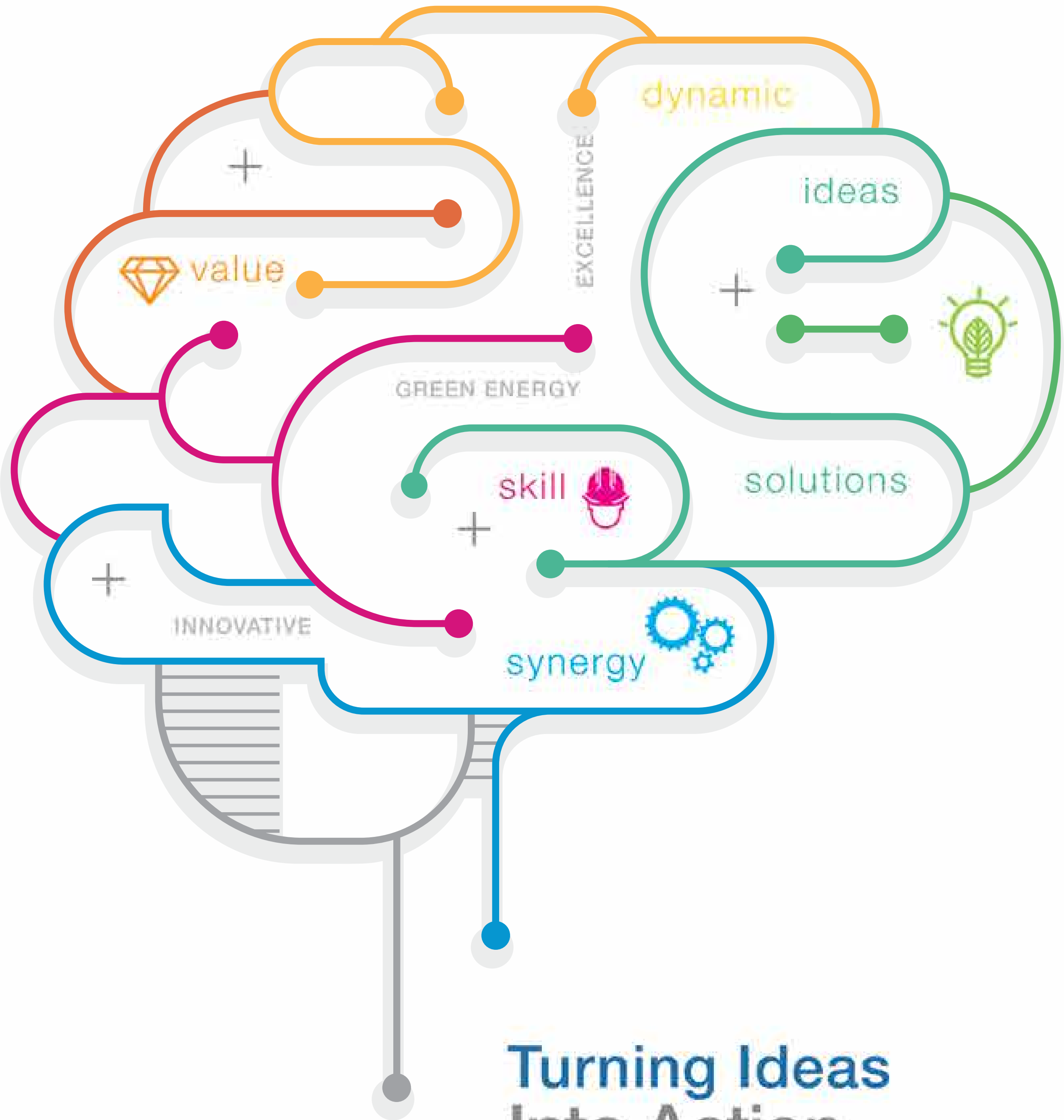
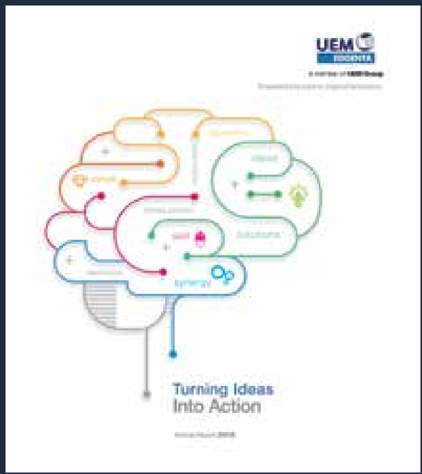
A member of **UEM Group**

Empowered by science, inspired by humans



Turning Ideas Into Action

Annual Report **2016**



TURNING IDEAS INTO ACTION

We are here to make your lives better by offering results that matter and solutions that make a difference. With smart thinking and improved processes in place, we are turning ideas into a tangible and valuable reality, be it in healthcare, infrastructure, real estate or water. Our full suite of solutions are designed and implemented according to the needs of our customers. As a leader in Total Asset Solutions, we are there throughout the entire asset life cycle to serve you better.

UEM EDGENTA BERHAD

FIFTY FOURTH

ANNUAL GENERAL MEETING

Date : Thursday, 25 May 2017
Time : 10.00 a.m.
Venue : Banquet Hall
Menara Korporat, Persada PLUS
Persimpangan Bertingkat Subang, KM15
Lebuhraya Baru Lembah Klang
47301 Petaling Jaya
Selangor Darul Ehsan

+ HEALTHCARE
+ INFRASTRUCTURE
+ REAL ESTATE
+ WATER

OUR VALUES

Our values guide our actions and describes how we behave in the world as a Company and an individual.

We are an **Enterprising** entity that embraces **Teamwork**, **Integrity** and **Passion** with a focus on **Success**.

Enterprising

We are enterprising and competitive with a mind-set geared towards creating greater value for our stakeholders.

Teamwork

We practice teamwork, mutual respect, open communications and empowerment while embracing diversity and inclusiveness to foster internal and external collaborations.

Integrity

We hold true to ethical and professional behaviour to set the highest standards of integrity, honesty and trust.

Passion

We are passionate, driven, competent and committed to gain knowledge and improve skill sets to achieve personal growth and exceptional performance.

Success

We achieve success by pushing boundaries, thinking creatively resulting in out-of-the-box innovative ideas and solutions.

REVENUE	NORMALISED PBT*	NORMALISED PATANCI*
RM2.93 Billion	RM237.8 Million	RM161.1 Million

TOTAL ASSETS	DIVIDEND TO SHAREHOLDERS
RM3.53 Billion	RM58.2 Million representing payout ratio of 73%

* *Normalised PBT and Normalised PATANCI are derived after excluding one-off goodwill impairment for Opus Stewart Weir ("OSW") in Canada and the Australian operations, the impairment loss on a 49.9% joint venture of OSW, as well as the acquisition expenses for Asia Integrated Facility Solutions Pte Ltd and KFM Holdings Sdn Bhd.*

- Grew commercial healthcare business via acquisition of 100% equity interest in Asia Integrated Facility Solutions Pte Ltd, which owns UEMS Pte Ltd, a leading integrated facilities management player in the healthcare sector across Singapore, Taiwan and Malaysia.

- Strengthened facilities management market share in Malaysia and Middle East via 80% acquisition of KFM Holdings Sdn Bhd.

- Formed Edgenta TMS Sdn Bhd (JV between UEM Sunrise Edgenta TMS and Medini Iskandar), to undertake township management of Medini and Iskandar Puteri in Iskandar Malaysia, Johor.

- Establishment of PT Edgenta PROPEL Indonesia, which provides management consultancy & advisory services related to management of roads and toll roads.

- Operationalised the Edgenta Command and Contact Centre – a centralised monitoring facility to track assets in real-time; and a centre for data intelligence and analytics for Internet of Things (IoT) and Ambient Intelligence.

KEY HIGHLIGHTS 2016

INSIDE AR2016

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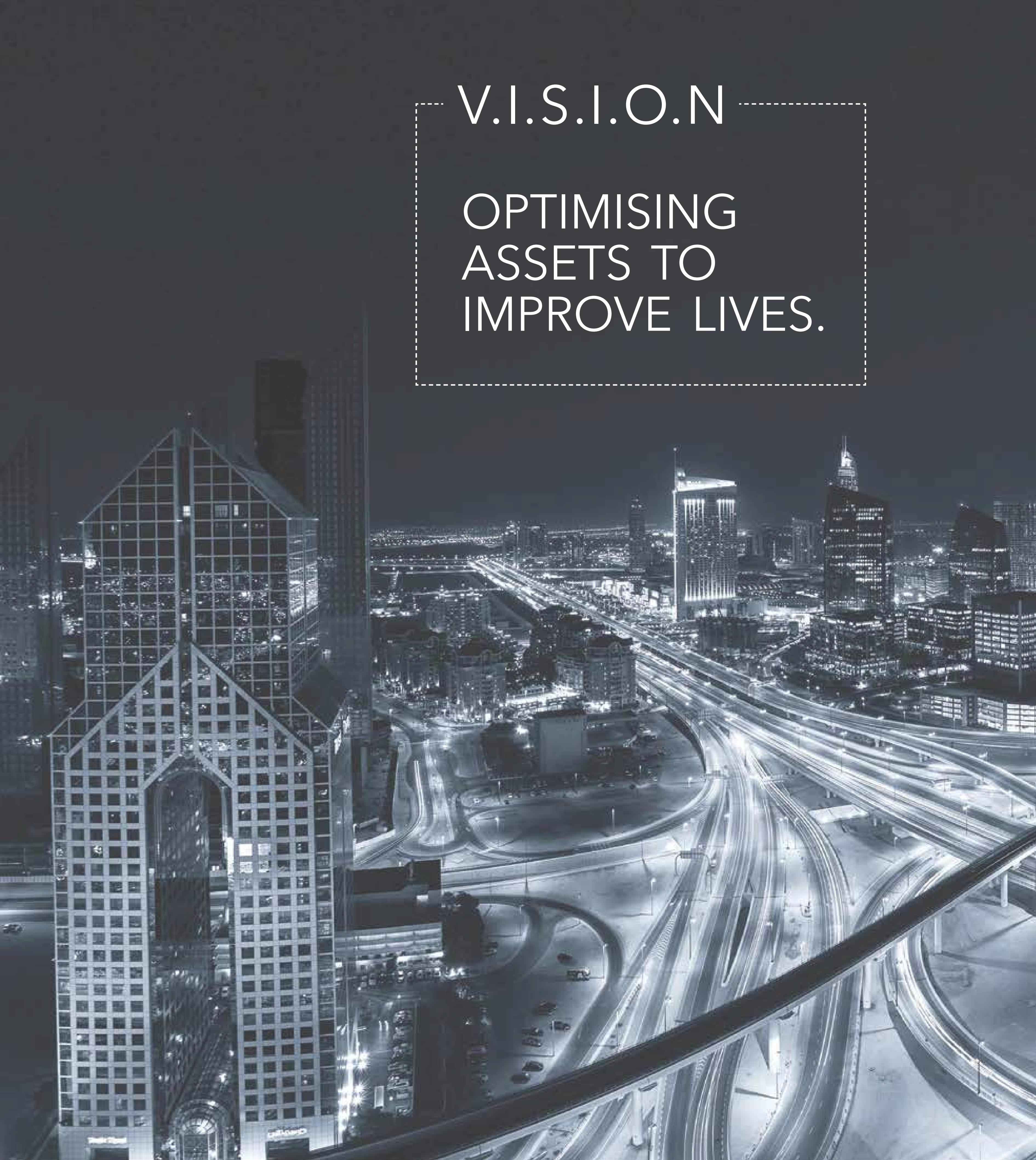
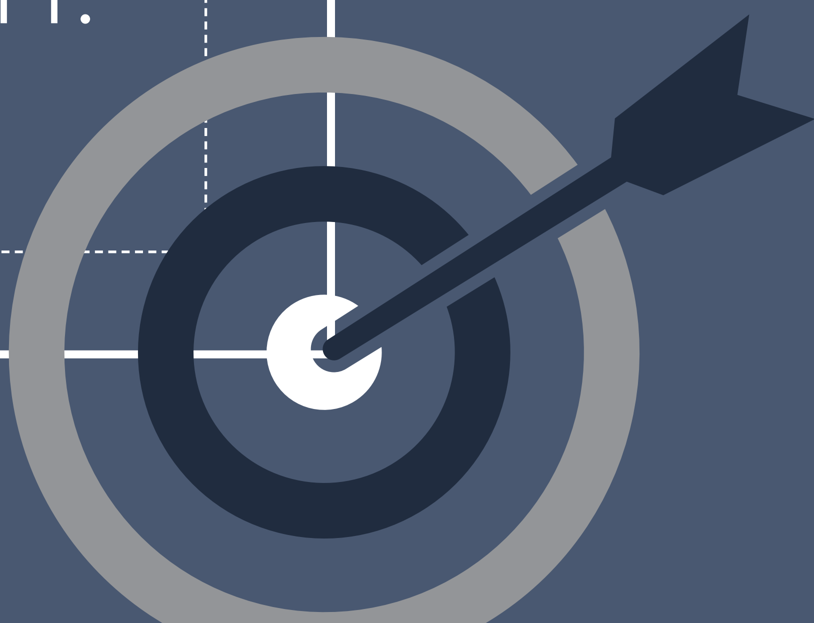
V.I.S.I.O.N

OPTIMISING ASSETS TO IMPROVE LIVES.



M.I.S.S.I.O.N

OUR SERVICES, COMMITMENT TO SMARTER THINKING AND IMPROVED SOLUTIONS PLACE US AT THE FOREFRONT OF THE INDUSTRY. WE CREATE OPPORTUNITIES FOR CLIENTS AND ASSETS THAT POSITIVELY INFLUENCE SOCIETY.




Graphics
Last Page
Pie Charts
HEADLINE

BASICALLY, THIS IS HOW WE STAND.

ONE OF THE REGION'S LARGEST

TOTAL ASSET SOLUTIONS

ENTITIES WITH **FY16 GROUP ASSETS** OF

RM 3.5 BILLION

COMBINED **EXPERIENCED** OF MORE THAN

75 YEARS

IN TOTAL ASSET SOLUTIONS BUSINESS

WE HAVE

19K

STRONG WORKFORCE

WORLDWIDE

FY16 SHAREHOLDERS' FUNDS OF

RM **1.4**

BILLION

UEM EDGENTA
IS LISTED ON THE MAIN MARKET

BURSA MALAYSIA
SECURITIES BERHAD

&

OPUS INTERNATIONAL
CONSULTANTS LIMITED IS LISTED ON THE

NEW ZEALAND
STOCK EXCHANGE

INTERNATIONAL PRESENCE IN
12
COUNTRIES

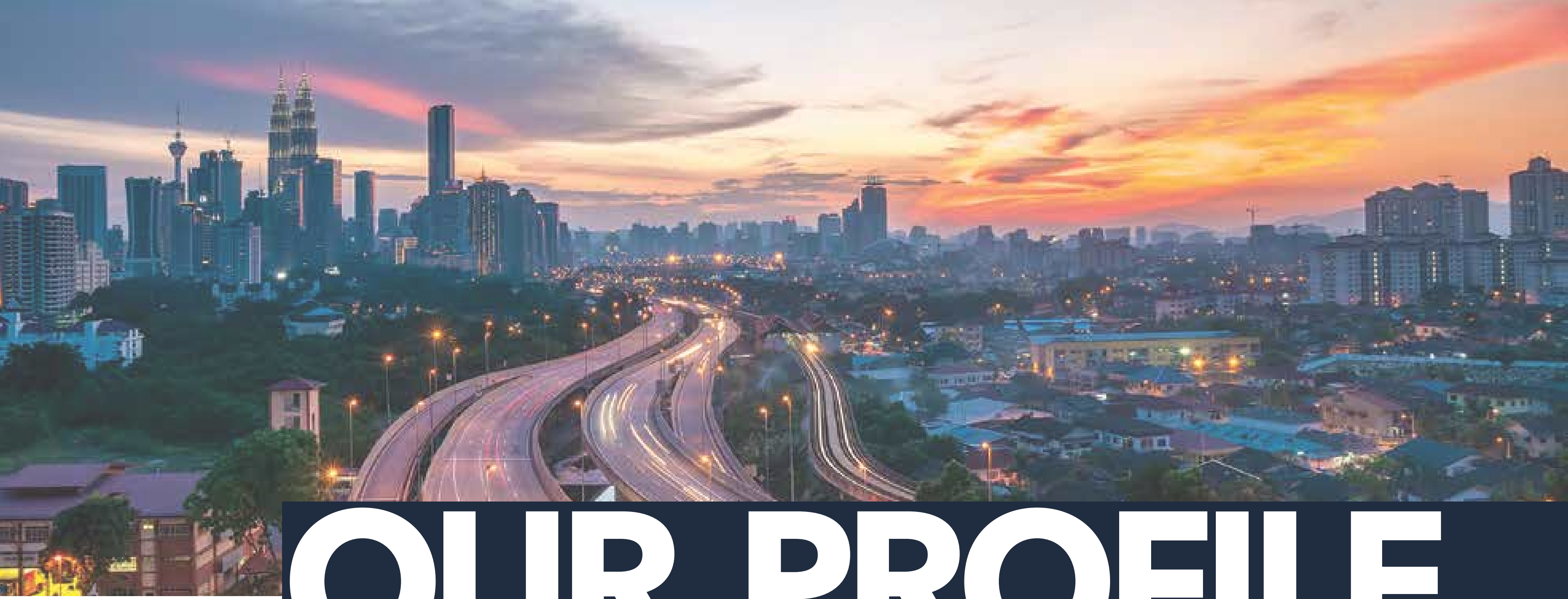
MARKET CAPITALISATION OF
RM2.7
BILLION
AS AT 31 MARCH 2017

OUR PRESENCE

INTERNATIONAL PRESENCE **IN 12 COUNTRIES**

SPANNING ACROSS **ASIA, OCEANIA, NORTH AMERICA, EUROPE AND THE MIDDLE EAST**

	NEW ZEALAND
	AUSTRALIA
	INDONESIA
	MALAYSIA
	SINGAPORE
	TAIWAN
	INDIA
	SAUDI ARABIA
	UNITED ARAB EMIRATES
	UNITED KINGDOM
	UNITED STATES
	CANADA



OUR PROFILE

UEM Edgenta Berhad ("UEM Edgenta") is one of the region's largest Total Asset Solutions entities.

Listed on the Main Market of Bursa Malaysia Securities Berhad with market capitalisation of RM2.7 billion as at 31 March 2017, we are a leader in Total Asset Solutions with businesses providing 3 key offerings:

- Consultancy
- Services
- Solutions

We offer the healthcare, infrastructure, real estate and water sectors a full suite of services throughout their asset life cycles. These include consultancy, procurement and construction planning, operations and maintenance, as well as optimisation, rehabilitation and upgrades. Our combined expertise and ability to provide end-to-end solutions create opportunities for both our clients and ourselves.

Innovation is at the heart of what we do. It leads us to offer smarter answers to a wide and varied array of asset and infrastructure questions. We aim to set new industry benchmarks and optimise our clients' assets throughout their life cycles.

UEM EDGENTA BERHAD ("UEM EDGENTA") IS ONE OF THE REGION'S LARGEST TOTAL ASSET SOLUTIONS ENTITIES.

UEM Edgenta has developed standards of practice that are recognised and adopted by the industry in several countries and multilateral agencies such as the World Bank and the Asian Development Bank. Our global presence and internal knowledge sharing enable us to share and apply our wealth of experience and expertise collaboratively across multiple disciplines.

We are able to be there for our clients throughout the entire asset life cycle because accessibility, understanding and collaboration are our trademarks. We are our clients' advisors and partners from the very first asset blueprints, right up to the management and maintenance of the day-to-day operations of the assets.

INNOVATION IS AT THE HEART OF WHAT WE DO

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UEM EDGENTA MOVING FORWARD

To Focus on 3 Key Offerings Across 4 Sectors

PREVIOUS BUSINESS SEGMENTATION

Asset Consultancy	Infra Services	Healthcare Services	Facilities Services

STREAMLINED BUSINESS SEGMENTATION

CONSULTANCY	SERVICES

Energy Services

Industrial Services

Township Management Services

Environmental & Material Testing Services

SOLUTIONS

HEALTHCARE

INFRASTRUCTURE

REAL ESTATE

WATER

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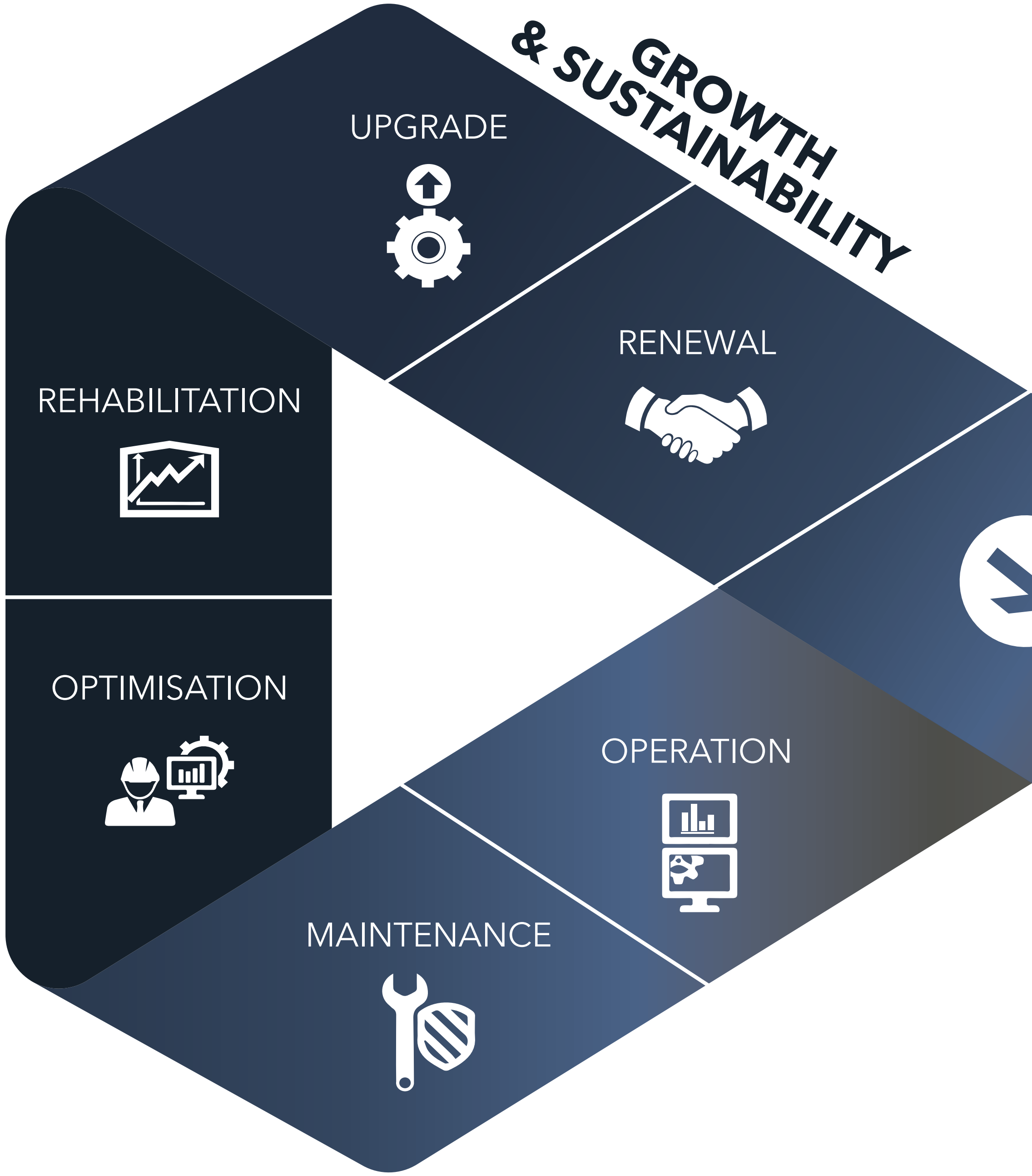
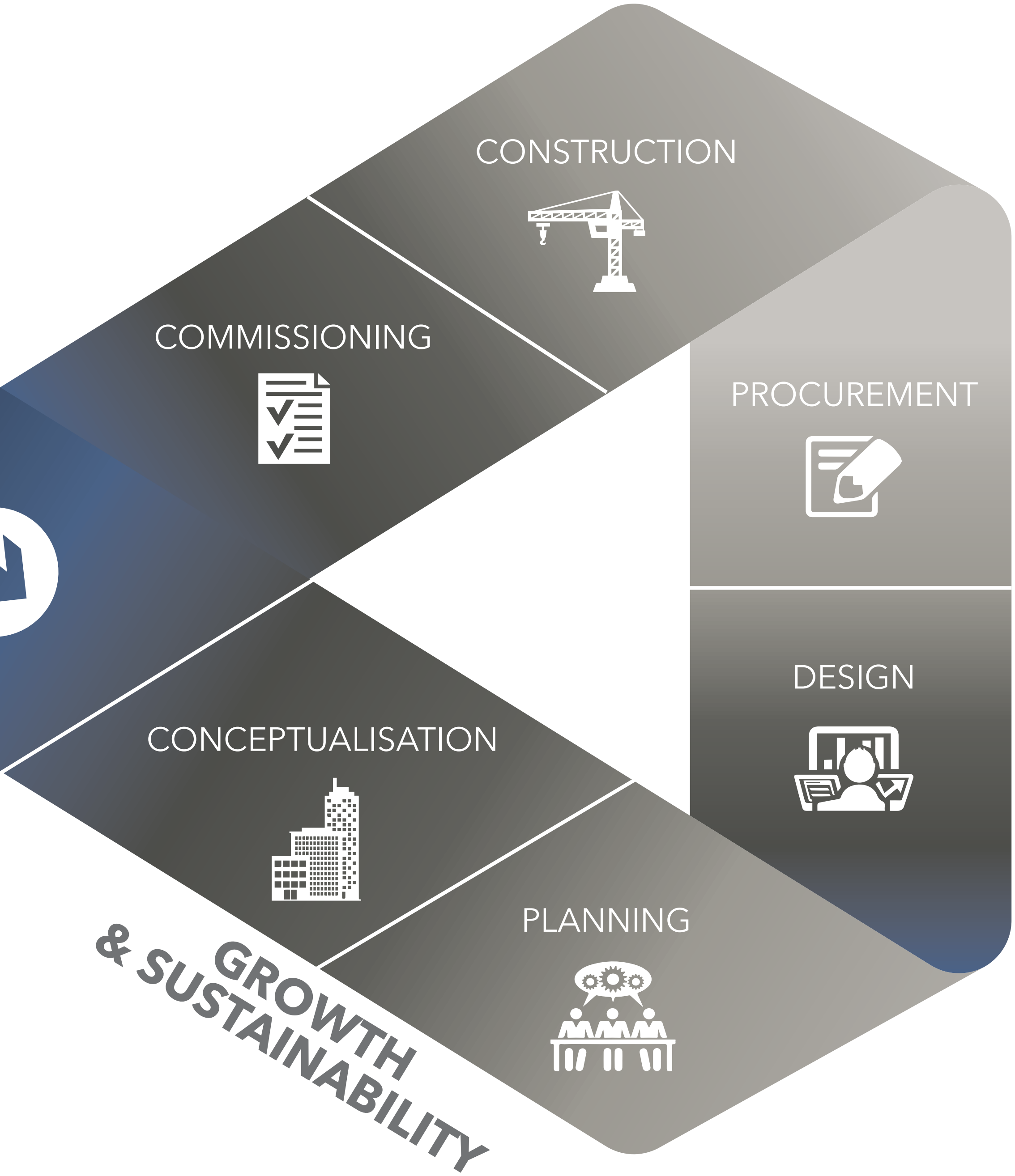


ASSET LIFE CYCLE

UEM EDGENTA PROVIDES 3 KEY OFFERINGS ACROSS 4 SECTORS WHICH COVER THE ENTIRE ASSET LIFE CYCLE

3 KEY OFFERINGS

- Consultancy
- Services
- Solutions



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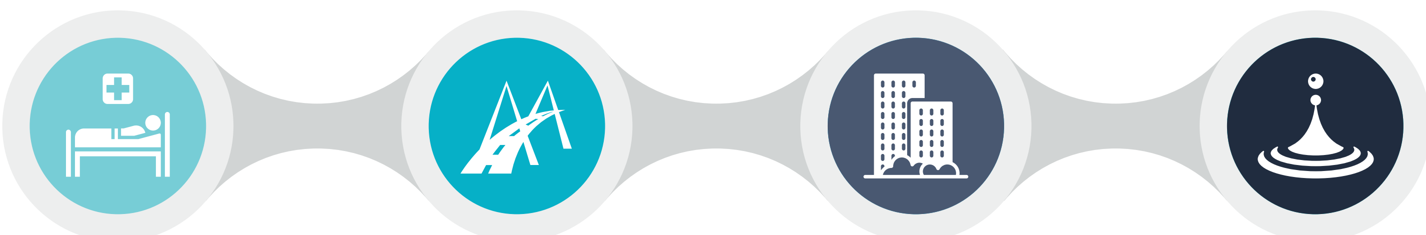
4 SECTORS



- Healthcare
- Infrastructure
- Real Estate
- Water

OUR OFFERINGS

CONSULTANCY

Our consultancy capabilities span across 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. We have a firm foothold in Malaysia, New Zealand, Australia, United Kingdom, Middle East, Canada and the United States. Our approach to consultancy is based on building long term client partnerships, a whole-of-life approach, promoting the use of technology and digital solutions and the incorporation of effective sustainability practices.

With over two decades of experience in the industry, our team of engineers, designers, planners, researchers and advisors have undertaken major projects for over 12,000 clients worldwide in the transportation, buildings, healthcare and water sectors.

SERVICES

We provide integrated facilities management and engineering contracting services for a range of assets and building types. From expressways and roads to urban transit, institutional to retail, offices to hospitals, educational institutions as well as residential properties and townships, our services cover operations, maintenance (hard and soft services), rehabilitation and upgrading works at different phases of the asset life cycle.

Our services are geared towards maximising the asset life cycle value. We ensure continuous peak performance of the infrastructure, facilities, built environment and buildings driven through predictive, preventive and reactive maintenance regimes.

SOLUTIONS

We offer differentiated 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 our advanced and innovative technology offerings, asset owners and operators can achieve energy savings via efficient energy management and optimisation of the asset's energy performance while lowering carbon footprint.

Our remote monitoring system leverages on real-time software to capture building services data for translation into actionable output, enabling immediate analysis and quick decision making. The system allows us to detect and rectify any anomalies as they surface, thus optimising energy consumption and reducing the clients' operational costs.

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OUR SECTORS

HEALTHCARE SECTOR

We are internationally certified to provide Total Asset Solutions for hospitals and healthcare institutions. From asset development and management, to biomedical engineering maintenance, to waste management and linen and laundry services, we understand the demands of the healthcare industry.

We provide our healthcare clients peace-of-mind by ensuring their hospital assets and facilities are functioning at an optimal level of efficiency. This enables our healthcare clients to focus on their core business of providing clinical/medical services to patients. Our hospital support services are also essential to the patient care process as it impacts the healthcare continuum and patient experience.

As a key player in this sector, we have had the privilege of serving over 82 hospitals and various healthcare institutions in Malaysia for the past 20 years. We now serve over 170 hospitals and healthcare institutions across the public and private sectors in Malaysia, Singapore, and Taiwan. We also operate in the India healthcare sector via a joint venture.

Our Capabilities and Offerings:

Consultancy	Services	Solutions
• Engineering and Consultancy Services • Project Management Services • Value Engineering • Asset Management Consultancy • Procurement and Contract Management • Asset Management Information System	• Biomedical Engineering Maintenance Services • Facilities Engineering Maintenance Services • Healthcare Waste Management Services • Linen and Laundry Services • Cleansing Services • Facilities Management Services • Housekeeping Services • Portering Services • Stone Care Services • Grounds and Landscape • External Façade Maintenance • Pest Control • Sustainability Programmes	• Energy Performance Management System • Energy Management Services/ Energy Audit/Energy Assessment • Green Building Rating Services • Energy Financing • Building Energy Design • Centralised Command and Contact Center [Cloud and Internet of Things (IoT)]

INFRASTRUCTURE SECTOR

From strategic advisory services, to the design, development and management of major transport projects, and the maintenance of infrastructure assets - our global team of engineers, researchers, planners and other transport specialists provide a wealth of experience in the infrastructure sectors.

In Malaysia, UEM Edgenta has solidified its reputation as one of the nation's leading engineering design, project and network management and infrastructure maintenance specialists with over 25 years of experience in infrastructure maintenance management. Our track record is evident in the network management and maintenance of over 2,500 km of expressways, as well as state and plantation roads that traverse across the nation. We provide asset management and integrated facilities management services to airports, commercial buildings, municipalities and urban transit.

Globally, we are the largest highway transportation engineering practice in New Zealand and a significant player in the Australian, United Kingdom and Canadian markets. In the Asset Management area, we are acknowledged as a world leader with specialist skills in Performance Based Contracting. We have completed several notable highway projects across the globe including: Indonesia, Abu Dhabi, Liberia, Mozambique, India, Fiji, and United States. Our rail teams are involved in the engineering, planning and the management of nation building projects in Australia, United Kingdom and New Zealand.

We advocate for a strong emphasis on environment and safety guidelines in development projects. We are a sought after partner for material and pavement assessments, environmental testing and monitoring, pavement solutions, geotechnical solutions, structural solutions and environmental solutions.

Our Capabilities and Offerings:

Consultancy	Services	Solutions
• Engineering and Consultancy Services • Project Management Services • Value Engineering • Asset Management Consultancy • Procurement and Contract Management • Geographic Information Systems • Asset Management Information System • Cost Modelling and Asset Life cycle Costing • Project Management Consultancy	• Pavement Rehabilitation • Traffic and Safety Management • Civil - Tunnels, Slopes, Bridges, Drainage, Landscaping, Line Markings, Commercial Buildings, Toll Plazas, Rest and Service Areas • Mechanical and Electrical Works • Operations and Maintenance Services • Utilities Relocation Services • Environmental Testing and Monitoring • Bridge and Structural Maintenance, Assessment and Repair • Material Testing Services • Pavement Condition Assessment • Soil Investigation and Field Testing • Slope Stabilisation, Repair and Rehabilitation • Geotechnical Instrumental Services • Building Condition Survey	• Pavement Solutions • Geotechnical Solutions • Structural Solutions • Environmental Solutions • Centralised Command and Contact Center [Cloud and Internet of Things (IoT)]

REAL ESTATE SECTOR

From real estate planning and design, to facilities management and total community management, UEM Edgenta offers a fully integrated service platform encompassing the complete asset and building life cycle. These include property and community consultancy, project and asset management, development management, integrated facilities management services, township and community management services to many institutional, public sector and commercial clients and to those with single site interests. Our expertise caters to the retail, industrial, education, residential, local government, justice, sport and leisure, hospitality and heritage sector.

Our suite of services also includes assisting and supporting clients with defining their building's needs, legal and regulatory compliance, design and construction planning, operation of buildings, asset management, facilities management, renewal and repurposing. We serve as your one stop centre for any property management and maintenance issues from consultancy to repairs, refurbishments and general maintenance.

Our Capabilities and Offerings:

Consultancy	Services	Solutions
• Property Consultancy • Development Management • Community Consultancy • Asset Management and Consultancy • Technical Advisory and Consultancy Services • Placemaking, Urban Planning and Community Planning • Workplace Design and Optimisation • Legal and Regulatory Compliance Consultancy • Project and Construction Management	• Asset and Inventory Management • Civil, Mechanical and Electrical System Maintenance • Integrated Building Management System • Integrated Facilities Management Services • Building Condition Assessment • Building and Ground Maintenance • Township Management • Building Retrofit and Facilities Management • Estate and Security Management • Warranty Management • Property Management Service • Community Management Service • Sustainability Programmes	• Building Energy Design • Energy Performance Management System • Energy Management Services/ Energy Audit/Energy Assessment • Green Building Rating Services • Energy Financing • Centralised Command and Contact Center [Cloud and Internet of Things (IoT)] • Township, Estate and Building Management Solutions • Mobile Application for Community Services • Tenant Management Platform

WATER SECTOR

Our water specialists, helmed by Opus International Consultants Ltd, provide collaborative design and advisory services for wastewater, storm water and water treatment projects for urban and rural environments. With water scarcity being an ever-present consideration, our project teams strive for the efficient use of natural resources and sustainable solutions.

To enhance and optimise the delivery and security of clean water supply, we provide a comprehensive consultancy and advisory service for the water infrastructure and asset management industry. Our suite of services includes asset design to implementation, and ongoing management for both urban and rural storm water, wastewater and water supply projects.

Our Capabilities and Offerings:

Consultancy

- Environmental Training
- Landscape Architecture and Urban Design
- Rural Services
- Stormwater Management
- Water Treatment
- Wastewater Treatment
- Water Asset Management
- Surveying

CHAIRMAN'S STATEMENT

Dear Shareholders,

It is with great pride that I present this statement as the Chairman of UEM Edgenta Berhad ("UEM Edgenta" or "the Company"). Since assuming my position on 29 August 2016, I have observed how the Company seeks continuously to stay at the cutting edge of industry, introducing new technologies to offer Malaysians better ways of managing our assets. Just as it is transforming the local landscape, UEM Edgenta itself is evolving into a more efficient, performance-oriented organisation; and it would be a pleasure to play a role in guiding this Company as it continues to ***Turn Ideas Into Action***.

SHAREHOLDERS' FUNDS

RM1.4 billion

REVENUE

RM2.93 billion

NORMALISED PBT*

RM237.8 million

TOTAL ASSETS

RM3.53 billion

NORMALISED PATANCI*

RM161.1 million

* *Normalised PBT and Normalised PATANCI are derived after excluding one-off goodwill impairment for Opus Stewart Weir ("OSW") in Canada and the Australian operations, the impairment loss on a 49.9% joint venture of OSW, as well as the acquisition expenses for Asia Integrated Facility Solutions Pte Ltd and KFM Holdings Sdn Bhd.*

AMIR HAMZAH AZIZAN
Chairman

In an industry as technically demanding as asset development and management, it is critical not only to be innovative but to translate innovation in ways that bring value to a company and its stakeholders. This, I believe, is a defining quality of UEM Edgenta and is reflected in almost every aspect of our operations.

