED600,000	<b>75</b>	75	Facilities management services in United Arab Emirates
Sate Yaki Sdn. Bhd.	Malaysia	5,000,000	<b>60</b>	60	In liquidation
Edgenta Environmental & Material Testing Sdn. Bhd.	Malaysia	1,000,000	<b>100</b>	100	Geotechnical investigation, instrumentation and pavement condition assessment works
Edgenta Energy Services Sdn. Bhd.	Malaysia	1,000,000	<b>70</b>	70	Energy performance management services
Edgenta Township Management Services Sdn. Bhd.	Malaysia	2,730,000	<b>100</b>	100	Investment holding and management of real estate
KFM Holdings Sdn. Bhd.	Malaysia	15,000,000	<b>80</b>	80	Cleaning contractors, improvers and other related activities
Edgenta Energy Projects Sdn. Bhd.	Malaysia	750,000	<b>100</b>	100	Providing energy management services and renewable energy services through capital investments
Edgenta (Singapore) Pte. Ltd.	Singapore	SGD1	<b>100</b>	100	Investment holding

#### 44. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONT'D.)

Details of subsidiaries, joint ventures and associates are as follows: (cont'd.)

Name of Companies	Country of incorporation	Issued and paid-up share capital RM	Effective proportion of ownership interest		Principal activities
			2017 %	2016 %	
<b>Subsidiary of Edgenta Healthcare Management Sdn. Bhd.:</b>					
Edgenta Mediserve Sdn. Bhd. (c)	Malaysia	43,170,010	<b>100</b>	100	Provision of hospital support services
<b>Subsidiary of Edgenta Mediserve Sdn. Bhd.:</b>					
Edgenta Healthtronics Sdn. Bhd.	Malaysia	3,000,000	<b>100</b>	100	Provision of biomedical engineering maintenance services
Fresh Linen Services (Sabah) Sdn. Bhd.	Malaysia	3,000,000	<b>60</b>	60	Provision of laundry processing activities
Edgenta Mediserve (Sabah) Sdn. Bhd.	Malaysia	100,000	<b>100</b>	100	Investment holding
Edgenta Mediserve (Sarawak) Sdn. Bhd.	Malaysia	100,000	<b>100</b>	100	Investment holding
Cermin Cahaya Sdn. Bhd.	Malaysia	2	<b>100</b>	100	Provision of cleansing services to hospitals
<b>Associate of Edgenta Mediserve (Sabah) Sdn. Bhd.:</b>					
Sedafiat Sdn. Bhd. (b)	Malaysia	5,000,000	<b>40</b>	40	Provision of hospital support services
<b>Associate of Edgenta Mediserve (Sarawak) Sdn. Bhd.:</b>					
One Medicare Sdn. Bhd. (b)	Malaysia	5,000,000	<b>40</b>	40	Provision of hospital support services
Biomedix Solutions Sdn. Bhd. (b)	Malaysia	1,000,000	<b>40</b>	40	Provision of biomedical engineering maintenance services
<b>Subsidiary of Faber Development Holdings Sdn. Bhd.:</b>					
Faber Union Sdn. Bhd.	Malaysia	97,000,000	<b>100</b>	100	Property development
Rimbunan Melati Sdn. Bhd.	Malaysia	5,000,000	<b>55</b>	55	Property development
Faber Grandview Development (Sabah) Sdn. Bhd.	Malaysia	4,500,000	<b>100</b>	100	Property development

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**

For the year ended 31 December 2017

**44. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONT'D.)**

Details of subsidiaries, joint ventures and associates are as follows: (cont'd.)

Name of Companies	Country of incorporation	Issued and paid-up share capital RM	Effective proportion of ownership interest		Principal activities
			2017 %	2016 %	
<b>Subsidiary of Faber Development Holdings Sdn. Bhd.: (cont'd.)</b>					
Faber Heights Management Sdn. Bhd.	Malaysia	2	100	100	Property management
Country View Development Sdn. Bhd.	Malaysia	11,200,000	100	100	Property development and provision of facilities management services
<b>Subsidiary of Edgenta Facilities Sdn. Bhd.:</b>					
Edgenta Facilities Management Sdn. Bhd.	Malaysia	1,000,000	100	100	Facilities management services
Faber Star Facilities Management Limited (b)	India	Rs3,57,10,770	100	100	Facilities management in India
General Field Sdn. Bhd.	Malaysia	2	100	100	Provision of energy performance management services
<b>Associate of Edgenta Facilities Sdn. Bhd.:</b>					
Faber Sindoori Management Services Private Limited (b)	India	Rs9,23,780	51	51	Facilities management in India
<b>Subsidiary of Edgenta PROPEL Berhad:</b>					
Aquatrans Sdn. Bhd.	Malaysia	100,000	100	100	Undertaking of water projects
PT Edgenta PROPEL Indonesia	Indonesia	US\$250,000	99.6	99.6	Providing road management consultancy and advisory services
<b>Jointly Controlled Operation of Edgenta PROPEL Berhad:</b>					
Edgenta Propel-NRC JO	Not applicable	-	55	55	Providing highway maintenance services
<b>Subsidiary of Opus Group Berhad:</b>					
Builders Credit & Leasing Sdn. Bhd.	Malaysia	600,000	100	100	Investment holding
International Business Link, Inc. (a)	British Virgin Islands	US\$1	100	100	Investment holding

**44. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONT'D.)**

Details of subsidiaries, joint ventures and associates are as follows: (cont'd.)

Name of Companies	Country of incorporation	Issued and paid-up share capital RM	Effective proportion of ownership interest		Principal activities
			2017 %	2016 %	
<b>Subsidiary of Opus Group Berhad: (cont'd.)</b>					
Opus International (NZ) Limited (a)	New Zealand	NZD200	100	100	Investment holding
Opus International (M) Berhad	Malaysia	15,000,000	100	100	Management of the planning, design and construction of infrastructure projects and provision of facilities management services
<b>Subsidiary of Opus International (M) Berhad:</b>					
Opus Management Sdn. Bhd.	Malaysia	1,000,000	100	100	Dormant
Pengurusan Lantas Berhad	Malaysia	5,000,000	100	100	Dormant
Pengurusan LRT Sdn. Bhd.	Malaysia	5,000,000	100	100	Dormant
Opus International India Pte. Ltd. (b)	India	Rs4,60,000	100	100	Provision of asset development and asset management services
Opus Consultants DMCC (a)(e)	United Arab Emirates	AED100,000	-	81	Engineering consultancy services
Opus Al-Dauliyah L.L.C. (a)(e)(f)	The Kingdom of Saudi Arabia	SAR500,000	100	81	Engineering consultancy services
<b>Joint Venture of Opus International (M) Berhad:</b>					
Opus Middle East L.L.C. (a)(e)	United Arab Emirates	-	-	39	Professional engineering services
<b>Associate of Opus International (M) Berhad:</b>					
Opus Consultants (M) Sdn. Bhd. (formerly known as Ace Vector Sdn. Bhd.) (b)	Malaysia	71,400	30	-	Engineering consultancy

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**

For the year ended 31 December 2017

**44. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONT'D.)**

Details of subsidiaries, joint ventures and associates are as follows: (cont'd.)

Name of Companies	Country of incorporation	Issued and paid-up share capital RM	Effective proportion of ownership interest		Principal activities
			2017 %	2016 %	
<b>Subsidiary of Opus International (NZ) Limited:</b>					
Opus International Consultants Limited (a)	New Zealand	NZD54,784,556	-	61	Multidisciplinary infrastructure consultancy providing asset development and asset management solutions
<b>Subsidiary of Opus International Consultants Limited:</b>					
Opus International Consultants (Canada) Limited (a)	Canada	CAD800	-	61	Engineering consultancy services
Opus International Consultants Sdn. Bhd.	Malaysia	300,000	-	61	Technical consultancy services
Opus International Consultants (OPC) Limited (a)	New Zealand	Not called/paid up	-	61	Consultancy services
Opus International Pty Limited (a)	Australia	A\$10,000	-	61	Investment holding
Opus International Consultants Holdings (UK) Limited (a)	United Kingdom	GBP20,120,000	-	61	Investment holding
Opus International Consultants Inc. (a)	United States of America	US\$10	-	61	Engineering consultancy services
Opus Stewart Weir Limited (a)	Canada	CAD33,103,036	-	61	Land surveying, engineering and environmental consultancy
Opus International Consultants (Samoa) Limited (a)	Samoa	Nil	-	61	Engineering consultancy services
Opus International Consultants (Fiji) Limited (a)	Fiji	NZ\$2	-	61	Engineering consultancy services
Opus International North American Principals Inc. P.S. (a)	United States of America	Nil	-	61	Engineering consultancy services

#### 44. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONT'D.)

Details of subsidiaries, joint ventures and associates are as follows: (cont'd.)