In 2016, we further underlined this quality with the introduction of real-time asset performance monitoring and a cloud-based work order management system for real estate facilities via our newly launched Command and Contact Centre ("CnC"). The CnC features the latest technology of its kind in the region and will greatly enhance the efficiencies of our front-line operational activity, enabling us to keep track of various key asset parameters, analyse anomalies as they emerge and respond to them before they affect performance outcomes.

Financially, it was a challenging year not least because of the soft global economy, which continued to impede the performance of organisations across the board. Players in the oil and gas sector were especially impacted by low oil prices, which fell even more as an average compared to year 2015.

This had a significant impact on the performance of one of our Canadian businesses involved in the provision of geomatics services to oil and gas companies. After assessing the potential of a turnaround, we made the decision to exit this business, and to focus our international asset consultancy on core areas of Transportation, Buildings and Water. The impairment affected our profit for the year, yet positions us on a much stronger footing to grow more sustainably in the long term.

In Malaysia, we continued to develop existing lines of business while venturing into new areas. We acquired two leading integrated facilities management ("IFM") players, UEMS Pte Ltd ("UEMS") and KFM Holdings Sdn Bhd ("KFM"). UEMS has a portfolio of more than 90 public and private sector hospitals and healthcare institutions containing between them more than 26,000 beds in Singapore, Malaysia and Taiwan. The company not only enables us to expand our healthcare operations regionally but also allows us to grow our presence in the private sector. Meanwhile, KFM is renowned for its green building solutions and will strengthen our capabilities in this increasingly important area. We intend to harness revenue synergies and cross-selling opportunities with both these companies.

With these and other acquisitions over recent years, our business has grown significantly. To leverage optimally on our capabilities and resources, and create greater cross-functional efficiencies, towards the end of the financial year we re-organised our entire corporate structure. Our Company is now streamlined into three core businesses – Consultancy, Services and Solutions – with a focus on four sectors, namely Healthcare, Infrastructure, Real Estate and Water. This business realignment creates greater clarity both internally and externally, among our stakeholders, of where our true expertise lies and how we can best package this to enhance the value we offer our customers.

While building our business, we have not forgotten our responsibility to local communities, and continued to play our part in uplifting the lives of the underprivileged. We extended the support provided to our PINTAR adopted schools while offering work experience to youth under the Ministry of Education's Work-Based Learning ("WBL") programme. We undertake corporate social responsibility ("CSR") initiatives not only because we feel deeply it is the right thing to do, but also because these efforts help to strengthen our relationships with key stakeholders thus contributing to our sustainability as a company.

Internally, we invest in our employees and engage with them in ways that are meaningful. Initiatives such as EDGE20 have been successful towards this end, bringing together employees across all business lines to cascade the vision and mission of UEM Edgenta. It gives me pleasure to share that our efforts have borne fruit, as indicated by the results of our annual employee engagement survey. In 2016, we achieved an engagement score of 77%, which marked an 11-point increase year-on-year and greatly exceeds the Malaysian GLC average of 57%, placing us in the top quartile among corporations in Asia Pacific.

As a measure of our commitment to shareholders, we uphold the highest level of corporate governance, guided by best practices such as the Malaysian Code on Corporate Governance ("MCCG"). We further enhance our shareholder value via the creation of healthy profits. Although in 2016, we saw a 27.8% decline in our normalised profit after tax and non-controlling interest ("PATANCI"), we have maintained our dividend policy of distributing up to 70% of our PATANCI. I am pleased to note that the Board has proposed for shareholders' approval at the forthcoming Annual General Meeting, a final dividend of 7 sen per share, representing a payout ratio of 73%.

"Our Company is now organised into three core businesses – Consultancy, Services and Solutions – with a focus on four sectors, namely Healthcare, Infrastructure, Real Estate and Water."

DIVIDEND TO SHAREHOLDERS

RM58.2 million
representing payout ratio of 73%

Together with concerted efforts to build the competencies and capabilities of our people, as well as significant business that we hope to derive from upcoming infrastructure projects including the MRT2, Pan Borneo Highway, Penang Transport Master Plan, LRT3 and KL-Singapore High Speed Rail, we enter the year 2017 confident of bringing added value to our stakeholders.

Our financial position remains fundamentally strong, while the quality of our operations has been recognised both locally and internationally. In 2016, we won the Frost & Sullivan Facilities Management Company of the Year Award, followed a month later, in May, by Opus International Consultants Limited ("OIC") being named the NCE 100 Company of the Year by New Civil Engineer ("NCE"), in the United Kingdom ("UK").

To ensure continued success, the Board seeks to further reinforce our leadership pipeline with effective succession planning and guide our forward-looking management with the breadth and depth of our experience to realise UEM Edgenta's ultimate vision of ***"Optimising Assets to Improve Lives"***.

At this juncture, I would like to acknowledge the immense contributions to the Company by my predecessor, the late Dato' Seri Ismail Shahudin, who led UEM Edgenta so ably from July 2014 until his untimely demise on 30 July 2016. I speak on behalf of my colleagues on the Board in voicing the loss we feel which can never be filled. I would also like to thank my colleagues for welcoming me, and together with them, welcome other new members to the Board, namely Shahazwan Harris, who was appointed on 1 July 2016, and Zailah Tun Dr Ismail Al-Haj, who joined us on 1 December 2016. Both Shahazwan and Zailah bring with them vast expertise and experience which will add to the collective strength and diversity of our Board. Our appreciation also extends to Datuk Ir Abdullah Sani Abd Karim, who retired as of 12 May 2016 after serving the board diligently for three years.

I would also like to extend my gratitude to our large number of business partners, investors and customers, as well as the numerous government agencies with which we work closely.

Finally, my acknowledgements would not be complete without thanking our management for their dedication in enabling us to be one of the most innovative and 'leading edge' companies in the country. And I would certainly be remiss if I did not express our heartfelt appreciation for all employees of UEM Edgenta for contributing, each in his or her unique and valuable way, to our ongoing journey. Together, we have experienced some tough times. With your commitment, however, together we can also achieve some amazing results. I look forward to reporting on these next year.

AMIR HAMZAH AZIZAN
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

The year 2016 marked the continuation of our expansion at UEM Edgenta Berhad ("UEM Edgenta" or "the Company") as we strengthened our operations in Malaysia and regionally through strategic acquisitions as well as organic growth. We completed two acquisitions – that of KFM Holdings Sdn Bhd ("KFM") and Asia Integrated Facility Solutions Pte Ltd which owns UEMS Pte Ltd ("UEMS") – which add to our Integrated Facilities Management ("IFM") offerings in the healthcare and sustainable green facilities sectors. We established a township management business; set up a new subsidiary to undertake infrastructure management and consultancy in Indonesia; and established ourselves as a forerunner in technological innovation by setting up a cutting-edge Command and Contact Centre ("CnC") which puts us at the forefront of harnessing the Internet of Things ("IoT") for the delivery of our services.

AZMIR MERICAN
Managing Director/
Chief Executive Officer

With UEMS, we extend our healthcare services regionally with operations in Singapore, Taiwan and Malaysia; providing support services to over 170 public and private sector hospitals with more than 45,500 beds. It intensifies our presence in the private healthcare sector, expanding the services we have been providing to public hospitals in Malaysia under Hospital Support Services ("HSS") concessions.

Our acquisition of an 80% equity stake in KFM further builds our capabilities in retrofitting and green building solutions, while presenting an opportunity into the Middle East via its operations in the United Arab Emirates ("UAE").

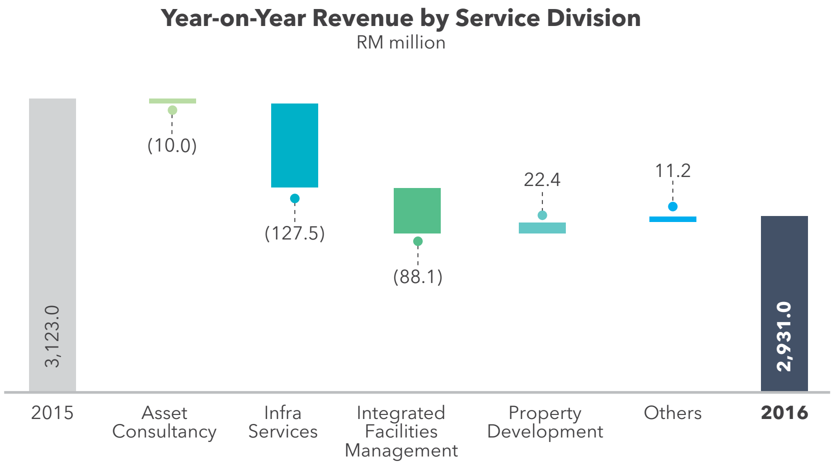
The incorporation of Edgenta TMS Sdn Bhd ("ETMS") allows us to collaborate with developers, asset owners and town councils to enhance the quality of life of residents and occupants of townships, communities, mixed use developments and buildings. Despite being established during a particularly challenging time in the property market, ETMS is already making a name for itself, having managed to secure contracts in the southern region.

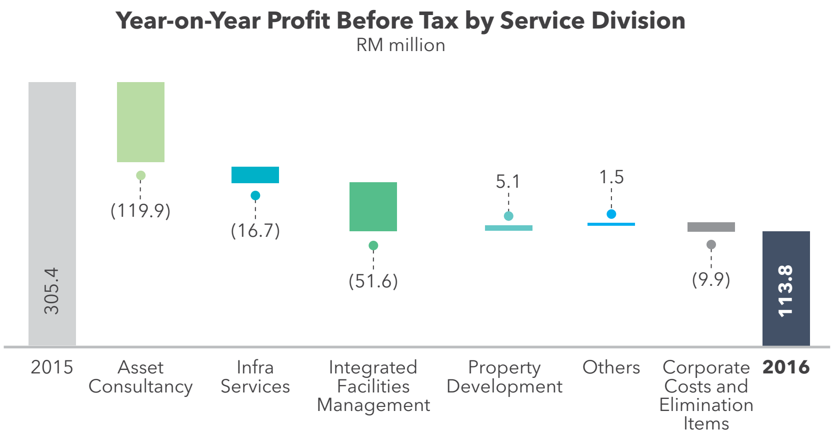
In Indonesia, we have set up a base to grow our infrastructure consultancy and services through PT Edgenta PROPEL Indonesia, a subsidiary of Edgenta PROPEL Bhd ("Edgenta PROPEL").

Internally, we continued to nurture a strong sense of identity within UEM Edgenta by building the capabilities of our employees via the EDGE20 programme. Launched in January 2016, EDGE20 aims to **E**ngage and **D**evelop our people to **G**row their capabilities and competencies to achieve **E**xcellence as we move towards year 2020. An internal communication event called 'Edgenta Star Huddle' was created as a platform for the management to engage and share corporate developments periodically with employees from all services and sectors.

With these initiatives, we have accomplished the targets set out upon our merger in 2014, which led to the birth of the enlarged entity that we are today. To recap, we had indicated that we wanted to: 1) grow in new business areas such as township management services and healthcare services; 2) develop a stronger presence in energy management; 3) explore new marketplaces with high growth potential; and 4) continue integration efforts and engage our employees to embrace our new vision, mission and values.

A slower global economic growth, however, impacted the performance of our asset consultancy businesses outside of Malaysia and New Zealand. Coupled with a sharp decline in oil prices and no signs of an imminent turnaround in the oil and gas industry, we made the prudent decision to fully impair the geomatics operations of Opus Stewart Weir ("OSW") in Canada. With this move, we are optimistic that our international asset consultancy business can now proceed to chart growth, unhindered by any possible drag from delayed recovery of the oil and gas industry.





FINANCIAL REVIEW

Revenue and Profit Before Tax

Our operations in Malaysia and New Zealand performed well during the year despite the loss in HSS contribution from our East Malaysia operations and completion of two infra services projects – North-South Expressway ("NSE") fourth lane widening and Bayan Lepas Expressway project. This has led to a decline of revenue by 6.1% from RM3,123.0 million in 2015 to RM2,931.0 million.

We recorded a profit before tax ("PBT") of RM113.8 million, a decline from RM305.4 million achieved in 2015 due to the subdued performance by international businesses under Opus International Consultants Limited ("OIC"), particularly that of OSW. On a normalised basis, we achieved a profit before tax of RM237.8 million after excluding one-off goodwill impairment losses of RM110.8 million – comprising RM94.4 million from OSW, RM3.9 million from a joint venture of OSW, as well as RM12.5 million in respect of our Australian operations – and the RM13.2 million expense from the acquisition of UEMS and KFM.

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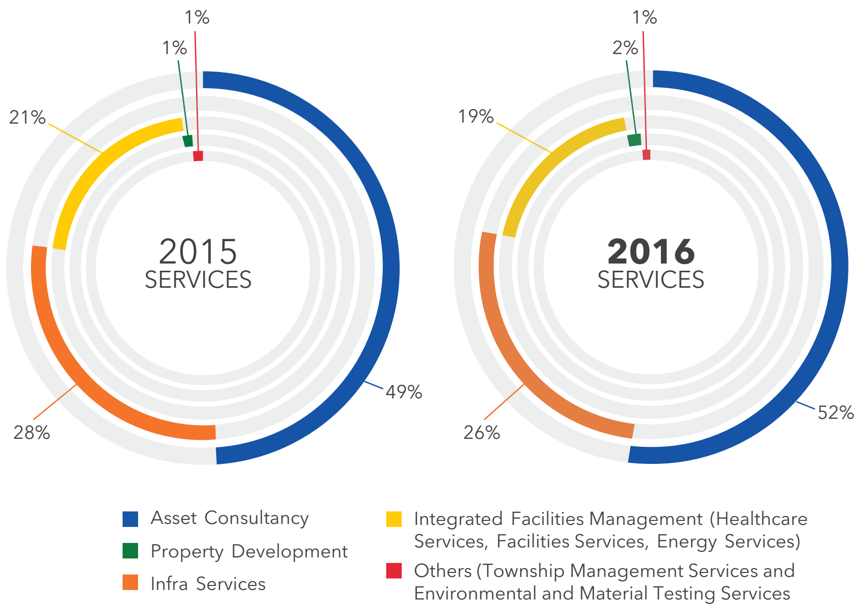
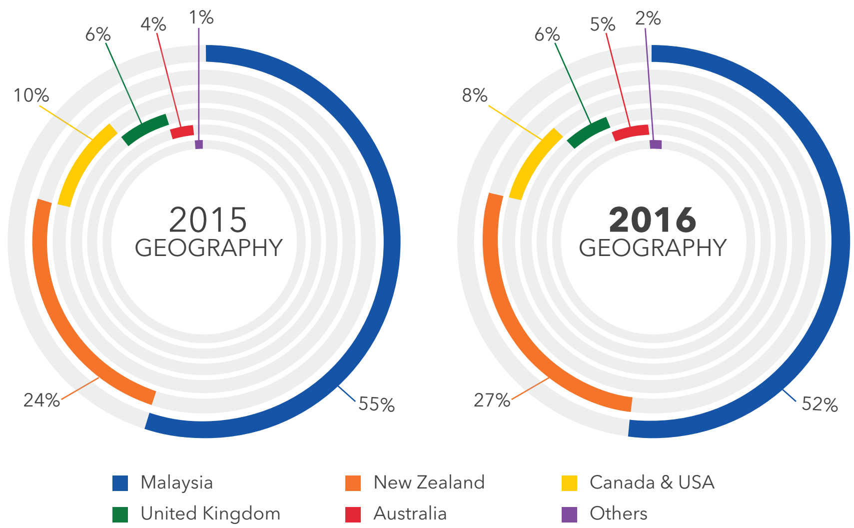
Revenue Breakdown by Services and Geography (FY15 vs FY16)
Percentage (%)





Asset Consultancy continued to be our major revenue contributor, at 52% of the total revenue despite a 0.7% drop to RM1,515 million. The softer economy and oil price regime impacted profit margins. Following the recognition of impairment losses, coupled with lower revenue, it made a loss during the year of RM18.2 million, compared to a PBT of RM101.7 million in the preceding year. In 2015, the division had recognised a reversal of deferred consideration payable by OIC of RM21.3 million and the impairment of goodwill of RM36.1 million.

Infra Services contributed to 26% of our total revenue, with RM763.2 million, which was 14.3% lower than that achieved in 2015 as a result of completion of the NSE fourth lane widening project in 2015 and the Bayan Lepas Expressway project in the second quarter of 2016. On the back of lower revenue, its PBT also decreased by 15.2%, to RM93.6 million.

Impacted by the carve-out of HSS contribution, our Integrated Facilities Management ("IFM") division saw a 13.3% decrease in revenue to RM575.0 million, which made up 19% of our total. This led to a 48.6% decrease in PBT to RM54.6 million.

Revenue contribution from Property Development was RM47.7 million, which was significantly higher due to sales of units in Prima Villa in Taman Desa and higher work progress at Chymes@Gurney in Kuala Lumpur. Its PBT also increased, by more than double to RM8.6 million.

Township Management Services which commenced operations earlier this year is a division which we hope to grow into a significant business next year.

Geographically Malaysia is still the largest revenue contributor (at 52% of the total), followed by New Zealand (27%), Canada & the Unites States ("US") (8%), the United Kingdom (6%) and Australia (5%).

Assets and Liabilities

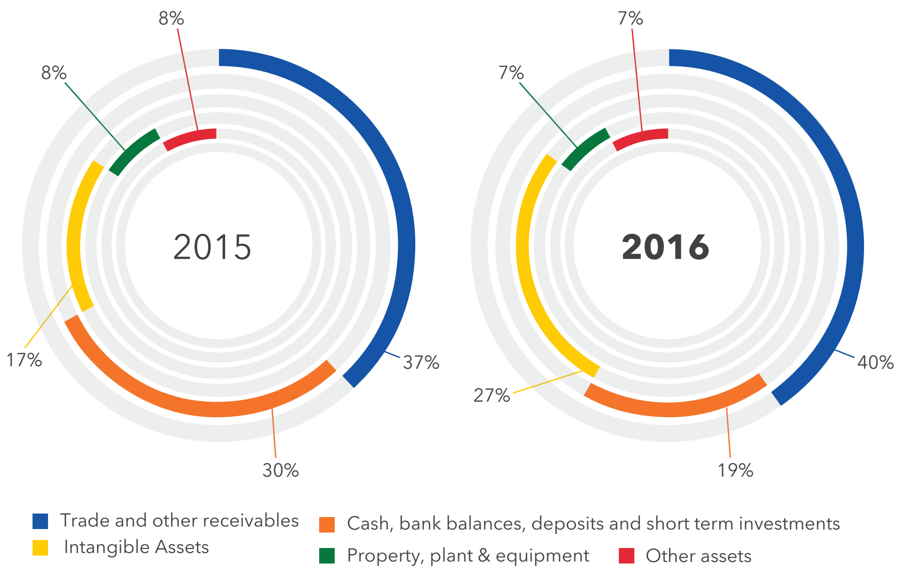
As at 31 December 2016, the Company's total assets stood at RM3,529.3 million, representing 34.8% growth from RM2,617.4 million at end 2015. Intangible assets increased by more than 100% to RM964.5 million mainly due to goodwill arising from the acquisition of KFM and UEMS amounting to RM49.6 million and RM349.7 million, respectively. Trade and other receivables increased by 46% to RM1,398.1 million, primarily due to the consolidation of assets arising from the acquisition of KFM and UEMS, as well as the incorporation of Township Management Services.

The Company's total liabilities increased by 82.8% to RM1,991.5 million as at 31 December 2016 mainly due to higher borrowings and trade and other payables. Our borrowings increased by more than 100% to RM989.7 million, mainly for the acquisition of UEMS which was financed through a Murabahah term facility of RM575.9 million (SGD187.0 million). Trade and other payables increased by 31% to RM862.2 million due to the consolidation of liabilities arising from the acquisition of KFM and UEMS, as well as the incorporation of Township Management Services.

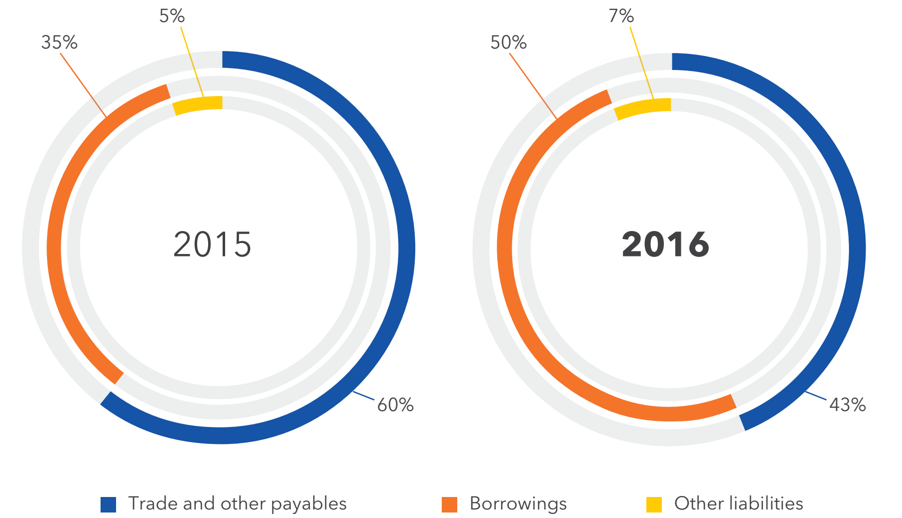
Dividends

For the financial year ended 31 December 2016, the Board of Directors has proposed for shareholders' approval at the forthcoming Annual General Meeting, a final dividend of 7 sen per ordinary share, which represents a dividend payout of 73%. This is slightly higher than our dividend payout policy of distributing up to 70% of PATANCI, subject to availability of cash flow and expenditure requirements.

Total Assets
Percentage (%)



Total Liabilities
Percentage (%)



OPERATIONS REVIEW

Over the last couple of years, UEM Edgenta has expanded considerably both organically and through acquisitions, adding more businesses to our fold as we strive to provide a full suite of total asset solutions to our customers while continuously embracing new technologies to increase efficiencies.

ASSET CONSULTANCY

Our Asset Consultancy business is helmed by Opus Group Berhad ("Opus"), a global asset development and asset management company that has been responsible for landmark projects such as seismic resistant infrastructure in New Zealand, high-speed rail in the UK and intelligent water treatment in Canada and the US. In addition to these countries, Opus is present in the Middle East and Malaysia.

In response to global headwinds, Opus continues to restructure and streamlines its operations, creating greater resource and asset efficiencies to focus on core areas of expertise, focusing on three sectors: Transport, Buildings and Water. Opus is removing geographic silos enabling consultants to move fluidly across its various operations according to need. The restructuring, and significantly better performance in the second half of the year, enabled the company to bring on board key talent with global exposure to further strengthen its leadership.

Country Highlights

Malaysia operations delivered a record turnover of RM155.1 million underpinned by works related to the Light Rail Transit 2 ("LRT2") project, which was completed within a demanding schedule; an asset management contract for the NSE; and involvement in the Pan Borneo Highway projects.

Aside from the Transport sector, the Malaysian operations is active in hospital projects, development planning works for the Northern Corridor Investment Authority, and in the development of building and estate asset management plans for property owners.

Coupled with the government's commitment to stimulate the country's progress via investments in infrastructure including highways and railways; as one of the leading infrastructure consultancies in the country, Opus Malaysia is well placed to capitalise in these opportunities in supporting UEM Group in the delivery of the Pan Borneo highway project, which will continue to deliver revenue for at least for the next five years.

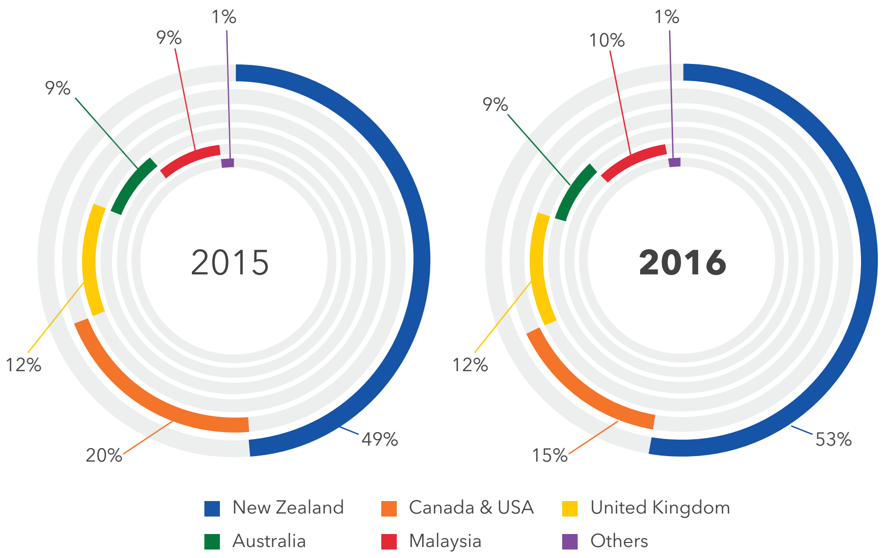
Plans for 2017 include greater focus on market opportunities outside the UEM Group, extending beyond national boundaries into Indonesia where we intend to establish a permanent presence as part of its regional expansion. Internally, a number of changes are being implemented to strengthen its organisational capabilities, including the establishment of a new project management technology platform.

New Zealand continued to be a high performer within the Opus stable, underpinned by a healthy transportation order book.

During the year, it secured the North Canterbury Network Outcomes Contract, and was also part of an alliance formed to manage the rebuild of the upper South Island after the Kaikoura earthquake in November 2016. In addition, it won a nine-year National Acquisitions and Disposals Contract with the NZ Transport Agency ("NZTA"); and is to provide services to the Wellington Water Panel for a period of seven years. Effectively, it has now secured 10 out of 19 contracts from the NZTA which have an average maturity of 6.3 years.

Going forward, the country's GDP is forecast to grow by 2.9% in 2017, and prospects for Opus are looking bright, given ongoing contracts as well as new contracts won during the year. Moreover, the government has announced additional funding of NZD2.1 billion for school buildings and other priority projects in 2017; while a NZD1 billion Housing Infrastructure Fund was established to assist high growth councils finance the construction of roads and water infrastructure.

Asset Consultancy Revenue Breakdown by Country
Percentage (%)



In **Canada & the USA**, performance was impacted by the oil and gas industry slowdown brought about by low prices and the goodwill impairment of OSW's geomatics business at RM94.4 million.

Although disruptions to oil supply saw the price of Brent crept up from a low of USD25.99 per barrel in January to end the year at USD55.41 per barrel, the average of USD43.55 per barrel was still lower than USD52.35 per barrel in 2015. This had a huge impact on oil and gas producers globally as well as the entire value chain of service providers, including OSW, which served a predominantly oil and gas-based clientele. Nevertheless, OSW has acquired several new contracts in Canada during the year under review, including the provision of wastewater consultation for the Coquitlam plant in Metro Vancouver; as well as pipeline and survey projects for Kinder Morgan.

Prospects for the water and transport sectors look promising as the Canadian Government in November 2016 announced additional CAD81.2 billion spend on infrastructure over the next 11 years to improve public transport and infrastructure as well as enhance the security of clean water supply. This is supported by opportunities in the treatment and distribution of water, asset management and capital improvements in North America where there is also strong investment in infrastructure development, particularly roads and bridges.

Performance in **Australia** was impacted by a generally soft economy which was further compounded by a NZD1.9 million trading loss on a New South Wales Pacific Highway project. To better manage costs, Opus closed five offices within this market, incurring a restructuring cost of NZD1.1 million. This was over and above a NZD4.4 million (equivalent to RM12.5 million) impairment loss on goodwill. On a positive note, the operation won a few noteworthy contracts including the provision of transport and water services to the WestConnex Project; and architectural services for new flagship K-Mart stores.

Although the GDP growth forecast of 2.6% for 2017 is not relatively strong, prospects for Opus Australia are favourable as the government has allocated AUD50.0 billion for national infrastructure projects between 2013/4 and 2019/20 for roads, railways and dams; and AUD2.9 billion for essential infrastructure across Australia, including roads in Victoria and Queensland. It has also announced a AUD2.0 billion Water Infrastructure Loan Facility to stimulate investment in dams and pipelines. Meanwhile, there are also opportunities in the upcoming state-wide highway asset management contracts for Main Roads Western Australia and a stewardship maintenance contract in New South Wales.

Opus' operations in the **United Kingdom ("UK")** has been growing steadily over the years and in 2016 achieved a veritable feather in its cap by being named top consultant in the UK, winning the Company of the Year from New Civil Engineer ("NCE") at the NCE100 awards. Financially, its profit margins were squeezed during the year, due to increased staff costs, driven by the recruitment needs to manage new contracts such as Transport for Greater Manchester; and a four-year general engineering and condition surveys project for the London Borough of Ealing.

Although in the near term there would appear to be uncertainties in the UK's economy following Brexit, Opus aims to continue to build on the momentum of growth it already established. The London Borough of Ealing contract will secure steady revenue over a period of four years, with work commencing April 2017. It has another three years of a seven-year contract with the Hertfordshire County Council to provide road network management services, with the potential to extend for a further five years. It is also on the second year of a five-year asset management contract with Network Rail on its London North West route, which has spawned further contract wins across other routes. The consultancy project with Transport for Greater Manchester, meanwhile, is set to establish its name more firmly within the UK landscape.

The environment will also continue to be challenging in the **Middle East**. Opus continues to deliver on existing contracts but is not actively pursuing opportunities unless they are both highly profitable and aligned with its sector strategies.

INFRA SERVICES

Infra Services provides structural works and maintenance service for highways, roads, bridges and railways, among others. The business is managed by Edgenta PROPEL Bhd ("Edgenta PROPEL") which during the year set up a subsidiary, PT Edgenta PROPEL Indonesia, enabling it to take its services regional. Under Infra Services, we maintain over 2,500 km of highways and roads – including the NSE, New Klang Valley Expressway ("NKVE"), Federal Highway Route 2, ELITE Highway, Malaysia-Singapore Second Link, Penang Bridge, East Coast Expressway ("ECE2") and Selangor state roads. As of 2016, we also maintain the Cikampek-Palimanan toll road in West Java, Indonesia.

Revenue from Infra Services decreased 14.3% from RM890.7 million in 2015 to RM763.2 million due to completion of projects such as the NSE Fourth Lane Widening in 2015 and Bayan Lepas Expressway in the second quarter of 2016.

Compensating for these project completions, the division obtained new contracts for pavement works for the Senai Desaru Expressway and also carried out civil works for Selangor state roads under the purview of the Public Works Department ("PWD"). In addition, it obtained a road rehabilitation contract involving cold in-place recycling on the West Coast Expressway ("WCE"), a traffic management contract in relation to construction of the Mass Rapid Transit 2 ("MRT2") line, and upgrading works for Federal Road 5. These projects reflect concerted efforts by the team to expand its external clientele.

Edgenta PROPEL also won a five-year Routine Maintenance ("RM") contract for the ECE2, starting from 2016.

During the year, Edgenta PROPEL expanded its operations to include a new business in Utilities Relocation ("UR") which involves re-routing telecommunications and electricity works to pave for infrastructure development. While still in its initial phase, UR has secured an RM87.0 million contract for the relocation of telecommunication works in relation to the MRT2 projects. This project which commenced in August 2016, will contribute to its earnings until end 2017.

Meanwhile, as part of ongoing efforts to enhance operational efficiencies, Edgenta PROPEL introduced a GPS Tracking System, which will improve real-time route tracking, incident assistance and management. This, together with greater visibility of its equipment and vehicles, will also enhance overall safety performance.

Having established PT Edgenta PROPEL Indonesia, the team will focus on establishing its presence in this key market and look at having a firm footing with partners to manage current and new projects. We are actively exploring a new contracting approach to road and highway maintenance which we believe will bring greater benefits to project owners, contractors and road users. Under the new contracting approach, fees are linked to performance thus guaranteeing owners a certain level of service and maintenance standards while providing contractors flexibility as to how to achieve those outcome hence, motivating the use of more efficient and cost-effective methods.

INTEGRATED FACILITIES MANAGEMENT

(Healthcare Services, Facilities Services and Energy Services)

Integrated Facilities Management ("IFM") comprises specialist and hospital support services to the healthcare sector as well as more general facilities management and energy services. Two major developments during the year were the completion of 80% equity acquisition of KFM on 6 April and 100% acquisition of UEMS on 15 December. KFM specialises in green building solutions with a client base in Malaysia and the UAE, while UEMS focuses on the healthcare sector, with more than 90 public and private hospitals and healthcare institutions in Singapore, Taiwan and Malaysia in its portfolio. The acquisitions give us immediate access to the UAE, Singapore and Taiwan markets besides strengthening our capabilities in green solutions and healthcare. With UEMS, we are now able to advance into the private healthcare market. We believe there is much potential for the creation of synergies, cross-selling of capabilities and blending of best practices which is in line with our vision to become the region's largest Total Asset Solutions provider.

Healthcare Services

During the year under review, we experienced a 13.3% drop in IFM revenue largely due to the carve out of our previous concessions in East Malaysia which in 2015 contributed RM281.9 million. However, this was partly mitigated by higher revenue from other public hospitals in our portfolio, inclusive of post-warranty revenue from the National Cancer Institute and from the sale of medical equipment to the Women and Children's Hospital ("WACH").

2016 marked our first full-year of providing HSS to public hospitals in Perak, Penang, Kedah and Perlis, following a new Concession Agreement ("CA") effective from 1 April 2015. It also saw WACH enter into advanced preparation for the start of operations in the second quarter of 2017, upon which we will be managing its assets for over 27 years. In addition, we embarked on a three-year contract to provide Linen and Laundry Services for Universiti Kebangsaan Malaysia's Medical Centre on 1 September 2016.

A major challenge faced in HSS is rising costs, necessitating greater operational efficiencies on our part. Towards this end, we have centralised our procurement function for the purchase of spare parts and services for biomedical equipment at a base in Juru, Penang, and are leveraging on the cost efficiencies derived through the provision of shared resources.

The year was particularly encouraging in terms of recognition of the quality of our services. We attained the ISO 9001, ISO 13485, ISO 14001 and OHSAS 18001 certifications for management system, medical devices, environmental management and occupational safety and health, respectively. With these latest certifications, Edgenta Mediserve Sdn Bhd is the first leading concession company amongst the five (5) concessionaires to obtain all four (4) of the management systems which is a requirement in the CA, 12 month ahead of time. We also achieved 1-star Energy Management Gold Standard ("EMGS") rating for six hospitals, ahead of target, as well as our competitors in terms of number of hospitals that received the rating.

Going forward, the Malaysian Government has allocated RM25.0 billion under the 2017 Budget to improve the quality of healthcare in the country, presenting us with the opportunity to increase our service offerings to public hospitals. To further enhance our service delivery while also better manage our costs, we are developing our human resources competencies and restructuring the Sustainability Programme being undertaken as part of the CA for government hospitals to be more compelling and competitively priced.

> "Edgenta Mediserve Sdn Bhd is the first leading concession company amongst the five (5) concessionaires to obtain all four (4) of the management systems which is a requirement in the CA, 12 month ahead of time. We also achieved 1-star Energy Management Gold Standard ("EMGS") rating for six hospitals, ahead of target, as well as our competitors in terms of number of hospitals that received the rating."

Starting from 2017, our commercial healthcare services will be delivered primarily by UEMS, which performed well in 2016 with numerous new contract wins in all three of its markets. In Singapore, it was awarded a number of environmental projects, from the National University Hospital Singapore Pte Ltd, Bright Vision Hospital and Kwong Wai Shiu Hospital. Among its notable wins in Taiwan and Malaysia were the portering, support and environmental services contracts for Kaohsiung Veterans General Hospital, Taichung Veterans General Hospital, Island Hospital and Assunta Hospital. All contracts commenced at various points in 2016, with the exception of that for the new building at Kwong Wai Shiu Hospital, which is targeted for service commencement from mid-2017 on a progressive basis.

In 2016, UEMS received an enviable achievement, Enterprise 50 ("E50") 2016 Awards for the 2nd time and were ranked Top 3 out of the 50 recipient companies in 2016. The ranking of the E50 Awards was primarily based on a set of qualitative criteria that include business model, productivity and innovation, management ideals and governance, risk management, and market presence in the region and beyond. In addition, a set of quantitative performance indicators over a three-year period was also taken into consideration in ranking the companies.

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UEMS also continued to receive recognition from the relevant authorities for the quality of its management and business continuity systems, environmental practices as well as training capabilities. These included:

- The Cleanmark Accreditation (Gold) award by the National Environment Agency (NEA), for the second time, in May
- Upgrade of its ISO 9001:2008 and ISO 14001:2004 systems to the latest 2015 version, in November
- The ISO 22301:2012 (Business Continuity Management) certification in November
- Passing the Continuous Improvement Review audit conducted by the Workforce Development Authority (WDA) with no non-conformances, authorising UEMS to conduct Singapore Workforce Skills Qualification System ("WSQ") courses and modules

The potential for growth in all three of its markets looks bright, with much opportunity for cross-selling especially in Malaysia, leveraging on our existing network of government hospitals, while insourcing value-add services such as biomedical engineering maintenance to private healthcare institutions. In Singapore, there is also scope to increase our public healthcare market share in line with the Singapore Government's Healthcare Plan 2020 as well as penetrate the private healthcare sector with core services in environmental and facilities management services. In Taiwan, medical tourism is on the rise hence demand for quality healthcare support services will increase.

Facilities Services

KFM is known for providing innovative solutions for the built environment that are green, smart and connected, in Malaysia and UAE. Its services are geared towards maximising the lifespan of buildings and ensuring continuous peak performance driven by predictive, preventive and reactive maintenance. It has an established reputation in Malaysia having been awarded a 20-year contract to provide rectification and retrofitting works, followed by asset maintenance and management services to ensure Green Building Index (GBI) platinum status for the Prime Minister's Office in Putrajaya.

In 2016, major contract wins in the Middle East included a facilities management ("FM") contract for buildings under the portfolio of Emirates Real Estate Fund (Dubai), as well as a FM contract for Deira Zone 3 awarded by WASL (Dubai). In Malaysia, it was awarded a 34-month total FM contract for Malaysia Airlines Berhad; a six-year chiller replacement programme for Silterra Malaysia Sdn Bhd; and a chiller and lighting replacement programme in Hospital Putrajaya.

In Malaysia, it was awarded Malaysia Productivity and Innovation Class membership by the Malaysia Productivity Corporation in September, and the Commercial Project Leadership Award for gaining Platinum GBI certification for the Prime Minister's Office at the Malaysia Green Building Confederation (MGBC) Annual Dinner & Awards 2016 in November. In addition, its operating unit Operon Middle East received a WASL Innovation Award for the diversion of residential villas' sewerage lines at the Emirates Golf Club in Dubai.