Name of Companies	Country of incorporation	Issued and paid-up share capital RM	Effective proportion of ownership interest		Principal activities
			2017 %	2016 %	
<b>Joint Venture of Opus International Consultants Limited:</b>					
Total Bridge Services (a) (d)	New Zealand	-	-	15	Providing engineering services
Marlborough Roads (a) (d)	New Zealand	-	-	15	Providing engineering services
Capital Journeys (a) (d)	Not applicable	-	-	15	Providing engineering services
Jacobs Opus Huntly JV (a) (d)	Not applicable	-	-	31	Providing engineering services
<b>Jointly Controlled Operation of Opus International Consultants Limited:</b>					
Hertfordshire County Council Joint Operation (a)	Not applicable	-	-	31	Providing road network management services
Bay of Plenty West One Network Maintenance Contract (a)	Not applicable	-	-	31	Engineering consultancy services
Central Waikato Network Outcomes Contract (a)	Not applicable	-	-	31	Engineering consultancy services
<b>Subsidiary of Opus International Consultants Holdings (UK) Limited:</b>					
Opus International Consultants (UK) Ltd (a)	United Kingdom	GBP7,200,000	-	61	Engineering consultancy services
Opus International Consultants (Projects) Limited (a)	United Kingdom	GBP217,100	-	61	Engineering consultancy services
Tower Surveys Limited (a)	United Kingdom	GBP100	-	61	Survey consultancy work
<b>Subsidiary of Opus Stewart Weir Ltd:</b>					
Steward Weir Wood Buffalo Holdings Ltd (a)	Canada	CAD100	-	61	Investment holding
Steward Weir Consulting Inc (a)	Canada	CAD100	-	61	Surveying services
USW Gamma Industrial Services Ltd. (a)	Canada	CAD2	-	61	Survey consulting

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**

For the year ended 31 December 2017

**44. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONT'D.)**

Details of subsidiaries, joint ventures and associates are as follows: (cont'd.)

Name of Companies	Country of incorporation	Issued and paid-up share capital RM	Effective proportion of ownership interest		Principal activities
			2017 %	2016 %	
<b>Subsidiary of Opus Stewart Weir Ltd: (cont'd.)</b>					
USW Surveys Limited (a)	Canada	CAD10	-	61	Dormant
Opus Stewart Weir (BC) Limited (a) (d)	Canada	CAD100	-	61	Surveying services
<b>Joint Venture of Opus Stewart Weir Ltd:</b>					
Athabaskan Resources Company Limited Partnership (a)	Canada	CAD100	-	31	Providing engineering services and surveying services
<b>Subsidiary of Opus International Consultants Sdn. Bhd.:</b>					
Kejuruteraan Opus Sdn. Bhd.	Malaysia	2	-	61	Dormant
<b>Subsidiary of Opus International Pty Limited:</b>					
Opus International Consultants (Australia) Pty Limited (a) (d)	Australia	AUD2,134	-	61	Engineering consultancy services
Opus International Consultants (PCA) Pty Limited (a)	Australia	Not called/paid up	-	61	Road infrastructure consultancy
<b>Subsidiary of Opus International Consultants (PCA) Pty Limited:</b>					
Opus International Consultants (NSW) Pty Limited (a)	Australia	AUD1,174.94	-	61	Engineering consultancy services
<b>Subsidiary of Edgenta Township Management Services Sdn. Bhd.:</b>					
UEM Sunrise Edgenta TMS Sdn. Bhd.	Malaysia	3,900,000	<b>70</b>	70	Investment holding & management of real estate
<b>Subsidiary of UEM Sunrise Edgenta TMS Sdn. Bhd.:</b>					
Edgenta TMS Sdn. Bhd.	Malaysia	5,500,000	<b>49</b>	49	Management of real estate

#### 44. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONT'D.)

Details of subsidiaries, joint ventures and associates are as follows: (cont'd.)

Name of Companies	Country of incorporation	Issued and paid-up share capital RM	Effective proportion of ownership interest		Principal activities
			2017 %	2016 %	
<b>Subsidiary of KFM Holdings Sdn. Bhd.:</b>					
Operon Consulting Sdn. Bhd.	Malaysia	1,128,260	<b>56</b>	56	Assets management consultancy services
KFM Energy Services Sdn. Bhd.	Malaysia	2,000,000	<b>80</b>	80	Provision of consultancy & other services relating to conservation and renewable energy
KFM Projects Sdn. Bhd.	Malaysia	100,000	<b>80</b>	80	Project management consulting services
KFM Solutions Sdn. Bhd.	Malaysia	100,000	<b>80</b>	80	Consultancy services in the green, smart and connected urban ecology and integrated facility management services
KFM Systems Sdn. Bhd.	Malaysia	100,000	<b>80</b>	80	Consultancy and contractors for building management systems for the built environment
Veridis PPP One Sdn. Bhd.	Malaysia	275,000	<b>80</b>	80	Concession holder specialising in retro-fitting works of building utilising green technology
Operon Middle East Limited (a)	British Virgin Island	USD1,503,200	<b>80</b>	80	Facilities management and building cleaning services
Operon Malaysia Sdn. Bhd.	Malaysia	100,000	<b>80</b>	80	Provision of supervising officer for activities related to Green Technology and other solutions for the built environment
KFM Middle East Limited (b)	British Virgin Island	USD1,000	<b>56</b>	56	Dormant
<b>Associate of Operon Consulting Sdn. Bhd.:</b>					
Operon Asset Advisory Sdn. Bhd. (b)	Malaysia	10,000	<b>27</b>	27	Asset management consulting services
<b>Subsidiary of Edgenta (Singapore) Pte. Ltd.:</b>					
Asia Integrated Facility Solutions Pte. Ltd. (b)	Singapore	SGD22,946,304	<b>100</b>	100	In members' liquidation

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**

For the year ended 31 December 2017

**44. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONT'D.)**

Details of subsidiaries, joint ventures and associates are as follows: (cont'd.)

Name of Companies	Country of incorporation	Issued and paid-up share capital RM	Effective proportion of ownership interest		Principal activities
			2017 %	2016 %	
<b>Subsidiary of Asia Integrated Facility Solutions Pte. Ltd.:</b>					
Asia Facility Solutions Pte. Ltd. (b)	Singapore	SGD22,946,304	<b>100</b>	100	In members' liquidation
<b>Subsidiary of Asia Facility Solutions Pte. Ltd.:</b>					
UEMS Pte. Ltd. (a)	Singapore	SGD8,300,000	<b>97.5</b>	100	Investment holding
<b>Subsidiary of UEMS Pte. Ltd.:</b>					
UEMS Solutions Pte. Ltd (a)	Singapore	SGD2,000,000	<b>97.5</b>	100	Provision of facility management services
UEMS Solutions Sdn. Bhd.	Malaysia	3,000,000	<b>97.5</b>	100	Provision of facility management services
UEMS Solutions Ltd. (a)	Taiwan	TWD25,000,000	<b>97.5</b>	100	Provision of facility management services
ServiceMaster Hong Kong Limited (a)	Hong Kong	HKD20,036,000	<b>97.5</b>	100	Dormant
<b>Subsidiary of UEMS Solutions Ltd.:</b>					
UEMS ServiceCorp Ltd. (a)	Taiwan	TWD5,000,000	<b>97.5</b>	100	Provision of cleaning and consulting services for business enterprises, buildings and home service to individuals

(a) Audited by member firms of Ernst &amp; Young Global in respective countries

(b) Audited by firms other than Ernst &amp; Young

(c) Edgenta Mediserve Sdn. Bhd. is 43% owned by UEM Edgenta Berhad and 57% owned by Edgenta Healthcare Management Sdn. Bhd.

(d) Financial year ended other than 31 December

(e) The effective ownership interest had changed due to a joint venture dissolution agreement between Opus International (M) Berhad and Opus International Consultants Limited

(f) Opus Al-Dauliyah L.L.C. is 95% owned by Opus International (M) Berhad and 5% owned by Opus Management Sdn. Bhd.

#### 45. SIGNIFICANT EVENTS

- (a) On 26 April 2017, the Group and the Company have completed the issuances of RM50.0 million in nominal value of Islamic Commercial Papers (“ICPs”) and RM250.0 million in nominal value of Islamic Medium Term Notes (“IMTNs”) under the ICP Programme and IMTN Programme respectively, which have a combined aggregate limit of up to RM1,000.0 million in nominal value and a sub-limit of RM300.0 million in nominal value for the ICP programme under the Shariah Principle of Murabahah via a Tawarruq Arrangement.

Details of the ICPs and IMTNs are disclosed in Note 28(e) to the financial statements.

- (b) On 22 November 2017, Asia Integrated Facility Solutions Pte Ltd (“AIFS”) and Asia Facility Solutions Pte Ltd (“AFS”), indirect wholly-owned subsidiaries of the Company, had been placed under members’ voluntary winding-up pursuant to Section 290(1) of the Singapore Companies Act (Cap. 50) on 22 November 2017.

The voluntary winding-up of AIFS and AFS does not have material effect on the earnings, gearing or net assets of the Group for the financial year ended 31 December 2017.

- (c) On 4 December 2017, Opus International (NZ) Limited, a wholly-owned subsidiary of Opus Group Berhad, which in turn was a wholly-owned subsidiary of the Company, has completed the disposal of its entire shareholding of 90,511,615 shares in Opus International Consultants Limited (“OIC”), representing 61.2% of its total issued and paid-up share capital, for a cash consideration of NZD161.1 million (RM463.0 million) .

Subsequent to the disposal, OIC ceases to be a subsidiary of the Company. The effects of the disposal to the financial statements of the Group and the Company are disclosed in Note 17(a).

# ANALYSIS OF SHAREHOLDINGS

As at 7 March 2018

## SHARE CAPITAL

The total number of issued shares stands at 831,624,030 ordinary shares, with voting right of one (1) vote per ordinary share held.

## DISTRIBUTION SCHEDULE FOR ORDINARY SHARES

Size of Shareholdings	No. of Shareholders	%	Total Shareholdings	%
Less than 100	1,105	7.64	36,860	0.00
100 - 1,000	10,174	70.32	3,596,962	0.43
1,001 - 10,000	2,663	18.41	9,778,055	1.18
10,001 - 100,000	399	2.76	11,727,262	1.41
100,001 - 41,581,200 (*)	124	0.86	195,960,723	23.57
41,581,201 and above (**)	2	0.01	610,524,168	73.41
<b>Total</b>	<b>14,467</b>	<b>100.00</b>	<b>831,624,030</b>	<b>100.00</b>

### Notes:

\* Less than 5% of issued holdings.

\*\* 5% and above of issued holdings.

## 30 LARGEST SHAREHOLDERS AS PER RECORD OF DEPOSITORS

As at 7 March 2018

No.	Name of Shareholders	No. of Shares Held	% of Issued Shares
1	UEM GROUP BERHAD	566,772,268	68.15
2	LEMBAGA TABUNG HAJI	43,751,900	5.26
3	AMANAHRAYA TRUSTEES BERHAD PUBLIC ITTIKAL SEQUEL FUND	17,025,200	2.05
4	AMANAHRAYA TRUSTEES BERHAD PUBLIC SMALLCAP FUND	14,731,900	1.77
5	AMSEC NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR CIMB ISLAMIC DALI EQUITY GROWTH FUND (UT-CIMB-DALI)	11,650,900	1.40
6	UEM GROUP BERHAD	8,195,657	0.99
7	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (DR)	8,061,400	0.97
8	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)	7,195,600	0.87
9	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD	6,973,600	0.84
10	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPTIMAL GROWTH FUND	6,536,800	0.79
11	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 3)	5,560,900	0.67

**30 LARGEST SHAREHOLDERS AS PER RECORD OF DEPOSITORS (CONT'D.)**

As at 7 March 2018

<b>No.</b>	<b>Name of Shareholders</b>	<b>No. of Shares Held</b>	<b>% of Issued Shares</b>
12	AMANAHRAYA TRUSTEES BERHAD PUBLIC STRATEGIC SMALLCAP FUND	5,409,000	0.65
13	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD AS BENEFICIAL OWNER (PF)	5,184,500	0.62
14	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC TREASURES GROWTH FUND	5,106,500	0.61
15	AFFIN HWANG NOMINEES (ASING) SDN BHD DBS VICKERS SECS (S) PTE LTD FOR TAN JU HONG	4,541,900	0.55
16	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	3,849,183	0.46
17	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LPF)	3,547,300	0.43
18	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (CIMB EQUITIES)	3,381,100	0.41
19	AMANAHRAYA TRUSTEES BERHAD PUBLIC SECTOR SELECT FUND	3,106,800	0.37
20	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	3,099,900	0.37
21	AMANAHRAYA TRUSTEES BERHAD PUBLIC INDEX FUND	3,054,800	0.37
22	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR NUROLAMIN BIN ABAS (PB)	2,922,654	0.35
23	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	2,702,400	0.32
24	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	2,685,700	0.32
25	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR FARDAN BIN ABDUL MAJEED (PB)	2,346,923	0.28
26	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR CIMB ISLAMIC DALI EQUITY THEME FUND	2,218,400	0.27
27	AMANAHRAYA TRUSTEES BERHAD PB ISLAMIC EQUITY FUND	2,131,800	0.26
28	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ARIM)	2,070,000	0.25
29	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR PERTUBUHAN KESELAMATAN SOSIAL (CIMB-P 6939-404)	1,984,000	0.24
30	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LEEF)	1,950,100	0.23
<b>TOTAL</b>		<b>757,749,085</b>	<b>91.12</b>

## ANALYSIS OF SHAREHOLDINGS (CONT'D.)

### SUBSTANTIAL SHAREHOLDERS

#### As per the Register of Substantial Shareholders

As at 7 March 2018

Name of Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
UEM Group Berhad	574,967,925	69.14	-	-
Khazanah Nasional Berhad <sup>#</sup>	-	-	574,967,925	69.14
Lembaga Tabung Haji	46,425,400	5.58	-	-

**Note:**

<sup>#</sup> Deemed interested pursuant to Section 8(4) of the Companies Act 2016.

### DIRECTORS' INTERESTS IN THE COMPANY AND ITS RELATED CORPORATIONS

As at 7 March 2018

#### Directors' Interests in Ordinary Shares of UEM Edgenta Berhad

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Amir Hamzah Azizan	30,000	@	-	-
Dato' Azmir Merican	40,000	@	-	-
Dato' Izzaddin Idris	-	-	-	-
Robert Tan Bun Poo	-	-	-	-
Dr. Saman @ Saimy Ismail	-	-	-	-
Elakumari Kantilal	-	-	-	-
Juniwati Rahmat Hussin	-	-	-	-
Dato' George Stewart LaBrooy	-	-	-	-

**Note:**

@ Less than 0.01%.

## PROPERTIES HELD BY THE GROUP

Location and Address	Description of Properties	Approx. Land Area	Gross Built-Up Area (Sq. Meters)	Existing Use	Land Tenure (Expiry Date)	Building Approx. Age (Years)	Net Book Value as at 31.12.2017 (RM'000)	Last Date of Revaluation or If None; Date of Acquisition
<b>CORPORATE</b>								
<b>UEM Edgenta Berhad</b>								
Lot 30 & 46 Armada Villa No. 6, Jalan 109F Taman Danau Desa 58100 Kuala Lumpur	Two units of three-storey bungalows	0.49 acres	1,207	Corporate facilities	Leasehold (31.8.2108)	5	7,805	16.12.2016
Lot 32, 33 & 33A Prima Villa No. 2, Jalan 109F Taman Danau Desa 58100 Kuala Lumpur	Three units of four-storey link villas	0.24 acres	1,617	Corporate facilities	Leasehold (6.1.2109)	4	8,472	16.12.2016
<b>HEALTHCARE SERVICES</b>								
<b>Edgenta Mediserve Sdn Bhd</b>								
Lot No. 65 Kamunting Raya Industrial Estate Kamunting, Perak	Incineration plant with double-storey administration block plus laundry plant	5.87 acres	23,760	Incinerator for clinical waste and laundry plant	Leasehold (7.12.2097)	22	1,044	31.12.2017
Lot No. 37 Kuala Ketil Industrial Estate Mukim of Tawar District of Baling, Kedah	Laundry plant with 2-storey administration block and ancillary facilities	2.24 acres	9,058	Laundry plant	Leasehold (26.3.2056)	15	795	31.12.2017
Lot No. 131 (CL215359890) & Lot No. 132 (CL215359907) SEDCO Industrial Estate Lok Kawi, Sabah	Incineration plant with single-storey detached factory with mezzanine office	0.51 acres	2,066	Incinerator for clinical waste	Leasehold (13.12.2042)	13	366	31.12.2015
Lot 10486, Seksyen 20 Serendah Ulu Selangor Selangor Darul Ehsan	Research and Development centre	1.47 acres	5,945	Research and development	Freehold	7	1,160	31.12.2017
<b>Fresh Linen Services (Sabah) Sdn Bhd</b>								
Lot 34-5, Industrial Zone 4 (IZ 4) Kota Kinabalu Industrial Park Kota Kinabalu, Sabah	Laundry plant with 2-storey office and warehouse	0.96 acres	3,885	Laundry plant	Leasehold (13.12.2105)	9	858	31.12.2017
<b>INFRA SERVICES</b>								
<b>Edgenta Propel Berhad</b>								
No. C1-16-08, Block C1 Vista Komanwel, Bukit Jalil 57700 Kuala Lumpur	Penthouse (duplex)	-	850	Staff accommodation	Freehold	5	347	19.4.2013
LMD Dengkil Office Kawasan Rehat dan Rawat Dengkil KM238, Arah Selatan Lebuhraya ELITE 43800 Dengkil, Selangor	Office building and warehouse storage	-	5,000	Logistic and machinery depot	Leasehold	13	1,838	1.5.2005

## PROPERTIES HELD BY THE GROUP (CONT'D.)

Location and Address	Description of Properties	Approx. Land Area	Gross Built-Up Area (Sq. Meters)	Existing Use	Land Tenure (Expiry Date)	Building Approx. Age (Years)	Net Book Value as at 31.12.2017 (RM'000)	Last Date of Revaluation or If None; Date of Acquisition
<b>ENVIRONMENTAL &amp; MATERIAL TESTING SERVICES</b>								
<b>Edgenta Environmental &amp; Material Testing</b>								
Suite 4801-1-05, Block 4801 CBD Perdana, Jalan Perdana 63000 Putrajaya, Selangor	Office building	-	175	Office lot	Freehold	8	306	7.12.2015
No. 3 & No. 5, Jalan P18 Kawasan Perindustrian MIEL 43650 Bandar Baru Bangi, Selangor	Two adjoining units of one and half-storey semi detached factory	0.83 acres	1,303	Laboratory & office building	Leasehold (29.9.2086)	28	2,447	7.12.2015
<b>PROPERTY DEVELOPMENT</b>								
<b>Country View Development Sdn Bhd</b>								
CL015027237 and CL015395196 Kota Kinabalu, Sabah	Vacant land for development	7.72 acres	-	Vacant land	Leasehold 999 years (2.12.2920 and 20.8.2925)	-	477	2013

## RECURRENT RELATED PARTY TRANSACTIONS

The shareholders of UEM Edgenta Berhad ("UEM Edgenta" or "the Company") had at the 54th Annual General Meeting held on 25 May 2017 granted their approval for the Company and its subsidiary companies ("UEM Edgenta Group") to enter into recurrent related party transactions of a revenue or trading nature, which are necessary for its day-to-day operations and are in the ordinary course of business in order to comply with Paragraph 10.09 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

In accordance to Practice Note 12 of the MMLR of Bursa Securities, the details of recurrent related party transactions made during the financial year ended 31 December 2017 pursuant to the shareholders' mandate are as follows:-