Given the number of significant projects that are ongoing and a strong pipeline of potential prospects, KFM is confident of further enhancing its revenue and profitability in 2017 and beyond. In particular, it believes demand for green and energy-efficient solutions is set to increase in Dubai given the introduction of the Green Building Rating System in the market. Not resting merely on demand, KFM intends to enhance its service proposition by adopting the Key Account Management approach to meet a wider range of client requirements.

Meanwhile, Edgenta Facilities Sdn Bhd secured two major FM contracts for Tune Hotels and a biotechnology company Bio-Xcell, based in Iskandar Puteri, Johor.

Energy Services

Edgenta Energy Services Sdn Bhd (EES) was incorporated in August 2015 to offer energy management solutions enabling commercial and industrial customers to optimise the energy performance of their premises to save on energy costs. In October 2016, it was supplemented by Edgenta Energy Projects Sdn Bhd (EEP), which facilitates the financing of energy projects – inclusive of retrofits, newbuilds and renewable energy services – via capital investment contracts.

The business division is strongly supported by our CnC, which became operational in August 2016 enabling cloud-based IoT capabilities including data analytics and big data applications. Although set up as part of Energy Services, CnC supports the entire range of our facilities management projects and includes the monitoring of 33 government hospitals that is managed under our concession in Peninsular Malaysia.

The CnC pulls online data from customers' buildings which our data scientists monitor and analyse to ensure strategic and predictive maintenance and management. Real-time information is processed together with relevant data from the external environment, enabling the detection of any anomalies as they occur followed immediately by appropriate response mechanisms.

With the CnC, we are able to offer the following benefits to customers:

- Reduced redundancies as well as operational expenditure as the automation and remote controlling eliminates the need for much routine preventive maintenance
- Fewer breakdowns in equipment, leading to longer asset lifecycle
- More efficient management of emergencies
- The ability of managers to remotely track the performance of energy workers in the building from anywhere, with a mobile app developed by CnC that is linked to the building
- IoT and machine learning capabilities

As energy costs continue to increase, so will demand for the solutions we are able to offer. The gradual removal of the Special Industrial Tariff by 2% yearly from 2016 to January has already spurred a number of industrial clients to look into incorporating energy efficiency capabilities into their operations. Given our confidence in the future of Energy Services, we are placing much emphasis on building the competencies of our staff to service energy contracts.

OTHERS

Under this segment, we offer two increasingly important services, namely Township Management Services and Environmental & Material Testing Services. The former was established recently while the latter represents one of our earliest services, which we are now re-positioning in line with what we believe to be huge potential in further developing this niche area.

Township Management Services

Township Management Services are provided through its main operating unit Edgenta TMS Sdn Bhd ("ETMS"), a JV set up in February 2016 together with UEM Sunrise Edgenta TMS Sdn Bhd and a wholly-owned subsidiary of Medini Iskandar Malaysia Sdn Bhd ("MIMSB"). Through this company, we aim to offer the most comprehensive and holistic township management services in the country.

Within 12 months, the division took over the property management of 17 residential and commercial buildings in the southern region of Johor from UEM Sunrise. It is also managing the Medini Town estate, and three commercial buildings developed by MIMSB.

The division was appointed to provide a Management Strategy and Financial Plan for the Desaru Coast Township and it enhanced its service delivery and cost efficiencies utilising a cloud-based software solutions underpinning the Edgenta Community Management platform as well as workforce mobility tools.

Edgenta Community Management will help us to deliver intelligent FM services to client properties via mobile, paperless vendor coordination, and online, real-time reporting. The system has been implemented in Menara UEM and the Medini portfolio, and will be implemented in all other properties through the first quarter of 2017, reducing direct manpower costs by approximately 20%-25% without compromising on service quality.

We expect demand for township management services to increase, especially in the high-end sector. Meanwhile, ETMS is developing lower cost, offsite and process driven management solutions specifically for mid-range townships, leveraging on the Edgenta Community Management platform and remote asset monitoring. It also seeks to take its services and solutions beyond the Iskandar region to the rest of the nation, the region and beyond.

Environmental & Material Testing Services ("EMT")

Environmental & Material Testing Services is key to UEM Edgenta's service offerings, especially our Asset Consultancy and Infra Services, with over 25 years of experience in pavement, geotechnical, structural and environmental solutions. While supporting our internal projects, Edgenta EMT has also established a growing base of external customers. During the year, it secured instrumentation monitoring for the LRT2 Putra Height station, as well as coring and compaction grouting treatment for the MRT2.

EMT now utilises a new multi laser profiler ("MLP") for regular pavement assessment of the NSE and various Selangor State Roads; and it has embarked on Quality Assurance and Quality Control ("QA/QC") testing for pavement rehabilitation works along ECE2.

We expect Edgenta EMT's team of more than 40 geotechnical and material engineers at its soil testing and Skim Akreditasi Makmal Malaysia (SAMM)-accredited material testing labs to continue to be busy in 2017 given the number of ongoing and expected infrastructure work in the country. Already it is confident of being awarded work related to the Senawang KLIA Expressway (SKLIA) and the Pan Borneo Highway. Further diversifying its business, it is looking to venture into new environmental testing services, such as air quality audits.

EMERGING RISKS & OUR MITIGATION EFFORTS

While building our business, we keep track of risks as they emerge, monitor and manage them via our enterprise risk management platform. Priority is given to key risks, which change according to the operating climate. Among our current key risks are the five mentioned below.

Risks Arising from Economic Downturns

The transportation, engineering and construction industries are sensitive to business and economic cycles. While we recognise that many sectors within these industries are cyclical, and have mechanisms to cope with the downturns, we are especially vigilant in cases where the downturn takes longer than usual to abate as in the case of OSW. As such, in 2016 we took the prudent approach to recognise full impairment losses on goodwill of its geomatics business under OSW.

Exposure to Foreign Currency Fluctuations

Through our foreign operations, we are exposed to the volatility of various currencies the Company transacts in. Foreign currency denominated assets and liabilities together with expected cash flows from anticipated transactions denominated in foreign currencies give rise to foreign exchange ("forex") exposures. As a mitigation measure, we have in place a hedging policy and maintain foreign currency accounts in the respective countries in which we operate. These accounts are used to make payments in the respective foreign currencies for expenses incurred by our international businesses and to receive payments from customers in foreign currencies.

Labour Intensive Business

Our businesses in healthcare services and infra services are by nature labour intensive. In the event that we are unable to obtain sufficient manpower, our performance would be adversely affected. To enhance our resilience against this risk, we incorporate the provision of labour through manpower supply companies in our contractual arrangements to minimise the impact in the unlikely event of severe labour shortage.

Technology Risk

The Fourth Industrial Revolution (4IR) is both an opportunity and threat to the businesses we operate. Many businesses are being disrupted due to changing technology or inability to adapt and it is inevitable that the IoT, artificial intelligence, robotics, nanotechnology and 3D printing will change the way we do things and drive efficiencies and outcomes to the next level.

With this in mind, we are formulating our digital strategy for every part of our business and operations, and working on rolling out a new Enterprise Resource Planning (ERP) system lead by the UEM Group.

Our Real Estate business is the first to transform its business by managing work orders on a cloud-based system which allows real time information access, providing full transparency of activities and outcomes. We have also embarked on advanced chiller analytics and machine learning on the Azure platform partnering with Microsoft Malaysia.

Along with greater use of technology, and the growing interconnectedness of our systems, we increase our exposure to cyber-attacks. To mitigate this risk we have in place security and mobile device policies, tools and a comprehensive Computer Disaster Recovery Plan. We will, further, invest continuously to improve our IT security to reduce the vulnerability of our IT and infrastructure, protect customers' privacy and safeguard the Company's confidential information.

Regulatory Risk

We operate in various industries that are highly regulated, and subject to a broad range of rules and regulations. Any adverse changes in government policies and regulations or non-compliance to these could disrupt our operations and lead to financial and/or reputational damage. To mitigate this risk, we have dedicated functions such as Health, Safety & Environment ("HSE"), Secretarial, and Quality Assurance/Quality Control to monitor regulatory developments, liaise with the relevant governing authorities on compliance requirements and ensure the organisation as a whole is aware of our obligations.

BUSINESS STRATEGY

Our business strategy going forward is to deliver three key offerings: Consultancy, Services and Solutions across four market sectors namely Healthcare, Infrastructure, Real Estate and Water.

There are six focus areas we are embarking on in 2017 which will shape the Company in the near future. These areas are:

Operational Excellence	To develop strong best in class systems and processes in delivering services and solutions to our clients.
Organisational Excellence	To drive improvement of our people, culture, competency, training and performance management.
Health, Safety and Environment ("HSE")	To embed a strong HSE culture in everything that we do and measure the outcomes. To be environmentally aware of our impact on the environment in the work that we do.
Client Solution	To offer our clients superior services by leveraging on the best in class delivery systems and to be customer centric.
Technology	To ensure we adopt the right technology to be the leader in our business and to innovate and improve service delivery and quality.
Communications and Stakeholder Management	To ensure alignment of our goals and objectives within the Company and to communicate this well given our expanded size. To take into account shareholders, investors and other stakeholders as part of our eco-system and effectively communicate with them.

DEVELOPING OUR PEOPLE

As indicated in our business strategy, a key area of our focus as we move into the future is our people. We recognise that in order to achieve our goal of becoming a leading Total Asset Solutions provider, we require both technology and human capital to drive our onward journey.

Along with the merger in 2014, and our two acquisitions in 2016, we have a vastly expanded workforce and people with different skills and capabilities. To understand both our strengths as well as weaknesses in terms of our collective competencies and capabilities, we undertook a companywide capability evaluation exercise. It allows us to measure the capabilities we have against those we require and enables us to have effective career development conversations with our employees. Information from this exercise will be used to develop suitable training programmes to fill in existing gaps, and ensure we have the right people for the right job at the right time.

We invested more than RM5.0 million on employee development in 2016, and will continue focusing on workforce management and development, including technical training, soft skills as well as overseas postings for exposure to our foreign subsidiaries. As part of the initiatives to build capabilities and competency development, we will ensure that we have the right performance management system which aims to align the workforce interest with that of the Company to deliver greater performance outcomes and a progressive remuneration to reward performance.

OUTLOOK

Although the global economy is not expected to pick up significantly in 2017, we believe that in resilient sectors such as healthcare, infrastructure, real estate and water, we are in a stronger position to deliver positive results this year. The introduction of solutions as part of our key offerings will enable us to push our new innovative ideas to differentiate us from the rest.

The outlook for infrastructure work remains promising as governments in the markets we operate in are committing to large investments to enhance roads, highways, railways and water infrastructure. In Malaysia, the development expenditure for infrastructure sector is estimated at RM130.0 billion between 2016-2020 under the 11th Malaysia plan. Key among these are the MRT2, Pan Borneo Highway, Penang Transport Master Plan, LRT3 and KL-Singapore High Speed Rail.

The IFM market in Southeast Asia was valued at USD1.34 billion in 2015 and is forecast to grow to USD2.31 billion by 2021 driven by demand for energy efficiency and sustainable solutions. We also expect to see a gradual shift from demand for basic utilities maintenance to that for community-focused solutions, which would require smart technologies afforded by platforms such as cloud and IoT, which we are spearheading in the country. IoT is fast emerging as the third wave in the development of the internet, changing the way we live and work.

We are currently working in partnership with Microsoft Malaysia ("Microsoft") to further develop our Smart Facilities Management Solution based on Microsoft's Azure IoT Hub and Machine Learning. This will truly transform our business model, our products and the way we deliver our services.

With population growth and longer lifespan, the need for quality healthcare support services will grow in tandem, as such, demand for the services we offer is strong and will continue to be so. Our strategy going forward is to streamline our businesses into Consultancy, Services and Solutions to focus on Healthcare, Infrastructure, Real Estate and Water sectors – to create the most efficient framework to support our onward journey. This too has been reflected in Opus, which has reorganised its businesses according to sector – focusing on Transportation, Buildings and Water – as opposed to geography, providing the flexibility for its people to move across boundaries to serve clients wherever they are.

Our streamlined organisation structure provides us clarity in terms of where we want to focus our energies and resources.

Supporting our new business structure, we are committed to build on the capabilities and competencies of our people. We also intend to invest in even more advanced technology as it evolves. Our major capital expenditure for the coming year is estimated to be in the region of RM100.0 million, primarily for the purchase of machinery and equipment as well as the set-up of a new incineration plant to cater for business growth. To allow the Company to better manage all its operations through an integrated IT system, capital expenditure will also be deployed for IT software and hardware, work management system and continuous enhancement of the Command and Contact Centre.

The Company had on 15 March 2017, announced the proposed fund raising and issuance of sukuk programme with a combined aggregate limit of up to RM1.0 billion in nominal value. The sukuk programme is one of our initiative to optimise gearing level and to remain prudent in maintaining a sound financial position that enables the execution of our strategic objectives.

With highly competent and dedicated people, cutting edge and innovative technology, and a commitment to excellent service delivery, we have what it takes to achieve our mission of optimising assets to improve lives and by doing so, become the leading Total Asset Solutions Company in the region with the aim of improving lives.

> "Together, we are making a real difference turning ideas into action in the delivery of Total Asset Solutions. As we journey into the next level of growth, I am confident that your dedication to make things happen will be the catalyst for us achieving new successes."

ACKNOWLEDGEMENT

Our achievements for the year came to fruition with the support from various stakeholders who played an integral role as we shaped our growth for the year. I would like to thank our customers and business partners for their continuous support and that of the governments of the countries that have provided us the economic landscape and opportunities to expand our business.

The trust and financial support extended from our shareholders have been instrumental in our plans for expansion into the region and for this, I am grateful.

I would like to take this opportunity to pay tribute to our late Chairman, Dato' Seri Ismail Shahudin for his visionary guidance and support. With his sudden demise, it goes without saying that the management and team have felt significant loss.

In his replacement, it is my pleasure to welcome our new Chairman, En. Amir Hamzah, who is joined by two other new board members, En. Shahazwan Harris and Pn. Zailah Tun Dr. Ismail Al-Haj to the board of UEM Edgenta. To the entire Board of Directors, I thank you for your counsel, guidance and invaluable feedback as we continue to drive and move UEM Edgenta forward.

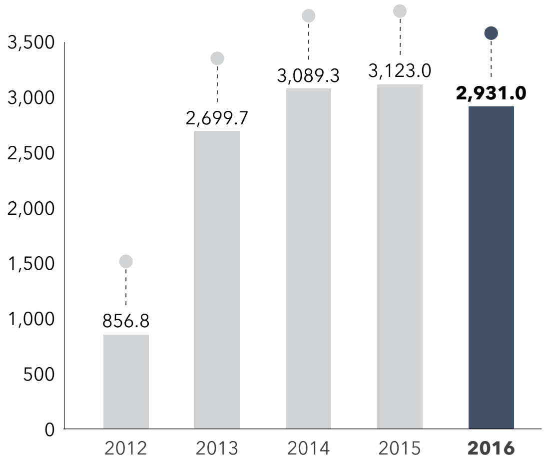
Last but not least, I would like to sincerely thank my colleagues in UEM Edgenta for their commitment and belief in this transformation journey - UEM Edgenta has evolved to its accumulative strength today because you have rallied together to overcome the challenges that came our way.

Together, we are making a real difference turning ideas into action in the delivery of Total Asset Solutions. As we journey into the next level of growth, I am confident that your dedication to make things happen will be the catalyst for us achieving new successes.

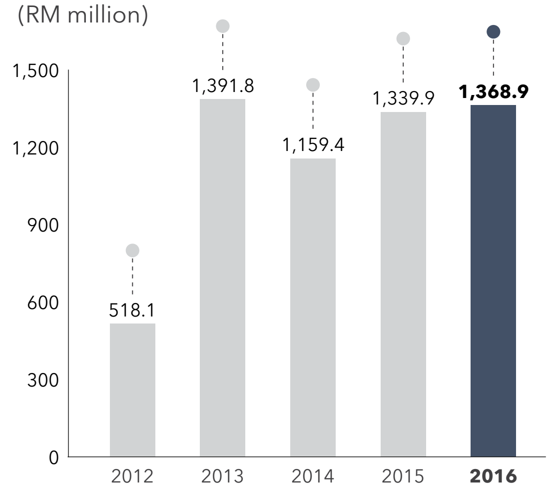
AZMIR MERICAN
Managing Director/Chief Executive Officer

5-YEAR GROUP FINANCIAL HIGHLIGHTS

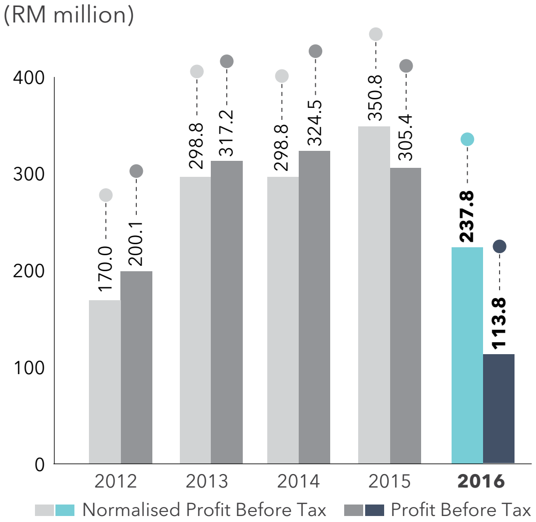
REVENUE
(RM million)



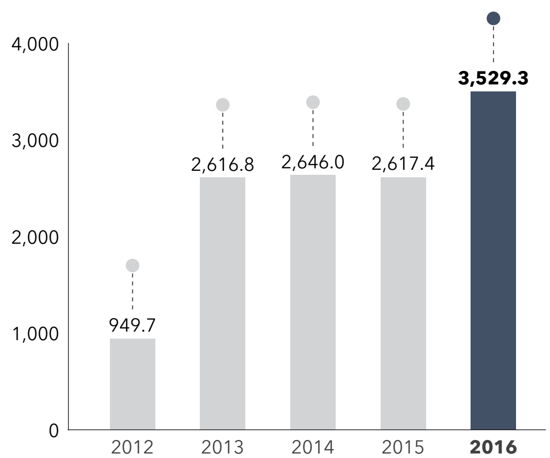
SHAREHOLDERS' FUNDS
(RM million)



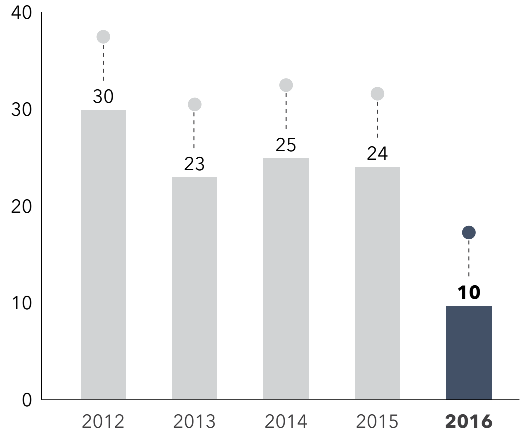
NORMALISED PROFIT BEFORE TAX AND PROFIT BEFORE TAX
(RM million)



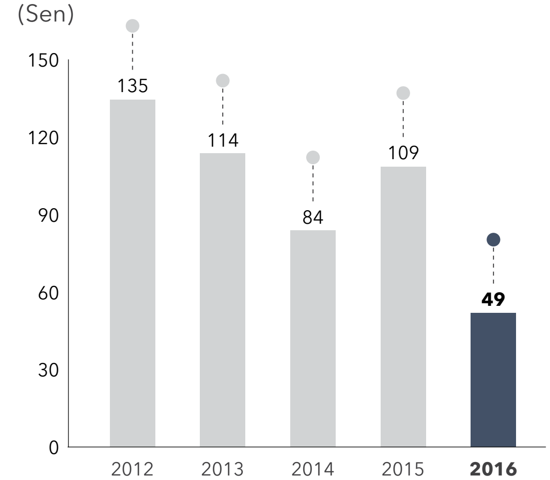
TOTAL ASSETS
(RM million)



EARNINGS PER SHARE
(Sen)



NET TANGIBLE ASSETS PER SHARE
(Sen)



5-YEAR GROUP
FINANCIAL SUMMARY

STATEMENTS OF FINANCIAL POSITION

In RM Million	2012	2013	2014	2015	2016
ASSETS					
Non-current assets	131.1	758.7	753.5	770.1	**1,425.2**
Current assets	818.6	1,858.1	1,892.5	1,847.3	**2,104.1**
TOTAL ASSETS	949.7	2,616.8	2,646.0	2,617.4	**3,529.3**

In RM Million	2012	2013	2014	2015	2016
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	90.8	90.8	203.4	203.4	**207.9**
Share premium	-	-	-	-	**60.2**
Reserves	5.1	706.0	350.8	383.1	**392.0**
Retained earnings	422.2	595.0	605.2	753.4	**708.8**
	518.1	1,391.8	1,159.4	1,339.9	**1,368.9**
Non-controlling interests	100.0	215.1	201.7	188.2	**168.9**
Total equity	618.1	1,606.9	1,361.1	1,528.1	**1,537.8**
Non-current liabilities	7.5	290.7	394.9	361.2	**876.2**
Current liabilities	324.1	719.2	890.0	728.1	**1,115.3**
Total liabilities	331.6	1,009.9	1,284.9	1,089.3	**1,991.5**
TOTAL EQUITY AND LIABILITIES	949.7	2,616.8	2,646.0	2,617.4	**3,529.3**
Net tangible asset per share (sen)	135.3	114.1	84.1	109.0	**48.6**
Current ratio (times)	2.5	2.6	2.1	2.5	**1.9**
Liquidity ratio (times)	1.0	1.0	0.9	0.8	**0.6**
Gearing ratio (times)	-	0.1	0.3	0.2	**0.6**

Note:
The 5-Year Group Financial Summary is based on the Annual Audited Financial Statements for the respective years. For the purpose of this annual report, the impact of the pooling of interest method on the acquisition of Opus Group Berhad and Edgenta PROPEL Berhad has not been reflected for the year 2012.

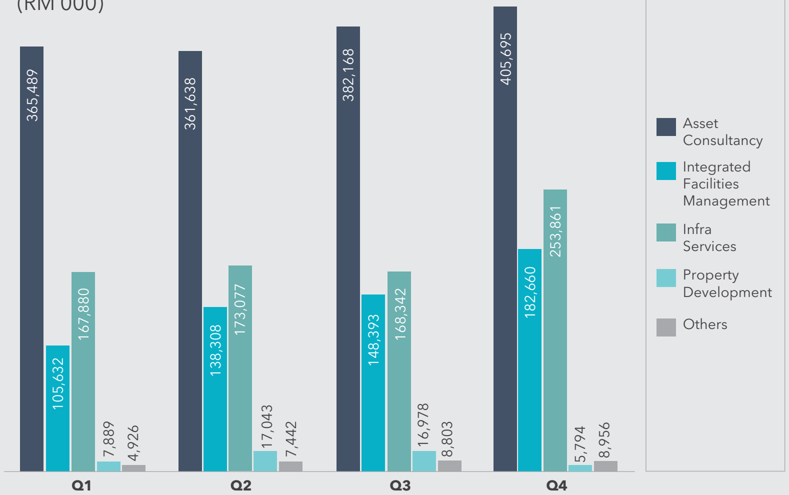
INCOME STATEMENTS

In RM Million	2012	2013	2014	2015	2016
Revenue	856.8	2,699.7	3,089.3	3,123.0	**2,931.0**
Earnings before interest, tax, depreciation and amortisation	210.5	344.6	366.7	365.0	**171.9**
Profit before tax	200.1	317.2	324.5	305.4	**113.8**
Zakat	(1.5)	(4.0)	(3.5)	(1.5)	**(1.5)**
Income tax expense	(51.1)	(83.4)	(79.1)	(94.4)	**(65.7)**
PROFIT NET OF TAX	147.5	229.8	241.9	209.5	**46.6**
Attributable to:					
Owners of the parent	108.5	190.4	202.4	191.2	**80.1**
Non-controlling interests	39.0	39.4	39.5	18.3	**(33.5)**
	147.5	229.8	241.9	209.5	**46.6**
Earnings per share (sen)	29.9	23.4	24.9	23.5	**9.7**
Earnings before interest, tax, depreciation and amortisation as a percentage of revenue (%)	25	13	12	12	**6**
Profit before tax as a percentage of revenue (%)	23	12	11	10	**4**
Profit before tax as a percentage of total equity at year end (%)	32	20	24	20	**7**
Dividend per share - gross (sen)	28.0	10.0	28.0	5.0	**15.0**

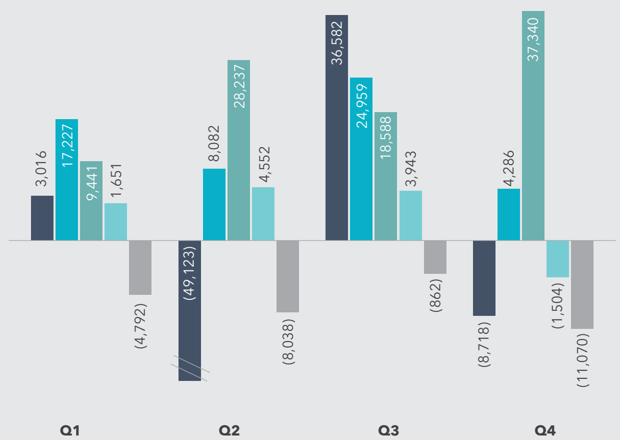
Note:
The 5-Year Group Financial Summary is based on the Annual Audited Financial Statements for the respective years. For the purpose of this annual report, the impact of the pooling of interest method on the acquisition of Opus Group Berhad and Edgenta PROPEL Berhad has not been reflected for the year 2012.

2016 GROUP
QUARTERLY PERFORMANCE

Revenue by Segment
(RM'000)



Profit/(Loss) Before Tax by Segment
(RM'000)



FOR THE YEAR ENDED 31 DECEMBER 2016

	Quarter RM'000				
	1st	2nd	3rd	4th	Total
Revenue	651,816	697,508	724,684	856,966	**2,930,974**
Operating expenses	(636,571)	(651,014)	(650,812)	(808,816)	**(2,747,213)**
Impairment losses	–	(68,292)	–	(42,532)	**(110,824)**
Other Income	9,569	10,161	10,082	16,666	**46,478**
Earnings before interest, tax, depreciation and amortisation	35,829	3,060	98,005	34,993	**171,887**
Profit before tax	26,543	(16,290)	83,210	20,334	**113,797**
Profit attributable to owners of the parent	20,494	(8,040)	51,114	16,488	**80,056**
Earnings per share (sen)	2.5	(1.0)	6.1	2.0	**9.7**

BY SEGMENT

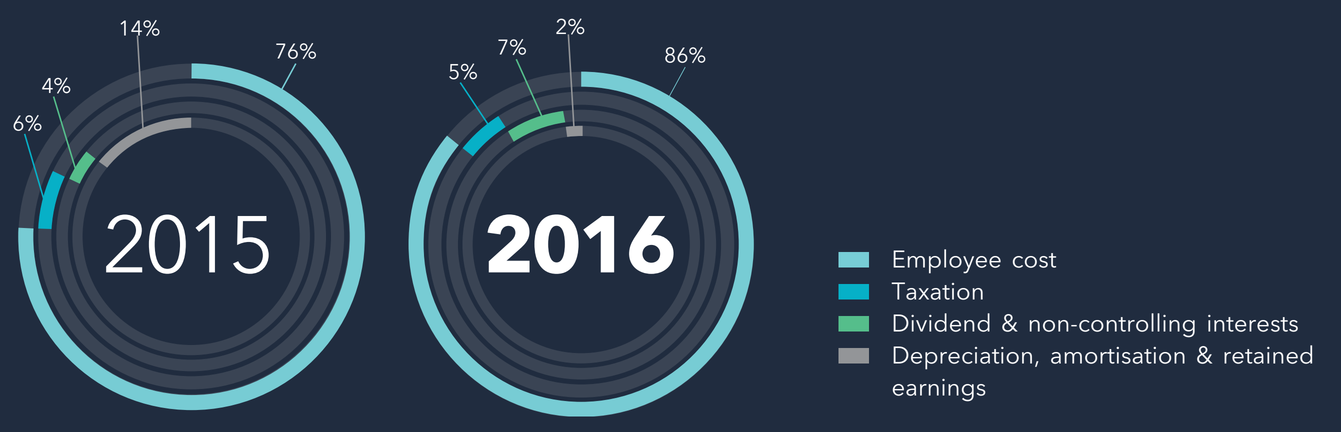
	Quarter RM'000				
	1st	2nd	3rd	4th	Total
REVENUE					
Asset Consultancy	365,489	361,638	382,168	405,695	**1,514,990**
Integrated Facilities Management	105,632	138,308	148,393	182,660	**574,993**
Infra Services	167,880	173,077	168,342	253,861	**763,160**
Property Development	7,889	17,043	16,978	5,794	**47,704**
Others	4,926	7,442	8,803	8,956	**30,127**
Group	651,816	697,508	724,684	856,966	**2,930,974**
PROFIT BEFORE TAX					
Asset Consultancy	3,016	(49,123)	36,582	(8,718)	**(18,243)**
Integrated Facilities Management	17,227	8,082	24,959	4,286	**54,554**
Infra Services	9,441	28,237	18,588	37,340	**93,606**
Property Development	1,651	4,552	3,943	(1,504)	**8,642**
Others	(4,792)	(8,038)	(862)	(11,070)	**(24,762)**
Group	26,543	(16,290)	83,210	20,334	**113,797**

GROUP STATEMENT OF VALUE ADDED

STATEMENT OF VALUE ADDED

	2015 RM Million	2016 RM Million
VALUE ADDED		
Revenue	3,123	**2,931**
Other income	39	**33**
Interest income	15	**13**
Operating expenses	(1,613)	**(1,634)**
Finance cost	(17)	**(22)**
Share of profit of associates and joint ventures	6	**16**
Value added available for distribution	1,553	**1,337**
DISTRIBUTION		
To Employees		
Employee cost	1,185	**1,156**
To Government		
Taxation	94	**66**
To Shareholders		
Dividend	41	**122**
Non-controlling interests	18	**(33)**
Retained for reinvestment and future growth		
Depreciation and amortisation	65	**68**
Retained earnings	150	**(42)**
Total distributed	1,553	**1,337**

DISTRIBUTION OF VALUE ADDED



ABOUT UEM EDGENTA
STRIVING FOR GROWTH
PERFORMANCE REVIEW
CORPORATE FRAMEWORK
LEADERSHIP
SUSTAINABILITY STATEMENT
TRANSPARENCY
FINANCIAL REVIEW
ACCOUNTABILITY

QUARTERLY RESULTS

EXTRAORDINARY GENERAL MEETING

2016

DIVIDEND

29 February 2016

Announcement on financial results for the 4^{th} quarter ended 31 December 2015.

27 May 2016

Announcement on financial results for the 1^{st} quarter ended 31 March 2016.

29 August 2016

Announcement on financial results for the 2^{nd} quarter ended 30 June 2016.

24 November 2016

Announcement on financial results for the 3^{rd} quarter ended 30 September 2016.

29 February 2016

Announcement on declaration of single tier interim dividend for financial year 2015.

31 March 2016

Payment of single tier interim dividend of 15 sen per ordinary share of RM0.25 each in respect of the financial year ended 31 December 2015.

16 November 2016

Notice of Extraordinary General Meeting for the proposed acquisition of Asia Integrated Facility Solutions Pte Ltd ("AIFS").

2 December 2016

Extraordinary General Meeting.

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GROUP FINANCIAL CALENDAR

2017

ANNUAL GENERAL MEETING

19 April 2016

Notice of 53rd Annual General Meeting.

12 May 2016

53rd Annual General Meeting.

26 April 2017

Notice of 54th Annual General Meeting and issuance of Annual Report for the financial year ended 31 December 2016.

25 May 2017

54th Annual General Meeting.

QUARTERLY RESULTS

24 February 2017

Announcement on financial results for the 4th quarter ended 31 December 2016.

INVESTOR
RELATIONS

UEM EDGENTA IS COMMITTED TO CREATING VALUE AND PROACTIVELY ENGAGING OUR SHAREHOLDERS AND INVESTORS. UEM EDGENTA'S INVESTOR RELATIONS FUNCTION UPHOLDS THE IMPORTANCE OF ENGAGEMENT WITH ITS SHAREHOLDERS AND THE INVESTING COMMUNITY TO ENABLE GREATER COMMUNICATION AND ENHANCE THE TRANSPARENCY OF THE COMPANY'S BUSINESSES AND PERFORMANCE.

UEM Edgenta strives to ensure that the investing community is provided with fair and timely information pertaining to the Company's financial, operational and strategic direction, to allow them to make the best informed decision possible. During the year, the investor relations activities were spearheaded by the Managing Director/Chief Executive Officer, Chief Financial Officer, Head of Corporate Development, Planning and Strategy and supported by other senior management team members across the Company.

ENGAGEMENT ACTIVITIES WITH INVESTORS

Guided by UEM Edgenta's Corporate Disclosure Policy, we have constantly engaged with both the local and foreign investing communities. We continue to maintain an open channel of communication with various analysts and investors in order to provide comprehensive information on the Company's latest performance and associated challenges. During the year, we met a total of 109 analysts and fund managers which includes a presentation during CIMB Malaysia Public Sector Corporate Access Day.

Annual General Meeting

The Company held its 53rd Annual General Meeting (AGM) at Persada PLUS, Subang Jaya, Malaysia on 12 May 2016. During the AGM, shareholders were able to raise questions and provide feedback to the Board and senior management. All the proposed resolutions were duly passed by the shareholders.

Analyst Briefing and Conference Call

In 2016, the Company held 1 analyst briefing session for FY2015 financial results update and conducted 1 conference call for the briefing on 1H2016 financial results. The presentation materials relating to the analyst briefing and conference call were made available on our corporate website.

Type of Meeting	Event	Date
Analyst Briefing	UEM Edgenta FY2015 Results	1 March 2016
Conference Call	UEM Edgenta 1H2016 Results	1 September 2016

Investor Meetings and Discussion

During the year, the Company organised 22 investor meetings and conference call, where we had 18 sessions with domestic investors and 4 with foreign investors respectively. While the number of foreign investor meetings have fallen from 15 (FY15) to 4 (FY16) due to lower risk appetites globally, the number of local investors interested in UEM Edgenta remain strong.

Type of Meeting	Type of Meeting	Domestic Investors	Foreign Investors
One-on-one meeting	21	18	3
Conference Call	1	–	1
Total	**22**	**18**	**4**

As at 31 December 2016, UEM Edgenta was covered by 3 houses namely Hong Leong Investment Bank, RHB Research Institute and MIDF Research.

TRANSPARENCY

We continuously maintain a high level of transparency in our financial reporting and corporate governance, guided by the Malaysian Code of Corporate Governance, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad as well as international best practices.

Investor Relations Portal and Feedback

UEM Edgenta maintains an informative and intelligible Investor Relations Portal to ensure comprehensive disclosure and fair distribution of information to the investing community, stakeholders and the general public. Our Investor Relations portal is accessible at http://uemedgenta.com/investors/overview/ and comprises the following key segments:

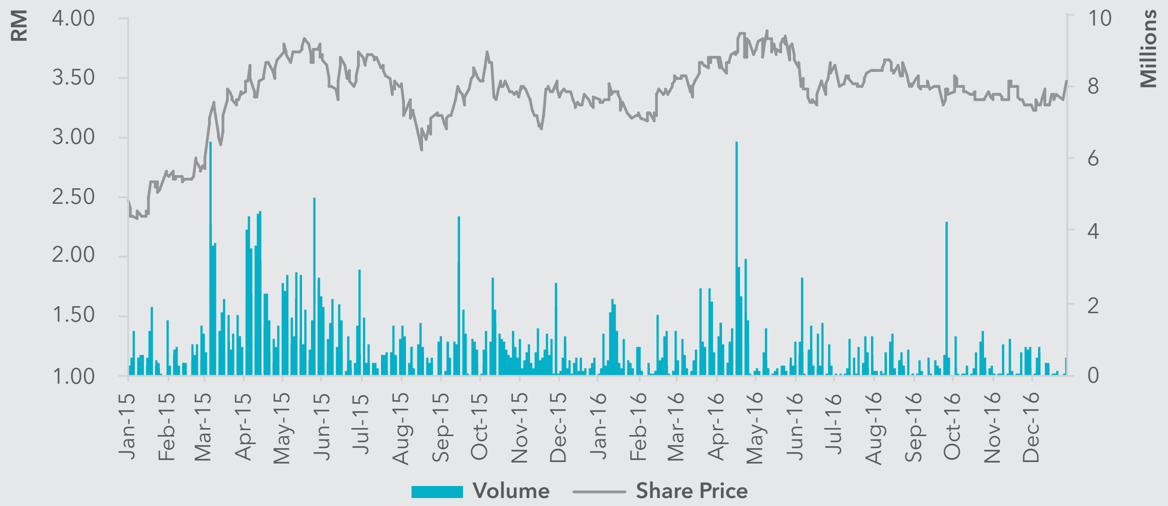
- Corporate updates
- Financial information
- Stock information
- Reports, Circulars, Corporate Factsheet and Corporate Presentation Slides
- Announcements to Bursa Malaysia and UEM Edgenta Corporate Calendar
- Investor tools

Our Investor Relations contact and email address, ir@uemedgenta.uemnet.com is provided where we truly value and encourage feedback from stakeholders who wish to seek further clarification or information on matters related to UEM Edgenta. We also appreciate communication from stakeholders to enable us to improve relationships as well as exchange constructive ideas.

Share Price Performance and Total Shareholders Return

During the year, UEM Edgenta achieved its historical highest market capitalisation of RM3.23 billion on 12 May 2016 and achieved the highest intra-day share price for the past 15 years of RM3.98 on 23 May 2016. Additionally, we are pleased to announce that that our total shareholders return for the past 2 years significantly outperformed the FBMKLCI Index by approximately 45.7%.