Item	Company in UEM Edgenta Group involved	Transacting Party	Nature of relationship	Nature of transaction	Value incurred from 1 January 2017 to 25 May 2017 (RM)	Value incurred from 25 May 2017 to 31 December 2017 (RM)	Aggregate Value of Transactions during the financial Year (RM)
1	UEM Edgenta Group	UEMG Group	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>UEM Edgenta is a 69.14% subsidiary of UEMG.</p> <p>Dato' Izzaddin Idris and Amir Hamzah Azizan is a Director of UEM Edgenta and UEMG.</p> <p>Dato' Izzaddin Idris and Amir Hamzah Azizan does not have any equity interest in UEMG.</p>	(i) Provision of Directors and staff training and development by UEMG Group	81,975	1,268,149	1,350,124
				(ii) Provision of administrative and audit and tax services by UEMG Group	1,133,333	2,266,667	3,400,000
				(iii) Rental of office space in Tower 1, Avenue 7, Bangsar South and ancillary facilities from UEMG Group	1,919,012	4,016,019	5,935,031
				(iv) Rental of archive store at Taman Desa and ancillary facilities from UEMG Group	19,844	42,592	62,436
				(v) Rental of meeting rooms in Tower 1, Avenue 7, Bangsar South ancillary facilities from UEMG Group	2,250	6,974	9,224
				(v) Provision of energy monitoring system to UEMG Group at Mercu UEM	-	-	-
2	UEM Edgenta Group	PLUS Malaysia Group	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>UEM Edgenta is a 69.14% subsidiary of UEMG.</p> <p>PLUS Malaysia is a 51% subsidiary of UEMG.</p> <p>Dato' Izzaddin Idris is a Director of UEM Edgenta and PLUS Malaysia.</p> <p>Dato' Izzaddin Idris does not have any equity interest in PLUS Malaysia.</p>	Provision of facilities maintenance services to PLUS Malaysia Group	1,466,286	3,157,806	4,624,092

## RECURRENT RELATED PARTY TRANSACTIONS (CONT'D.)

Item	Company in UEM Edgenta Group involved	Transacting Party	Nature of relationship	Nature of transaction	Value incurred from 1 January 2017 to 25 May 2017 (RM)	Value incurred from 25 May 2017 to 31 December 2017 (RM)	Aggregate Value of Transactions during the financial Year (RM)
3	UEM Edgenta Group	UEM Sunrise Group	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>UEM Edgenta is a 69.14% subsidiary of UEMG.</p> <p>UEM Sunrise is a 66.06% subsidiary of UEMG.</p> <p>Dato' Izzaddin Idris is a Director of UEM Edgenta and UEM Sunrise.</p> <p>Dato' Izzaddin Idris does not have any equity interest in UEM Sunrise.</p>	Provision of facilities maintenance services to UEM Sunrise Group	2,008,745	4,172,970	6,181,715
				Provision of integrated facilities management and estate management services by UEM Edgenta Group to UEM Sunrise Group	5,083,796	10,590,888	15,674,684
4	UEM Edgenta Group	TM	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>UEM Edgenta is a 69.14% subsidiary of UEMG.</p> <p>TM is a 26.2% associated company of Khazanah.</p>	Provision of facilities maintenance services and energy management services to TM	-	-	-
5	UEM Edgenta Group	TARH	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>UEM Edgenta is a 69.14% subsidiary of UEMG.</p> <p>TARH is a wholly-owned subsidiary of Khazanah.</p>	Provision of consultancy and township management services which includes integrated facilities management (M&E, housekeeping, security, estate management, safety & health) and community management to TARH	-	-	-
6	UEM Edgenta Group	UEM Sunrise Group	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>UEM Edgenta is a 69.14% subsidiary of UEMG.</p> <p>UEM Sunrise is a 66.06% subsidiary of UEMG.</p> <p>Dato' Izzaddin Idris is a Director of UEM Edgenta and UEM Sunrise.</p> <p>Dato' Izzaddin Idris does not have any equity interest in UEM Sunrise.</p>	Rental of office space in Imperia Tower, Iskandar Puteri, Johor from UEM Sunrise Group	-	320,608	320,608
7	UEM Edgenta Group	CIMA	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>UEM Edgenta is a 69.14% subsidiary of UEMG.</p> <p>CIMA is a wholly-owned subsidiary of UEMG.</p> <p>Dato' Izzaddin Idris is a Director of UEM Edgenta and CIMA.</p> <p>Dato' Izzaddin Idris does not have any equity interest in CIMA.</p>	Provision of energy management services through Energy Performance Contract at various locations to CIMA	-	-	-

Item	Company in UEM Edgenta Group involved	Transacting Party	Nature of relationship	Nature of transaction	Value incurred from 1 January 2017 to 25 May 2017 (RM)	Value incurred from 25 May 2017 to 31 December 2017 (RM)	Aggregate Value of Transactions during the financial Year (RM)
8	UEM Edgenta Group	MAHB	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. UEM Edgenta is a 69.14% subsidiary of UEMG. MAHB is a 33.2% associated company of Khazanah.	Provision of energy management services through energy performance contract to MAHB	-	-	-
9	UEM Edgenta Group	First Impact	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. UEM Edgenta is a 69.14% subsidiary of UEMG. First Impact is a wholly-owned subsidiary of UEMG.	Provision of asset management services for office buildings of First Impact	1,516,816	5,586,553	7,103,369
10	UEM Edgenta Group's property development companies	Any Related Party who may wish to purchase properties developed by UEM Edgenta Group's property development companies	All Directors and Major Shareholders of UEM Edgenta are interested in this transaction. All Directors of UEM Edgenta do not have any direct and/or indirect shareholding in UEM Edgenta. All Directors and Major Shareholders of UEM Edgenta will abstain and ensure that all Persons Connected to them will abstain from voting on the relevant resolution. Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. UEM Edgenta is a 69.14% subsidiary of UEMG.	Sale of property units by UEM Edgenta Group's property development companies	-	-	-
11	EHM	Konsortium Prohawk Sdn Bhd	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. EHM is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG. Konsortium Prohawk Sdn Bhd is a 65% subsidiary of UEMG.	Provision of asset management services for Women & Children Hospital (WACH) to Konsortium Prohawk Sdn Bhd	-	-	-
12	EMS	Cenviro Group	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. Cenviro is a wholly-owned subsidiary of Khazanah. EMS is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.	Provision of healthcare waste management services by Kualiti Alam	251,741	1,131,862	1,383,603

## RECURRENT RELATED PARTY TRANSACTIONS (CONT'D.)

Item	Company in UEM Edgenta Group involved	Transacting Party	Nature of relationship	Nature of transaction	Value incurred from 1 January 2017 to 25 May 2017 (RM)	Value incurred from 25 May 2017 to 31 December 2017 (RM)	Aggregate Value of Transactions during the financial Year (RM)
13	EMS Group	SMS Likas	<p>FLS Sabah is a 60% subsidiary of EMS, which in turn is a wholly-owned subsidiary of UEM Edgenta.</p> <p>SMS Likas holds 40% of the equity interest in FLS Sabah.</p> <p>Zohari Mahur is a Director of SMS Likas and FLS Sabah.</p> <p>Zohari Mahur has a 58.33% equity interest in SMS Likas.</p>	Provision of linen processing involving washing, drying and folding of linen, linen transportation involving transportation of linen from the plant to hospitals and vice versa, and manpower supply by SMS Likas	1,222,227	2,196,904	3,419,131
14	EFSB Group	Symphony Hills	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>EFSB is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>Symphony Hills is a wholly-owned subsidiary of Bandar Nusajaya Development Sdn Bhd, which in turn is a wholly-owned subsidiary of UEM Land, which in turn is a wholly-owned subsidiary of UEM Sunrise, which in turn is a 66.06% subsidiary of UEMG.</p>	Provision of cleaning services at sales gallery, office and unit show houses for Symphony Hills	-	213,442	213,442
15	EFSB Group	Setia Haruman	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>EFSB is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>Setia Haruman is a 25% associated company of UEM Land, which in turn is a wholly-owned subsidiary of UEM Sunrise, which in turn is a 66.06% subsidiary of UEMG.</p>	Provision of facilities maintenance services to Setia Haruman	2,024,345	3,824,467	5,848,812
				Rental payable on a monthly basis by EFSB Group to Setia Haruman for office space	-	26,752	26,752
16	EFSB Group	UEM Builders	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>EFSB is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>UEM Builders is a wholly-owned subsidiary of UEMG.</p>	Provision of cleaning services and M&E maintenance to UEM Builders	-	135,566	135,566
17	EFSB Group	UEMG	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>EFSB is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p>	Provision of cleaning and landscaping services for UEM Learning to UEMG	-	130,641	130,641

Item	Company in UEM Edgenta Group involved	Transacting Party	Nature of relationship	Nature of transaction	Value incurred from 1 January 2017 to 25 May 2017 (RM)	Value incurred from 25 May 2017 to 31 December 2017 (RM)	Aggregate Value of Transactions during the financial Year (RM)
18	EFSB Group	TERAS	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.  EFSB is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.  TERAS is a wholly-owned subsidiary of PLUS Malaysia, which in turn is a 51% subsidiary of UEMG.	Provision of cleaning services to TERAS warehouse	-	-	-
19	EFSB Group	UEM Sunrise	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.  EFSB is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.  UEM Sunrise is a 66.06% subsidiary of UEMG.	Provision of cleaning services of pedestrian bridge to UEM Sunrise	-	-	-
				Provision of facilities management services for office buildings of UEM Sunrise	-	-	-
20	EFSB Group	CIMB Group	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.  EFSB is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.  CIMB is a 27.3% associated company of Khazanah.	Provision of facilities maintenance services to CIMB Group	-	-	-
21	EFSB Group	Malaysian Bio-XCell Sdn Bhd ("Bio-Xcell")	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.  EFSB is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.  Bio-XCell is a 40% joint venture company of UEM Sunrise, which in turn is a 66.06% subsidiary of UEMG.	Operation and maintenance for Central Utility Facility for Biotechnology Park to Bio-Xcell	1,397,843	4,163,464	5,561,307
				Integrated facilities management services to Bio-Xcell	-	364,840	364,840
22	EFSB Group	TM	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.  EFSB is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.  TM is a 26.2% associated company of Khazanah.	To provide total facilities management services to TM Commercial Building for TM	-	-	-

## RECURRENT RELATED PARTY TRANSACTIONS (CONT'D.)

Item	Company in UEM Edgenta Group involved	Transacting Party	Nature of relationship	Nature of transaction	Value incurred from 1 January 2017 to 25 May 2017 (RM)	Value incurred from 25 May 2017 to 31 December 2017 (RM)	Aggregate Value of Transactions during the financial Year (RM)
23	Faber Sindoori	PCR Investment	<p>PCR Investments is the investment holding company of Dr. P.C. Reddy and his family members.</p> <p>Dr. P.C. Reddy and Persons Connected to him are major shareholders of ASHL with 68.52% equity interest.</p> <p>ASHL holds 49% of the equity interest in Faber Sindoori.</p> <p>Faber Sindoori is 51% owned by EFSB, which in turn is a wholly-owned subsidiary of UEM Edgenta.</p>	Payment of licensee fee for the usage of the brand name "Sindoori" to PCR Investments	548,553	906,494	1,455,047
24	Edgenta PROPEL	UEM Construction	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>UEM Construction is a wholly-owned subsidiary of UEM Builders, which in turn is a wholly-owned subsidiary of UEMG.</p>	Upgrade works for Bayan Lepas Expressway for UEM Construction	-	-	-
				Provision of fourth lane widening ("FLW") civil works, mechanical, electrical and electronic ("MEE") works and street lighting and traffic management services to UEM Construction	731,844	1,667,446	2,399,290
25	Edgenta PROPEL	UEM Builders	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>UEM Builders is a wholly-owned subsidiary of UEMG.</p>	Pavement, civil, MEE works, utilities relocation and traffic management works for UEM Builders	-	-	-
26	Edgenta PROPEL	UEMG	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p>	Payment of nomination fee - annual amount by UEMG	3,333,333	6,666,667	10,000,000
				Pavement, civil, MEE works, utilities relocation and traffic management works for UEMG	-	-	-

Item	Company in UEM Edgenta Group involved	Transacting Party	Nature of relationship	Nature of transaction	Value incurred from 1 January 2017 to 25 May 2017 (RM)	Value incurred from 25 May 2017 to 31 December 2017 (RM)	Aggregate Value of Transactions during the financial Year (RM)
27	Edgenta PROPEL	PLUS	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>PLUS is a wholly-owned subsidiary of PLUS Malaysia, which in turn is a 51% subsidiary of UEMG.</p>	Provision of highway operations & maintenance services to PLUS	6,660,569	24,682,873	31,343,442
				Annual pavement structural overlay ("PSO") works to PLUS	15,195,001	41,386,227	56,581,228
				Provision of annual routine maintenance - civil and MEE works to PLUS	70,824,957	172,097,734	242,922,691
				Annual work orders - civil works commissioned by PLUS	15,762,506	80,020,106	95,782,613
				Annual work orders - pavement works commissioned by PLUS	29,897,199	226,415,836	256,313,035
				Repair and replacement works by PLUS	5,568,535	12,782,402	18,350,937
				Other works secured via tender from PLUS	10,816,257	35,376,178	46,192,435
28	Edgenta PROPEL	TT dotCom Sdn Bhd	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>TT dotCom Sdn Bhd is a wholly-owned subsidiary of TdC.</p> <p>TdC is a 11.23% associated company of Khazanah.</p> <p>TdC is a 30.47% associated company of PKV, which in turn is a 30.0% associated company of Khazanah.</p>	Provision of fiber optic maintenance on highway by TT dotCom Sdn Bhd	336,141	1,065,147	1,401,288
29	Edgenta PROPEL	TM	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>TM is a 26.2% associated company of Khazanah.</p>	Provision of infrastructure maintenance of telecommunications network by TM	-	-	-
30	Edgenta PROPEL	PT Lintas Marga Sedaya ("PT Lintas")	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>PT Lintas is a 55% subsidiary of PEIB, which in turn is a wholly-owned subsidiary of UEMG.</p>	Provision of maintenance services for highway to PT Lintas	8,650,931	30,367,532	39,018,463

## RECURRENT RELATED PARTY TRANSACTIONS (CONT'D.)

Item	Company in UEM Edgenta Group involved	Transacting Party	Nature of relationship	Nature of transaction	Value incurred from 1 January 2017 to 25 May 2017 (RM)	Value incurred from 25 May 2017 to 31 December 2017 (RM)	Aggregate Value of Transactions during the financial Year (RM)
31	Edgenta PROPEL	Teras Teknologi Sdn Bhd ("TERAS")	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>TERAS is a wholly-owned subsidiary of PLUS Malaysia, which in turn is a 51% subsidiary of UEMG.</p>	Provision of FLW utilities and services to TERAS	-	-	-
32	Edgenta PROPEL	PT Karabha Gryamandiri - PT Nusa Raya Cipta Consortium	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>PT Karabha Gryamandiri is a 55% subsidiary of UEM Construction, which in turn is a wholly-owned subsidiary of UEM Builders, which in turn is a wholly-owned subsidiary of UEMG.</p>	Contract awarded by PT Karabha Gryamandiri - PT Nusa Raya Cipta Consortium for highway pavement works	-	520,733	520,733
33	Edgenta PROPEL	Kualiti Alam	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>Kualiti Alam is a wholly-owned subsidiary of Cenviro, which in turn is a wholly-owned subsidiary of Khazanah.</p>	Provision of waste collection services by Kualiti Alam	-	-	-
34	Edgenta PROPEL	Kuad	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>Kuad is a 70% subsidiary of CIMA, which in turn is a wholly-owned subsidiary of UEMG.</p>	Purchase of material for provision of pavement works from Kuad	1,619,774	4,778,601	6,398,375
35	Edgenta PROPEL	Kuari Pati	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>Kuari Pati is a wholly-owned subsidiary of CIMA, which in turn is a wholly-owned subsidiary of UEMG.</p>	Purchases of materials for pavement works from Kuari Pati	2,062,209	3,831,964	5,894,173

Item	Company in UEM Edgenta Group involved	Transacting Party	Nature of relationship	Nature of transaction	Value incurred from 1 January 2017 to 25 May 2017 (RM)	Value incurred from 25 May 2017 to 31 December 2017 (RM)	Aggregate Value of Transactions during the financial Year (RM)
36	Edgenta PROPEL	MAHB	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>MAHB is a 33.2% associated company of Khazanah.</p>	Provision of pavement, civil, MEE works, utilities relocation works and traffic management services for MAHB	-	-	-
37	Edgenta PROPEL	Fibrecomm Network (M) Sdn Bhd ("Fibrecomm")	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>Fibrecomm is a 51% subsidiary of TM and 49% associated company of TNB.</p> <p>TM is a 26.2% associated company of Khazanah and TNB is a 28.1% associated company of Khazanah.</p>	Provision of pavement, civil, MEE works, utilities relocation works and traffic management services for Fibrecomm	-	-	-
38	Edgenta PROPEL	UEM Sunrise	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>UEM Sunrise is a 66.06% subsidiary of UEMG.</p>	Provision of pavement, MEE works, utilities relocation and traffic management works for UEM Sunrise	-	-	-
39	Edgenta PROPEL	UEMB-MRCB JV Sdn Bhd	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>UEMB-MRCB JV Sdn Bhd is a 51% subsidiary of UEM Builders, which in turn is a wholly-owned subsidiary of UEMG.</p>	Provision of additional works in relation to road safety on FLW project to UEM Builders-MRCB JV Sdn Bhd	-	-	-

## RECURRENT RELATED PARTY TRANSACTIONS (CONT'D.)

Item	Company in UEM Edgenta Group involved	Transacting Party	Nature of relationship	Nature of transaction	Value incurred from 1 January 2017 to 25 May 2017 (RM)	Value incurred from 25 May 2017 to 31 December 2017 (RM)	Aggregate Value of Transactions during the financial Year (RM)
40	Edgenta EMT	PLUS Malaysia Group	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta EMT is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>PLUS Malaysia is a 51% subsidiary of UEMG.</p>	Provision of maintenance services of the real time monitoring system to PLUS Malaysia Group	379,822	93,180	473,002
				Soil investigation works for upgrading of existing and new facilities for PLUS Malaysia Group	-	-	-
				Proposed air quality testing at Toll Plaza along North South Expressway by Edgenta EMT to PLUS Malaysia Group	-	-	-
				Proposed PSO works for expressway by Edgenta EMT to PLUS Malaysia Group	-	-	-
41	Edgenta EMT	UEM Sunrise	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta EMT is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>UEM Sunrise is a 66.06% subsidiary of UEMG.</p>	Proposed soil investigation works at Nusajaya for UEM Sunrise	-	-	-
42	Edgenta EMT	UEM Builders	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta EMT is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>UEM Builders is a wholly-owned subsidiary of UEMG.</p>	Proposed soil investigation works at Rapid Pengerang, Johor for UEM Builders	-	-	-