1. Share price movement and volume traded [1 Jan 2015 – 31 Dec 2016]

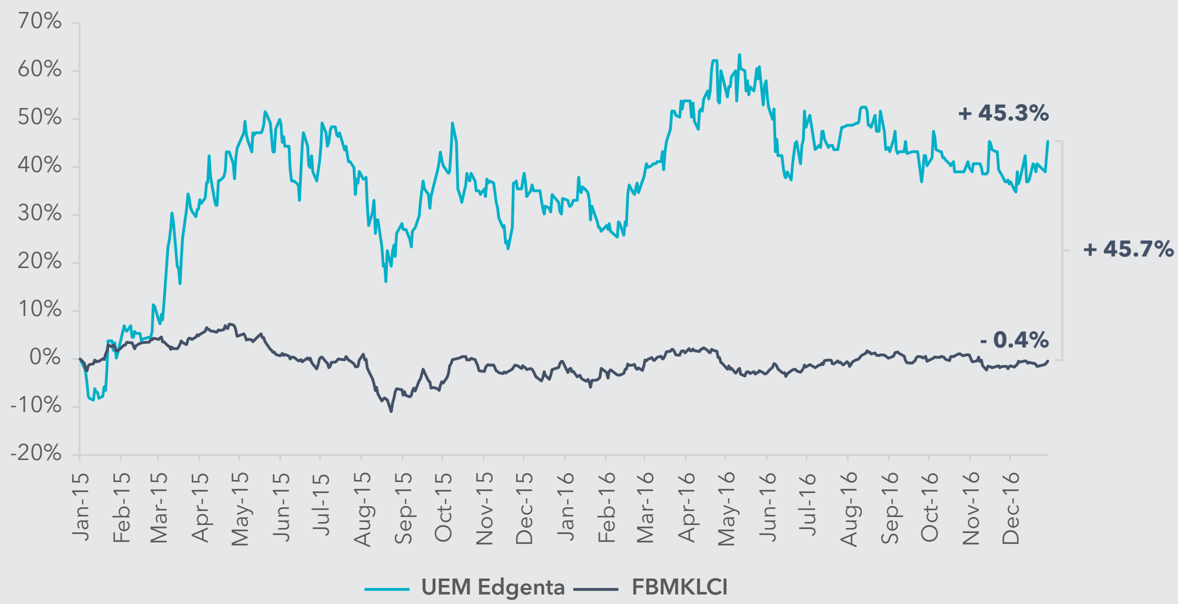


Source: *Bloomberg*

Share Price (Closing Price)	Price	Date
Highest	3.88	12 May 2016
Lowest	2.30	12 Jan 2015

The highest volume traded during this period is 6,483,600 on 19 April 2016.

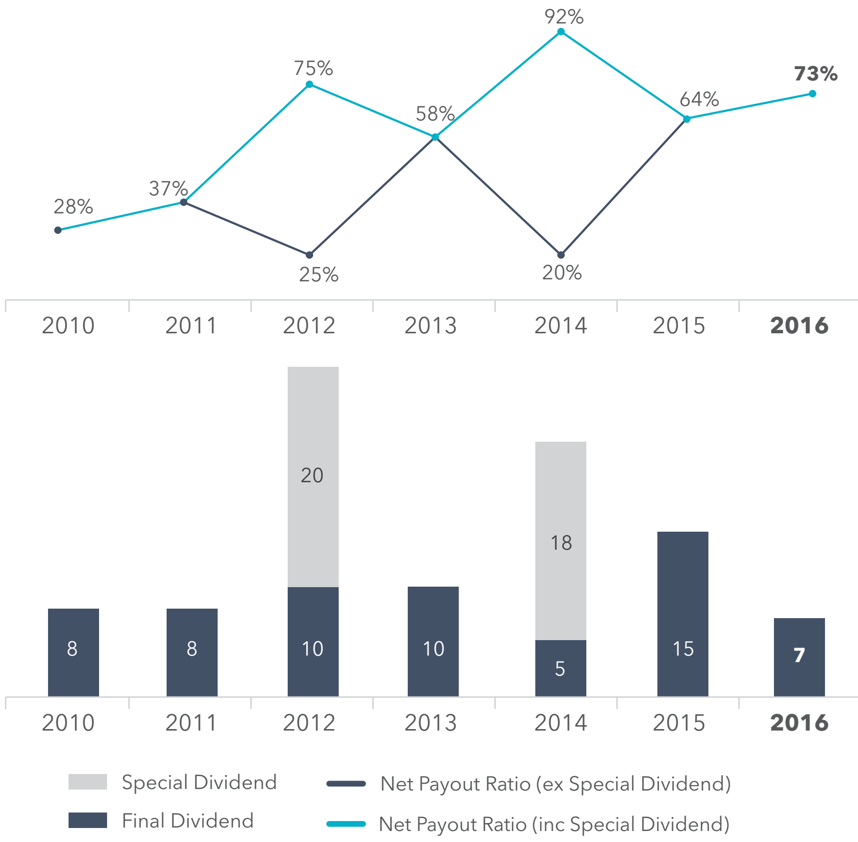
2. Total Shareholders Return vs FBMKLCI [1 Jan 2015 – 31 Dec 2016]



Source: *Bloomberg*

DIVIDEND POLICY

UEM Edgenta adopted a dividend policy to distribute up to 70% of its PATANCI, subject to the sufficiency of the Company's cash flow and future capital expenditure requirements. The dividend policy has reflected UEM Edgenta's intention to provide a healthy income stream to our shareholders and historically, the Company has been able to deliver a higher net payout ratio of between 73% (FY2016) and 92% (FY2014).



SHAREHOLDER ANALYSIS

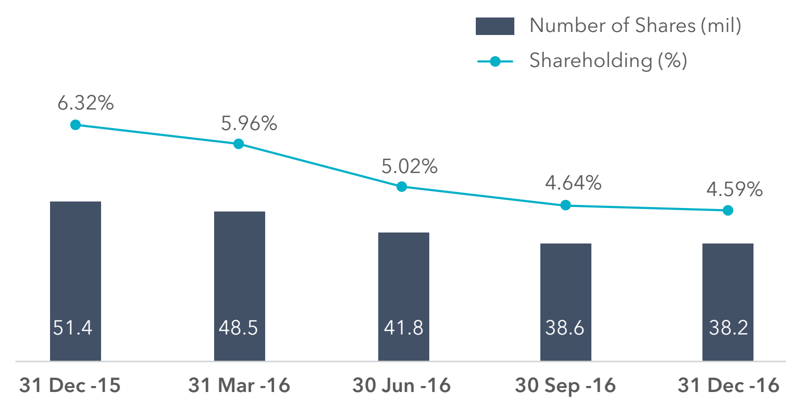
As at 31 December 2016, our shareholder base comprised of 14,470 government agencies, corporations, institutional and private shareholders with total shareholding of 831,624,030 shares.

Among our substantial shareholders is UEM Group Bhd which accounts for 69.14% holding of UEM Edgenta. Meanwhile, foreign shareholding has decreased to 4.59% at 31 December 2016 from 6.32% recorded as at 31 December 2015.

1. Shareholding Structure by Type

69.14%	UEM Group Berhad
24.47%	Local Institution, Corporate & Nominees
4.59%	Foreign Shareholders
1.80%	Local Invididuals

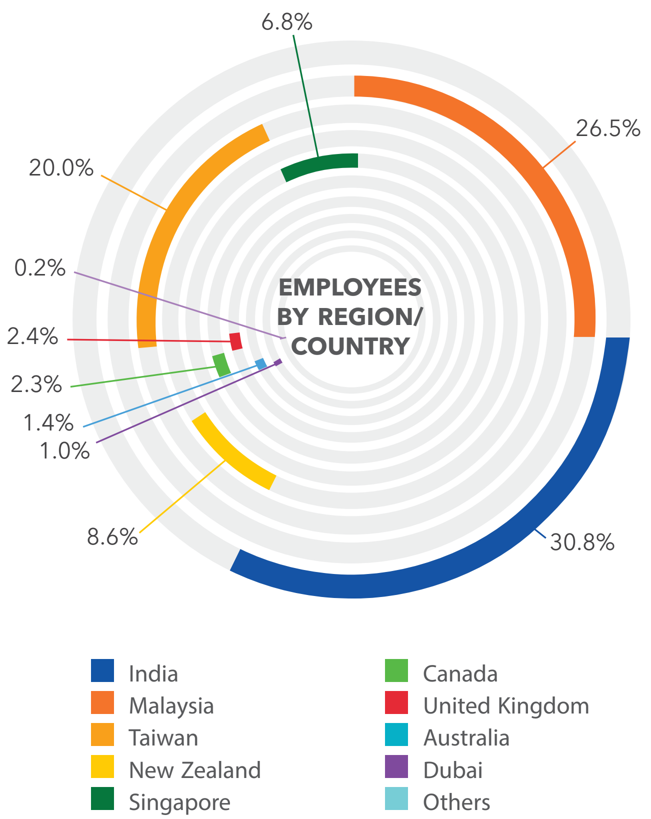
2. Foreign shareholding [31 Dec 2015 – 31 Dec 2016]

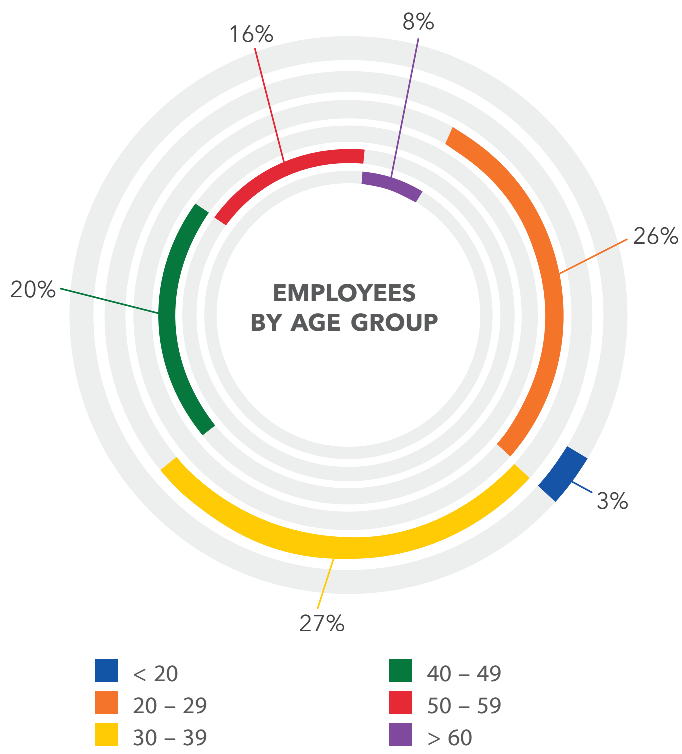


EMPLOYEES
& PRODUCTIVITY
as at 31 December 2016

EMPLOYEES BY CLASSIFICATION – OVERALL

MANAGEMENT	EXECUTIVE	NON-EXECUTIVE	TOTAL
2,123	**2,440**	**14,335**	**18,898**

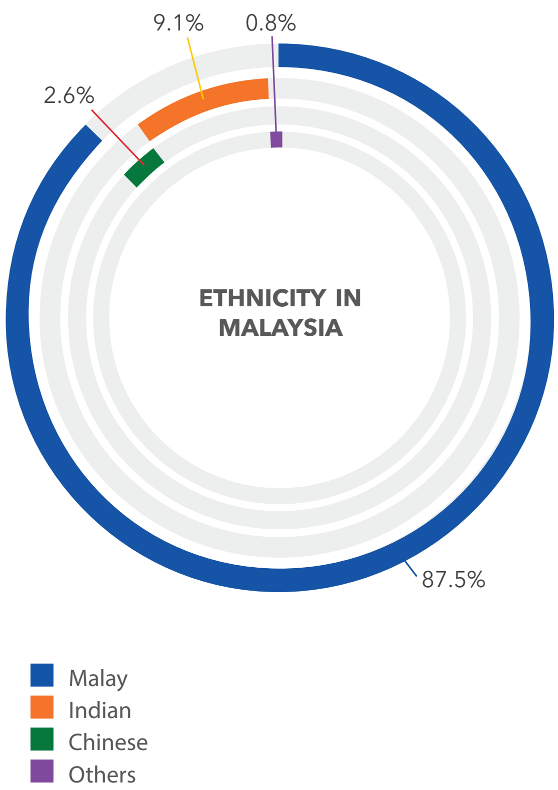




REVENUE > PER EMPLOYEE COST .... **2.5** TIMES

EMPLOYEES BY GENDER

MALE	FEMALE	TOTAL
10,910	**7,988**	**18,898**



VALUE ADDED & DISTRIBUTION PER EMPLOYEE COST

1.2 TIMES

CORPORATE STRUCTURE

Updated as at 14 April 2017

A member of **UEM Group**

CONSULTANCY

- **100% OPUS GROUP BERHAD**
  - **100%** OPUS INTERNATIONAL (M) BERHAD
    - OTHER SUBSIDIARIES
  - **100%** OPUS INTERNATIONAL (NZ) LIMITED (NEW ZEALAND)
    - **61.2%** OPUS INTERNATIONAL CONSULTANTS LIMITED (NEW ZEALAND)
      - OTHER SUBSIDIARIES
  - OTHER SUBSIDIARIES

SERVICES

HEALTHCARE SERVICES

CONCESSION

- **100% EDGENTA HEALTHCARE MANAGEMENT SDN BHD**
- **100%* EDGENTA MEDISERVE SDN BHD**
  - **100%** EDGENTA MEDISERVE (SABAH) SDN BHD
    - **40%** SEDAFIAT SDN BHD
  - **100%** EDGENTA MEDISERVE (SARAWAK) SDN BHD
    - **40%** ONE MEDICARE SDN BHD
    - **40%** BIOMEDIX SOLUTIONS SDN BHD
  - **100%** CERMIN CAHAYA SDN BHD
  - **100%** EDGENTA HEALTHTRONICS SDN BHD
  - **60%** FRESH LINEN SERVICES (SABAH) SDN BHD

COMMERCIAL

- **100% EDGENTA (SINGAPORE) PTE LTD**
  - **100%** ASIA INTEGRATED FACILITY SOLUTIONS PTE LTD (SINGAPORE)
    - **100%** ASIA FACILITY SOLUTIONS PTE LTD (SINGAPORE)
      - **97.46%** UEMS PTE LTD (SINGAPORE)
        - **100%** UEMS SOLUTIONS PTE LTD (SINGAPORE)
        - **100%** UEMS SOLUTIONS LTD (TAIWAN)
          - **100%** UEMS SERVICECORP LTD (TAIWAN)
        - **100%** UEMS SOLUTIONS SDN BHD
        - OTHER SUBSIDIARY

* *Direct and Indirect Interest*

SOLUTIONS

- **100%**
  EDGENTA ENERGY PROJECTS SDN BHD
- **70%**
  EDGENTA ENERGY SERVICES SDN BHD

INFRA SERVICES

- **100%**
  EDGENTA PROPEL BERHAD
  - **100%**
    AQUATRANS SDN BHD
  - **99.6%**
    PT EDGENTA PROPEL INDONESIA
- **100%**
  EDGENTA ENVIRONMENTAL & MATERIAL TESTING SDN BHD

REAL ESTATE SERVICES

- **100%**
  EDGENTA TOWNSHIP MANAGEMENT SERVICES SDN BHD
  - **70%**
    UEM SUNRISE EDGENTA TMS SDN BHD
    - **70%**
      EDGENTA TMS SDN BHD
- **100%**
  EDGENTA FACILITIES SDN BHD
  - **100%**
    EDGENTA FACILITIES MANAGEMENT SDN BHD
  - **51%**
    FABER SINDOORI MANAGEMENT SERVICES PRIVATE LIMITED (INDIA)
  - OTHER SUBSIDIARIES
- **80%**
  KFM HOLDINGS SDN BHD
  - OTHER SUBSIDIARIES
- **75%**
  FABER L.L.C (UAE)

OTHER SUBSIDIARIES

UEM EDGENTA

A member of **UEM Group**

BOARD OF DIRECTORS

Board Committee
- Nomination and Remuneration Committee
- Audit and Risk Committee

MANAGING DIRECTOR/ CHIEF EXECUTIVE OFFICER

MANAGING DIRECTOR/ CHIEF EXECUTIVE OFFICER'S OFFICE

INTERNAL AUDIT

HEAD OF CONSULTANCY

ASSET CONSULTANCY
- Project Delivery
- Asset Management
- Design
- Business Excellence

CHIEF OPERATING OFFICER/ HEAD OF SERVICES (HEALTHCARE, INFRA & REAL ESTATE)

HEALTHCARE SERVICES (CONCESSION)
- Engineering Services
- Regional Operations
- Hygiene & Sanitation Services

HEALTHCARE SERVICES (COMMERCIAL)
- Singapore
- Malaysia
- Taiwan

INFRA SERVICES
- Network Maintenance
- Infrastructure Projects (Pavement & Traffic Management)
- Utilities Relocation
- Environmental & Material Testing
- Centralised Technical Office

REAL ESTATE SERVICES
- Facilities Management Operations
- Township & Communities
- High Performance Building

HEALTHCARE SERVICES (INDIA)

HEAD OF SOLUTIONS

RESEARCH & DEVELOPMENT CENTRE
- Pavement Research

ENERGY SERVICES
- Energy Management/ Projects

URBAN SOLUTIONS
- Urban Solutions

ORGANISATION
CHART

CHIEF FINANCIAL OFFICER

FINANCE
- Financial & Statutory Reporting
- Financial Management

PROCUREMENT & CONTRACT MANAGEMENT
- General Procurement
- Contract Management
- Project Tender & Outsourcing

RISK MANAGEMENT
- Enterprise Risk Management
- Business Continuity Management

CLIENT SOLUTIONS
- Business Development
- Marketing Communication

TECHNOLOGY & INNOVATION
- Technology & Innovation
- Information Technology
- Command & Contact Centre

HUMAN CAPITAL
- HR Services & Operations
  - Performance Management
  - HR Analytics & Projects
  - HR Business Partnering
  - Rewards
  - Admin
- HR Organisation Development
  - Talent Management & Acquisition
  - Learning & Development
  - EDGENTA Academy

LEGAL & SECRETARIAL
- Legal
- Secretarial

CORPORATE COMMUNICATIONS

CORPORATE DEVELOPMENT, PLANNING & STRATEGY
- Corporate Planning
- Strategy
- Investor Relations
- Programme Management Office

OPERATIONS EXCELLENCE
- Business Process Improvement
- Operations Control
- Health, Safety & Environment

CORPORATE INFORMATION

BOARD OF DIRECTORS

AMIR HAMZAH AZIZAN
Independent Non-Executive Chairman
(Appointed as Independent Non-Executive Director on 1 July 2016)
(Appointed as Independent Non-Executive Chairman on 29 August 2016)

AZMIR MERICAN
Managing Director/Chief Executive Officer

DATO' IZZADDIN IDRIS
Non-Independent Non-Executive Director

ROBERT TAN BUN POO
Independent Non-Executive Director

DR. SAMAN @ SAIMY ISMAIL
Independent Non-Executive Director

ELAKUMARI KANTILAL
Non-Independent Non-Executive Director

SHAHAZWAN HARRIS
Non-Independent Non-Executive Director
(Appointed on 1 July 2016)

ZAILAH TUN DR ISMAIL AL-HAJ
Independent Non-Executive Director
(Appointed on 1 December 2016)

DATO' SERI ISMAIL SHAHUDIN
Non-Independent Non-Executive Chairman
(Demised on 30 July 2016)

DATUK IR. ABDULLAH SANI ABD KARIM
Senior Independent Non-Executive Director
(Retired on 12 May 2016)

AUDIT AND RISK COMMITTEE

ROBERT TAN BUN POO
Chairman

DR. SAMAN @ SAIMY ISMAIL
Member

ELAKUMARI KANTILAL
Member

DATUK IR. ABDULLAH SANI ABD KARIM
Member
(Retired on 12 May 2016)

NOMINATION AND REMUNERATION COMMITTEE

AMIR HAMZAH AZIZAN
Chairman
(Appointed on 29 August 2016)

DATO' IZZADDIN IDRIS
Member

DR. SAMAN @ SAIMY ISMAIL
Member

ZAILAH TUN DR ISMAIL AL-HAJ
Member
(Appointed on 27 February 2017)

DATUK IR. ABDULLAH SANI ABD KARIM
Chairman
(Retired on 12 May 2016)

COMPANY SECRETARY

CHIEW SIEW YUEN
(MAICSA 7063781)

REGISTERED OFFICE

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

PRINCIPAL BANKERS

ALLIANCE BANK MALAYSIA BERHAD
AMBANK BERHAD
CIMB BANK BERHAD
HSBC AMANAH MALAYSIA BERHAD
MALAYAN BANKING BERHAD
PUBLIC BANK BERHAD
RHB BANK BERHAD

AUDITORS

ERNST & YOUNG (AF 0039)
CHARTERED ACCOUNTANTS
Level 23A Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

PRINCIPAL SOLICITORS

ZAID IBRAHIM & CO
ALLEN & OVERY LLP
MOHANADASS PARTNERSHIP
ADNAN SUNDRA & LOW
CHEANG & ARIFF

SHARE REGISTRAR

SYMPHONY SHARE REGISTRARS SDN BHD
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : +603 7849 0777 (Helpdesk)
Fax : +603 7841 8151/8152

STOCK EXCHANGE LISTING

MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

STOCK NAME/CODE: EDGENTA/1368

STOCK SECTOR: TRADING/SERVICES

GROUP MILESTONES

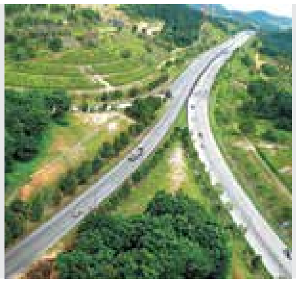
1963
Faber Group Berhad ("Faber") incorporated as hotel owner and manager of the "Merlin" brand on 31 May.

1964
Faber listed on Main Board of Kuala Lumpur Stock Exchange on 2 January.

1972
Merged with Faber Union Sdn Bhd, a property developer to form Faber Merlin Malaysia Berhad.

1988
Project Penyelenggaraan Lebuhraya Berhad ("PROPEL") was incorporated to primarily undertake all routine maintenance works on the North-South Expressway ("NSE").

1994
Opus Group Berhad ("OGB") was incorporated on 2 March.



1996
Opus International Group ("Opus PLC") acquired Opus International Consultants Limited ("OIC"), a leading multi-disciplinary consultancy firm in New Zealand.

1996
Faber awarded a 15-year concession for Hospital Support Services ("HSS") of 71 Government hospitals in Northern Peninsular region, Sabah and Sarawak.

1998
The length of highways maintained by PROPEL exceeds 1,000 km.

2007
As part of an international reorganisation, OGB took over the listing status of Opus PLC.

2007
OIC listed on the New Zealand Stock Exchange on 30 October.

ABOUT UEM EDGENTA
STRIVING FOR GROWTH
PERFORMANCE REVIEW
CORPORATE FRAMEWORK
LEADERSHIP
SUSTAINABILITY STATEMENT
TRANSPARENCY
FINANCIAL REVIEW
ACCOUNTABILITY

Group Milestones (Cont'd.)

2008
OGB was privatised by UEM Group and was subsequently delisted from Bursa Malaysia. It became a 96.4% owned subsidiary of UEM Group.

2008
The sale of Sheraton Hanoi Hotel marked Faber's exit from the Hotel sector.

2014
Completion of selective capital reduction exercise resulting in OGB being a wholly-owned subsidiary of UEM Group.

2014
Completion of RM1.15 billion acquisition of 100% equity stake in PROPEL and OGB on 29 October.

2015
Name changed and officially rebranded to UEM Edgenta on 9 April.

2015
Edgenta Mediserve Sdn Bhd ("Edgenta Mediserve") signed the 10-year HSS new Concession Agreement with the Government of Malaysia on 11 March.

2015
Joint venture with Resource Data Management Asia Sdn Bhd and formation of Edgenta Energy Services Sdn Bhd to offer integrated energy management solutions and remote monitoring services on 26 August.

2015
Transformation and rebrand of Soil Centralab Sdn Bhd to Edgenta Environmental & Material Testing Sdn Bhd as a key business unit to offer Environmental & Material Testing Services on 7 September.

2015
Edgenta Township Management Services Sdn Bhd joint venture with UEM Sunrise Berhad and formed UEM Sunrise Edgenta TMS Sdn Bhd ("UEMSET") to provide property and township management services in Malaysia on 9 December.

2016
Edgenta Mediserve joint venture with Biocare Systems Sdn Bhd and formed Biomedix Solutions Sdn Bhd to jointly provide Biomedical Engineering Maintenance Services to all Government hospitals in Sarawak on 27 January.

2016
Formation of Edgenta TMS Sdn Bhd, a joint venture company between UEMSET and Township Management Services Sdn Bhd, a wholly-owned subsidiary of Medini Iskandar (M) Sdn Bhd to undertake township management of Medini and Iskandar Puteri in Iskandar Malaysia, Johor on 12 February.

2016
Completed the 80% equity stake acquisition in KFM Holdings Sdn Bhd on 6 April.

2016
Successful establishment of PT Edgenta PROPEL Indonesia on 23 August.

2016
Operationalisation of the Command and Contact Centre (CnC) on 29 August.

2016
Incorporation of Edgenta Energy Projects Sdn Bhd to offer energy management services and renewable energy services through capital investments on 20 October.

2016
Grew our commercial healthcare business via the completion of 100% equity stake acquisition in Asia Integrated Facility Solutions Pte Ltd, which owns UEMS Pte Ltd on 15 December.

2016
EVENT HIGHLIGHTS

PARTICIPATION IN GROUP-LED ACTIVITIES

During the year, employees of UEM Edgenta participated in various Group-led activities that foster diversity and inclusivity


UEM
EDGENTA
A member of UEM Group


UEM
Instagram
LWS
Spend Well

13 JANUARY 2016

UEM Sunrise Edgenta TMS Sdn Bhd ("UEMSET"), a joint venture company formed between Edgenta Township Management Services Sdn Bhd ("ETMSSB") and UEM Sunrise Berhad on 9 December 2015, entered into a Joint Venture Shareholders' Agreement with Township Management Services Sdn Bhd ("TMS"), a wholly-owned subsidiary of Medini Iskandar Malaysia Sdn Bhd ("MIMSB") to form a joint venture company set to be Malaysia's first holistic township management services operator at The Point, Mercu UEM Kuala Lumpur.

26 JANUARY 2016

UEM Edgenta Berhad ("UEM Edgenta") reinforced its cultural integration efforts with the launch of EDGE20. The programme aims to **E**ngage and **D**evelop our people to **G**row the Company's business and to **E**xcel towards becoming the market leader in Total Asset Solutions.

23 FEBRUARY 2016

UEM Group's C-Suites made a visit to The Star publication. UEM Edgenta was represented by Azmir Merican, Managing Director/Chief Executive Officer.

23 FEBRUARY 2016

UEM Edgenta held its annual Analyst Briefing for 2016 at The Point, Mercu UEM attended by more than 25 analysts, fund managers, and equity sales personnel. The briefing was held to provide the Company's 2015 full year financial results, Company's strategic direction and outlook for 2016.

08 MARCH 2016

UEM Edgenta signed a Memorandum of Collaboration (MoC) with the Ministry of Higher Education to provide cooperation in the areas of education, research and training through Politeknik Sultan Salahuddin Abdul Aziz Shah ("PSA"), Selangor for another two years. This is part of the Company's continuous corporate responsibility initiatives and collaboration to provide Work-Based Learning ("WBL") for graduates of PSA.

10 MARCH 2016

Employees from UEM Group of Companies gathered at The Odyssey in Mercu UEM, to celebrate its 50^{th} anniversary on 10 March 2016.

13 MARCH 2016

UEM Edgenta's employees participated in UEM Group's Charity Run and Carnival held at Persada PLUS in conjunction with its 50^{th} anniversary.

21 MARCH 2016

Edgenta Healthtronics Sdn Bhd was awarded a 3-year Biomedical Engineering Maintenance Services contract in Sabah worth RM91.8 million.

2016
Event Highlights (Cont'd.)

MARCH TO APRIL 2016

More than 450 staff of UEM Edgenta attended briefings by Azmir Merican, Managing Director/Chief Executive Officer at a series of town halls held between March and April 2016.

06 APRIL 2016

UEM Edgenta completed the acquisition of an 80% equity stake in KFM Holdings Sdn Bhd ("KFM"), an integrated facilities management services provider specialising in green building solutions with a client base in Malaysia and United Arab Emirates.

09 APRIL 2016

Today marked a full year since the Company was renamed as UEM Edgenta Berhad.

14 APRIL 2016

UEM Edgenta bagged the 2016 Frost & Sullivan Malaysia "Facilities Management Company of the Year" Award through an in-depth research conducted by Frost & Sullivan's analysts where UEM Edgenta was recognised as a formidable market participant and leader holding approximately 25% market share in a highly fragmented market.

05 MAY 2016

UEM Edgenta participated in the GLC Explorace 2016 exhibition held at the Sime Darby Convention Centre Kuala Lumpur under the UEM Group banner. GLC Explorace is an annual event organised by Malaysian Industrial Development Finance Berhad (MIDF) and GLCs that congregates local entrepreneurs and vendors under one roof, providing them with a platform to convene and acquire the latest information on entrepreneurship as well as explore broader horizons for business opportunities.

11 MAY 2016

Opus International Consultants Limited ("OIC"), the international Asset Consultancy arm of UEM Edgenta was conferred the "NCE 100 Company of the Year 2016" award, a prestigious award by New Civil Engineer (NCE) United Kingdom.

12 MAY 2016

UEM Edgenta held its 53rd Annual General Meeting at Persada PLUS. All resolutions were duly approved by over 1,000 registered shareholders and proxy holders. This was followed by a press conference with media representatives.

28 MAY 2016

A total of 334 Standard 6 students from six UEM Edgenta Adopted PINTAR Schools in Central, Southern and Northern regions benefited from the UEM Edgenta Motivational Camp 2016. Three separate motivational camps were organised in the month of May. The activities include leadership games that were specially designed to promote teamwork and to sharpen their skills in leadership, creativity and thinking.

31 MAY 2016

UEM Edgenta announced the winners of UEM Group's inaugural crowdsourcing competition for UEM Edgenta's R&D Centre (facade and showroom design) with a prize giving ceremony held at Menara UEM. Azmir Merican, Managing Director/Chief Executive Officer of UEM Edgenta was on hand to present certificates to all participants as well as cheques to the winners.

08 JUNE 2016

Brown Bag session is a new staff engagement programme that promotes knowledge sharing amongst employees to acquire new ideas and perspectives on a diverse range of topics from subject matter experts. The first Brown Bag session by Dato' Fazley Yaakob on "Eat Right, Stay Fit and Work Well During Ramadan" attracted more than 100 staff who attended the talk at Menara UEM.

24 JUNE 2016

UEM Edgenta organised its EDGE20 Appreciation Day to commemorate the completion of EDGE20 where all staff underwent a transformative programme to develop themselves, grow the business and to contribute towards the Company becoming the market leader in Total Asset Solutions. Since the launch of EDGE20 in January 2016, 96 sessions were held and attended by 98% of UEM Edgenta employees, henceforth knows as Edgenta Stars.

28 JUNE 2016

UEM Edgenta's 80% owned subsidiary, KFM Holdings Sdn Bhd ("KFM"), secured a RM42.99 million contract for the provision of Facilities Management Services to Malaysia Airlines Berhad.

30 JUNE 2016

During Ramadan, 160 volunteers from UEM Edgenta came together to prepare and distribute 5,000 containers of "Bubur Lambuk" to the local communities and hospitals at seven locations across Central, Southern and Northern regions including two old folks' homes in Kuala Lumpur.

30 JUNE 2016

The Asset Consultancy Services of UEM Edgenta led by Opus-AV Consortium, successfully completed LRT Line Extension 2 Project ("LRT2"). Appointed as the Project Consultant by Prasarana Malaysia Berhad, the Opus-AV Consortium undertook full Project Management Services which includes General Project Management Services, Planning and Submission Control, Land Acquisition Process, Design Management, Contract Administration and Construction Management. Launched by YAB Prime Minister of Malaysia on 30 June 2016, the LRT2 is set to benefit some two million Klang Valley residents, especially those in the Petaling district.

16 JULY 2016

A total of 107 Year 6 students from two UEM Edgenta PINTAR Adopted Schools located at the Southern and Northern regions attended the UPSR Workshop organised by UEM Edgenta to gain motivational tips and techniques for their preparation for the upcoming UPSR examinations.

19 JULY 2016

In conjunction with the Hari Raya celebrations, more than 3,500 Edgenta Stars dressed in traditional costumes attended the *"Semarak Raya"* open houses held at five locations across Central, Southern and Northern regions from 19 July to 3 August.

22 JULY 2016

More than 230 Edgenta Stars from the Asset Consultancy division attended the "Opus Direction with MD" session hosted by Hugh Morrison, Managing Director of Opus International (M) Berhad.

25-29 July 2016

Brown Bag Session #2 on Internet of Things (IoT) was presented by Ir. Vekneswaran T. Arasappan, Head of Business Solutions, to Edgenta Stars at Menara UEM, as well as Southern and Northern regions.

11 AUGUST 2016

The Asset Consultancy division held an appreciation dinner to celebrate and acknowledge the project team for their hard work, commitment and contributions towards the successful completion of LRT2 project.

12 AUGUST 2016

Edgenta PROPEL Berhad ("Edgenta PROPEL") clinched a RM87 million Protection and Relocation of Utilities contract for Mass Rapid Transit Laluan 2 ("MRT2") project. The contract involves the relocation of telecommunication works for the MRT2: Sungai Buloh-Serdang-Putrajaya, construction and completion of Viaduct Guideway and associated works from Persiaran Dagang to Jinjang.

16 AUGUST 2016

The Infra Services team from Section S1, Southern region showcased their patriotism by raising 3,000 Jalur Gemilang along the Seremban – Port Dickson Highway in conjunction with Malaysia's 59th National Day and Hari Malaysia celebration.

22 AUGUST 2016

UEM Edgenta launched its Fitness with a Purpose Challenge 2016. This was an internal 8-week challenge aimed at promoting a healthy lifestyle, enhancing employee engagement and reinforcing the Company's values and EDGE20 cultural integration programme amongst employees. Six teams competed in a range of physical movements, total weight loss and a team-led corporate responsibility initiative at their workplace or local community.

25 AUGUST 2016

UEM Edgenta organised a Hygiene Care Hey Day (Phase 1) attended by 85 Orang Asli Year 1 to Year 3 students from SK Bukit Tampoi (Asli), Dengkil, a UEM Edgenta PINTAR Adopted School. A team of IMAM Response & Relief Team ("IMARET") doctors and volunteers from the Company were present to provide dental care tips to these children.

01-03 SEPTEMBER 2016

Edgenta Mediserve Sdn Bhd ("Edgenta Mediserve") kick started its Green 5S Programme in Hospital Raja Permaisuri Bainun, Ipoh. Green 5S combines 5S principles with Lean Management to improve efficiency of work processes, safety of work place, productivity of staff and competitiveness of the organisation.

02 SEPTEMBER 2016

The inaugural Edgenta Young Star Programme was launched. This is an engagement and development programme dedicated to Young Edgenta Stars to showcase their leadership qualities and a platform for them to interact and work together with colleagues from across the business and more importantly to develop, grow and achieve their career goals in UEM Edgenta.

08 SEPTEMBER 2016

Brown Bag Session #3 entitled "#don'tcommunicatelikethis" by Kayle Kuah who presented a session on how to communicate effectively at Menara UEM.

08 SEPTEMBER 2016

KFM was awarded the Malaysia Productivity & Innovation Class (MPIC) membership by Malaysia Productivity Corporation (MPC) during the Business Excellence CEO Forum 2016 held at Hotel Grand Dorsett, Subang Jaya.

22 SEPTEMBER 2016

Edgenta Mediserve received multi-sites certifications in ISO14001:2004 (Environmental Management System) and OHSAS 18001:2007 (Occupational Health and Safety Management System) by SGS (Malaysia) Sdn Bhd, 18 months ahead of the Concession Agreement requirement.

27 SEPTEMBER 2016

UEM Edgenta organised Hygiene Care Hey Day (Phase 2) attended by 85 Orang Asli Year 4 to Year 6 students from SK Bukit Tampoi (Asli), Dengkil supported by IMARET doctors and Edgenta Stars.

06 OCTOBER 2016

Six government hospitals managed by Edgenta Mediserve were awarded the Energy Management Gold (EMGS) certification under the ASEAN Energy Management Scheme (AEMAS).

20 OCTOBER 2016

Edgenta Mediserve collaborated with Jabatan Siasatan Jenayah Narkotik (JSJN) to dispose drugs worth RM2.8 million seized from 3,865 cases at its Kamunting Incineration Plant.

16-20 OCTOBER 2016

Opus' team imparted their knowledge by presenting five papers during the seminar session at the 2nd International Road Federation Asia Regional Congress & Exhibition 2016 (IRF2016) held at the World Trade Centre Kuala Lumpur.

04 NOVEMBER 2016

KFM clinched the "Commercial Project Leadership Award" for Bangunan Perdana Putra, Platinum Green Building Index (GBI) project during the annual Malaysia Green Building Confederation (MGBC) Annual Dinner & Awards 2016 held at One World Hotel.

19-20 NOVEMBER 2016

Edgenta Stars' bowlers scorched the lanes at the Malaysian Highway Authority's annual "Highway Bowl Tournament 2016", held at the Ampang Superbowl in Bangi Gateway, Bangi.

02 DECEMBER 2016

The shareholders of UEM Edgenta gave their approval for the proposed acquisition of Asia Integrated Facility Solutions Pte Ltd ("AIFS"), which wholly owns UEMS Pte Ltd ("UEMS") for SGD185.9 million, equivalent to approximately RM563.2 million at the Extraordinary General Meeting held at Persada PLUS.

07 DECEMBER 2016

Edgenta PROPEL, Opus and PLUS participated in a friendly bowling game to strengthen engagement and working relationships amongst each other.

13 DECEMBER 2016

Azmir Merican, Managing Director/Chief Executive Officer UEM Edgenta shared the Company's 2016 progress updates and key focus areas for 2017 to over 100 Edgenta Stars at a Huddle town hall session. During the session, Edgenta Stars also witnessed the prize giving to the winners of Fitness with a Purposes challenge 2016.

15 DECEMBER 2016

To mark the completion of AIFS/UEMS' acquisition, the Senior Management of UEM Edgenta including Azmir Merican, Managing Director/Chief Executive Officer, visited UEMS' Singapore office. During the visit, Azmir together with Chan Cheow Hong, the Chief Executive Officer of UEMS, shared their vision for the combined entity with the Senior Management teams of UEM Edgenta and UEMS.

28 DECEMBER 2016

UEM Edgenta's Sports and Recreational Club (SRC) was formed, and its inaugural AGM was held to elect the Committee Members of SRC at Menara UEM.