Item	Company in UEM Edgenta Group involved	Transacting Party	Nature of relationship	Nature of transaction	Value incurred from 1 January 2017 to 25 May 2017 (RM)	Value incurred from 25 May 2017 to 31 December 2017 (RM)	Aggregate Value of Transactions during the financial Year (RM)
43	Edgenta EMT	UEM Construction	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta EMT is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>UEM Construction is a wholly-owned subsidiary of UEM Builders, which in turn is a wholly-owned subsidiary of UEMG.</p>	Material testing and quality assurance/quality control works for Alor Pongsu Interchange for UEM Construction	-	-	-
				Construction and completion of viaduct guide way and other associated works for UEM Construction	-	-	-
				Design, construction and completion of Penang second bridge and repair work on highways by UEM Construction	-	-	-
				Instrumentation works for Mass Rapid Transit projects for UEM Construction	9,617	34,119	43,736
				FLW works for roadway from Shah Alam to Sungai Buloh by UEM Construction	1,500	-	1,500
				Proposed design and construction of expressway for UEM Construction	-	-	-
				Pavement rehabilitation and associated works for UEM Construction	-	-	-
				Alor Pongsu Interchange and Toll Plaza Phase 1 advance earthworks for UEM Construction	-	-	-
				Proposed bridge structure, instrumentation and soil investigation works for development of expressway by Edgenta EMT to UEM Construction	-	-	-
				Proposed bridge structure and instrumentation for Rail Project by Edgenta EMT to UEM Construction	-	-	-

## RECURRENT RELATED PARTY TRANSACTIONS (CONT'D.)

Item	Company in UEM Edgenta Group involved	Transacting Party	Nature of relationship	Nature of transaction	Value incurred from 1 January 2017 to 25 May 2017 (RM)	Value incurred from 25 May 2017 to 31 December 2017 (RM)	Aggregate Value of Transactions during the financial Year (RM)
44	Edgenta EMT	PLUS Malaysia	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta EMT is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>PLUS Malaysia is a 51% subsidiary of UEMG.</p>	Proposed slope rehab works for soil investigation to PLUS Malaysia	-	-	-
				Proposed bridge structure, instrumentation and soil investigation works for development of expressway to PLUS Malaysia	-	-	-
45	Edgenta EMT	CIMA	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta EMT is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>CIMA is a wholly-owned subsidiary of UEMG.</p>	Proposed air quality testing for CIMA	-	-	-
46	Edgenta EMT	UEMG	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta EMT is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p>	Soil investigation project for Paroi-Senawang-KLIA-Salak Tinggi (SKLIA) project for UEMG.	-	912,744	912,744
47	OIM	PLUS Malaysia	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>OIM is a wholly-owned subsidiary of Opus, which in turn is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>PLUS Malaysia is a 51% subsidiary of UEMG.</p>	Provision of maintenance management & technical services for highways and bridges to PLUS Malaysia	11,427,510	22,855,020	34,282,530
				Payment of project management fee for roadway projects by PLUS Malaysia	968,811	1,562,996	2,531,807
				Development of expressway by PLUS Malaysia	82,710	4,448,097	4,530,807
				Payment of proposed network maintenance fees for expressway by PLUS Malaysia	1,219,900	2,439,799	3,659,699
48	OIM	PT Lintas	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>OIM is a wholly-owned subsidiary of Opus, which in turn is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>PT Lintas is a 55% subsidiary of PEIB which in turn is a wholly-owned subsidiary of UEMG.</p>	Provision of maintenance management & technical services for highways and bridges at Cikampek Palimanan highway by OIM to PT Lintas	617,077	1,028,320	1,645,397

Item	Company in UEM Edgenta Group involved	Transacting Party	Nature of relationship	Nature of transaction	Value incurred from 1 January 2017 to 25 May 2017 (RM)	Value incurred from 25 May 2017 to 31 December 2017 (RM)	Aggregate Value of Transactions during the financial Year (RM)
49	OIM	UEMG	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>OIM is a wholly-owned subsidiary of Opus, which in turn is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p>	Payment of project management fees for tender submissions by UEMG	-	759,905	759,905
				Payment of project management fees for slope maintenance works of an expressway by OIM to UEMG	-	-	-
				Design and project management fees by UEMG in relation to development of overseas projects by OIM to UEMG	-	-	-
				Development of expressway by UEMG by OIM to UEMG	-	7,632,230	7,632,230
				Project management fees for Feasibility Studies from UEMG.	-	157,200	157,200
50	OIM	TNB	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>OIM is a wholly-owned subsidiary of Opus, which in turn is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>TNB is a 28.1% associated company of Khazanah.</p>	To provide project management consultancy services for office building to TNB	-	-	-
51	OIM	IHH Healthcare Group	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>OIM is a wholly-owned subsidiary of Opus, which in turn is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>IHH Healthcare is a 40.98% associated company of Pulau Memutik Ventures Sdn Bhd, which in turn is a wholly-owned subsidiary of Khazanah.</p>	To provide project management and engineering consultancy services for development of hospitals to IHH Healthcare	-	-	-
52	OIM	MAHB	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>OIM is a wholly-owned subsidiary of Opus, which in turn is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>MAHB is a 33.2% associated company of Khazanah.</p>	To provide project management and engineering design consultancy services to Aeropolis and Staff Quarters project for MAHB	-	-	-

## RECURRENT RELATED PARTY TRANSACTIONS (CONT'D.)

Item	Company in UEM Edgenta Group involved	Transacting Party	Nature of relationship	Nature of transaction	Value incurred from 1 January 2017 to 25 May 2017 (RM)	Value incurred from 25 May 2017 to 31 December 2017 (RM)	Aggregate Value of Transactions during the financial Year (RM)
53	OIM	MIMSB	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>OIM is a wholly-owned subsidiary of Opus, which in turn is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>MIMSB is a 60% subsidiary of Jasmine Acres Sdn Bhd, which in turn is a 33.3% associated company of Iskandar Investment Berhad and a 66.7% subsidiary of Iskandar Ventures Sdn Bhd.</p> <p>Iskandar Ventures Sdn Bhd is a wholly-owned subsidiary of Khazanah.</p>	To provide asset management consultancy services to MIMSB	-	-	-
54	OIM	UEM Sunrise	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>OIM is a wholly-owned subsidiary of Opus, which in turn is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>UEM Sunrise is a 66.06% subsidiary of UEMG.</p>	To provide project management consultancy services for commercial development of UEM Sunrise	-	-	-
55	OIM	Putrajaya Holdings	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>OIM is a wholly-owned subsidiary of Opus, which in turn is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>Putrajaya Holdings is a 15.6% associated company of Khazanah.</p>	To provide project management and engineering design consultancy for development of train transport system in Putrajaya to Putrajaya Holdings	-	-	-

Item	Company in UEM Edgenta Group involved	Transacting Party	Nature of relationship	Nature of transaction	Value incurred from 1 January 2017 to 25 May 2017 (RM)	Value incurred from 25 May 2017 to 31 December 2017 (RM)	Aggregate Value of Transactions during the financial Year (RM)
56	Edgenta TMS	MIMSB Group	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta TMS is a 70% subsidiary of UEMSET, which in turn is a 70% subsidiary of ETMSSB, which in turn is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>MIMSB is a 60% subsidiary of Jasmine Acres Sdn Bhd, which in turn is a 33.3% associated company of Iskandar Investment Berhad and a 66.7% subsidiary of Iskandar Ventures Sdn Bhd.</p> <p>Iskandar Ventures Sdn Bhd is a wholly-owned subsidiary of Khazanah.</p> <p>Dr. Tee Kim Siong is a Director of Edgenta TMS and Managing Director/Chief Executive Officer of MIMSB.</p>	Provision of integrated facilities management and estate management services by Edgenta TMS to MIMSB Group	1,202,217	3,753,896	4,956,113
57	Edgenta Energy Services Sdn Bhd ("EES")	TM	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>EES is a 70% subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>TM is a 26.2% associated company of Khazanah.</p>	Provision of energy-saving initiatives through shared saving concept for TM by EES to TM	-	-	-
58	UEMS Malaysia	IMU Education Sdn Bhd	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>UEMS Malaysia is a wholly-owned subsidiary of UEMS, which in turn is a 97.46% subsidiary of AFS, which in turn is a wholly-owned subsidiary of AIFS, which in turn is a wholly-owned subsidiary of Edgenta Singapore, which in turn is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>IMU Education Sdn Bhd is a wholly-owned subsidiary of IMU Health Sdn Bhd, which in turn is a wholly-owned subsidiary of IHH Healthcare, which in turn is a 40.98% associated company of Pulau Memutik Ventures Sdn Bhd, which in turn is a wholly-owned subsidiary of Khazanah.</p>	Provision of facilities maintenance services to IMU	407,650	281,643	689,293

## RECURRENT RELATED PARTY TRANSACTIONS (CONT'D.)

Item	Company in UEM Edgenta Group involved	Transacting Party	Nature of relationship	Nature of transaction	Value incurred from 1 January 2017 to 25 May 2017 (RM)	Value incurred from 25 May 2017 to 31 December 2017 (RM)	Aggregate Value of Transactions during the financial Year (RM)
59	UEMS Malaysia	Parkway Pantai Group	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>UEMS Malaysia is a wholly-owned subsidiary of UEMS, which in turn is a 97.46% subsidiary of AFS, which in turn is a wholly-owned subsidiary of AIFS, which in turn is a wholly-owned subsidiary of Edgenta Singapore, which in turn is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>Parkway Pantai is a wholly-owned subsidiary of Integrated Healthcare Holdings Limited, which in turn is a wholly-owned subsidiary of IHH Healthcare, which in turn is a 40.98% associated company of Pulau Memutik Ventures Sdn Bhd, which in turn is a wholly-owned subsidiary of Khazanah.</p>	Provision of facilities maintenance services to Pantai Holdings Group at various Pantai hospitals	3,093,774	4,610,637	7,704,411
60	UEMS Malaysia	Khazanah	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>UEMS Malaysia is a wholly-owned subsidiary of UEMS, which in turn is a 97.46% subsidiary of AFS, which in turn is a wholly-owned subsidiary of AIFS, which in turn is a wholly-owned subsidiary of Edgenta Singapore, which in turn is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p>	Provision of cleansing services at KLCC and KL Sentral to Khazanah	120,847	183,089	303,936
61	UEMS Solutions Pte Ltd	IHH Healthcare Group	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>UEMS Solutions Pte Ltd is a wholly-owned subsidiary of UEMS, which in turn is a 97.46% subsidiary of AFS, which in turn is a wholly-owned subsidiary of AIFS, which in turn is a wholly-owned subsidiary of Edgenta Singapore, which in turn is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>IHH Healthcare is a 40.98% associated company of Pulau Memutik Ventures Sdn Bhd, which in turn is a wholly-owned subsidiary of Khazanah.</p>	Provision of housekeeping services at various IHH Healthcare Hospitals to IHH Healthcare	367,463	607,556	975,019

Item	Company in UEM Edgenta Group involved	Transacting Party	Nature of relationship	Nature of transaction	Value incurred from 1 January 2017 to 25 May 2017 (RM)	Value incurred from 25 May 2017 to 31 December 2017 (RM)	Aggregate Value of Transactions during the financial Year (RM)
62	KFM	Malaysia Airlines Berhad	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>KFM is a 80% subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>Malaysia Airlines Berhad is a wholly-owned subsidiary of Malaysia Aviation Group Berhad, which in turn is a wholly-owned subsidiary of Khazanah.</p>	Provision of facilities management services to Malaysia Airlines Berhad	6,511,620	7,769,136	14,280,756
63	KFM Energy	Cenviro	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>KFM Energy is a wholly-owned subsidiary of KFM, which in turn is a 80% subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>Cenviro is a wholly-owned subsidiary of Khazanah.</p>	Consultancy for design assessment for submission to Green Building Index for Cenviro	-	7,065	7,065
64	KFM Energy	Silterra Malaysia	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>KFM Energy is a wholly-owned subsidiary of KFM, which in turn is a 80% subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>Silterra Malaysia is a wholly-owned subsidiary of Khazanah.</p>	Engineering, procurement, installation and commissioning for chillers to Silterra Malaysia	420,345	530,328	950,673

# NOTICE OF THE 55<sup>TH</sup> ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the 55<sup>th</sup> Annual General Meeting of UEM Edgenta Berhad (“UEM Edgenta” or “the Company”) will be held at the **Banquet Hall, Menara Korporat, Persada PLUS, Persimpangan Bertingkat Subang, KM15, Lebuhraya Baru Lembah Klang, 47301 Petaling Jaya, Selangor Darul Ehsan** on **Thursday, 10 May 2018** at **10.00 a.m.** for the purpose of transacting the following businesses:-

## AGENDA

### ORDINARY BUSINESS

- To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2017 together with the Directors’ and Auditors’ reports thereon.
- To re-elect the following Directors who are retiring in accordance with Article 65 of the Company’s Constitution and being eligible, have offered themselves for re-election:-
  - Ms. Elakumari Kantilal
  - Dr. Saman @ Saimy Ismail
- To re-elect the following Directors who are retiring in accordance with Article 70 of the Company’s Constitution and being eligible, have offered themselves for re-election:-
  - Pn. Juniwati Rahmat Hussin
  - Dato’ George Stewart LaBrooy
  - Ms. Emily Kok
- To approve the Directors’ fees and the payment thereof to the Directors for the period from 1 January 2018 until the next Annual General Meeting of the Company, to be payable on a quarterly basis.
- To approve the payment of Directors’ benefits (excluding Directors’ fees) to the Non-Executive Chairman and Non-Executive Directors based on the following table of benefits and remuneration for the period from 11 May 2018 until the next Annual General Meeting of the Company:-

**Ordinary Resolution 1**

**Ordinary Resolution 2**

**Ordinary Resolution 3**

**Ordinary Resolution 4**

**Ordinary Resolution 5**

**Ordinary Resolution 6**

**Ordinary Resolution 7**

Description	Directors’ remuneration/ benefits
Allowance will be paid to Directors for the following:-	RM1,000 per day
(i) Attending meetings with Government representatives or third parties such as consultants, bankers and advisors on behalf of the Company; or	
(ii) Visiting project and/or reference sites to advise Management, the Company and/or its operating companies.	
Meeting allowance for ad-hoc or temporary Board Committees established for specific purposes	(i) Chairman of Committee - RM2,000 per meeting (ii) Member of Committee - RM1,000 per meeting
Car allowance for Chairman of UEM Edgenta	RM3,400 per month

- To re-appoint Messrs Ernst & Young as Auditors and to authorise the Board of Directors to fix their remuneration.

**Ordinary Resolution 8**

## SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions, with or without modifications:-

7. **Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016** **Ordinary Resolution 9**

**“THAT** pursuant to Sections 75 and 76 of the Companies Act 2016 (“Act”) and subject to the approval of the relevant governmental/regulatory authorities (if any), the Directors be and are hereby authorised to allot and issue shares in the Company, from time to time, at such price, upon such terms and conditions and for such purpose and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being and **THAT** the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so issued from Bursa Malaysia Securities Berhad and **THAT** such authority shall continue to be in force until the conclusion of the next Annual General Meeting (“AGM”) of the Company after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier, unless such approval is revoked or varied by the Company at a general meeting.”

8. **Proposed Renewal of Existing Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** **Ordinary Resolution 10**

**“THAT** pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the renewal of the shareholders’ mandate for the Company and/or its subsidiaries (“UEM Edgenta Group”) to enter into recurrent related party transactions of a revenue or trading nature (“Proposed Renewal of Shareholders’ Mandate”), which are necessary for the day-to-day operations in the ordinary course of business of UEM Edgenta Group and are on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company, particulars of which are set out in Part A of Appendix I of the Circular to Shareholders dated 11 April 2018 **AND THAT** such approval shall continue to be in force until:-

- (a) the conclusion of the next AGM of the Company following this AGM at which such mandate is passed, at which time it will lapse, unless by a resolution passed at such general meeting whereby the authority is renewed;
- (b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the 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 FURTHER THAT** the Directors of the Company and/or any of them be and are/is (as the case may be) hereby authorised to complete and do all such acts and things (including executing all such documents under the common seal in accordance with the provisions of the Constitution of the Company, as may be required) as they may consider expedient or necessary to give full effect to the Proposed Renewal of Shareholders’ Mandate.”

## NOTICE OF THE 55<sup>TH</sup> ANNUAL GENERAL MEETING (CONT'D.)

### 9. **Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature** **Ordinary Resolution 11**

**"THAT** pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the shareholders' mandate for the Company and/or its subsidiaries ("UEM Edgenta Group") to enter into additional recurrent related party transactions of a revenue or trading nature ("Proposed New Shareholders' Mandate"), which are necessary for the day-to-day operations in the ordinary course of business of UEM Edgenta Group and are on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company, particulars which are set out in Part B of Appendix I of the Circular to Shareholders dated 11 April 2018 **AND THAT** such approval shall continue to be in force until:-

- (a) the conclusion of the next AGM of the Company following this AGM at which such mandate is passed at which time it will lapse, unless by a resolution passed at such general meeting whereby the authority is renewed;
- (b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the 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 FURTHER THAT** the Directors of the Company and/or any of them be and are/is (as the case may be) hereby authorised to complete and do all such acts and things (including executing all such documents under the common seal in accordance with the provisions of the Constitution of the Company, as may be required) as they may consider expedient or necessary to give full effect to the Proposed New Shareholders' Mandate."

10. To transact any other business for which due notice shall have been given.

### BY ORDER OF THE BOARD

**CHIEW SIEW YUEN** (MAICSA 7063781)  
Company Secretary

Kuala Lumpur  
11 April 2018

**NOTES:**

1. A member of the Company entitled to attend and vote at the meeting, is entitled to appoint not more than two (2) proxies to attend, speak and vote in his stead. A proxy may but need not be a member of the Company.
2. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds in the Company. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 which is exempted from compliance with the provisions of subsection 25A(1) of the Securities Industry (Central Depositories) Act 1991.
3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
4. The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his attorney duly authorised in writing and in the case of a corporation shall be given under its common seal or signed on its behalf by an attorney or officer of the corporation so authorised.
5. The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Symphony Share Registrars Sdn Bhd at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for holding the AGM or any adjournment thereof.
6. For the purpose of determining a member who shall be entitled to attend this 55<sup>th</sup> AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with the provisions under Articles 45A(b) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991 to issue a General Meeting Record of Depositors ("ROD") as at 3 May 2018. Only a depositor whose name appears on the ROD as at 3 May 2018 shall be entitled to attend this 55<sup>th</sup> AGM or appoint a proxy(ies) to attend, speak and vote on his behalf.

**Personal data privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has

obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

**TO RECEIVE THE AUDITED FINANCIAL STATEMENTS**

Agenda Item No. 1 is meant for discussion only as the provisions of Sections 248(2) and 340(1) of the Act does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item of the Agenda is not put forward for voting.

**PAYMENT OF DIRECTORS' FEES**

The Directors' fees under Agenda Item No. 4 is payable to each of the Non-Executive Directors, on a quarterly basis as follows:-

Directors' Fees	Non-Executive Chairman		Non-Executive Director	
	Per Quarter (RM)	Per Annum (RM)	Per Quarter (RM)	Per Annum (RM)
Board	52,500	210,000	27,000	108,000
Audit and Risk Committee	12,500	50,000	7,500	30,000
Other Board Committees	6,250	25,000	3,750	15,000

**EXPLANATORY NOTES ON SPECIAL BUSINESS:-****ORDINARY RESOLUTION 9 - AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016**

The existing general mandate for the authority to allot and issue shares was approved by the shareholders of the Company at the 54<sup>th</sup> AGM held on 25 May 2017. As at the date of this notice, the Company did not issue any shares pursuant to this mandate obtained.

The proposed Ordinary Resolution 9 is a renewal of the general mandate for the authority to allot and issue shares pursuant to Sections 75 and 76 of the Act. The Ordinary Resolution 9, if passed, will empower the Directors to allot and issue up to 10% of the issued and paid up share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company.