MEDIA
HIGHLIGHTS
2016
NEWS
TV
HOT NEWS
LIVE
NEWS
LIVE


UEM Edgenta awards RM4.88m job to Kualiti Alam
KUALA LUMPUR (Apr 24): UEM Edgenta Bhd (formerly Faber Group Bhd) has awarded a RM4.88 million contract to a related company Kualiti Alam Sdn Bhd to supply a microwave disinfection system equipment at the Kamunting incineration plant in Perak.
"The award was granted to Kualiti Alam in view of its experience, capability and resources to undertake the contract," UEM Edgenta (fundamental: 2.1; valuation: 1.1) said in a filing with Bursa Malaysia today.
UEM Edgenta's unit bags MAB contract worth RM42.99mil
Ample job opportunities seen for UEM Edgenta
UEM Edgenta sees 20% revenue with AIFS acquisition
Healthcare segment to boost UEM Edgenta's revenue
Edgenta保健营收上看6.6亿
马新台市场支撑增长
Edgenta获4299万合约
提供新马航设备管理服务
EDGENTA公司
獲4299萬合約
UEM Edgenta unit bags RM43m contract from MAB
HLIB says MAB contract win positive for UEM Edgenta
UEM Edgenta wins RM92mil contract
Edgenta Healthronics Secures 3 Year Bio-medical Maintenance Contract
UEM Edgenta buys 80% of facilities management firm KFM for RM128 million
UEM Edgenta unit forms JV with Township Management Services
UEM Edgenta's big challenge

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)

PAST AWARDS
AND RECOGNITION

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

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

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)

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.

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

BOARD OF DIRECTORS

from left to right:

1. DR. SAMAN @ SAIMY ISMAIL
2. ELAKUMARI KANTILAL
3. ROBERT TAN BUN POO
4. DATO' IZZADDIN IDRIS
5. AMIR HAMZAH AZIZAN
6. AZMIR MERICAN
7. ZAILAH TUN DR ISMAIL AL-HAJ
8. SHAHAZWAN HARRIS

BOARD OF
DIRECTORS' PROFILE

AMIR HAMZAH AZIZAN
Independent Non-Executive Chairman
Chairman of Nomination and Remuneration Committee

50, Male, Malaysian
Appointed on 1 July 2016

Amir Hamzah holds a Bachelor of Science Degree in Management (majoring in Finance and Economics) from Syracuse University, New York. He has also attended the Stanford Executive Programme at Stanford University, United States of America and the Corporate Finance Evening Programme at the London Business School, United Kingdom.

He was appointed to the Board on 1 July 2016 as Independent Non-Executive Director and was appointed as Deputy Chairman of the Board of UEM Edgenta Berhad on 13 July 2016. Subsequently, he was re-designated as Chairman of the Board on 29 August 2016.

He is currently the Managing Director of Icon Offshore Berhad. He has 27 years of industry and international experience and extensive knowledge of the oil and gas industry, and marine logistics sector. Apart from that, he has in-depth experience of leading stock-market listed companies, with a strong track record of creating shareholder value through integrating operations and accelerating earnings growth by expanding into new markets and increasing market share.

He was the Group MD/CEO of Petronas Lubricants International Sdn Bhd and Vice President, Lubricants Business at Petroliam Nasional Berhad until February 2016. He started his career within the Shell Group of Companies for 10 years, serving in various capacities, including as Head of Financial Services and Manager, Planning & Support at Sarawak Shell Berhad, Corporate Finance Executive at Shell Malaysia Limited, Marketing Credit Accountant at Shell Singapore Pte Ltd, Internal Auditor at Shell Eastern Petroleum Pte Ltd, and Senior Treasury Advisory at Shell International Ltd, London.

In the year 2000, he joined MISC Berhad as the Group's General Manager, Corporate Planning Services. Subsequently in 2004, he was the Regional Business Director (Europe, America, Africa and FSU) of MISC Berhad in London, United Kingdom before being appointed President/CEO, AET Tanker Holdings Sdn Bhd on 1 April 2005. He was promoted to become the President/CEO of MISC Berhad on 1 January 2009 and served until 14 June 2010. He was subsequently made the MD/CEO of Petronas Dagangan Berhad from 15 June 2010 until 31 August 2012, when he became the Group MD/CEO of Petronas Lubricants International. At the same time, he was also the Vice President Downstream Marketing from 1 March 2011 until 1 July 2013, when he became the Vice President Lubricants for Petroliam Nasional Berhad.

His current directorships include Icon Offshore Berhad and its subsidiaries.

AZMIR MERICAN

Managing Director/Chief Executive Officer

46, Male, Malaysian

Azmir Merican holds a Bachelor's Degree in Business Administration (Finance) from Haworth College of Business, Western Michigan University, United States of America.

He was appointed to the Board on 4 December 2012 as Non-Independent Non-Executive Director and was re-designated as Executive Director on 1 February 2014. Subsequently, he was appointed as the Managing Director/Chief Executive Officer on 1 August 2014.

He started his career as an investment analyst and later worked as a manager in the financial advisory arm of PricewaterhouseCoopers. His corporate advisory experiences include dealings with corporations, multinational corporations and institutions involved in construction and engineering, real estate development, plantations, manufacturing, oil and gas, venture capital, fund management and stockbroking.

While at CIMB Investment Bank Berhad, he was part of the team that established the bank's private equity business and was involved in various aspects of its operations including fund structuring and fund raising, investment evaluation and structuring, monitoring and execution of divestment plans.

He was the Group Chief Executive Officer/Managing Director of AWC Berhad where he led the successful restructuring and transformation of the company into a leading provider of engineering services and solutions and integrated facilities management in Malaysia, Singapore and the Middle East.

He joined UEM Group Berhad as the Group Chief Operating Officer, Business Units in October 2012 and brought along with him a wealth of cross functional experience from his background in financial advisory and as a business operator.

His current directorships in companies within the UEM Edgenta Group includes Edgenta PROPEL Berhad, Opus Group Berhad and Opus International Consultants Limited (listed on the New Zealand Stock Exchange).

DATO' IZZADDIN IDRIS

Non-Independent Non-Executive Director
Member of Nomination and Remuneration Committee

54, Male, Malaysian
Appointed on 5 August 2010

Dato' Izzaddin holds a Bachelor of Commerce Degree (First Class Honours in Finance) from University of New South Wales, Australia and is a Fellow of Chartered Public Accountants (CPA) Australia and a member of the Malaysian Institute of Accountants (MIA).

He is currently the Group Managing Director/Chief Executive Officer of UEM Group Berhad ("UEM Group").

Dato' Izzaddin has over 20 years of experience in the fields of investment banking, financial and general management having served in various senior positions at Malaysian International Merchant Bankers Berhad, Malaysian Resources Corporation Berhad and Southern Bank Berhad. Before his current position, he was the Chief Financial Officer/Senior Vice President (Group Finance) of Tenaga Nasional Berhad, a position he held from September 2004 to June 2009.

He currently sits on the Boards of UEM Group and several UEM Group of Companies including UEM Sunrise Berhad, PLUS Malaysia Berhad, PLUS Expressways International Berhad, Projek Lebuhraya Usahasama Berhad, Cement Industries of Malaysia Berhad, Opus Group Berhad, UEM Builders Berhad, UEM Suria Berhad, PT Lintas Marga Sedaya in Indonesia and India's Uniquest Infra Ventures Private Limited.

He is a Non-Independent Non-Executive Director of Axiata Group Berhad, one of the leading telecommunications group in Asia.

In addition, Dato' Izzaddin is a member of the Board of Trustees of Yayasan UEM, a non-profit foundation that supports the implementation of UEM Group's corporate responsibility initiatives and philanthropic activities, as well as a Director of Yayasan Putra Business School, a non-profit organisation that aims to become a home-grown globally recognised Business School.

ROBERT TAN BUN POO

Independent Non-Executive Director
Chairman of Audit and Risk Committee

66, Male, Malaysian
Appointed on 9 May 2013

Robert Tan graduated with a Bachelor of Commerce from University of Newcastle, Australia in 1973 and obtained his Chartered Accountancy from the Institute of Chartered Accountants, Australia in 1976. He is a member of the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants (MICPA), Malaysian Institute of Taxation and a Fellow of the Institute of Chartered Accountants in Australia.

Robert Tan is currently in accounting practice providing auditing, due diligence, liquidation, advisory and other related services. He was a Senior Partner with Deloitte and has more than 38 years of experience in the audit of both private and public companies, locally and internationally, including banking, insurance and financial services, construction and property development, manufacturing, retailing, engineering, leisure and hospitality industry.

He was also involved in leading assignments related to outsourced internal audits and risk management services, initial public offerings, corporate restructuring, mergers and acquisitions, and financial due diligence.

He was a council member of MICPA and served as a member in the Accounting and Auditing Technical Committee, Financial Statements Review Committee and Investigation Committee of MICPA. He also serves as a Board member of the Auditing & Assurance Standards Board, Malaysian Institute of Accountants.

Robert Tan also sits on the Board of QL Resources Berhad, RCE Capital Berhad, Amcorp Properties Berhad, AmMetLife Takaful Berhad and AmInvestment Bank Berhad.

DR. SAMAN @ SAIMY ISMAIL
Independent Non-Executive Director
Member of Audit and Risk Committee
Member of Nomination and Remuneration Committee

70, Male, Malaysian
Appointed on 9 May 2013

Dr. Saimy holds a Masters of Public Health, University of California Berkeley, United States of America and Bachelor of Medicine and Surgery from University of Malaya.

Dr. Saimy had served with the Ministry of Health of Malaysia for more than 25 years. Between 1984 and 2001, he held various clinical and senior management positions in both health and hospital establishments around the country with the last position as the Director of Medical and Health Services Sabah.

He is currently holding the position as the specialist in the Health Policy & Management Unit, Department of Social & Preventive Medicine, Faculty of Medicine, University of Malaya. He lectures on Human Resource in health, management and quality assurance.

He is also the Chairman of Edgenta Mediserve Sdn Bhd and Edgenta Healthtronics Sdn Bhd.

ELAKUMARI KANTILAL

Non-Independent Non-Executive Director
Member of Audit and Risk Committee

60, Female, Malaysian
Appointed on 22 October 2001

Elakumari holds a Master of Science in Finance and Accounting from University of East Anglia, United Kingdom and a Bachelor of Accounting from Universiti Kebangsaan Malaysia. Besides her executive education in IMD Switzerland, she has also attended the Harvard's Premier Business Management Programme. She is a member of the Malaysian Institute of Accountants.

Elakumari currently holds the position as Director of the Investment Division in Khazanah Nasional Berhad ("Khazanah"). She was actively involved in the establishment of Khazanah whilst in the Ministry of Finance. She has been in Khazanah since its establishment in 1994, moving from the position of Senior Manager to Director in 2004.

She started her career in the government sector in 1981 and held various positions within the sector, namely in the Accountant General's Office, Ministry of Agriculture and Ministry of Finance ("MOF"). During her stint in MOF, she was involved in the monitoring and restructuring of companies, including debts of non performing companies held by MOF (Inc).

Elakumari also sits on the Board of TIME dotCom Berhad.

SHAHAZWAN HARRIS

Non-Independent Non-Executive Director

45, Male, Malaysian
Appointed on 1 July 2016

Shahazwan Harris holds a Sloan Fellows Master of Business Administration in Leadership and Innovation from Massachusetts Institute of Technology, Cambridge MA, United States of America. He also holds a Master of Science in Advanced Mechanical Engineering from Imperial College of Science, Technology and Medicine, United Kingdom and a Bachelor of Engineering Degree in Mechanical Engineering from University of Warwick, United Kingdom.

He was an Executive Director in the Investments Division of Khazanah Nasional Berhad ("Khazanah") until April 2016. He joined Khazanah in January 2005 and had covered various sectors, including Aviation, Energy, Infrastructure, Sustainable Development, Healthcare and Technology. He was the Executive Director overseeing the restructuring of Malaysia Airlines between 2012 to 2016. Throughout his career at Khazanah, he had worked across Asia and Europe.

He joined Khazanah from The Boston Consulting Group, where he was a consultant working extensively in the regional energy sector. Prior to that, he had also worked with PA Consulting Group in KL and Jakarta, and with Tenaga Nasional Berhad.

He was also previously a Board Member of Malaysia Airlines Berhad, Malaysia Airlines System Berhad, Penerbangan Malaysia Berhad, Pantai Holdings Berhad and other private companies. He currently sits on the Board of Opus International Consultants Limited (listed on the New Zealand Stock Exchange). He is also a Senior Advisor to Bain & Co.

ZAILAH TUN DR ISMAIL AL-HAJ

Independent Non-Executive Director
Member of Nomination and Remuneration Committee

63, Female, Malaysian
Appointed on 1 December 2016

Zailah holds a Master of Arts in Psychology from New School for Social Research, New York, Bachelor of Social Sciences (Honours in Political Science) from Universiti Sains Malaysia and TESOL Certificate from Trinity College, Cambridge, United Kingdom.

She was a former Public Affairs advisor to the Governor of the Malaysian Central Bank with experiences in public affairs and bank regulations. She was also a task force member in deposit insurance, consultant to start-up companies, ex-journalist, past owner of companies and academician with wide international experience.

Zailah is an innovator and pioneer of corporate communication departments and a highly respected leader for over 30 years in Communication Strategy for central banks and international companies.

She has more than 20 years of public relations experience in the corporate, financial and academic fields in England, Turkey, Malaysia and the Sultanate of Oman.

She is currently a Trustee on Yayasan Amir.

Notes:

1. **Family Relationship with Director and/or Major Shareholder**
   None of the Directors has any family relationship with any Director and/or major shareholder of UEM Edgenta.
2. **Conflict of Interest**
   None of the Directors has any conflict of interest with UEM Edgenta.
3. **Conviction of Offences**
   None of the Directors has been convicted for offences within the past 5 years other than traffic offences, if any.
4. **Public Sanction/Penalty**
   None of the Directors has any public sanction or penalty imposed on them by any regulatory bodies during the financial year ended 31 December 2016.
5. **Attendance at Board Meetings**
   The details of attendance of each Director at Board Meetings are set out on pages 152 to 153 of this Annual Report 2016.

PROFILE OF

KEY SENIOR MANAGEMENT

AZMIR MERICAN

Managing Director/Chief Executive Officer,
UEM Edgenta Berhad

Nationality:	Age/Gender:	Date of Appointment:
Malaysian	46/Male	1 August 2014

Please refer to his profile in the Board of the Directors' Profile on page 91.

DATO' JEZILEE MOHAMAD RAMLI

Chief Financial Officer,
UEM Edgenta Berhad

Nationality:	Age/Gender:	Date of Appointment:
Malaysian	53/Male	1 August 2014

Academic/Professional Qualifications:

- 1995 – Malaysian Institute of Certified Public Accountants
- 1989 – American Institute of Certified Public Accountants, University of Missouri, Kansas City, USA
- 1985 – Bachelor of Science in Business (Accounting), Emporia State University, Kansas, USA

Present Directorship(s) in Listed Entity/Other Public Companies:

- Nil

Working Experiences:

- June 2012 – July 2014: Director of Operations Corporate & Support Services Division, Khazanah Nasional Berhad
- 2009 – 2012: Group Chief, Corporate Services, Pos Malaysia Berhad
- 2003 – 2009: Chief Financial Officer, The New Straits Times Press (M) Bhd
- 1999 – 2003: General Manager, AMI Insurans Berhad
- 1987 – 1999: attached with various banking institutions and audit firm

DR. DAVID PRENTICE

Managing Director/Chief Executive Officer,
Opus International Consultants Ltd

Nationality:	Age/Gender:	Date of Appointment:
British	47/Male	October 2010

Academic/Professional Qualifications:

- PhD in Engineering from Edinburgh University
- Bachelor of Engineering (Honours) (Civil)
- CPEng, Chartered Engineer

Present Directorship(s) in Listed Entity/Other Public Companies:

- Opus International Consultants Ltd (OIC)

Working Experiences:

- 2009 – October 2010: UK Director, OIC
- 2006 – 2009: General Manager, Business Development, OIC
- 2004 – 2006: Principal, Business Solutions, OIC

HUGH MORRISON

Managing Director,
Opus International (M) Berhad

Nationality:	Age/Gender:	Date of Appointment:
Malaysian	56/Male	7 September 2015

Academic/Professional Qualifications:

- MBA, Otago University, New Zealand
- Bachelor of Engineering (Honors) from Canterbury University and is a graduate from Stanford University's Graduate School of Business, Executive Programme in Strategy and Organisation

Present Directorship(s) in Listed Entity/Other Public Companies:

- Opus International (M) Berhad
- Pengurusan Lantas Berhad

Working Experiences:

- October 2014 – September 2015: Director of Business Development and Growth, OIC
- 2012 – 2014: Group Chief Executive Officer (CEO), Arrow Group
- 2002 – 2011: CEO, Arrow New Zealand
- 1999 – 2001: CEO, Arrow Australia

CHIN CHI HAW

Executive Director,
Edgenta PROPEL Berhad

Nationality:	Age/Gender:	Date of Appointment:
Malaysian	58/Male	3 January 2017

Academic/Professional Qualifications:

- Master of Science (Engineering), University of Melbourne in 1984
- Bachelor of Engineering (First Class Honours), University of Melbourne in 1980

Present Directorship(s) in Listed Entity/Other Public Companies:

- Edgenta PROPEL Berhad

Working Experiences:

- 1988 – 2016: Joined Opus International (M) Berhad since September 1988 and held various management positions and was involved in key iconic projects such as North South Expressway, KLIA and other special projects. He was promoted as Group General Manager in 2003 overseeing Group Business Development, Asset Management and Engineering Division
- 1983 – 1988: Foundation/Civil/Geotechnical Engineer, Tahir Wong Sdn Bhd
- 1978 – 1979: Graduate Engineer, Kinhill Rofe Pty Ltd (Australia)

LOW CHEE YEN

Head of Corporate Development, Planning and Strategy,
UEM Edgenta Berhad

Nationality:	Age/Gender:	Date of Appointment:
Malaysian	37/Female	15 September 2014

Academic/Professional Qualifications:

- Chartered Financial Analyst (CFA), 2007
- Bachelor of Economics (Economics and Finance), Distinction, RMIT University, Melbourne, Australia, 2000

Present Directorship(s) in Listed Entity/Other Public Companies:

- Nil

Working Experiences:

- June 2013 – Sept 2014: General Manager, Group Chief Operation Officer Office, UEM Group Berhad
- 2005 – 2013: Associate Director, Group Strategy and Strategic Investment (Private Equity), CIMB Group Holdings Berhad
- 2001 – 2005: Senior Associate, KPMG Advisory Services, Malaysia

AHMAD ZAMRI SAID

Head of Healthcare Services (Concession)/
Managing Director,
Edgenta Mediserve Sdn Bhd

Nationality:	Age/Gender:	Date of Appointment:
Malaysian	55/Male	1 October 2016

Academic/Professional Qualification:

- Bachelor of Science in Electrical Science & System Engineering

Present Directorship(s) in Listed Entity/Other Public Companies:

- Nil

Working Experiences:

- October 2014: Chief Operating Officer, Edgenta Mediserve Sdn Bhd
- 2010 – 2011: Operation Director for Faber L.L.C for Electromechanical Services at Sheikh Khalifa Medical City, Abu Dhabi, United Arab Emirates
- 1997 – 2005: Held various positions in Faber Medi-Serve Sdn Bhd (now known as Edgenta Mediserve Sdn Bhd) and was promoted as Chief Operating Officer
- 1985 – 1996: Hospital Engineer in Ministry of Health

CHAN CHEOW HONG

Head of Healthcare Services (Commercial) in
UEM Edgenta Berhad*/
Chief Executive Officer, UEMS Pte Ltd**

Nationality:	Age/Gender:	Date of Appointment:
Singaporean	57/Male	15 December 2016* 10 October 2013**

Academic/Professional Qualifications:

- Master of Science (Engineering), National University of Singapore in 1988
- Bachelor of Engineering (Mechanical Engineering), National University of Singapore in 1984
- Member of Institute of Engineers Singapore since 2012

Present Directorship(s) in Listed Entity/Other Public Companies:

- Nil

Working Experiences:

- 1 January 2013: Chief Operating Officer, UEMS Pte Ltd
- 21 March 2011: Senior Vice President, United Engineers Ltd

* *Date acquired by UEM Edgenta Berhad*
** *Present appointment in UEMS Pte Ltd*

ALASTAIR MCCRACKEN

Head of Real Estate Services,
UEM Edgenta Berhad

Nationality:	Age/Gender:	Date of Appointment:
Australian	56/Male	1 January 2017

Academic/Professional Qualifications:

- 25 years in International Hotel, Resort and Residential Management and 10 years as Chief Executive Officer (CEO) in international Property Services companies serving 12 countries
- Member of Community Association Institute

Present Directorship(s) in Listed Entity/Other Public Companies:

- Nil

Working Experiences:

- January 2016: Head, Township Management Services, UEM Edgenta Berhad
- 2015 – 2016: CEO, Operon Middle East LLC
- 2008 – 2015: CEO, PRDnationwide Property Services LLC, Dubai and CEO, Novus Community Management, Dubai
- 1998 – 2008: Director, Interpacific Resorts Pty Ltd

JOHANNA IBRAHIM

Head of Legal,
UEM Edgenta Berhad

Nationality:	Age/Gender:	Date of Appointment:
Malaysian	44/Female	15 October 2015

Academic/Professional Qualifications:

- Called to the Malaysian Bar, 1999
- Malaysian Professional Certificate in Legal Practice, 1998
- BPP Law School, London and a member of The Honourable Society of Lincoln's Inn, United Kingdom, 1997
- LLB (Hons), Sheffield Hallam University, United Kingdom, 1996

Present Directorship(s) in Listed Entity/Other Public Companies:

- Nil

Working Experiences:

- 2011 – 2014: Head of Legal, Petronas ICT Sdn Bhd
- 2006 – 2011: Commercial Manager/Legal Counsel (Asia Pacific Region) Logica CMG Sdn Bhd/Acision (Malaysia) Sdn Bhd
- 2005 – 2006: Legal Manager, Sapura Technology Berhad
- Prior to 2005: Private law practice with a few established law firms in Kuala Lumpur

CHIEW SIEW YUEN

Head of Secretarial,
UEM Edgenta Berhad

Nationality:	Age/Gender:	Date of Appointment:
Malaysian	37/Female	23 July 2014

Academic/Professional Qualification:

- Associate member of the Malaysian Institute of Chartered Secretaries and Administrators

Present Directorship(s) in Listed Entity/Other Public Companies:

- Nil

Working Experiences:

- 2006 – June 2014: Assistant Vice President, Group Company Secretarial, CIMB Investment Bank Berhad

ADELINA HAYDEN DANKER

Head of Corporate Communications,
UEM Edgenta Berhad

Nationality:	Age/Gender:	Date of Appointment:
Malaysian	42/Female	15 November 2016

Academic/Professional Qualification:

- Masters in Communications Management, University of South Australia

Present Directorship(s) in Listed Entity/Other Public Companies:

- Nil

Working Experiences:

- Instrumental in setting up the commercial marketing, business planning and communications strategy for the first MSC status company in East Malaysia.
- Involved in brand transformation and strategic communications for several organisations.
- Head of PR & Marketing at Fitness First

Declaration:

- **Family Relationship with Director and/or Major Shareholder**
  None of the Key Senior Management has any family relationship with any Director and/or major shareholder of UEM Edgenta Berhad
- **Conflict of Interest**
  None of the Key Senior Management has any conflict of interest with UEM Edgenta Berhad
- **Conviction of Offences**
  None of the Key Senior Management has been convicted for offences within the past five years other than traffic offences, if any
- **Public Sanction/Penalty**
  None of the Key Senior Management has any public sanction or penalty imposed on them by any regulatory bodies during the financial year ended 31 December 2016

SUSTAINABILITY STATEMENT

SUSTAINABILITY AT UEM EDGENTA

At UEM Edgenta Berhad ("UEM Edgenta"), we share a common belief that how we do business is as important as what we do. Sustainability means building for the long term by making conscious decisions that balance economic, environmental and social (EES) considerations. To this end, we work actively to balance our corporate, strategic and business strategies with industrial, ecological and technical realities, to create an optimal environment for sustainable growth, job creation and innovation.

As a Total Asset Solutions entity, we aspire to minimise our impact on the natural environment we work in, and maximise the effective use of all resources. We strive to achieve this by increasing communication and awareness of our efforts and fostering conscientious and responsible environmental behaviour among our employees and stakeholders.

Sustainability is at the heart of our corporate culture, governance and business strategy; it is our commitment to building a better world and doing all we can to reduce the world's carbon footprint.

Believing that sustainability deserves a holistic approach, we centre our efforts on three all-encompassing areas: Economic, Environmental and Social. We are pleased to share our sustainability efforts in this statement.

SUSTAINABILITY POLICY

During the year, UEM Edgenta's Board approved an updated Sustainability Policy and Corporate Responsibility Policy that reflects the Company's commitment to operating in a sustainable manner. Our success depends on our ability to identify and address economic, environmental and social issues that present risks or opportunities for the business. Empowering our people and responding to emerging issues helps us continuously evolve by leveraging on innovation, technology and the expertise of our people. This approach creates economic value, establishes and promotes sound environmental practices that contribute to a better society and delivers sustainable development throughout our operations.

UEM EDGENTA IS COMMITTED TO ACHIEVING THIS BALANCE BY:
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 leardership, 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 GOVERNANCE

At UEM Edgenta, our approach to sustainability is supported by sound decision making, policies and systems. In 2016, the Company was included in the Bursa Malaysia FTSE4Good Environmental, Social and Governance (ESG) Index for the second consecutive year.

UEM Edgenta's sustainability governance is supported by key policies, systems, processes, standard operating procedures and best practices.

FOCUS AREAS	RELEVANT POLICY
Economic	• Investor Relations Policy • Corporate Disclosure Policy • Sustainability Policy • Corporate Responsibility Policy • Privacy Policy/Personal Data Protection Policy • Procurement Policy • No Gifts Policy • Code of Conduct • Donations & Sponsorships Guidelines
Environmental	• Health, Safety & Environment Policy • Energy Policy
Social	• Whistle Blower Policy • Code of Conduct • Health, Safety & Environment Policy • Sustainability Policy • Corporate Responsibility Policy • Donations & Sponsorship Guidelines • Corporate Disclosure Policy • Social Media Policy • Yammer Etiquette Guide • IT General (Governance) Policy • Group Mobile Device Policy

The Board of Directors reviews and approves all policies and strategies. The Managing Director/Chief Executive Officer, supported by the Executive Management team, is responsible for establishing and maintaining policies and procedures. The team ensures the respective heads of department manage their respective teams effectively to integrate sustainability into their daily operations.

SUSTAINABILITY FOCUS AREAS

ECONOMIC

UEM Edgenta recognises that it has a direct economic and social impact on suppliers and vendors. The Company's procurement activities cover a wide spectrum of products and services through tenders and direct purchase orders. These include vendors from local and multinational companies as well as entrepreneurs.

ENVIRONMENTAL

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. UEM Edgenta emphasises the environmental impact of its deliverables and will continue to promote an environmentally sustainable and responsible culture across the organisation.

SOCIAL

UEM Edgenta plays an active role in realising the national agenda with education and human capital development being prominent of UEM Edgenta's list of Corporate Responsibility (CR) initiatives. The Company aims to create a culture of excellence, competitiveness and knowledgeable society through continual engagement with its key stakeholders. 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.

WORKING CLOSELY WITH OUR STAKEHOLDERS

An integral part of our sustainability management approach is listening and responding to our priority stakeholders. Stakeholders are people who impact our business or are affected by our operations.

Feedback from stakeholders helps us understand their expectations, allowing us to prioritise issues more effectively. This feedback contributes to our overall sustainability strategy and helps us meet our combined sustainability goals.

Engaging with our stakeholders is essential for understanding their expectations, needs and concerns. By embedding their feedback into our strategy and daily business, we are able to address common issues and develop long-term solutions. Our business would not be possible without this interaction.

We reach out to stakeholders through a variety of formal and informal communication channels. These valuable platforms allow us to share knowledge and best practices while networking more effectively with other market players and industry experts.

STAKEHOLDER GROUP	AREAS OF INTEREST	METHODS OF COMMUNICATION
Customers	• Community activities and programmes • Company and development updates • Project launches • Customer engagements	• Company website • Call Centre • Website/general media/digital media • Exhibitions and roadshows • Schedule meetings and discussions
Shareholders & Investors	• Return on Investment • Financial performance • Branding • Company strategy and updates	• Annual report • Circulars • Annual General Meeting/Extraordinary General Meeting • Website • Announcements and quarterly announcements to Bursa
Analyst/Media	• Ongoing and future projects	• Analyst briefing • Conference calls • One-to-one meetings • Press conference • Press releases • Website – Investor Relations & Media Centre
Industry Peers	• Ongoing and future projects • UEM Edgenta's involvement in society	• Corporate website • Events, seminars, exhibitions and engagement sessions
Value Chain Partners	• Fair procurement • Sustainable partnerships with UEM Edgenta	• Meetings (scheduled and ad-hoc) • Training and briefing • Vendor performance review • Vendor Perception Survey • Vendor Development Programme • Periodic and ad-hoc audits and site visits
Community and the Public	• Societal contributions • Socio-environmental impact from operations	• Website/digital media/general media • Community programmes

STAKEHOLDER GROUP	AREAS OF INTEREST	METHODS OF COMMUNICATION
Employees	• Career development opportunities • Benefits and remuneration	• Internal communications via Edgenta Connect • "Huddle" Townhall session • Chat with MD/CEO sessions • Employee Engagement Survey • Diverse employee engagement programmes • Education and training programmes • Policies and Employees Code of Conduct • IDEAZONE
Government/Regulatory Authorities	• Compliance • Supporting government initiatives	• Meetings • Conference • Periodic Reporting

PRIORITISING WHAT MATTERS THE MOST

In 2016, we commissioned a detailed materiality study to identify areas that matter the most to our stakeholders and are most relevant to UEM Edgenta. A third-party consultant was appointed to ensure its credibility and independence.

This materiality study helped identify opportunities and risks that are most important to UEM Edgenta and its stakeholders. The most salient economic, environmental and societal issues can then be prioritised.

Steps Involved in Conducting This Materiality Assessment

The Methodology

UEM Edgenta's Stakeholders Materiality Survey 2016 was conducted throughout the last quarter of 2016. The survey was performed by an external consultant to maintain impartiality and secure the anonymity of the respondents.

Stakeholder Groups Consulted for the Materiality Survey

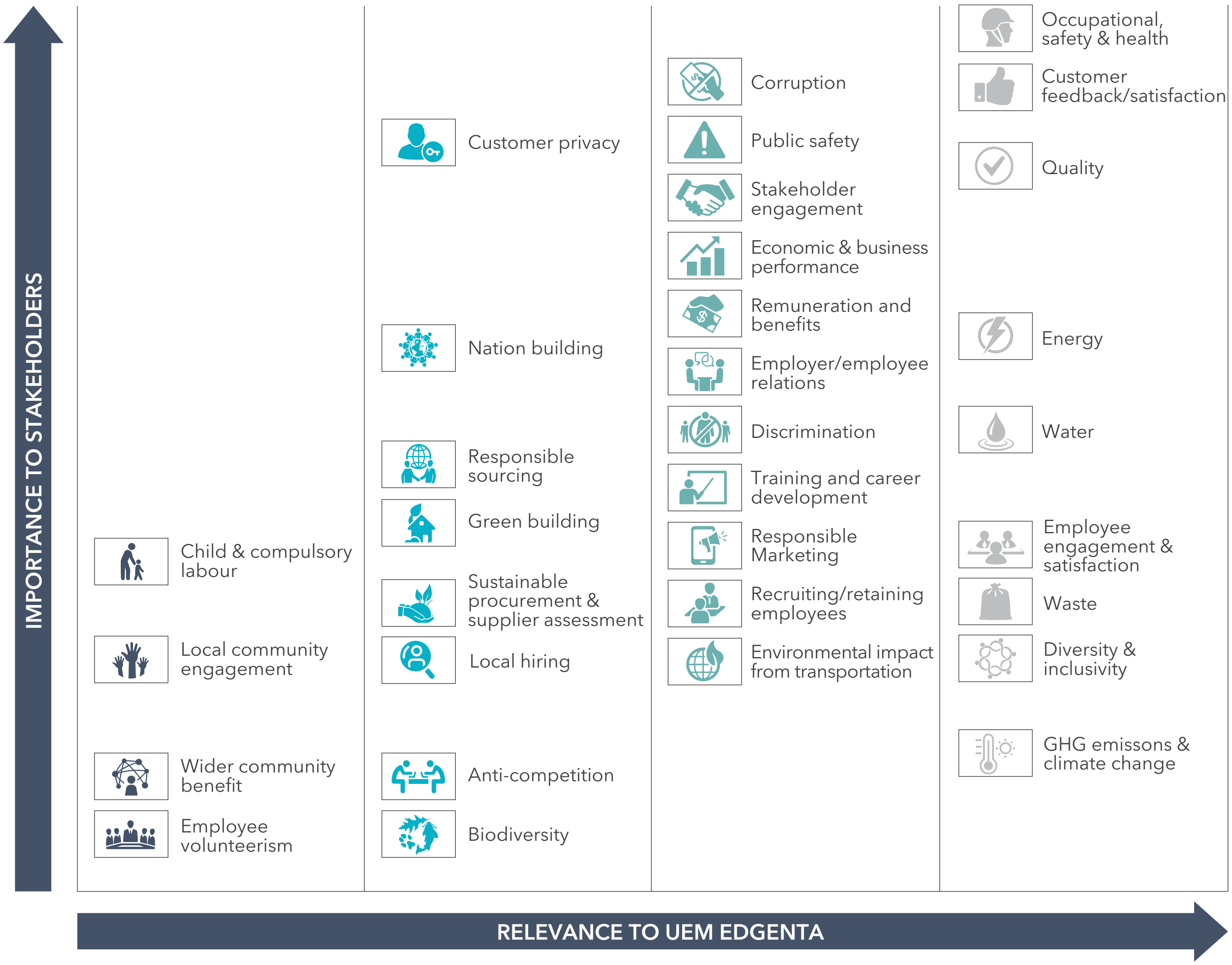
The survey responses were used to ascertain the views of stakeholders. Respondents were asked to rate the importance they placed on 32 economic, environmental and social aspects.

A five-level Likert scale was used for each criterion and respondents could choose between 'Very unimportant (1)', Unimportant (2), 'Neutral (3)', 'Important (4)' and 'Very important (5)'.

A natural skew occurred as each stakeholder group was not represented equally. A separate average score was calculated for each of the 32 areas within each stakeholder group. This process helped to address the natural imbalance of the sample. An average from all stakeholder groups was then obtained. This approach ensured that each stakeholder group was represented equally.

The same survey was completed by representatives from the Board. These responses were used to represent the views of UEM Edgenta.

UEM Edgenta's Materiality Index



ECONOMIC

UEM Edgenta depends on various stakeholders and economic factors to be competitive and generate revenue. Many stakeholders also rely on the value that we create and distribute. We collaborate with other industry players, community members and regulators in developing the industry, the nation and future generations.

UEM Edgenta has a direct economic and social impact on its suppliers and vendors through its procurement activities. A wide spectrum of products and services are procured from vendors, entrepreneurs as well as local and multinational companies through tenders and direct purchase orders. We strive to ensure our sustainable procurement practices positively affect local and regional economic growth and development depending on the locations in which we operate.

Internally, we are guided by our Procurement Policy and make conscious decisions to purchase from local sources that create local economic growth. Purchasing locally helps reduce emissions from transportation and mitigates the risk of supply chain disruptions.

INTEGRATING SOCIAL AND ENVIRONMENTAL MATTERS INTO OUR PROCUREMENT

UEM Edgenta's sustainable procurement strategy embeds environmental, economic and social criteria into contractual documents. Both environmental and social factors are considered when making purchasing decisions to help minimise the impact in these areas.

Traditionally, only upfront costs were important when making procurement decisions. However, we now ensure that our supply chain partners behave ethically in line with our values. 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. The procurement team works closely with their operations counterparts who manage and monitor the vendors' performance and compliance with the regulations.

The disposal of hazardous waste, such as clinical, chemicals and e-waste, is closely monitored to ensure it follows approved procedures and the Environmental Quality Act 1974.

In conforming to the requirements of ISO 14001 and OHSAS 18001, all vendors, suppliers, contractors and sub-contractors are required to adhere to UEM Edgenta's Health, Safety and Environment Policy as well as the general health, safety and environmental regulations under the Environmental Quality Act 1974 and Occupational Safety and Health Act 1994. Vendors failing to comply with these requirements will be subject to penalties, which may include having their contracts terminated. All selected vendors are expected to provide safe, hygienic and healthy working facilities and provide their employees with adequate training on these matters.

Vendor Development Programme (VDP)

UEM Edgenta has been supporting UEM Group's VDP, an initiative with the Ministry of International Trade and Industry ("MITI"). The VDP aims to create and develop competitive Bumiputera entrepreneurs in the construction, property development and expressway related supply chain. Our pool of registered vendors spans many categories including facilities management, infrastructure, construction and consultancy.

UEM Edgenta has been actively involved in UEM Group's VDP since its official launch in June 2015. 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 gained 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 will be ready to compete in the open market.

To date, a total of 13 Bumiputera vendors has enrolled in the VDP in three batches in 2014, 2015 and 2016. The first batch consists of four vendors who successfully completed the third phase of the VDP. This vendor came first in the Category Services Sector Award by MITI.

1 OUTSTANDING VENDOR : **MEDICAL APPARATUS SUPPLIES SDN BHD**, WON THE **ANUGERAH KECEMERLANGAN INDUSTRI (AKI) AWARD** IN 2016.

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ADVANCING INDUSTRY THROUGH ENGAGEMENT

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:

- The Malaysian Asset & Project Management Association (MAPMA)
- Ministry of Finance (MOF)
- Board of Engineers Malaysia (BEM)
- Malaysia Industry Advisory Committee for Politeknik Banting
- Road Engineering Association of Malaysia (REAM)

UEM Edgenta Imparting Knowledge at IRF2016

UEM Edgenta and PLUS Malaysia Berhad ("PLUS") were joint silver sponsors under the UEM Group umbrella at the 2nd International Road Federation Asia Regional Congress and Exhibitions 2016 ("IRF2016"). UEM Edgenta was represented by Opus International (M) Berhad ("Opus") and PLUS through TERAS Teknologi at the event which was held at the Putra World Trade Centre in Kuala Lumpur from 16 to 20 October 2016.

With the theme "Connecting Asia with Better Roads", the four-day international exhibition and conference attracted more than 1,000 visitors comprising road agency engineers and managers, engineering consultants, road contractors, technology providers, equipment manufacturers, financing institutions and investment firms, researchers and academics.

During the IRF2016, 43 conferences were held, along with seminars comprising workshops, technical and networking sessions. The event aimed to help policy-makers, planners and infrastructure operators from across Asia build a resilient and sustainable road and transport infrastructure that can drive regional economic growth and prosperity. Five speakers from Opus presented their papers and imparted their knowledge and experience to the industry experts.

NO.	SPEAKERS	TOPICS
1	**TEH HING WAN** General Manager, Database Management System, Asset Management	"Requirements of an Asset Information Management System"
2	**NORESHAN ABU BAKAR** Regional Manager, Network Maintenance Management ("NMM") Northern	"Asset Management to Highway: Soil Cement Stabilisation Technique"
3	**ROWAN KYLE** Technical Principal, Global Asset Management, Opus International Consultants Ltd (New Zealand)	"Lessons from Liberia: Monitoring and Supervision of a 10-Year Performance Based Road Contract"
4	**SUHAIMI ABDUL AZIZ** General Manager, Asset Management	"Performance Based Key Performance Indicators for Expressway Concessions in Malaysia"
5	**ABDUL RAHIM MOHD SHAFIE** Regional Manager, NMM Southern	"Application of Micro-Surfacing System – PLUS Experience along North South Expressway (NSE)"

ENVIRONMENTAL

Environmental sustainability at UEM Edgenta includes efforts to minimise our environmental impact and identify areas for improvement throughout our operations and in the community. The choices we make help reduce waste and our carbon footprint, increase operational efficiency and allow our colleagues to support a healthy planet.

ENERGY EFFICIENCY

All organisations must be conscious of their environmental impact given the urgency of climate change. This is reflected in a general commitment to using green technologies as far as possible. It is reinforced by two of our core businesses: Energy Services and Environmental and Material Testing Services.

We formed an energy management joint venture company, Edgenta Energy Services Sdn Bhd (EES). This partnership allows us to provide a comprehensive range of energy solutions. We collaborated with a UK-based company which specialises in monitoring and control solutions.

Our Energy Management Systems cover 33 hospitals and deploy controls and data managers that are monitored by a command centre. This Command and Contact Centre ("CnC") has been fully operational since September 2016. The CnC allows us to showcase monitoring and control energy consumption in real time. Features include smart metering, energy monitoring and control, data gathering and preventive maintenance.

The CnC is the central hub for the creation and implementation of Internet of Things (IoT) applications in the realm of facilities management. CnC's goal is to optimise efficiency and performance through integrated automation systems for all buildings and projects under UEM Edgenta's purview.

Energy Efficiency Initiatives and Technologies Being Implemented

Under the new Hospital Support Services Concession Agreement, we provide additional services under a Sustainability Programme. These services focus on water management, indoor air quality, energy efficiency and the principles of Reduce, Reuse and Recycle (3Rs).

Environmental considerations also affect our sewerage treatment plants (STPs) to ensure sewage is treated effectively to minimise river pollution. Chemical discharges from building services are also treated by our STPs before being safely discharged into local waterways.

6
GOVERNMENT HOSPITAL

managed by **Edgenta Mediserve**

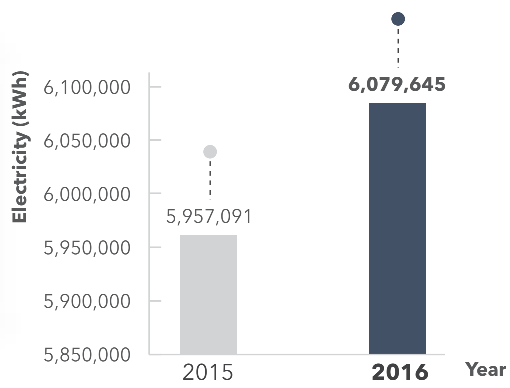
WERE AWARDED WITH **"ONE STAR"** FOR ENERGY MANAGEMENT GOLD STANDARD (EMGS) CERTIFICATES UNDER THE ASEAN ENERGY MANAGEMENT SCHEME (AEMAS)

1. **Hospital Sultanah Bahiyah** (Alor Setar)
2. **Hospital Langkawi**
3. **Hospital Kuala Kangsar**
4. **Hospital Sultan Abdul Halim** (Sungai Petani)
5. **Hospital Batu Gajah**
6. **Hospital Parit Buntar**

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 any greenhouse gases or toxic wastes
- Cost effective and efficient

UEM Edgenta Electricity Consumption



KFM Holdings Sdn Bhd was bestowed the "Commercial Project Leadership Award" for Bangunan Perdana Putra, Platinum Green Building Index (GBI) project by Malaysia Green Building Confederation.

40%
REDUCTION IN TOTAL ENERGY AND WATER CONSUMED.

9,141 tonnes
OF CO_2 EMISSION REDUCTION OR
234,385 trees
SAVED PER YEAR
(MGTC CARBON CALCULATOR).

GHG EMISSIONS AND CLIMATE CHANGE

Carbon footprint is the overall amount of greenhouse gas emissions, comprising of mainly carbon dioxide, associated with an organisation. It is a common measure of the effect a company has on the environment. An increase in greenhouse gas emissions is the primary event associated with climate change that has led to global warming.

Our emissions accounting is 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.

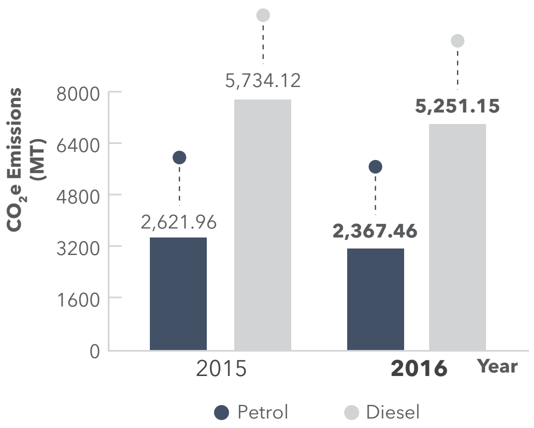
SCOPE	CATEGORY	INDICATORS MEASURED
Scope 1	Direct GHG emissions	Petrol and Diesel
Scope 2	Indirect GHG emissions	Electricity
Scope 3	Other indirect GHG emissions	Air travel

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_2 emissions from the consumption of fuel were derived from the emission factor published by the IPCC Guidelines for National Greenhouse Gas Inventories.

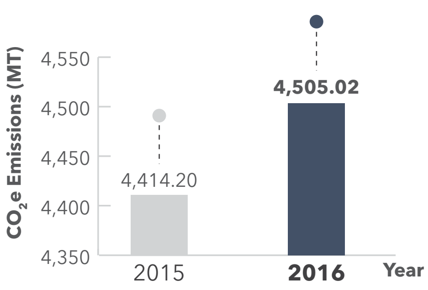
CO_2e Emissions from Petrol and Diesel



Scope 2

Indirect emissions result from electricity use. CO_2 emissions from the use of electricity were derived using the emission factor published by the Malaysian Green Technology Corporation for the Peninsular Grid.

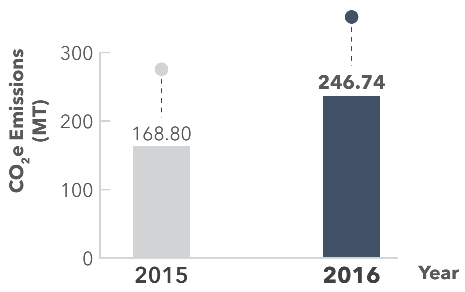
CO_2e Emissions from Electricity



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_2 emissions from air travel.

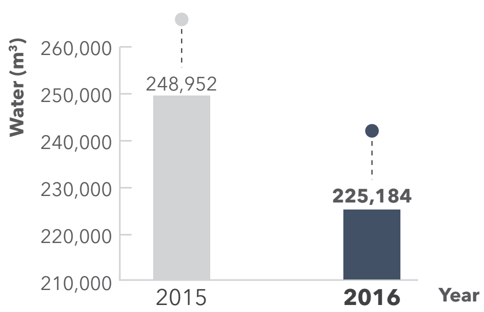
CO_2e Emissions from Air Travel



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



MINIMISING ENVIRONMENTAL IMPACT

UEM Edgenta Research and Development (R&D) Centre

UEM Edgenta places great emphasis on the services provided by its Environmental and Material Testing unit. This unit complements our efforts to ensure all our products, services and procedures have a minimal impact on the environment.

In 2016, we established the UEM Edgenta Research and Development (R&D) Centre. Amongst other things, this R&D centre examines the development of more sustainable and environmentally-friendly road surfaces.

Indoor Air Quality

Indoor Air Quality ("IAQ") refers to the indoor air within and around buildings and structures that is served by a mechanical ventilating and air-conditioning system, including split units. Unhealthy or uncomfortable IAQ resulting from gases, particulates, microbial contaminants or any mass or energy stressor can adversely affect human health.

As part of our commitment to providing a safe workplace, we have introduced initiatives to improve our indoor air quality. Activities include a 'walk through inspection' by trained NIOSH personnel as well as IAQ assessments and measurements by a certified IAQ assessor.

SOCIAL

LABOUR PRACTICES AND DECENT WORK

We value our employees and recognise their contribution to supporting sustainable business growth and enhancing shareholders' value. We are committed to equal opportunity employment and cultivating diversity within a respectful and inclusive workforce. We continuously strive to enhance our employees' capabilities to maintain a competitive edge in the industry and are committed to investing in capacity building to elevate career opportunities for all employees.

CREATING A COHESIVE UEM EDGENTA

In January 2016, we reinforced our cultural integration efforts with the launch of EDGE20. The programme is designed to redefine the way we work at UEM Edgenta, challenging us to reach even greater heights and achieve our ambitions and growth targets by 2020.

More than 96 company wide EDGE20 training sessions were attended by 3,860 employees. A combination of mini-lectures, indoor and outdoor team building activities along with experiential learning involving group and individual exercises were held.

DIVERSITY AND INCLUSION

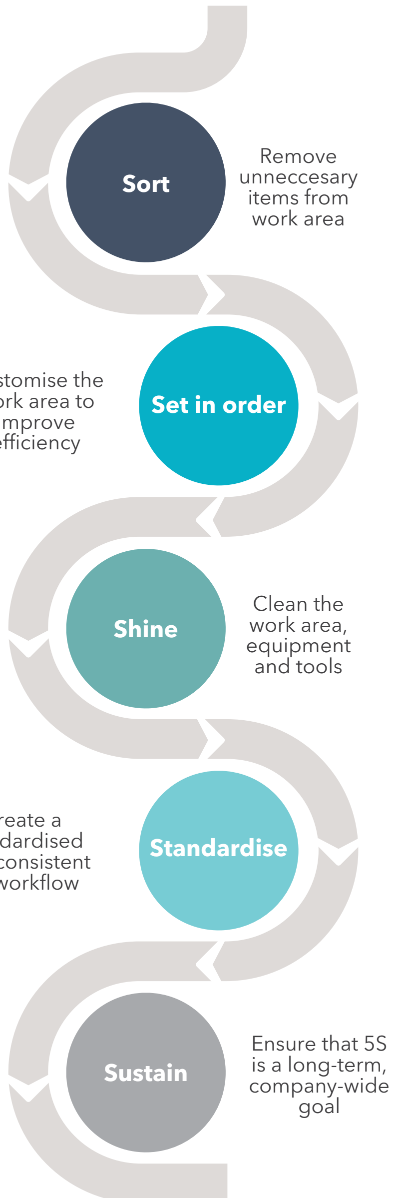
Merit-based recruitment practices that emphasise diversity and inclusiveness have been adopted throughout our nationwide operations. Candidates are evaluated on their individual competencies, organisational and job fit. Our hiring policies secure equal employment opportunities for all regardless of race, religion, gender, marital status or age.

Our operations in Malaysia and overseas prioritise hiring from the local communities. This recruitment strategy helps us understand local needs and strengthens our capabilities on the ground. In 2016, we participated in various career fairs held in Malaysia to gain access to local graduates and attract the best talents in the marketplace.

Our Participation in Career Fairs in 2016

DATE	EVENT
21 & 22 May 2016	Profession Fair, UTM
25 & 26 May 2016	Technology Education & Career 2016, Universiti Teknologi Petronas (UTP)
28 & 29 May 2016	Graduan Aspire, KLCC
31 May 2016	Open Day, Mara-Japan Industrial Institute
16 & 17 August 2016	MONASH Career & Internship Fair 2016
24 August 2016	Talent Corp Career Comeback
8 & 9 October 2016	Karnival Kerjaya MARA 2016
10 October 2016	Taylor University's Internship & Talent Market 2016
11 - 12 October 2016	Universiti Kuala Lumpur Career Fair 2016
14 & 15 October 2016	Program Terbuka SL1M Peringkat Zon Selatan
17 October 2016	MITI Day Job Fair 2016
25 & 26 October 2016	Universiti Tenaga Nasional (UNITEN) Career Fair 2016
2 November 2016	UEM Open Day Universiti Kebangsaan Malaysia
5 & 6 November 2016	3P Career & Employment Fair 2016
8 November 2016	Kota Damansara University (KDU) Internship Fair 2016

Five pillars of a visual workplace



CREATING EFFICIENT WORKPLACE

50 participants from Edgenta Mediserve attended the Green Belt (GB) G5S Training in Ipoh from 1 to 3 September 2016. Facilities managers, Quality, Safety, Health & Environment ("QSHE") representatives, executives and supervisors from hospitals, plants and central workshops took part in this initiative.

Participants were trained on executing 5S in the workplace as a tool to improve Safety, Hygiene, Quality, Productivity and Image (SHQPI) through practical learning and site visits. A 5S audit was held at Hospital Raja Permaisuri Bainun, Ipoh to help improve Quality, Environment, Delivery and reduce Cost (QEDC).

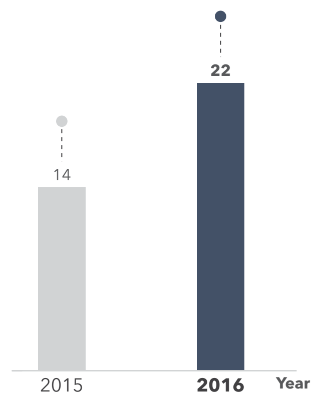
The participants were appointed as change agents to share and apply their knowledge at their respective work sites through this Train the Trainer (TTT) programme. The G5S programme in Hospital Raja Permaisuri Bainun, Ipoh is scheduled for completion in January 2017.

NURTURING TALENT

UEM Edgenta encourages employees to pursue professional development opportunities. We improve the capabilities of our workforce through a structured learning and development framework and programmes. Future leaders are also groomed through our talent management platform.

In 2016, we invested RM5.3 million in employees learning and development with each employee receiving 22 training hours on average.

Average Hours of Training per Year per Employee



We also maintain high motivation levels in the workplace by offering clear career progression pathways through a Talent Management Framework. The programme identifies talents to be groomed for pivotal positions through a structured Succession Management Plan.

In addition to the existing training and development programme, our employees are encouraged to continuously improve their professional development and competencies through financial assistance under the Continuous Education Programme ("CEP"). The Company will subsidise 70% of the total course fees for deserving employees pursuing part-time tertiary education. Since its inception in 2007, 131 employees have completed programmes in various disciplines.

Succession Planning

Succession planning is a systematic progress of identifying and developing talent for future leadership positions. We help our leaders uncover organisational competencies and prepare them to take on bigger roles in the future.

Skim Latihan 1Malaysia (SL1M)

UEM Edgenta fully supports the SL1M programme, a groupwide initiative by UEM Group. This special programme aims to equip fresh graduates with invaluable skills and experience that improve their employment prospects.

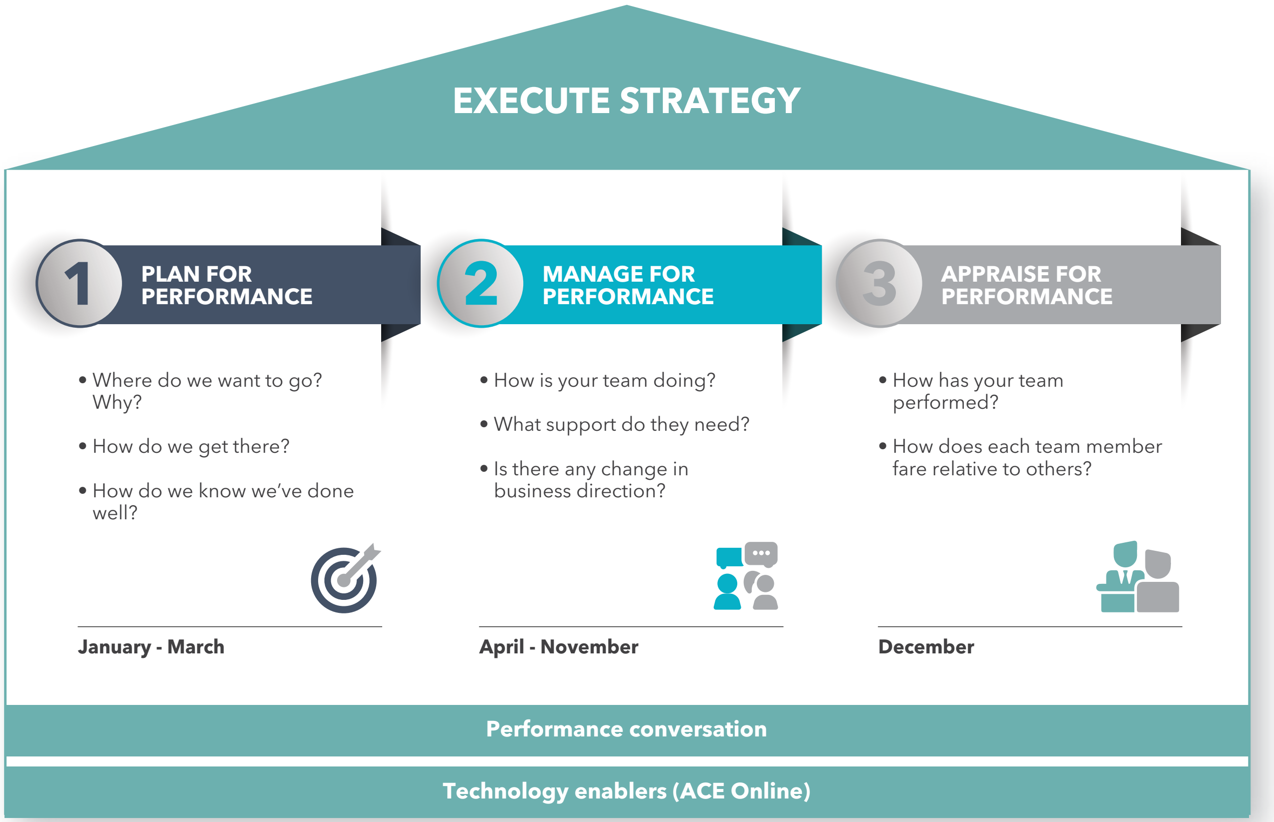
Under this programme, we offer fresh graduates a one-year working opportunity as well as soft skills training in leadership, communication, problem-solving and decision making. As at December 2016, we have recruited 91 SL1M trainees who have been placed in various business service divisions throughout the organisation.

SL1M trainees who met the desirable performance and job-fit will be offered permanent employment within UEM Edgenta and its subsidiaries at the end of the training period subject to the availability of suitable positions. To date, 221 graduates have gained working experience since we supported this programme in 2014 with 50 SL1M trainees being absorbed within the organisation.

PERFORMANCE MEASUREMENT

During the year, UEM Edgenta enhanced its Performance Management System ("PMS") so that the performance of employees can be managed more effectively. The enhanced online PMS allows all employees to monitor and track their scorecard and Key Performance Indicators ("KPIs") throughout the year.

Three Phases of the PMS Cycle



In cultivating a performance-driven work culture, we have further refined the criteria for identifying potential high performers. This improved process includes criteria for career development, advancement and rewarding employees' achievements in accordance to their respective KPIs and contributions.

WHAT QUALITIES DIFFERENTIATED OUR HIGH PERFORMERS?

DIMENSION	DESCRIPTION	BRONZE		PLATINUM
Corporate Values	Demonstrated in executing all duties in the organisation.	Not Evident	⟷	Role Model
Quantity	Satisfactory work turned out during a given period of time.	Low	⟷	High
Quality	The excellence of work performed over the entire period.	Poor	⟷	Exceptional
Business Impact	The extent of which the employee's unique accomplishments benefit the organisation.	Localised	⟷	Group-wide
Agility	The ability to rapidly adapt to environmental changes in productive and cost-effective ways.	Slow to React	⟷	Highly Responsive
Sustainability	Continuously bringing impact and being relevant to the organisation.	Low	⟷	High
Supervision	How successful is his/her planning and organising to achieve desired results.	Highly Managed	⟷	Self Managed
Attitude	The manner in which he/she relates to other personnel in carrying out that responsibility.	Uncooperative	⟷	Proactive
Job Knowledge	Advances technical knowledge by continuously researching, understanding, applying and teaching.	Low Renewal	⟷	Community Expertise
Difficulty	The degree of challenges that needs to be overcome in order to achieve objectives.	Little Challenge	⟷	Extremely Challenging

100% of employees of all levels undergo a formal appraisal process every year

Percentage of Employees Who Are Formally Appraised

MANAGERIAL (UE5& ABOVE)	EXEC (UE1-UE4)	NON-EXEC
2015 : 100%	2015 : 100%	2015 : 100%
2016 : 100%	2016 : 100%	2016 : 100%

SAFETY FIRST AT WORK

UEM Edgenta is fully committed to protecting the health, safety and welfare of its employees across all businesses. We deliver training and other awareness sessions to ensure employees are completely aware of their health and safety responsibilities.

All business activities are regularly audited to measure legal and policy compliance and promote best practices. Along with other awareness-raising initiatives, these audits ensure health, safety and environment ("HSE") remains high on our corporate agenda.

UEM Edgenta's 3Es Approach to HSE Management

ENGINEERING

Developed an internal HSE Maturity Assessment as a self-assessment tool to gauge the current level of HSE maturity to be applied by all business divisions, projects or departments.

EDUCATION

Continuous awareness, training and knowledge sharing programmes are conducted so that everyone feels responsible for safety and pursues it on a daily basis.

ENFORCEMENT

HSE requirements are enforced by monitoring compliance with SOPs and legal requirements including internal audits, random checks and penalties.

In 2016, we enhanced the features of Edgenta PROPEL's Intervention Team (PIT) vehicles to improve safety. Larger beacons and chevron directional lights improve visibility and the safety of workers who are working at night. Traffic Management Plans have been implemented to provide a Safe Work Zone for workers especially among the highway mainline.

UEM Edgenta's Safety Performance

INDICATOR	2015	2016
Total recordable injury frequency rate	8.07	**3.99**
Lost Time Injury frequency (No. of cases)	83	**41**
Fatal accident rate (No. of cases)	4	**5**
Occupational diseases rate	0	**0**

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Key HSE Activities in 2016

DATES	ACTIVITIES
30 November and 1 December 2016	Operational Site Readiness (OSR) Pavement briefing to all pavement staff and subcontractors
1 December 2016	Workshop to improve implementation of Permit to Work (PTW)
2 December 2016	HSE site inspection along New Klang Valley Expressway (NKVE) for Fourth Lane Widening Project
5 December 2016	HSE Awareness Briefing to contractors for routine maintenance
6 - 8 December 2016	HSE induction and awareness to Borneo Highway Project manager on investigation, environment assessment and traffic management
7 December 2016	Emergency drill exercise for Edgenta PROPEL's employees at the Northern Region Office
8 December 2016	Training for the pavement team machinery operators by the Original Equipment Manufacturer
14, 24 and 25 December 2016	Site HSE inspection at Bio-Xcell focusing on hazard identification, risk assessment and risk control
15 December 2016	Site familiarisation for the new Site Safety Supervisors
19 - 23 December 2016	HSE Workshop on Accident Root Cause Analysis
21 December 2016	Fire drill at Menara UEM

EMPLOYEE ENGAGEMENT

Keeping our employees engaged and encouraging them to stay connected with their peers and their communities are essential components of our people strategy. Employees that are engaged with their work and encouraged to be creative and innovative are a strong asset to the business. A more engaged workforce helps us to attract and retain the required talent to be an industry leader.

Open and transparent communication with our workforce is important. Employees receive regular updates on events, latest news, announcements and messages from the Managing Director/Chief Executive Officer through our intranet, Edgenta Connect as well as through emails.

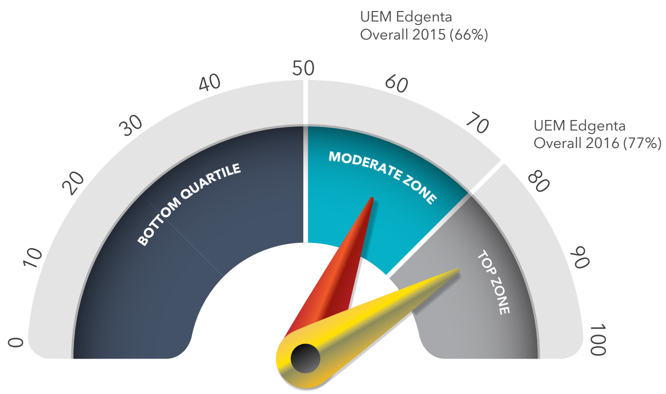
Employees enjoy regular two-way communication with top management during townhall sessions where the employees will receive updates from our MD/CEO on the Company's performance, achievements, strategic plan and key focus areas in addition to face-to-face meetings, quarterly meetings and informal communications.

UEM Group has also launched Yammer, an enterprise social platform that allows employees to share updates, pictures and hold discussions.

Employee Engagement Survey ("EES")

UEM Edgenta has adopted the Aon Hewitt's Engagement model that goes beyond measuring people's current satisfaction by gauging the satisfaction levels of various engagement drivers. This exercise aims to improve and sustain our employees' engagement.

3,477 employees responded to the online survey, achieving an overall response rate of 87%. Overall, the 2016 EES result was 77%, 11% higher than in 2015.



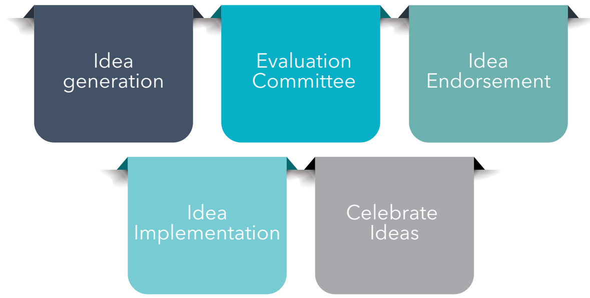
IDEAZONE

Edgenta Ideazone is a platform developed for employees to share creative and innovative ideas. Resulting from the Employee Engagement Survey (EES), Edgenta Ideazone allows employees to get connected to share their ideas on how to improve business processes, contribute to cost savings and revenue enhancement initiatives.

CATEGORIES OF IDEAZONE

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

Edgenta Ideazone Model



These ideas are reviewed by a committee. Feedback is given if the idea is chosen or further clarification is required. Within two months of the launch in October 2016, 18 ideas were submitted. Eleven were reviewed and seven accepted, three have been completed and four are still being implemented.

Brain Gym & Hot Tips

The Brain Gym & Hot Tips is an easy-to-read information sharing tool to share knowledge, ideas, perspectives and views covering an array of topics through Edgenta Connect.

Brown Bag Sessions

Brown Bag session is another new staff engagement programme that promotes knowledge sharing among employees to acquire new ideas, perspective and views that can be shared with our colleagues, family and friends and adopted in our daily lives. Brown Bag sessions are a quick and easy way for employees to learn information on a diverse range of topics from subject matter experts.

Edgenta Young Star Programme

The inaugural Edgenta Young Star Programme was launched on 2 September 2016. This engagement platform addresses the needs of our younger employees aged between 24 and 29 years. It provides a sense of purpose and guidance when working on projects that are beyond their everyday scope of work to improve their overall capability. It is also a platform for the senior leadership to involve and engage with the Young Stars.

Celebrating Festive for Unity

Hari Raya Aidilfitri

UEM Edgenta organised a series of Hari Raya Open House at five locations across Central, Southern and Northern regions in conjunction with the Hari Raya celebrations. With a theme "Semarak Raya", over 3,500 employees dressed in their best Baju Raya, feasted on local dishes and participated in fun and games and showcased their hidden talents through song and dance.

Semarak Raya Open House Nationwide

Central Region	Pusat Komuniti Lembah Pantai, Bangsar South on **21 July 2016**
Southern Region	Yong Peng Community Hall on **26 July 2016**
Northern Region	TH Alor Setar on **1 August 2016** Dewan Kompleks Sukan MPSP, Penang on **2 August 2016** and the Royal Perak Golf Club, Ipoh on **3 August 2016**

Deepavali

In conjunction with Deepavali, UEM Edgenta hosted UEM Group's kolam competition which was held and participated in by 10 teams across the UEM Group of Companies. Participants showcased their skills by creating beautiful and colourful "Rangoli Kolam" decorations with a 'Festival of Lights' theme. The activity is part of UEM Group's mission to foster diversity and inclusivity in the workplace across UEM Group of Companies.

LISTENING TO OUR EMPLOYEES

UEM Edgenta's Whistle Blower Policy provides an avenue for employees to report instances of unethical behaviour, actual or suspected fraud, or dishonesty or violation of the Company's Code of Conduct. All communications that provide instances of malpractice or unethical activity are addressed to the Chairman of the Board of Directors or the Chairman of Audit and Risk Committee.

IDENTIFYING AND DEVELOPING TALENT

UEM Edgenta's People Capability Evaluation is a continuous assessment of the capability of our employees with the requirements of their expected roles. This ensures that we are developing the right people for the right job at the right level.

The results of this exercise help managers make informed decisions on people and talent. The People Capability Evaluation was first rolled out for our Asset Consultancy team and has been replicated at other services since September 2016.

SOCIETY

At UEM Edgenta, we are committed to creating long-lasting value for the community. This commitment is brought to life by the passion shown by our employees. Our community development efforts focus 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 11th Malaysia Plan on "anchoring growth on people".

EDUCATION

Work-Based Learning Programme

We have collaborated with the Ministry of Education ("MOE") on its Work-Based Learning ("WBL") programme since 2007. We provide advanced diploma students from Politeknik Sultan Salahuddin Abdul Aziz Shah ("PSA") in Shah Alam with WBL opportunities. These students are exposed to Facilities Engineering Maintenance Services and Biomedical Engineering Maintenance Services during one-year industry attachments at various hospitals managed by our Healthcare arm. Adhering to Malaysian Qualifications Agency requirements, they follow a structured curriculum that consists of both academic and on the job training.

We have completed two WBL programmes to date, training 176 students with PSA Advanced Diploma in Electronics Engineering (Medical) and Advanced Diploma in Facility Management. These two WBL programmes have been elevated to degree programmes in line with new developments to meet the industry's needs.

On 8 March 2016, UEM Edgenta signed a Memorandum of Collaboration (MoC) with MOE to extend this collaboration for another two years. In September 2016, 10 PSA students pursuing a Bachelor of Technology in Electronics Engineering (Medical) (Honours) started their training at five hospitals. An additional 10 PSA students pursuing a Bachelor of Technology in Facility Management (Honours) began their training at Hospital Raja Permaisuri Bainun, Ipoh and Hospital Pulau Pinang.

PINTAR School Adoption Programme

UEM Edgenta has been supporting UEM Group's PINTAR Foundation School Adoption Programme since 2015. The programme aims to improve 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 to students from low-income households.

UEM Edgenta has adopted six primary schools in Peninsular Malaysia on a three-year programme beginning in 2015.

UEM Edgenta's Six Adopted Primary Schools

Northern Region	– SK Bandar Bukit Kayu Hitam, Kedah – SK Wan Sulaiman Sidiq, Kedah
Central Region	– SK Jenderam, Selangor – SK Sungai Rawang, Selangor – SK Bukit Tampoi (Asli), Selangor
Southern Region	– SK Seri Yong Peng, Johor

UEM Edgenta Motivational Camps

A total of 334 Standard 6 students from six UEM Edgenta adopted PINTAR schools in the Central, Southern and Northern regions benefited from the UEM Edgenta Motivational Camp 2016. Activities included Leadership Games and Mind Explore that were specially designed to promote teamwork and to sharpen the students' leadership, creativity and thinking skills.

Details of UEM Edgenta Motivational Camps

REGION	DATES	VENUE	PARTICIPANTS
Northern	12 – 13 May 2016	Putri Ayu Chalet & Training Centre, Kedah	140 students from SK Wan Sulaiman Sidiq and SK Bandar Bukit Kayu Hitam
Central	14 – 15 May 2016	Excel Training and Country Resorts, Broga	150 students from SK Bukit Tampoi (Asli), SK Jenderam and SK Sungai Rawang
Southern	27 – 28 May 2016	Kem Kaizen, Johor	44 students from SK Seri Yong Peng

UEM Edgenta UPSR Workshop

On 16 July 2016, UEM Edgenta held UPSR workshops at the MH Hotel, Yong Peng, Johor and the Regency, Alor Setar, Kedah. 107 Year 6 students from SK Seri Yong Peng, Johor (Southern) and SK Wan Sulaiman Sidiq were given tips and learned techniques for answering examination questions. The students were also motivated in preparation for their upcoming UPSR examinations.

Hygiene Care Hey Day

170 *Orang Asli* Year 1 to Year 6 students from SK Bukit Tampoi (Asli) received dental care tips by volunteers from the Company and doctors from IMAM Response & Relief Team (IMARET) on 25 August and 27 September 2016. This programme aims to inculcate good dental hygiene which is often neglected amongst school children from an early age.

COMMUNITY ENGAGEMENT AND DEVELOPMENT

Celebrating the Joy of Ramadan with the Local Community

In conjunction with the month of Ramadan in 2016, UEM Edgenta prepared and distributed more than 5,000 containers of *Bubur Lambuk* in seven locations across the Central, Southern and Northern regions.

The popular dish is highly sought after during the fasting month. It was prepared by 160 employee volunteers who also helped to distribute to the local communities, hospitals and two nursing homes for the elderly: Pusat Jagaan Warga Emas Husnah Arrashid in Taman Melawati and Pusat Jagaan dan Pendidikan Warga Emas Darul Insyirah in Bandar Baru Bangi, Kuala Lumpur.

Locations of the Bubur Lambuk Distribution

Northern Region	– Masjid Al Badar, Alor Setar, Kedah – Masjid Muhibbuddin Shah, Ipoh – Masjid Al Jamiul Jalal Pajak Song, Kepala Batas, Pulau Pinang – Masjid Al Muqarrabin Behor Empiang, Perlis
Central Region	– Masjid Jamek Al Khadijiah, Pantai Dalam, Kuala Lumpur – Masjid Ar Rahah, Kampung Kerinchi, Kuala Lumpur
Southern Region	– Masjid Ar Rahman, Kampung Parit Awang, Johor

Zakat

In 2016, UEM Edgenta disseminated various Zakat contributions in the form of financial aid and assistance-in-kind. These donations assisted the poor and underprivileged communities namely Asnaf such as Fakir, Miskin or Fisabilllilah Islamic organisations within the communities that we operate in. The total amount distributed in 2016 amounted to RM241,553.00.

HUMAN RIGHTS

We are committed to operating in a way that respects the human rights of all associates. This covers the people in our supply chains and the communities in which we operate. Our human rights policy recognises that while the government has the primary responsibility to protect human rights, our activities have the potential to impact the human rights of individuals affected by our business.

Our Commitment to Human Rights

- We provide a safe and healthy workplace for our associates
- We do not use child labour
- We do not use forced, prison, indentured, bonded or involuntary labour
- We prohibit discrimination in our hiring and employment practices
- We support the freedom of association and the rights of workers and employers to bargain collectively

We believe that all people should be treated with dignity and respect. We are committed to conducting our business in a manner consistent with this principle. All applicable employment and human rights laws and regulations are complied with wherever we have operations; we expect our suppliers to do the same. Our human rights policy is summarised in our Code of Conduct. All associates review and receive annual awareness on this Code.

We are pleased to report that there have been no incidents of discrimination or risk to freedom of association and collective bargaining. There have been no reported incidents of risks of child, forced or compulsory labour. There were no violations of human rights involving the rights of indigenous people at any time in the Company's history.

PRODUCT RESPONSIBILITY

Product responsibility drives much of UEM Edgenta's innovation. Many of the innovations brought to market in 2016 are aligned with our product responsibility objectives that focus on safety, credibility and quality.

UEM EDGENTA WORKS HAND IN HAND WITH THE GOVERNMENT FOR A SAFER NATION

On 20 October 2016, Edgenta Mediserve's Kamunting Incineration Plant collaborated with Jabatan Siasatan Jenayah Narkotik (JSJN) to destroy RM2.8 million worth of confiscated drugs. The event was led by V.R. Ravi Chandran, Head and Assistant Commissioner of JSJN Perak; Ahmad Zamri Said, Managing Director of Edgenta Mediserve; JSJN officials; and Edgenta Mediserve's operations team.

The drugs included heroin, marijuana, cocaine, ketamine, ecstasy and eramine from JSJN seizures in 14 districts in Perak and obtained court clearance over a period of 10 to 15 years.

ENSURING SATISFACTION

UEM Edgenta promises to deliver a satisfaction level that exceeds customers' expectations and deliver the highest value through a fast, accurate and personalised service. We also gather feedback from our customers and evaluate our customer satisfaction performance to be as close to their needs as possible. Depending on the relevance and development of the issue, we take action and adapt our policies and processes accordingly.

The results of our customers' satisfaction results in 2016 are presented in the table below:

No	Services	Operating Company	Frequency	Results (%)
1	**Healthcare**	Edgenta Mediserve	Quarterly	●
2	**Infra**	Edgenta PROPEL	Routine Works – Quarterly	●
			Projects – Annually	●
3	**Asset Management**	Opus International (M) Berhad	Annually	●
4	**Facilities Management**	Edgenta Facilities	Semi-annually	●

● >80% ● 71-79% ● <70%

QUALITY MANAGEMENT

UEM Edgenta's quality management system delivers the optimal quality that meets stakeholders' expectations, under the strong leadership of our Managing Director/Chief Executive Officer. Being client focused, quality management has become an essential aspect. Proper and due delivery, the achievement of an operational excellence and pursuing efficiency standards are extremely important to UEM Edgenta.