The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s). This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares.

## NOTICE OF THE 55<sup>TH</sup> ANNUAL GENERAL MEETING (CONT'D.)

### **ORDINARY RESOLUTION 10 - PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The proposed Ordinary Resolution 10, if passed, will allow the Company and its subsidiaries to enter into recurrent related party transactions which are of a revenue or trading nature and necessary for the UEM Edgenta Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

In addition, it will eliminate the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur. This would reduce substantial administrative time and expenses associated with the convening of such meetings without compromising the corporate objectives of the Group or affecting the business opportunities available to the Group. The shareholders' mandate is subject to renewal on an annual basis.

The details on the Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature are set out in the Circular to Shareholders dated 11 April 2018, which is despatched together with the Company's 2017 Annual Report.

### **ORDINARY RESOLUTION 11 - PROPOSED NEW SHAREHOLDERS' MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

Ordinary Resolution 11 is to seek shareholder's mandate in relation to additional recurrent related party transactions to be entered into by the Company and its subsidiaries.

This resolution, if passed, will enable the Group to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

This mandate will eliminate the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur. This would reduce substantial administrative time and expenses associated with the convening of such meetings without compromising the corporate objectives of the Group or affecting the business opportunities available to the Group. The shareholders' mandate is subject to renewal on an annual basis.

The details on the Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature are set out in the Circular to Shareholders dated 11 April 2018, which is despatched together with the Company's 2017 Annual Report.

# STATEMENT ACCOMPANYING NOTICE OF THE 55<sup>TH</sup> ANNUAL GENERAL MEETING

(pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

**(a) Details of persons who are standing for election as Directors (excluding Directors standing for re-election)**

No individual is seeking election as a Director at the 55<sup>th</sup> Annual General Meeting.

**(b) A statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad**

The proposed Ordinary Resolution 9 for the general mandate for issue of securities is a renewal mandate.

As at the date of this Notice, no new shares were issued pursuant to the general mandate granted at the 54<sup>th</sup> Annual General Meeting held on 25 May 2017.

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# FORM OF PROXY

UEM EDGENTA BERHAD (5067-M)

Incorporated in Malaysia



A member of UEM Group

Total of number of ordinary share(s) held		
CDS Account No.		
Proportion of holdings to be represented by each proxy	Proxy 1 %	Proxy 2 %

I/We \_\_\_\_\_  
(block letters)

NRIC/Company No. \_\_\_\_\_ of \_\_\_\_\_  
(full address)

\_\_\_\_\_ being a member of UEM EDGENTA BERHAD ("the Company")

hereby appoint \_\_\_\_\_

NRIC/Passport No. \_\_\_\_\_ of \_\_\_\_\_  
(full address)

\_\_\_\_\_ and/or failing him/her, \_\_\_\_\_

NRIC/Passport No. \_\_\_\_\_ of \_\_\_\_\_  
(full address)

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the 55<sup>th</sup> Annual General Meeting of the Company to be held at the **Banquet Hall, Menara Korporat, Persada PLUS, Persimpangan Bertingkat Subang, KM15, Lebuhraya Baru Lembah Klang, 47301 Petaling Jaya, Selangor Darul Ehsan** on **Thursday, 10 May 2018** at **10.00 a.m.** or at any adjournment thereof.

*(Please indicate your vote with an "X" in the respective boxes of each resolution. If you do not do so, the proxy will vote or abstain from voting on the resolutions at his/her discretion.)*

ORDINARY RESOLUTIONS	NO.	FOR	AGAINST
To re-elect Ms. Elakumari Kantilal who is retiring in accordance with Article 65 of the Company's Constitution	1		
To re-elect Dr. Saman @ Saimy Ismail who is retiring in accordance with Article 65 of the Company's Constitution	2		
To re-elect Pn. Juniwati Rahmat Hussin who is retiring in accordance with Article 70 of the Company's Constitution	3		
To re-elect Dato' George Stewart LaBrooy who is retiring in accordance with Article 70 of the Company's Constitution	4		
To re-elect Ms. Emily Kok who is retiring in accordance with Article 70 of the Company's Constitution	5		
To approve the payment of Directors' fees for the period from 1 January 2018 until the next Annual General Meeting of the Company, to be payable on a quarterly basis	6		
To approve the payment of Directors' benefits to the Non-Executive Chairman and Non-Executive Directors for the period from 11 May 2018 until the next Annual General Meeting of the Company	7		
To re-appoint Messrs Ernst & Young as Auditors and to authorise the Board of Directors to fix their remuneration	8		
To empower Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016	9		
To approve the Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	10		
To approve the Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature	11		

\_\_\_\_\_  
Signature of Shareholder(s)/Common Seal

Date:

Contact No.:

**NOTES:**

1. A member of the Company entitled to attend and vote at the meeting, is entitled to appoint not more than two (2) proxies to attend, speak and vote in his stead. A proxy may but need not be a member of the Company.
2. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds in the Company. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 which is exempted from compliance with the provisions of subsection 25A(1) of the Securities Industry (Central Depositories) Act 1991.
3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
4. The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his attorney duly authorised in writing and in the case of a corporation shall be given under its common seal or signed on its behalf by an attorney or officer of the corporation so authorised.
5. The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Symphony Share Registrars Sdn Bhd at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for holding the Annual General Meeting or any adjournment thereof.
6. For the purpose of determining a member who shall be entitled to attend this 55<sup>th</sup> Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with the provisions under Articles 45A(b) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991 to issue a General Meeting Record of Depositors ("ROD") as at 3 May 2018. Only a depositor whose name appears on the ROD as at 3 May 2018 shall be entitled to attend this 55<sup>th</sup> Annual General Meeting or appoint a proxy(ies) to attend, speak and vote on his behalf.

**PERSONAL DATA PRIVACY:**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 11 April 2018.

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The Share Registrar's Office  
**Symphony Share Registrars Sdn Bhd**  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

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# GROUP DIRECTORY

## CORPORATE OFFICE

### UEM Edgenta Berhad

Level 17, Menara UEM  
Tower 1, Avenue 7  
The Horizon, Bangsar South City  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel : +603 2725 6688  
Fax : +603 2725 6888  
www.uemedgenta.com

## CONSULTANCY

### Opus International (M) Berhad

Level 6, Menara UEM  
Tower 1, Avenue 7  
The Horizon, Bangsar South City  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel : +603 2725 6688  
Fax : +603 2711 8016

## SERVICES

### Edgenta Healthcare Management Sdn Bhd

Level 8, Menara UEM  
Tower 1, Avenue 7  
The Horizon, Bangsar South City  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel : +603 2725 6688  
Fax : +603 2725 7268

### Edgenta Mediserve Sdn Bhd

Level 8, Menara UEM  
Tower 1, Avenue 7  
The Horizon, Bangsar South City  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel : +603 2725 6688  
Fax : +603 2725 7268

### UEMS Pte Ltd

No. 12 Ang Mo Kio St 64  
Blk B, #03A-11  
UE Bizhub Central  
Singapore 569088  
Tel : +65 6818 3600  
Fax : +65 6818 3601  
www.uemsgroup.com/sg

### Edgenta PROPEL Berhad

Level 8, Menara UEM  
Tower 1, Avenue 7  
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No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel : +603 2725 6688  
Fax : +603 2725 7000

### Edgenta Environmental & Material Testing Sdn Bhd

No. 3, Jalan P/8  
Kawasan Perindustrian MIEL  
Seksyen 13  
43650 Bandar Baru Bangi  
Selangor Darul Ehsan  
Tel : +603 8925 9370  
Fax : +603 8925 9373

### Edgenta Facilities Sdn Bhd

Level 3, Menara UEM  
Tower 1, Avenue 7  
The Horizon, Bangsar South City  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel : +603 2725 6688  
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### KFM Holdings Sdn Bhd

Level 10, Menara UEM  
Tower 1, Avenue 7  
The Horizon, Bangsar South City  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel : +603 2725 6688  
Fax : +603 2725 8135

### Faber Sindoori Management Services Private Limited

Prince Tower, 7<sup>th</sup> Floor  
25 & 26, College Road  
Nungambakkam, Chennai 600006  
Tamilnadu, India  
Tel : +91 44 4264 9403/9404  
Fax : +91 44 4264 9405  
www.sindoorifaber.com

### Faber L.L.C.

208 and 209, 2<sup>nd</sup> Floor  
Al Nasriyah Building Baghdad Street  
Al Qusais, P.O. Box 232283  
Dubai, United Arab Emirates  
Tel : +971 4258 4561  
Fax : +971 4258 4560

### Edgenta Township Management Services Sdn Bhd

Level 2, Menara UEM  
Tower 1, Avenue 7  
The Horizon, Bangsar South City  
No. 8, Jalan Kerinchi  
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### UEM Sunrise Edgenta TMS Sdn Bhd

Level 2, Menara UEM  
Tower 1, Avenue 7  
The Horizon, Bangsar South City  
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59200 Kuala Lumpur  
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Fax : +603 2725 6888

### Edgenta TMS Sdn Bhd

Level 6, Imperia Office Tower  
Jalan Laksamana 1  
Puteri Harbour  
79250 Iskandar Puteri  
Johor Darul Takzim  
Tel : +607 533 0000

## PROPERTY DEVELOPMENT

### Faber Development Holdings Sdn Bhd

Level 3, Menara UEM  
Tower 1, Avenue 7  
The Horizon, Bangsar South City  
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## SOLUTIONS

### Edgenta Energy Projects Sdn Bhd

Level 3A, Menara UEM  
Tower 1, Avenue 7  
The Horizon, Bangsar South City  
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### Edgenta Energy Services Sdn Bhd

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