Certifications Obtained by UEM Edgenta's Subsidiaries

CERTIFICATIONS	ASSET CONSULTANCY	HEALTHCARE SERVICES	INFRA SERVICES	FACILITIES SERVICES	ENVIRONMENTAL & MATERIAL TESTING SERVICES
	OPUS INTERNATIONAL (M) BERHAD	EDGENTA MEDISERVE SDN BHD	EDGENTA PROPEL BERHAD	EDGENTA FACILITIES SDN BHD	EDGENTA ENVIRONMENTAL & MATERIAL TESTING SDN BHD
ISO 9001:2008 (Quality Management System)	√	√ HQ & all sites Edgenta Healthtronics Sdn Bhd ("EHSB")	√	In progress	√
ISO 14001:2004 (Environmental Management System)	√	√ HQ & all sites, Kuala Ketil Laundry Plant ("KKLP"), Kamunting Laundry & Incinerator Plant ("KLIP") and EHSB	√	In progress	√
OHSAS 18001:2007 (Occupational & Health Management System)	√	HQ & all sites, KKLP, KLIP and EHSB	√	-	√
ISO/IEC/7025:2005 (General Requirements for the Competences of Testing & Calibration Laboratories	-	-	-	-	√
ISO 13485:2003/EN ISO 13485:2012 (Quality Management System - Medical Devices)	-	HQ & all sites and EHSB	-	-	-
MS 1722:2011 (Occupational Safety & Health Management System)	-	KKLP and EHSB	-	-	-

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

With these latest certifications, Edgenta Mediserve 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. We adhered to this new requirement of the new Concession Agreement, 12 months ahead of time.

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 standard, 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 kept 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.

EDGENTA MEDISERVE
1st LEADING CONCESSION COMPANY

OBTAINED ALL **4** MANAGEMENT SYSTEMS

- ✓ ISO 9001
- ✓ ISO 14001
- ✓ OHSAS 18001
- ✓ ISO 13485

12 MONTHS AHEAD OF NEW CONCESSION AGREEMENT REQUIREMENT

STATEMENT ON CORPORATE GOVERNANCE

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 2012 ("MCCG 2012").

As required under the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"), this Statement on Corporate Governance reports on how the Company has applied the principles and recommendations of good corporate governance during the financial year under review as set out in the MCCG 2012 issued by the Securities Commission.

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

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

1.1 Clear Functions of the Board and Management

The ultimate and overall responsibility for corporate governance, strategic direction, financial and organisational matters of the Group lies with the Board. 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 Charter and DAL are reviewed from time to time to ensure it remains relevant to the Company's objectives.

The Board meets regularly to perform its principal responsibilities, which are amongst others, as follows:-

- 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.

The Managing Director/Chief Executive Officer is primarily responsible for overseeing the day-to-day business and implementing the policies and strategies adopted by the Board. He is accountable for leading the Management team, implementing the policies/decisions approved by the Board, building a dynamic corporate culture with the requisite skills and competency and acting as the Group's chief spokesperson. He is also responsible for developing and recommending to the Board annual operating plans and budgets that support the Group's long-term vision, strategy and vision, formulating and monitoring the implementation of major corporate policies.

Succession Planning

The Company has a Talent Management Framework wherein candidates with potential are identified, evaluated, reviewed and developed for succession planning. The talent is assigned to the right talent category in the 9-Box Talent Grid and is developed based on development needs.

All senior management positions are reviewed by the Board via the Nomination and Remuneration Committee to assess their capabilities and thereafter if suitable, recommended to the Board for approval. This is to ensure that all candidates appointed to senior management positions are of sufficient calibre.

1.2 Clear Roles and Responsibilities

The Board's main function is in reviewing and adopting strategic plans and also overseeing the conduct of business. However, in discharging its fiduciary duties and responsibilities, the Board has delegated specific tasks to the Board Committees, all of which operates within defined terms of reference. The Chairman of the various committees will report to the Board the deliberations and outcome of the Committee Meetings and are incorporated in the minutes of the Board meeting. Although the Board has granted authority to the Board Committees to deliberate and decide on certain operational matters, the ultimate responsibility for final decision on all matters lies with the entire Board.

The Board Committees carry out their tasks based on their roles and responsibilities as outlined below:-

Audit and Risk Committee

The Audit and Risk Committee 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.

The duties and responsibilities of the Audit and Risk Committee are set out in its Terms of Reference which is available at the Company's website at www.uemedgenta.com.

The Audit and Risk Committee Report including its membership, composition and summary of work carried out by the Audit and Risk Committee during financial year 2016 is presented on pages 168 to 172 of this Annual Report.

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Nomination and Remuneration Committee

The Nomination and Remuneration Committee assists the Board in the nomination of new Directors and remuneration package of Executive Directors, the Chief Executive and other Senior Management.

The duties and responsibilities of the Nomination and Remuneration Committee are set out in its Terms of Reference which is available at the Company's website at www.uemedgenta.com.

The members of the Nomination and Remuneration Committee and summary of work carried out by Nomination and Remuneration Committee are set out in Section 2.1 below.

1.3 Formalise Ethical Standards through Code of Ethics

Code of Conduct

The Company's Code of Conduct, which incorporates a Code of Ethics, requires all officers and employees to observe high standards of business and personal ethics in carrying out duties and responsibilities. As employers and representatives of UEM Edgenta, or any of its subsidiaries, they must practise honesty and integrity in fulfilling their duties and responsibilities, and comply with all applicable laws and regulations.

It is thus the responsibility of all officers and employees to comply with the Code of Conduct and to report violations or suspected violations thereto.

The Code of Conduct is available at the Company's website at www.uemedgenta.com.

Whistle Blower Policy

The Whistle Blower Policy has been formulated with a view to provide a mechanism for officers and employees of the Company to report instances of unethical behaviour, actual or suspected fraud or dishonesty or violation of the Company's Code of Conduct or ethics policy.

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

The Whistle Blower Policy is available at the Company's website at www.uemedgenta.com.

Conflict of Interest

Directors and principal officers are required to declare their respective shareholdings in the Company and related companies and their interests in contracts or proposed contracts with the Company or any of its related companies. The interested Directors concerned shall abstain from deliberating and voting in relation to these transactions.

Trading on Insider Information

Directors and employees of the Group who have access to price-sensitive information relating to the Company's listed securities or of other listed issuers that are not available to the public must not deal in such listed securities in line with the Capital Markets and Services Act 2007 which prohibits insider trading.

Directors and employees of the Group who do not have access to price-sensitive information mentioned above can deal in the securities of the Company provided that the procedures set out in the Listing Requirements are strictly adhered to. Notices on the closed period for trading in the Company's listed securities are sent to directors, principal officers and relevant employees on a quarterly basis.

Related Party Transactions

An internal compliance framework exists to ensure that the Group meets its obligations under the Listing Requirement including obligations relating to related party transactions. The Board, through the Audit and Risk Committee, reviews all related party transactions involved. A Director who has an interest in a transaction must abstain from deliberating and voting on the relevant resolution in respect of such transaction at the Board and at any general meeting convened to consider the matter.

The Audit and Risk Committee also reviews the list of Recurrent Related Party Transactions ("RRPT"), Ageing Analysis, Net Movement and Outstanding RRPT Receivables on a quarterly basis.

The RRPT entered into by the Group with its related parties in 2016 are set out on pages 357 to 369 of this Annual Report.

1.4 Strategies Promoting Sustainability

The Board is committed to achieving long-term sustainable growth through making continuous improvements to our products and services to enhance stakeholders' value. Our Sustainability Key Focus Areas of Economic, Environment and Social are aligned with our Vision, Mission and Values.

The Company is also guided by Corporate Responsibility Policy and Sustainability Policy.

The Corporate Responsibility Policy and Sustainability Policy are available at the Company's website at www.uemedgenta.com and the Sustainability Statement and the Group's Corporate Responsibility activities for the year under review are disclosed on pages 104 to 139 of this Annual Report.

1.5 Access to Information and Advice

The Directors have full and unrestricted access to all information pertaining to the Group's business affairs, whether as a full Board or in their individual capacity, to enable them to discharge their duties. There are matters specifically reserved for the Board's decision to ensure that the direction and control of the Group is firmly in its hands.

The Board is furnished with an agenda and a set of Board papers in advance of each Board meeting for the Directors to study and evaluate the matters to be discussed. The Board papers contain both quantitative and qualitative information and are presented in a manner which is concise and include comprehensive management reports, minutes of meetings, proposal papers and supporting documents. This will enable Directors to review, consider, and if necessary, obtain further information or research on the matters to be deliberated in order to be properly prepared at the meetings, thereby enabling informed decisions to be made.

In discharging their duties, the Directors are assured of full and timely access to all relevant information. The Directors may, if necessary, obtain independent professional advice from external consultants, at the Company's expense with consent from the Chairman or Committee Chairman, as the case may be. A copy of the report or independent advice will be made available to the Chairman and, if deemed appropriate, be circulated to all Directors for deliberation.

1.6 Company Secretary

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

The Company Secretary is a central source of information and advices the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company. The Board members have unlimited access to the professional advice and services of the Company Secretary.

The Company Secretary assist in reviewing the Board agendas and Board papers, where applicable prior to circulation to the Board. The Company Secretary attends and ensure that all Board and Board Committees decisions are well recorded in the minutes and subsequently communicated promptly to the Management for implementation. In addition, the Company Secretary also facilitates the Board in conducting the annual Board Effective Assessment.

The Company Secretary maintains up-to-date knowledge of the regulatory requirements and is in a position to advise the Board and its Committees on compliance matters as appropriate.

1.7 Board Charter

The Board Charter sets out the roles and responsibilities of the Board, as well as detailing the functions of the Board and the delegated authority to the Management. The Board Charter ensures that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the principles and practices of good Corporate Governance are applied in all their dealings in respect of, and on behalf of the Company.

The Board reviews its charter regularly to test its continued applicability to the Company's current situation. The Board Charter is available on the Company's corporate website at www.uemedgenta.com.

The Board Charter was last reviewed by Board on 25 March 2016 and updated in line with the Corporate Governance practices.

2. STRENGTHEN COMPOSITION OF THE BOARD

2.1 Nomination and Remuneration Committee ("NRC")

The NRC comprises four (4) Non-Executive Directors, a majority whom are Independent. The NRC consist of the following members:-

Name of members	Designation
Amir Hamzah Azizan (Appointed on 29 August 2016)	Independent Non-Executive Director (Chairman)
Dato' Izzaddin Idris	Non-Independent Non-Executive Director
Dr. Saman @ Saimy Ismail	Independent Non-Executive Director
Zailah Tun Dr Ismail Al-Haj (Appointed on 27 February 2017)	Independent Non-Executive Director
Datuk Ir. Abdullah Sani Abd Karim (Retired on 12 May 2016)	Senior Independent Non-Executive Director (Chairman)

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

- 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.

- 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.
- 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 character, experience, integrity, competence and time commitment to effectively discharge the roles of Managing Director/Chief Executive Officer and Chief Financial Officer.
- 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.
- Reviewed senior management's succession plans and to ensure there are programmes in place to provide for the orderly succession of senior management.
- Reviewed the remuneration policies and procedures to attract and retain 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.

For the year under review, the NRC held four (4) meetings and the details of attendance are as follows:-

Name of members	No. of Meetings Attended	Percentage of Attendance (%)
Amir Hamzah Azizan Chairman (Appointed on 29 August 2016)	2/2*	100
Dato' Izzaddin Idris Member	4/4	100
Dr. Saman @ Saimy Ismail Member	4/4	100
Datuk Ir. Abdullah Sani Abd Karim Chairman (Retired on 12 May 2016)	2/2**	100

* *Reflects the number of meetings held and attended since appointment.*
** *Reflects the number of meetings held and attended up to date of retirement.*

2.2 Develop, Maintain and Review the Criteria for Recruitment Process and Annual Assessment of Directors

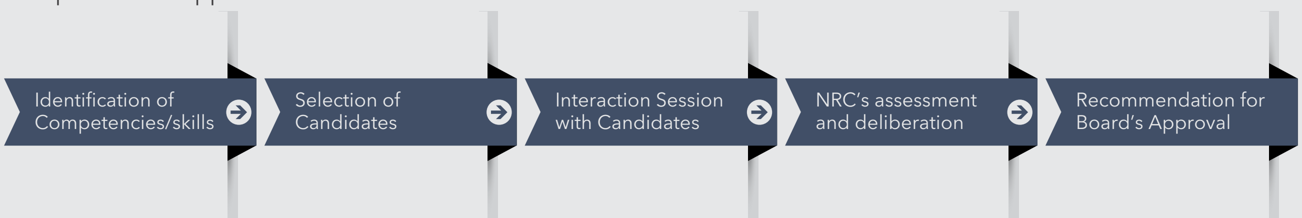
Appointment of Directors

The Board has put in place adequate and effective selection process and procedures for the recruitment or appointment of new Directors and members of the Board Committees.

In assessing and making recommendations to the Board on the candidacy of Directors or appointment of Directors to Board Committees, the NRC considers the candidates' competencies, commitment, contribution and performance, skills, knowledge, expertise and experience, professionalism, background, integrity and leadership qualities. In the case of candidates for the position of Independent Non-Executive Directors and the existing Independent Non-Executive Directors, the NRC also evaluates the candidates' ability to discharge such responsibilities/functions as expected from an Independent Non-Executive Director.

For the appointment of new Directors, the Company adopts the nomination process which involves identification of candidates, assessment of candidates based on the criteria, covering both qualification and experience set by the Board, meeting with the candidates, and deliberation and recommendation of suitable candidates by the NRC to the Board for approval.

The process of appointment of new Directors are as follows:-



The Company has also adopted an induction programme for newly appointed Directors. The induction programme aims at communicating to the newly appointed Directors, the Company's vision and mission, its philosophy and nature of business, current issues within the Company, the corporate strategy and the expectations of the Company concerning input from Directors.

Diversity lies at the heart of our values and is a distinctive element of our brand. The Board considers diversity as a priority and specifically looks not only at gender diversity, but also geographical diversity, diversity of skills and experience amount our strands.

The Board believes that while it is important to promote gender diversity, it decided not to set specific targets just to fill the quota for gender diversity as the selection criteria of a Director will be based on an effective blend of competencies, balance of skills, extensive experience, knowledge in areas identified by the Board and independence, to bring relevant perspective to Board discussions.

Although the Board does not have any gender diversity policies and targets or any set measures to meet any target, nonetheless, the Group is an equal opportunity employer and all appointments and employments are based strictly on merits and are not driven by any racial or gender bias.

In answering the Prime Minister's call for Government Linked Companies to lead the way in supporting the Government's aspiration to champion diversity in the board composition by achieving 30% women representation on the board of listed companies by end of year 2016, Pn. Zailah Tun Dr Ismail Al-Haj, a former Public Affairs advisor to the Governor of the Malaysian Central Bank has been appointed to the Board on 1 December 2016. With the latest appointment, the Board has two (2) female Directors, which makes up to 25% women representation on the Board.

In line with the Malaysian Government's aspiration to have more women serving on board of listed companies, the Board has adopted a Policy on Top Management External Directorships, to allow the appointment of Top Management Lady Executives to serve on the board of other Government Link Companies and public listed companies.

Re-appointment and Re-election of Directors

The Company's Articles of Association provides that one-third (1/3) of the Directors shall retire from office at every Annual General Meeting ("AGM"). The Articles also provide that all Directors shall retire from office at least once in every three (3) years. A retiring Director shall be eligible for re-election. Directors who are appointed by the Board during the financial period before an AGM are subject to re-election by the shareholders at the next AGM to be held following their appointments.

The performance of those Directors who are seeking for re-appointment or re-election at the AGM will be assessed by the NRC whereupon the recommendations will be submitted to the Board for decision on such proposed re-appointment or re-election of the Directors concerned, prior to seeking the shareholders' approval at the AGM.

The NRC is responsible for making recommendations to the Board on the appropriate size composition. In discharging its responsibilities, the NRC would take into account the following criteria in evaluating the suitability of candidates:-

- competencies, commitment, contribution and performance;
- skills, knowledge, expertise and experience;
- professionalism;
- background;
- integrity;
- leadership qualities; and
- in the case of candidates for the position of Independent Non-Executive Directors, the candidates' ability to discharge such responsibilities/functions is also evaluated.

Board Effective Assessment ("BEA")

The Board conducts an annual evaluation of its activities and performance as prescribed in MCCG 2012, the Green Book on Enhancing Board Effectiveness and Listing Requirements. Through its BEA which is designed 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 maximising Board performance, the Board via NRC evaluates the overall Board's performance against criteria that the Board determines are important to its success.

Self and peer evaluation forms are sent to the Directors for their completion and at the same time to obtain their feedback, views and suggestions to improve the performance of the Board and its Board Committees. 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.

The outcome of the BEA 2016 are as follows:-

(i) The Directors had contributed positively to the Board as a whole by providing quality input and adding value to Board meetings. Members of the Board demonstrated strong commitment and pride in discharging their duties and responsibilities.

(ii) The Directors and Chief Financial Officer has the character, experience, integrity, competence and time to effectively discharge their roles.

(iii) All members of the Board agreed that the Chairman of the Board demonstrates effective and excellent leadership.

(iv) The Board has the relevant mix of skills and experience to function effectively.

(v) The independent Directors are independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement and objective or the ability to act in the best interests of the Company.

2.3 Remuneration Policies and Procedures

Directors' 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 Directors' 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' fee to be paid to Non-Executive Directors is subject to the approval of the shareholders at general meeting.

The breakdown of the remuneration of the Directors of the Company as well as subsidiary companies of the Company where they are a Board member for the financial year ended 31 December 2016, by category are shown below:-

(RM'000)	Company			Group		
	Executive	Non-Executive	Total	Executive	Non-Executive	Total
Fees	–	914	914	–	1,484	1,484
Salaries and other emoluments	885	–	885	885	–	885
Bonus	485	–	485	485	–	485
Employees Provident Fund	208	–	208	208	–	208
Allowances	60	–	60	60	–	60
Benefits-in-kind	32	38	70	32	38	70
Total	**1,670**	**952**	**2,622**	**1,670**	**1,522**	**3,192**

The number of Directors of the Company whose total remuneration during the year fall within the following bands are as follows:-

Range of Directors' Remuneration	Executive	Non-Executive	Total
Below RM50,000	–	1	1
RM50,001 – RM100,000	–	1	1
RM100,001 – RM150,000	–	3	3
RM150,001 – RM200,000	–	1	1
RM200,001 – RM250,000	–	1	1
RM250,001 – RM300,000	–	1	1
RM400,001 – RM450,000	–	1	1
RM1,650,001 – RM1,700,000	1	–	1

Note: Successive bands of RM50,000 are not shown entirely as they are not represented.

The details of the remuneration of each Director are not disclosed as the Board is of the view that the disclosure of the remuneration bands of the Directors of the Company is sufficient to meet the objective of the MCCG 2012.

2.4 Directors' benefits

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

Item	Description	Directors' benefits
(a)	Allowance will be paid to Directors for the following, subject to the approval of the Chairman of UEM Edgenta or the Managing Director/Chief Executive Officer of UEM Edgenta:- (i) Attending meetings with Government representatives on behalf of the Company; or (ii) Handling operational issues such as visiting sites to advise the 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 *Where a Director sits on several boards, he will only be entitled to claim medical benefits from one (1) company only.*	(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 AGM for the payment of Directors' benefits for items 2.4 (a) to (c) of the above table.

3. REINFORCE INDEPENDENCE

3.1 Annual Assessment of Independence

The Board acknowledges the importance of Independent Directors who are tasked with ensuring there is proper check and balance on the Board as they will be able to provide unbiased and independent views in Board deliberations and decision making of the Board taking into account interests of the Group and the minority shareholders. In view thereof, an annual assessment is carried out via the BEA to review the independence of the Independent Directors.

The BEA for the Board and its Committees of the Company is carried out annually to maintain cohesiveness of the Board of the Company and at the same time, serves to improve the Board's effectiveness.

The BEA also covers the assessment of the independence of the Independent Directors, which takes into account how the Independent Directors have demonstrated effectiveness as an Independent Director, as per regulatory requirements and the ability of the Independent Directors to think and act independently and not to be duly influenced by the Management.

Upon completion of the BEA by the Board and Board Committees members, the results are collated and a detailed report will be presented to the NRC for assessments, evaluations and subsequently to make appropriate recommendation to the Board. All assessments and evaluations carried out by the NRC in the discharge of all its functions are properly documented.

With the recent annual assessment of the independence for the year under review, the Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their ability to act in the best interest of the Company.

3.2 Tenure of Independent Directors

The Board via the Board Charter has adopted the criteria that the tenure of Independent Directors should not exceed a cumulative term of nine (9) years. However, subject to the approval of the Board, such Director may continue to serve on the Board provided he is re-designated as a Non-Independent Director.

The Board may nevertheless seek the shareholders' approval in the event it retains a person as an Independent Director who has served in that capacity for more than nine (9) years and provide strong justification to the shareholders at a general meeting.

3.3 Shareholders Approval for the Retention of Independent Directors

None of the Independent Directors have served for a cumulative period of more than nine (9) years during the year under review.

3.4 Separation of Positions of the Chairman and Chief Executive Officer

The Company aims to ensure a balance of power and authority between the Chairman and the Managing Director/Chief Executive Officer. Their positions are separated and clearly defined.

The roles and responsibilities of the Chairman and the Managing Director/Chief Executive Officer are clearly defined and reviewed if there are significant changes to the Company's strategy, operations, performance or management. Each has clear scope of duties and responsibilities that ensures a more equitable distribution of accountabilities. This distinction also reinforces the check and balance proposition.

The Chairman of the Board, who is an Independent Non-Executive Director, together with the other Board members, are responsible for setting the policy framework within which the Management is to work. His main responsibility is to lead and manage the work of the Board in order to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. He serves as the main liaison person between the Board and the Management. Together with the other Non-Executive and Independent Directors, he leads the discussion on the strategies and policies recommended by the Management. He also chairs the meetings of the Board and the shareholders.

The Managing Director/Chief Executive Officer is responsible for the day to day management of the business with power, discretions, and delegations authorised in the DAL.

3.5 Composition of the Board

The Board currently has eight (8) members, comprising an Independent Non-Executive Chairman, one (1) Executive Director, three (3) Non-Independent Non-Executive Directors and three (3) 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.

The profile of each Directors is set out on pages 90 to 97 of this Annual Report.

4. FOSTER COMMITMENT

4.1 Time Commitment

To ensure effective management of the Group, the Board normally meets quarterly to review financial, operational and business performances. Additional meetings are also convened on an ad-hoc basis with formal agenda for the Board to deliberate on urgent issues that require immediate decision-making. The agenda together with the relevant board papers for each Board meeting are forwarded to the Directors in advance of the Board meeting for their study and to evaluate the matters to be discussed.

A total of twelve (12) Board meetings were held during the financial year ended 31 December 2016. The details of the Directors' attendance are as follows:-

Directors	No. of Meetings Attended	Percentage of Attendance (%)
Amir Hamzah Azizan Independent Non-Executive Director Chairman (Appointed on 1 July 2016)	7/7*	100
Azmir Merican Managing Director/Chief Executive Officer	12/12	100
Dato' Izzaddin Idris Non-Independent Non-Executive Director	11/12	92
Robert Tan Bun Poo Independent Non-Executive Director	12/12	100

Directors	No. of Meetings Attended	Percentage of Attendance (%)
Dr. Saman @ Saimy Ismail Independent Non-Executive Director	12/12	100
Elakumari Kantilal Non-Independent Non-Executive Director	11/12	92
Shahazwan Harris Non-Independent Non-Executive Director (Appointed on 1 July 2016)	7/7*	100
Zailah Tun Dr Ismail Al-Haj Independent Non-Executive Director (Appointed on 1 December 2016)	1/1*	100
Dato' Seri Ismail Shahudin Non-Independent Non-Executive Director Chairman (Demised on 30 July 2016)	1/7^	14
Datuk Ir. Abdullah Sani Abd Karim Senior Independent Non-Executive Director (Retired on 12 May 2016)	4/4**	100

* *Reflects the number of meetings held and attended since appointment.*
** *Reflects the number of meetings held and attended up to date of retirement.*
^ *Absence from meeting was due to ill health.*

4.2 Training and Development of Directors

The Group acknowledges that continuous education is vital for the Board members 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.

All Directors appointed to the Board, apart from attending the Mandatory Accreditation Programme accredited by Bursa Securities, have also attended other relevant training programmes and seminars organised by the relevant regulatory authorities and professional bodies to further enhance their business acumen and professionalism in discharging their duties and responsibilities.

During the year, the Directors have attended various seminars and training programmes to gain insights into the latest regulatory and industry developments in relation to the Group's businesses. Seminars and training programmes attended by the Directors during the year ended 31 December 2016 were as follows:-

Directors	Description
Amir Hamzah Azizan (Appointed on 1 July 2016)	• Advance Analytics in HR by McKinsey • Scanning the Horizon: Oil & Gas Outlook to 2020 by Bain • Khazanah Megatrends Forum 2016 • UEM Group's The Exchange 2016 • 12th Khazanah Global Lecture

Directors	Description
Azmir Merican	• UEM Group Lecture Series #1 by Dato' Sri Nazir Razak • The Linkage 20 Conversations @ Harvard • Khazanah Megatrends Forum 2016 • UEM Group's The Exchange 2016 • McKinsey Innovation Forum: The Future of Work
Dato' Izzaddin Idris	• World Economic Forum • 8th Iskandar Malaysia CEO Forum • UEM Group Lecture Series #1 by Dato' Sri Nazir Razak • Strategic Leadership (Speaker) • Transformational Leadership (Speaker) • World Economic Forum ASEAN 2016 • UEM Group Lecture Series #2 by Dato' Sri Shazalli Ramly • INTAN-RSOG Leadership Summit 2016 • UEM Group's The Exchange 2016 • UEM Group Lecture Series #3 by Datuk Haji Mohamed Faroz Mohamed Jakel • Bloomberg Nation Builders in Singapore (Speaker) • IRDA and REAM: Best Practices Conference
Robert Tan Bun Poo	• AmBank: Briefing on Competition Law • FIDE Forum: Insurance Takaful and Reinsurance Business • SIDC: Risk and Vulnerability of Global Markets – Reinforcing Resilience in Emerging Markets • Bursa Malaysia Berhad: Sustainability Engagement Series for Directors/Chief Executive Officers • MIA-MICG: Roundtable Discussion on Proposed Draft of the Malaysian Code on Corporate Governance 2016 • Amcorp Properties Berhad: Briefing on Companies Bill 2015 • FIDE Forum: FinTech – Business Opportunity or Disruptors? • MIA/SC: Forum on Key Audit Matters in Audit Report • Khazanah Megatrends Forum 2016 • UEM Group's The Exchange 2016
Dr. Saman @ Saimy Ismail	• Asian World Summit: 8th Annual Corporate Governance Summit • UEM Group Lecture Series #1 by Dato' Sri Nazir Razak • UEM Group Lecture Series #2 by Dato' Sri Shazalli Ramly • Australian Institute of Company Directors & MINDA: International Foundations of Directorship 2016 • Khazanah Megatrends Forum 2016 • UEM Group's The Exchange 2016
Elakumari Kantilal	• Credit Lyonnais Securities Asia (CLSA): Chris Wood's Greed & Fear Lunch Presentation • University of Chicago Booth School of Business, Chicago: Strategic Business Leadership • Asian World Summit: 8th Annual Corporate Governance Summit • MSWG: Stewardship Matters – For Long Term Sustainability • Bursa Malaysia: A sharing session by Korea Exchange of the KONEX Market in Korea • Khazanah Megatrends Forum 2016 • Endeavor Global, Inc: The 65th Endeavour International Selection Panel in Bali, Indonesia • UEM Group's The Exchange 2016 • 12th Khazanah Global Lecture • GE Community: Reimagine the Future of Entrepreneurs 2016

Directors	Description
Shahazwan Harris (Appointed on 1 July 2016)	• Khazanah Megatrends Forum 2016 • International Greentech & Eco Products Exhibition and Conference Malaysia 2016: Energy Performance Contracting Financing Seminar • UEM Group's The Exchange 2016
Zailah Tun Dr Ismail Al-Haj (Appointed on 1 December 2016)	^^

Note:
^^ Pn. Zailah Tun Dr Ismail Al-Haj, who was appointed as Director of the Company on 1 December 2016 did not attend any training during the year as there was no suitable training that suited her schedule in the month of December 2016.

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance with Applicable Financial Reporting Standards

The Board aims to provide and present a clear, balanced and comprehensive assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly announcements of results to shareholders as well as the Chairman's Statement and the review of operations in the Annual Report. The Board is assisted by the ARC to oversee the Group financial reporting processes and the quality of its financial reporting.

The quarterly financial results and audited financial statements are reviewed by the ARC and the external auditors and approved by the Board before being released to Bursa Securities.

5.2 Assessment of Suitability and Independence of External Auditors

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. The ARC evaluates and considers the following:-

- the competency, reputation and performance of the External Auditors;
- the timeliness and quality of the External Auditor's communications with the ARC and the Company;
- the quality of services and sufficiency of resources provided by the engagement team during the audit and throughout the financial year; and
- the External Auditor's independence, objectivity and professional scepticism.

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

The Company has established policies via the Terms of Reference of the ARC on governing the provision of non-audit services that can be provided by the External Auditors.

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

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.

6. RECOGNISE AND MANAGE RISKS

6.1 Sound Framework to Manage Risks

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 158 to 167 of this Annual Report provides an overview of the state of internal controls within the Group.

6.2 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 ARC and administratively to the Managing Director/Chief Executive Officer of the Company.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policy

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 the through the following channels:-

- Annual Report;
- Various disclosures and announcement to Bursa Securities including quarterly results;
- 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; and
- All announcement made by the Company to Bursa Securities will be posted on the Company's website at www.uemedgenta.com

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.

7.2 Leverage on Information Technology for Effective Dissemination of Information

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 Annual Report as well as those for past years is available through the Company's website and in CD-ROM format.

8. STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND SHAREHOLDERS

8.1 Encourage Shareholder Participation at General Meetings

The 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.

8.2 Poll Voting

Effective from 1 July 2016, all resolutions set out in the notices of general meetings will be voted by poll. The polling processes will be explained during the general meetings and will be conducted through electronic voting. Poll results are then verified by the appointed Scrutineers.

On 2 December 2016, the Company held an Extraordinary General Meeting to seek shareholders' approval for the proposed acquisition of the entire issued and paid-up capital of Asia Integrated Facility Solutions Pte Ltd. The members present were briefed on the procedures for the conduct of poll through electronic voting. The poll results were verified by the scrutineers, Symphony Corporatehouse Sdn Bhd.

8.3 Effective Communication and Proactive Engagement with Shareholders

At the 53rd AGM, all the Directors save for a director who had conveyed his leave of absence were present in person to engage directly with the shareholders. The External Auditors were in attendance to respond to any shareholders' queries. The Managing Director/Chief Executive Officer also shared with the shareholders the Company's responses to questions submitted in advance of the AGM by the Minority Shareholders Watchdog Group and several retail shareholders.

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

9. 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 2016, 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, 1965 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 174 to 177 and the Audited Financial Statements from pages 187 to 350 of this Annual Report.

10. COMPLIANCE STATEMENT

The Board has deliberated, reviewed and approved this Statement on Corporate Governance. The Board considers that this Statement on Corporate Governance provides the information necessary to enable shareholders to evaluate how the MCCG 2012 has been applied. The Board considers and is satisfied that the Company has fulfilled its obligation under the MCCG 2012, the Listing Requirements and all applicable laws and regulations throughout the financial year ended 31 December 2016.

This Statement on Corporate Governance was approved by the Board on 27 March 2017.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

INTRODUCTION

IN ACCORDANCE WITH THE PRINCIPLES SET OUT IN THE MALAYSIAN CODE ON CORPORATE GOVERNANCE 2012 ("MCCG 2012"), A LISTED COMPANY SHOULD ESTABLISH A SOUND RISK MANAGEMENT FRAMEWORK AND INTERNAL CONTROL SYSTEM TO SAFEGUARD SHAREHOLDERS' INVESTMENTS AND THE COMPANY'S ASSETS. 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 as recommended under Principle 6 of the MCCG 2012.

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

- There are currently 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 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 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 new Company's values: "Enterprising, Teamwork, Integrity, Passion and Success" amongst its employees by implementing the guidelines for face-to-face, written and telephone communications to provide the best behavioural and communication practices when engaging with stakeholders.

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:-

Edgenta PROPEL Berhad
- ISO 9001:2008
- ISO 14001:2004
- OHSAS 18001:2007

Infra Services

Opus International (M) Berhad
- ISO 9001:2008
- ISO 14001:2004
- OHSAS 18001:2007

A member of

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

Healthcare Services

Edgenta Environmental & Material Testing Sdn Bhd
- ISO 9001:2008
- ISO 14001:2004
- OHSAS 18001:2007
- ISO/IEC 17025

Environmental &
Material Testing Services
(EMT Services)

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

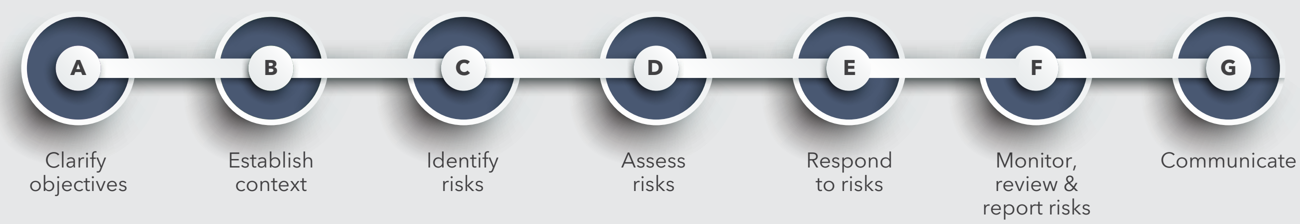
Risk Management

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:

Risk Management Structure for UEM Edgenta Berhad

  - Risk assessment methodology:



- 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).

  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.

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 for deliberation and approval.
- 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, Managing Director of Opus International (M) Berhad, Managing Director of Edgenta Mediserve Sdn Bhd and Heads of Companies of the subsidiaries within the Group.

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 derives an action plan on identified areas of improvement.

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.

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.

The objective of business continuity to ensure resiliency of the critical business functions and that the effects of disruptions are minimised in the face of a disaster. The BCM Framework provides the foundation and organisational arrangement for managing incidents and minimising interruptions to business. It is developed to:

a. Set the broad framework, policy and procedures in responding to disruption and resuming critical business functions;

b. Establish proper oversight structure and support teams in managing the disruption and resolving the issue;

c. Identify all critical functions and their interdependencies, to determine recovery priorities (via the Business Impact Analysis ("BIA") Exercise);

d. Outline a robust Business Continuity Plan ("BCP"), and its implementation, testing and maintenance;

e. Create awareness and ingrain BCM as part of the organisation's culture; and

f. Ensure consistent approach for managing disruptions, aligned with relevant BCM standards and industry best practice (e.g. BS25999 and ISO22301).

In year of review, BCM Awareness and Education Workshops and BIA were carried out for Healthcare services. This is to create awareness and have a BCP documented as a guide to recover critical functions and processes during crisis.

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 to the 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 produces reports and other analytical tools used for planning, monitoring and continuous process improvement.

The MIS is available on a combination of real-time basis and/or as when updated and accessible via the client-server platform, internet/dedicated IPVPN (Internet Protocol Virtual Private Network) line and the Group's intranet.

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 saved critical corporate databases are able to be restored timely in the event of disaster. The Group has recently relocated its Disaster Recovery ("DR") center 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.

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

The Group has adopted the guidelines for Government-Linked Companies (GLCs) as contained in the Silver Book as a guide to plan, implement and report to its community initiative.

It also adopts Bursa Malaysia's Corporate Social Responsibility Framework for Public Listed Companies. As a member of UEM Group, the Group is also guided by UEM Group's Corporate Responsibility Policy and Sustainability Policy and practices.

Effective 2015, UEM Group of Companies have consolidated the reporting of corporate sustainability performance into one unified Sustainability Report. The reporting content 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 focusses 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.

On 24 November 2016, the UEM Edgenta Board has approved the updated Sustainability Policy and Corporate Responsibility Policy 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.

Government-Linked Companies ("GLC") Transformation Program

In the effort to enhance stakeholders' value through improved financial and operational performance, the Group has conscientiously adopted the GLC Transformation Program and has been guided by the following colour-coded books:-

- Blue Book – Intensifying Performance Management Practices
- Green Book – Enhancing Board Effectiveness
- Orange Book – Strengthening Leadership Development
- Purple Book – Optimising Capital Management Practices
- Red Book – Procurement Guidelines & Best Practices
- Silver Book – Achieving Value Through Social Responsibility
- Yellow Book – Enhancing Operational Efficiency and Effectiveness

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 2016, 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 27 March 2017.

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 & RISK
COMMITTEE REPORT

THE BOARD IS PLEASED TO PRESENT THE AUDIT AND RISK COMMITTEE ("ARC") REPORT WHICH PROVIDES INSIGHTS ON HOW THE ARC DISCHARGED ITS FUNCTION AND DUTIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016.

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
Datuk Ir. Abdullah Sani Abd Karim (Retired on 12 May 2016)	Independent Non-Executive Director

* *Member of the Malaysian Institute of Accountants*
^ *Member of the Malaysian Institute of Certified Public Accountants*

MEETINGS

A total of eight (8) meetings were held during the financial year ended 31 December 2016 and the attendance of the ARC members are as follows:-

Name of ARC Members	No. of meetings attended
Robert Tan Bun Poo (Chairman)	8/8
Elakumari Kantilal	6/8
Dr. Saman @ Saimy Ismail	8/8
Datuk Ir. Abdullah Sani Abd Karim (Retired on 12 May 2016)	2/2**

** *Reflects the number of meetings held and attended up to date of retirement.*

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 2016:-

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;
   (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, 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 Statement on Corporate Governance, ARC Report and Statement on Risk Management and Internal Control, to the Board for its approval.

5. Reviewed the Terms of Reference of the ARC to reflect the changes of the Listing Requirements which was issued by Bursa Securities and to include the responsibilities of the ARC which was not included in the Terms of Reference to avoid ambiguity and avoidance of any doubt, and subsequently recommended to the Board for 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 Risk Management 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 and recommended a revised Business Continuity Management Framework to the Board for its approval.

5. Reviewed the adequacy and effectiveness of the overall risk management process.

6. Reviewed with Risk Management Committee on the proposed establishment of a dedicated Compliance Team.

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.
   (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 26 February 2016, 18 November 2016 and 23 March 2017 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 total cost incurred for the internal audit function for financial year ended 31 December 2016 is approximately RM939,937.00, comprising mainly salaries, travelling 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 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 fifteen (15) audit assignments comprising twelve (12) planned audits and three (3) ad hoc audits. 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. In 2016, there were a total of thirteen (13) audits performed in-house by IAD while the remaining were jointly undertaken with PLUS Malaysia Berhad's IAD team and GIA. 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) Controls over new business acquired during the Year 2016.

(2) HQ Audits Over Corporate and Support Services.

(3) Operational audits in Infra Services, Hospital Support Services and Asset Consultancy.

UEM EDGENTA BERHAD

FINANCIAL

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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 2016.

PRINCIPAL ACTIVITIES

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 to the financial statement.

There have been no significant changes in the nature of the principal activities during the financial year, other than the acquisition of KFM Holdings Sdn. Bhd. ("KFM") and Asia Integrated Facility Solutions Pte. Ltd. ("AIFS") as further discussed in Note 17 to the financial statements. KFM provides integrated facilities management services, green technology and sustainability services in both Malaysia and United Arab Emirates, while AIFS provides integrated facilities management services, healthcare facilities management services, housekeeping and patient management services with presence in Singapore, Taiwan and Malaysia.

RESULTS

	Group RM'000	Company RM'000
Profit net of tax	46,572	226,382
Attributable to:		
Owners of the parent	80,056	226,382
Non-controlling interests	(33,484)	-
	46,572	226,382

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.

DIVIDENDS

The amounts of dividends paid by the Company since 31 December 2015 were as follows:

	RM'000
In respect of the financial year ended 31 December 2015 as reported in the directors' report of that year:	
Single tier interim dividend of RM0.15 on 813,501,053 ordinary shares of RM0.25 each, declared on 29 February 2016 and paid on 31 March 2016	122,025

The directors have proposed a single tier final dividend of 7.00 sen per ordinary share, on 831,624,030 ordinary shares, amounting to RM58,213,682 in respect of the financial year ended 31 December 2016. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2017.

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Amir Hamzah bin Azizan	(appointed on 1 July 2016)
Azmir Merican bin Azmi Merican	
Dato' Mohd Izzaddin bin Idris	
Tan Bun Poo	
Dr. Saman @ Saimy bin Ismail	
Elakumari a/p Kantilal	
Mohd Shahazwan bin Mohd Harris	(appointed on 1 July 2016)
Zailah binti Tun Dr Ismail Al-Haj	(appointed on 1 December 2016)
Datuk Ir. Abdullah Sani bin Abd Karim	(retired at the 53rd Annual General Meeting held on 12 May 2016)
Dato' Seri Ismail bin Shahudin	(demised on 30 July 2016)

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 of the Company 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.

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.

Issue of shares

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM203,375,263 to RM207,906,008 by way of the issuance of 18,122,977 ordinary shares of RM0.25 each at an issue·price of RM3.57 per ordinary share as partial discharge of purchase consideration for the acquisition of a subsidiary as disclosed in Note 45(c) to the financial statements.

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

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 misleading.

OTHER STATUTORY INFORMATION (CONT'D.)

(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.

(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 AND SUBSEQUENT EVENTS

The details of the significant and subsequent events are disclosed in Note 45 and Note 46 to the financial statements respectively.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 27 March 2017.

Amir Hamzah bin Azizan **Azmir Merican bin Azmi Merican**

STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of the Companies Act, 1965

We, Amir Hamzah bin Azizan and 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 187 to 349 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 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 2016 and of their financial performance and cash flows for the year then ended.

The supplementary information set out in Note 47 on page 350 have been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 27 March 2017.

Amir Hamzah bin Azizan

Azmir Merican bin Azmi Merican

STATUTORY DECLARATION

Pursuant to Section 169(16) of the Companies Act, 1965

I, Dato' Jezilee bin Mohamad Ramli, being the officer primarily responsible for the financial management of UEM Edgenta Berhad, do solemnly and sincerely declare that the accompanying financial statements and the supplementary information set out on pages 187 to 350 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
Dato' Jezilee bin Mohamad Ramli
at Kuala Lumpur in the Federal Territory
on 27 March 2017

Dato' Jezilee bin Mohamad Ramli

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 2016 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 187 to 349.

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 2016, 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, 1965 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 risk	Our audit response
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) The Group is required to perform annual impairment assessment of the cash generating units ("CGUs") or groups of CGUs to which goodwill has been allocated. The Group estimated the recoverable amounts of the CGUs to which the goodwill is allocated based on value-in-use ("VIU"). Estimating the VIU involves discounting to its present value the estimated future cash inflows and outflows expected to be derived from the CGUs using an appropriate discount rate. 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. Arising from the impairment assessments, management impaired the goodwill relating to the CGUs of Canada-OSW and Opus Australia to their recoverable amounts, resulting in an impairment loss of RM94.1 million and RM12.5 million, respectively.	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 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; and - we evaluated the adequacy of disclosures of key assumptions to which the outcome of the impairment test is most sensitive.

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

Key audit matters (cont'd.)

Key risk	Our audit response
Purchase price allocations ("PPA") in relation to the acquisition of KFM group and Asia Integrated Facility Solutions ("AIFS") group	
(Refer to Note 16 – Intangible assets, Note 17 – Investment in subsidiaries and Note 2.4 (a) and (f)(i) – Summary of significant accounting policies: Basis of consolidation and Intangible assets – Goodwill and Note 2.5 (b)(xi) – Key sources of estimation uncertainty: Purchase Price Allocation) The Group completed the acquisition of 80% equity interest in KFM group on 6 April 2016 for a total consideration of RM125.7 million. The Group also completed the acquisition of 100% equity interest in AIFS group on 15 December 2016 for a total consideration of SGD191.9 million (equivalent to RM595.0 million). In accordance with FRS 3: Business Combinations, the Group has carried out a purchase price allocation ("PPA") which is based on the established fair value of the assets acquired, including the fair value of any intangible assets, and liabilities assumed as at the combination date. Resulting from the PPA exercise, the Group recognised intangible assets relating to customer contracts and customer relationship of RM34.0 million and RM7.1 million, respectively and goodwill of RM49.6 million in relation to acquisition of KFM group. As disclosed in Note 16 (a), (b) and (c) to the financial statements, the purchase price allocation for the acquisition of AIFS group is still incomplete at the end of the reporting period. Accordingly, the Group has recognised provisional amounts for identifiable assets and liabilities arising from the acquisition including intangible assets relating to customer relationships and software of RM170.0 million and RM3.9 million respectively, and goodwill of RM349.7 million. The PPA exercise was complex and involved significant judgement by management in identification and valuation of the intangible assets as at the combination date.	We involved our internal valuation experts in reviewing the purchase price allocation performed by management, particularly in the area of identification and valuation of potential intangible assets arising from the acquisitions. We tested the identification of intangible assets based on our understanding of the business of the acquired companies and future business plans. We also reviewed the valuation of the identified intangibles whether the valuation methodologies used are based on generally accepted valuation models. In addition, we also evaluated the adequacy of the disclosures made in relation to the acquisitions.

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

Key audit matters (cont'd.)

Key risk	Our audit response
Revenue recognition on asset development and management consultancy	
(Refer to Note 3 – Revenue, Note 2.4(y)(i) Summary of significant accounting policies – Income recognition: Revenue recognition and Note 2.5(b)(i) – Key sources of estimation uncertainty: Asset development and management consultancy) The Group recognised its revenue and profit on asset development and management 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. To reliably estimate the percentage of completion, significant estimates are applied especially in determining the total expected costs of the contracts. Management's estimation process is derived from its budgeting process and is reassessed regularly. Judgements and estimates were also applied in assessing if any losses are foreseen arising from the reassessment of the budgets.	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-a-vis the scope and timeframe of the projects; - reviewed and recomputed the percentage of completion, including verifying 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 contract 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.

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

Key audit matters (cont'd.)

Key risk	Our audit response
Impairment assessment of investment in subsidiaries	
(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) The Company assessed that there is an indication of impairment for investment in Opus Group Berhad and Edgenta Propel Berhad due to the declining profit trend of these subsidiaries. Accordingly, the Company performed an impairment assessment to determine the recoverable amounts of the cash generating units ('CGU') relating to the subsidiaries. This involves comparing the recoverable amounts of the related CGU to the carrying amount of the investment. We identified the impairment review as an area of audit focus as the impairment assessment was complex and highly judgemental. It involved assessment of possible variations in the amounts and timing of future cash flows based on assumptions affected by future market and economic conditions in different geographies. Judgement was also applied in determining the appropriate discount rate. The impairment assessment did not give rise to any impairment.	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 consistent with those used in the industry; – we assessed the reasonableness of key assumptions used for each subsidiary, 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 assess 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; and – we performed sensitivity analysis on key assumptions that will significantly affect the recoverable amounts of the investment in subsidiaries.

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

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

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

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 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.

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

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

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.

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, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 44 to the financial statements, being financial statements that have been included in the consolidated financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 47 on page 350 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 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

Chong Tse Heng
NO. 3179/05/17 (J)
Chartered Accountant

Kuala Lumpur, Malaysia
27 March 2017

INCOME STATEMENTS

for the year ended 31 December 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Revenue	3	**2,930,974**	3,123,033	**293,062**	137,387
Cost of sales	4	**(1,959,366)**	(2,101,259)	**-**	-
Gross profit		**971,608**	1,021,774	**293,062**	137,387
Other income	5	**46,478**	53,891	**3,020**	1,956
Administrative expenses		**(697,490)**	(695,744)	**(56,147)**	(38,183)
Selling and marketing expenses		**(5,898)**	(6,497)	**-**	-
Other expenses		**(195,283)**	(57,577)	**(8,673)**	(2,869)
Operating profit		**119,415**	315,847	**231,262**	98,291
Finance costs	6	**(22,060)**	(16,627)	**(4,280)**	(4,723)
Share of profit/(loss) of joint ventures		**1,132**	(4,269)	**-**	-
Share of profit of associates		**15,310**	10,468	**-**	-
Profit before tax	7	**113,797**	305,419	**226,982**	93,568
Zakat		**(1,509)**	(1,494)	**(475)**	(606)
Income tax expense	10	**(65,716)**	(94,392)	**(125)**	-
Profit net of tax		**46,572**	209,533	**226,382**	92,962
Profit attributable to:					
Owners of the parent		**80,056**	191,181	**226,382**	92,962
Non-controlling interests		**(33,484)**	18,352	**-**	-
		46,572	209,533	**226,382**	92,962
Earnings per share attributable to owners of the parent (sen)	11	**9.7**	23.5		

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 2016

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit net of tax		**46,572**	209,533	**226,382**	92,962
Other comprehensive income/(loss)					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations		**6,309**	38,616	**-**	-
Tax impact on translation of foreign operations	10	**(735)**	1,325	**-**	-
Net gain on hedge of net investment		**11,928**	10,699	**-**	-
Tax impact on hedge of net investment	10	**(3,340)**	(2,994)	**-**	-
		14,162	47,646	**-**	-
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods					
Remeasurement gain on Retirement Benefit Scheme	25	**54**	1,211	**-**	-
Remeasurement loss on Defined Benefit Pension Scheme	26	**(5,370)**	(2,212)	**-**	-
Tax impact on remeasurement loss	10	**1,045**	63	**-**	-
		(4,271)	(938)	**-**	-
Other comprehensive income for the year, net of tax		**9,891**	46,708	**-**	-
Total comprehensive income for the year		**56,463**	256,241	**226,382**	92,962
Total comprehensive income attributable to:					
Owners of the parent		**86,318**	223,495	**226,382**	92,962
Non-controlling interests		**(29,855)**	32,746	**-**	-
		56,463	256,241	**226,382**	92,962

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

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2016

		Group	
	Note	2016 RM'000	2015 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	**227,769**	213,034
Land held for property development	14(a)	**1,115**	1,115
Prepaid land lease payments	15	**3,150**	3,237
Intangible assets	16	**964,528**	453,446
Investment in joint ventures	18(a)	**2,393**	5,814
Investment in associates	18(c)	**32,753**	18,356
Other investments	19	**272**	272
Trade and other receivables	21	**141,685**	30,367
Derivative financial instruments	23	-	34
Defined benefit pension plan	26	-	128
Deferred tax assets	31	**51,573**	44,311
		1,425,238	770,114
Current assets			
Property development costs	14(b)	**128,307**	71,334
Inventories	20	**36,533**	41,974
Trade and other receivables	21	**1,256,385**	924,664
Short term investments	22	**42,375**	244,891
Derivative financial instruments	23	**491**	11,782
Cash, bank balances and deposits	24	**640,010**	552,614
		2,104,101	1,847,259
Total assets		**3,529,339**	2,617,373

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

	Note	Group 2016 RM'000	Group 2015 RM'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	32	**207,906**	203,375
Share premium	32	**60,168**	–
Merger relief reserve	33	**313,856**	313,856
Other reserves	34	**78,149**	69,259
Retained earnings	35	**708,785**	753,379
		1,368,864	1,339,869
Non-controlling interests		**168,929**	188,222
Total equity		**1,537,793**	1,528,091
Non-current liabilities			
Retirement benefit obligations	25	**3,857**	3,851
Defined benefit pension plan	26	**6,541**	–
Provisions	27	**17,272**	19,829
Borrowings	28	**761,122**	329,532
Trade and other payables	30	**30,333**	5,047
Derivative financial instruments	23	**5,530**	–
Deferred tax liabilities	31	**51,581**	2,975
		876,236	361,234
Current liabilities			
Retirement benefit obligations	25	**261**	189
Provisions	27	**17,585**	16,408
Borrowings	28	**228,577**	44,725
Trade and other payables	30	**831,862**	651,913
Derivative financial instruments	23	**1,409**	185
Income tax payable		**35,616**	14,628
		1,115,310	728,048
Total liabilities		**1,991,546**	1,089,282
Total equity and liabilities		**3,529,339**	2,617,373

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

	Note	Company 2016 RM'000	Company 2015 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	**28,787**	26,827
Intangible asset	16	**12**	19
Investment in subsidiaries	17	**2,029,900**	1,816,122
Other investments	19	**272**	272
Amount due from a subsidiary	21	**338,813**	-
		2,397,784	1,843,240
Current assets			
Other receivables	21	**2,998**	19,726
Cash, bank balances and deposits	24	**86,141**	22,294
		89,139	42,020
Total assets		**2,486,923**	1,885,260
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	32	**207,906**	203,375
Share premium	32	**60,168**	-
Merger relief reserve	33	**788,375**	788,375
Other merger reserve	33	**482,035**	482,035
Retained earnings	35	**419,520**	315,163
		1,958,004	1,788,948
Non-current liabilities			
Borrowings	28	**351,703**	60,000
Other payables	30	**21,830**	-
Derivative financial instrument	23	**3,859**	-
		377,392	60,000
Current liabilities			
Provision	27	**300**	519
Borrowings	28	**124,085**	20,722
Other payables	30	**27,142**	15,071
		151,527	36,312
Total liabilities		**528,919**	96,312
Total equity and liabilities		**2,486,923**	1,885,260

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 2016

	Attributable to owners of the parent							
			Non-distributable					
	Share capital (Note 32) RM'000	Share premium (Note 32) RM'000	Merger relief reserve (Note 33) RM'000	Other reserves (Note 34) RM'000	Retained earnings (Note 35) RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group								
At 1 January 2016	**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	-	-	-	8,890	77,428	86,318	(29,855)	56,463
Transactions with owners								
Acquisition of a subsidiary (Note 17(a)(ii))	4,531	60,168	-	-	-	64,699	19,850	84,549
Issuance of ordinary shares to non-controlling interests (Note 17(a)(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)
At 31 December 2016	**207,906**	**60,168**	**313,856**	**78,149**	**708,785**	**1,368,864**	**168,929**	**1,537,793**

	Attributable to owners of the parent						
		Non-distributable					
	Share capital (Note 32) RM'000	Merger relief reserve (Note 33) RM'000	Other reserves (Note 34) RM'000	Retained earnings (Note 35) RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group							
At 1 January 2015	203,375	313,856	36,949	605,206	1,159,386	201,740	1,361,126
Profit for the year	-	-	-	191,181	191,181	18,352	209,533
Other comprehensive income/(loss)	-	-	32,531	(217)	32,314	14,394	46,708
Total comprehensive income	-	-	32,531	190,964	223,495	32,746	256,241
Transactions with owners							
Issuance of ordinary shares to non-controlling interests	-	-	-	-	-	1,470	1,470
Accretion loss on acquisition of interest in a subsidiary	-	-	-	(2,026)	(2,026)	(7,974)	(10,000)
Dilution of interest in a subsidiary	-	-	-	12	12	122	134
Share-based payment issued by a subsidiary	-	-	(323)	-	(323)	(202)	(525)
Employee share option forfeited by a subsidiary	-	-	102	(102)	-	-	-
Dividends paid to:							
- Shareholders of the Company (Note 12)	-	-	-	(40,675)	(40,675)	-	(40,675)
- Non-controlling shareholders of subsidiaries	-	-	-	-	-	(39,680)	(39,680)
	-	-	(221)	(42,791)	(43,012)	(46,264)	(89,276)
At 31 December 2015	203,375	313,856	69,259	753,379	1,339,869	188,222	1,528,091

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

	Share capital (Note 32) RM'000	Share premium (Note 32) RM'000	Merger relief reserve (Note 33) RM'000	Other merger reserve (Note 33) RM'000	Retained earnings (Note 35) RM'000	Total equity RM'000
Company						
At 1 January 2016	**203,375**	**-**	**788,375**	**482,035**	**315,163**	**1,788,948**
Total comprehensive income	-	-	-	-	**226,382**	**226,382**
Transactions with owners						
Acquisition of a subsidiary (Note 17(a)(ii))	**4,531**	**60,168**	-	-	-	**64,699**
Dividends (Note 12)	-	-	-	-	**(122,025)**	**(122,025)**
At 31 December 2016	**207,906**	**60,168**	**788,375**	**482,035**	**419,520**	**1,958,004**
At 1 January 2015	203,375	–	788,375	482,035	262,876	1,736,661
Total comprehensive income	–	–	–	–	92,962	92,962
Transaction with owners						
Dividends (Note 12)	–	–	–	–	(40,675)	(40,675)
At 31 December 2015	203,375	–	788,375	482,035	315,163	1,788,948

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 2016

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Cash flows from operating activities				
Cash receipts from customers	**2,808,143**	2,929,598	**35,728**	29,777
Cash payments to suppliers	**(1,325,258)**	(1,542,489)	**-**	-
Cash payments to employees and for expenses	**(1,355,198)**	(1,286,411)	**(54,085)**	(89,433)
Cash generated from/(used in) operations	**127,687**	100,698	**(18,357)**	(59,656)
Interest paid	**(19,496)**	(10,131)	**(3,133)**	(3,988)
Taxes (paid)/refunded	**(74,772)**	(86,077)	**264**	(220)
Net cash flows generated from/(used in) operating activities	**33,419**	4,490	**(21,226)**	(63,864)
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	**2,685**	316	**-**	-
Payment of contingent consideration	**-**	(24,466)	**-**	-
Acquisition of subsidiaries, net of cash acquired	**(511,321)**	-	**(36,000)**	(29,330)
Investment in subsidiaries	**-**	-	**(87,127)**	-
Investment in associates	**(400)**	(1,000)	**-**	-
Loans to joint ventures	**-**	(12,320)	**-**	-
Repayment of loan from joint ventures	**3,511**	-	**-**	-
Placement of short term investments	**(26,500)**	(131,054)	**-**	-
Proceeds from withdrawal of short term investments	**233,216**	153,034	**-**	-
Proceeds from forward hedging contract	**13,784**	4,689	**-**	-
Interest received	**12,799**	17,755	**851**	1,436
Dividend received from joint ventures	**3,183**	3,090	**-**	-
Dividend received from an associate	**1,705**	93	**-**	-
Dividends received from subsidiaries	**-**	-	**260,842**	121,232
Purchase of property, plant and equipment	**(53,568)**	(54,246)	**(4,991)**	(1,010)
Purchase of intangible assets	**(4,559)**	(3,618)	**(4)**	(17)
Advances to a subsidiary	**-**	-	**(338,813)**	-
Advances from a subsidiary	**-**	-	**15,000**	-
Acquisition of non-controlling interest	**-**	(10,000)	**-**	-
Net cash flows (used in)/generated from investing activities	**(325,465)**	(57,727)	**(190,242)**	92,311

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	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash flows from financing activities				
Proceeds from issuance of ordinary shares to non-controlling interests	**1,654**	1,470	**-**	-
Finance lease repayment	**(7,732)**	(6,055)	**-**	-
Drawdown of borrowings	**628,781**	103,696	**418,062**	-
Repayment of borrowings	**(154,285)**	(106,979)	**(20,722)**	(20,904)
Dividends paid	**(122,025)**	(187,105)	**(122,025)**	(187,105)
Dividends paid to non-controlling shareholders of subsidiaries	**(10,975)**	(39,680)	**-**	-
(Placement)/withdrawal of fixed deposits	**(61,802)**	5,792	**(61,619)**	3,472
Net cash flows generated from/(used in) financing activities	**273,616**	(228,861)	**213,696**	(204,537)
Net (decrease)/increase in cash and cash equivalents	**(18,430)**	(282,098)	**2,228**	(176,090)
Net foreign exchange difference	**12,849**	18,374	**-**	-
Cash and cash equivalents at beginning of year	**517,742**	781,466	**22,294**	198,384
Cash and cash equivalents at end of year (Note a)	**512,161**	517,742	**24,522**	22,294
(a) Cash and cash equivalents comprise of:				
Cash in hand and at banks	**245,017**	161,338	**5,417**	6,356
Fixed deposits with licensed banks	**334,993**	351,165	**80,724**	15,938
Fixed deposits with other financial institutions	**60,000**	40,111	**-**	-
Cash, bank balances and deposits (Note 24)	**640,010**	552,614	**86,141**	22,294
Less: Fixed deposits on lien	**(16,034)**	(16,538)	**-**	-
Less: Fixed deposits pledged	**(4,809)**	(437)	**-**	-
Less: Cash and fixed deposit restricted in usage	**(77,117)**	-	**(61,619)**	-
Less: Bank overdrafts	**(29,889)**	(17,897)	**-**	-
	512,161	517,742	**24,522**	22,294

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 2016

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, other than the acquisition of KFM Holdings Sdn. Bhd. ("KFM") and Asia Integrated Facility Solutions Pte. Ltd. ("AIFS") as further discussed in Note 17. KFM provides integrated facilities management services, green technology and sustainability services in both Malaysia and United Arab Emirates, while AIFS provides integrated facilities management services, healthcare facilities management services, housekeeping and patient management services with presence in Singapore, Taiwan and Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 March 2017.

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, 1965 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 2016 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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 2016, the Group and the Company adopted the following amended FRSs mandatory for annual financial periods beginning on or after 1 January 2016.

	Effective for annual periods beginning on or after
Annual Improvements to FRSs 2012-2014 Cycle	1 January 2016
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 101: Disclosure Initiative	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 14: Regulatory Deferral Accounts	1 January 2016

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

Annual Improvements to FRSs 2012-2014 Cycle

The Annual Improvements to FRSs 2012-2014 Cycle include a number of amendments to various FRSs, which are summarised below. These amendments do not have a significant impact on the Group's and the Company's financial statements.

(a) FRS 5 Non-current Assets Held for Sale and Discontinued Operations

The amendment to FRS 5 clarifies that changing from one disposal method to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in FRS 5.

The amendment also clarifies that changing the disposal method does not change the date of classification. This amendment is to be applied prospectively.

(b) FRS 7 Financial Instruments: Disclosures

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in FRS 7 in order to assess whether the disclosures are required.

In addition, the amendment also clarifies that the disclosures in respect of offsetting of financial assets and financial liabilities are not required in the condensed interim financial report. This amendment is applied retrospectively.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Changes in accounting policies (cont'd.)

Annuals Improvements to FRSs 2012-2014 Cycle (cont'd.)

(c) FRS 119 Employee Benefits

The amendment to FRS 119 clarifies that the rate used to discount post-employment benefit obligations (both funded and unfunded) shall be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment is applied prospectively.

(d) FRS 134 Interim Financial Reporting

FRS 134 requires entities to disclose information in the notes to the interim financial statements if not disclosed elsewhere in the interim financial report.

The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment is applied retrospectively.

Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset forms part of the business) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments do not have any impact to the Group as the Group has not used a revenue-based method to depreciate its non-current assets.

Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations

The amendments to FRS 11 require that a joint operator which acquires an interest in a joint operations which constitute a business to apply the relevant FRS 3 Business Combinations principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to FRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

These amendments do not have any impact on the Group's consolidated financial statements as there has been no interest acquired in a joint operation during the year.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Changes in accounting policies (cont'd.)

Amendments to FRS 127: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities already applying FRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. For the first-time adopters of FRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to FRS. These amendments do not have any impact on the Group's and the Company's financial statements.

Amendments to FRS 101: Disclosure Initiative

The amendments to FRS 101 include narrow-focus improvements in the following five areas:
- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

The amendments do not have any impact on the Group's and the Company's financial statements.

Amendments to FRS 10. FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception

The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. The amendments further clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. In addition, the amendments also provide that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity. the entity may, when applying the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate·s or joint venture's interests in subsidiaries.

The amendments do not have any impact on the Group's financial statements as the Group does not apply the consolidation exception.

FRS 14 Regulatory Deferral Accounts

FRS 14 is an optional standard that allows an entity, whose activities are subject to rate regulations, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of FRS. Entities that adopt FRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in the account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of. and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. Since the Group is an existing FRS preparer. this standard would not apply.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

	Effective for annual periods beginning on or after
Amendments to FRS 107: Disclosure Initiative	1 January 2017
Amendments to FRS112: 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	1 January 2017
– Amendments to FRS 1: First Time Adoption of Financial Reporting Standards	1 January 2018
– Amendments to FRS 128: Investment in Associates and Joint Ventures	1 January 2018
FRS 9: Financial Instruments	1 January 2018
Amendments to FRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to FRS 140: Transfers of Investment Property	1 January 2018
IC Interpretation 22: Foreign Currency Translations and Advance Consideration	1 January 2018
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

<u>Amendments to FRS 107: Disclosure Initiative</u>

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.

These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Standards issued but not yet effective (cont'd.)

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.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 January 2017 with early application permitted. If an entity applies this amendments for an earlier period, it must disclose that fact. These amendments are not expected to have any impact on the Group and on the Company.

FRS 9 Financial Instruments

In November 2014, Malaysian Accounting Standards Board ("MASB") issued the final version of FRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 139 Financial Instruments: Recognition and Measurement and all previous versions of FRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. FRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of FRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

Amendments to FRS 2: Classification and Measurement of Share-based Payment Transactions

The amendments to FRS 2 address three main areas:
- The effects of vesting conditions on the measurement of a cash-settled share-based payment transaction;
- The classification of a share-based payment transaction with net settlement features for witholding tax obligations; and
- Accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted. The amendments will not have any material impact on the disclosures or the amounts recognised in the Group's and the Company's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Standards issued but not yet effective (cont'd.)

Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify that:

- gains and losses resulting from transactions involving assets that do not constitute a business, between investor and its associate or joint venture are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture; and
- gains and losses resulting from transactions involving the sale or contribution of assets to an associate of a joint venture that constitute a business is recognised in full.

The amendments are to be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined by IASB. Earlier application is permitted. These amendments are not expected to have any impact on the Group.

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the 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 have 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 2015 and 2016 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.

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.

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.)

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.

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 accordance with FRS 139 either in profit or loss or as a change to other comprehensive income. 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.

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 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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(b) Investment in associates (cont'd.)

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(d) Transaction with non-controlling interest

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(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.

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(x).

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 Jess 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.

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.)

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 contract and relationships

Customer contract 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 live of customer contract and customer relationships are assessed to be 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.

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

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%

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(h) Land held for property development and property development costs (cont'd.)

(ii) Property development costs (cont'd.)

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(i) Impairment of non-financial assets (cont'd.)

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.

Consumables are stated at the lower of cost (determined on the weighted average basis) and net realisable value. Cost of inventories comprise cost of purchase of inventories.

Property held for resale is stated at the lower of cost and net realisable value. Cost 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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(k) Financial assets (cont'd.)

(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.

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 right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

(l) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(l) Impairment of financial assets (cont'd.)

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. (cont'd.)

(i) Trade and other receivables and other financial assets carried at amortised cost (cont'd.)

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 equity securities 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.

(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 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(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.

(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.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(p) Financial liabilities (cont'd.)

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.

(r) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(s) Leases (cont'd.)

As lessee (cont'd.)

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) 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.

(u) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(u) Income tax (cont'd.)

(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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(u) Income tax (cont'd.)

(ii) Deferred tax (cont'd.)

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.

(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.

(v) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(w) 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. 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(v) Employee share incentive plan

Opus International Consultants Limited ("Opus IC"), a subsidiary of the Company listed on New Zealand Exchange Limited, issues equity-settled share-based payments to certain qualified senior employees under an ESOP1.

The share option under ESOP1 is measured at the fair value at the date of grant by using the Black-Scholes-Merton model. The cost of equity-settled award is recognised in profit or loss on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

At each reporting date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous reporting date is recognised in profit or loss, with a corresponding entry in equity.

When an equity-settled award is cancelled before vesting, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised in profit or loss immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date it is granted, the cancelled and new award are treated as if they were a modification of the original award.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised in profit or loss over the remainder of the new vesting period for the incremental fair value of any modification award, both measured on the date of modification. No reduction is recognised if the difference is negative.

Under the terms of the ESOP1, employees may elect for Opus IC to repurchase shares issued at the time of exercising options in exchange for convertible notes issued by Opus IC. The convertible notes have a face value of the issue price and are interest bearing with semi-annual coupon payments. The notes are convertible into ordinary shares on a one for one basis at the option of Opus IC and/or the holder at any time with five business days written notice. The notes are compound financial instruments which have both a financial liability and an equity component. The financial liability component represents the interest obligations on the notes and interest is recognised on an accrual basis. All proceeds received from the issue of convertible notes have been recognised in a separate component of equity. Upon conversion to shares, the proceeds from issue of the convertible notes will be reclassified to ordinary share capital.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(x) 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.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(x) 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:

	2016 RM	2015 RM
United Kingdom Pound (GBP)	**5.52**	6.37
United States Dollars (USD)	**4.49**	4.30
United Arab Emirates Dirham (AED)	**1.22**	1.17
Indian Rupees (INR)	**0.07**	0.07
New Zealand Dollars (NZD)	**3.12**	2.94
Philippines Peso (PP)	**0.09**	0.09
South African Rand (ZAR)	**0.33**	0.28
Saudi Arabian Riyal (SAR)	**1.20**	1.15
Canadian Dollars (CAD)	**3.33**	3.10
Australian Dollars (AUD)	**3.24**	3.14
Singapore Dollars (SGD)	**3.10**	-*
Taiwan New Dollar (TWO)	**0.14**	-*

* No transactions during the year and balances as at reporting date in these currencies.

(y) 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:

Asset development and management 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.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(y) Income recognition (cont'd.)

Revenue recognition (cont'd.)

(i) Revenue from services rendered (cont'd.)

Integrated facilities management

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 support services

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) Other integrated facilities management

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.

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.)

(y) Income recognition (cont'd.)

Revenue recognition (cont'd.)

(i) Revenue from services rendered (cont'd.)

Infrastructure maintenance

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.

(ii) Sale of properties

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.

(iii) Management fees

Management fees for services provided to entities within the Group are recognised on an accrual basis.

(iv) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

Other income recognition

(i) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(z) 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.

(aa) 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.

(ab) 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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(ab) Fair value measurement (cont'd.)

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.

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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) Asset development and management consultancy

The Group recognised its revenue and profit on asset development and management 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.

(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 2016 was RM740.4 million (2015: RM441.5 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 CGU to which the investment in subsidiaries 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 investment in subsidiaries at 31 December 2016 was RM2,029.9 million (2015: RM1,816.1 million). Further details are disclosed in Note 17.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Significant accounting judgements and estimates (cont'd.)

(b) Key sources of estimation uncertainty (cont'd.)

(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) Depreciation of property, plant and equipment

The cost of property, plant and equipment of the Group is depreciated on a straight-line basis over the assets' useful lives, estimated to be within 2 to 15 years. These are common life expectancies applied within the Group's industry. Changes in the expected level of usage and technological developments would impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(vi) Property development

The Group recognises property development revenue and expenses in the income statement 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.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group relies on past experience and the work of specialists.

As at 31 December 2016, Chymes@Gurney development is estimated to be 99% (2015: 43%) completed.

The carrying amount of assets and liabilities of the Group arising from property development activities are disclosed in Note 14. A 10% difference in the estimated total property development revenue or costs would result in approximately 0.11% (2015: 0.06%) variance in the Group's revenue and 0.12% (2015: 0.06%) variance in the Group's cost of sales.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Significant accounting judgements and estimates (cont'd.)

(b) Key sources of estimation uncertainty (cont'd.)

(vii) 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.

(viii) 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 judgement 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 RM51.6 million (2015: RM44.3 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 RM8.0 million (2015: RM7.3 million). Further details are disclosed in Note 31.

(ix) Pension and other post-employment benefits

The cost of the defined benefit pension scheme and other post benefits is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, expected rate of returns, future salary increases, mortality rates and future pension costs. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. Further details are contained in Note 25 and Note 26.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Significant accounting judgements and estimates (cont'd.)

(b) Key sources of estimation uncertainty (cont'd.)

(x) Deferred consideration payable

Deferred consideration payable arose from the acquisition of KFM Holdings Sdn. Bhd. ("KFM") in current 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 RM25.0 million due to the high probability of KFM meeting the performance targets.

Further details of the deferred consideration payable are disclosed in Note 30(d).

(xi) Purchase price allocation

The Group has carried out purchase price allocation ("PPA") exercises arising from the acquisition of KFM group and AIFS group which are based on the established fair value of the assets acquired, including the fair value of any intangible assets, and liabilities assumed as at the combination date. The PPA exercises were complex and involved significant judgement by management in determining the fair values of assets and liabilities assumed and in identification and valuation of the intangible assets as at the combination date.

Resulting from the PPA exercise, the Group recognised intangible assets relating to customer contract and customer relationships of RM34.0 million and RM7.1 million, respectively and goodwill of RM49.6 million in relation to acquisition of KFM group.

The Group also recognised provisional intangible assets in respect of software and customer relationships of RM3.9 million and RM170.0 million respectively and provisional goodwill of RM349.7 million in relation to acquisition of AIFS group.

Further details are contained in Note 16 (a), (b) and (c).

3. REVENUE

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Asset development and asset management consultancy	**1,514,990**	1,525,010	**-**	-
Integrated facilities management	**574,993**	663,050	**-**	-
Infrastructure maintenance	**763,160**	890,665	**-**	-
Sale of properties	**47,704**	25,275	**-**	-
Others	**30,127**	19,033	**-**	-
Management fees	**-**	-	**32,220**	16,155
Dividend income from subsidiaries	**-**	-	**260,842**	121,232
	2,930,974	3,123,033	**293,062**	137,387

4. COST OF SALES

	Group	
	2016 RM'000	**2015 RM'000**
Asset development and asset management consultancy	**781,187**	805,876
Integrated facilities management	**477,032**	515,028
Infrastructure maintenance	**644,232**	749,424
Costs of properties sold:		
– property development costs (Note 14(b))	**22,975**	13,473
– completed property held for sale (Note 20)	**8,569**	3,165
– other incidental costs	**744**	347
Others	**24,627**	13,946
	1,959,366	2,101,259

5. OTHER INCOME

Included in other income are:

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Dividend income from short term investments	**2,639**	9,797	**-**	-
Interest income from fixed deposits	**13,054**	15,048	**851**	1,249
License and commission fees from an associate	**1,273**	1,125	**-**	-
Fair value gain on:				
- short term investments	**292**	150	**-**	-
- derivative financial instruments	**-**	259	**-**	
Refund of tax penalty	**1,000**	-	**1,000**	-
Reversal of deferred consideration payable arising from acquisition of a subsidiary	**-**	21,326	**-**	-
Bad debt recovered	**3,555**	299	**-**	-
Release of holdback charge	**-**	763	**-**	-
Realised net foreign exchange gain	**1,344**	-	**-**	-
Gain on disposal of scrap	**1,215**	-	**-**	-
Accretion of interest on concession receivable	**14,436**	-	**-**	-

6. FINANCE COSTS

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Interest expense on:				
- Bank borrowings and overdrafts	**19,274**	14,515	**4,199**	4,711
- Finance lease liabilities	**706**	789	**-**	-
Commitment fees	**717**	196	**-**	-
Bank charges	**1,363**	1,127	**81**	12
	22,060	16,627	**4,280**	4,723

7. PROFIT BEFORE TAX

The following amounts have been charged/(credited) in arriving at profit before tax:

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Employee benefits expense (Note 8)	**1,155,970**	1,184,801	**45,986**	29,243
Non-executive directors' remuneration excluding benefits-in-kind (Note 9)	**2,638**	2,784	**914**	948
Auditors' remuneration:				
– statutory	**2,782**	2,330	**121**	115
– under provision in prior year	**41**	6	**–**	–
– others	**1,171**	–	**1,112**	–
Operating leases:				
– minimum lease payments of premises	**69,017**	62,994	**1,713**	1,224
– minimum lease payments of motor vehicles	**3,462**	2,426	**–**	–
– minimum lease payments of plant and machineries	**15,374**	17,665	**59**	52
Amortisation of:				
– prepaid land lease payment (Note 15)	**87**	87	**–**	–
– intangible assets (Note 16)	**8,268**	5,443	**11**	14
Depreciation of property, plant and equipment (Note 13)	**59,251**	59,968	**1,468**	1,072
Impairment of plant and equipment (Note 13)	**–**	3,810	**1,563**	509
Net (gain)/loss on disposal of plant and equipment	**(699)**	416	**–**	–
Provision for professional indemnity claims (Note 27(a))	**963**	3,755	**–**	–
Provision for late delivery charges (Note 27(c))	**893**	–	**–**	–
Property, plant and equipment written off (Note 13)	**20**	541	**–**	–
Intangible assets written off	**–**	794	**–**	–
Impairment on trade and other receivables (Note 21)	**8,583**	15,531	**–**	–
Reversal of impairment on trade and other receivables (Note 21)	**(7,408)**	(3,927)	–	–
Bad debts written off	**1,606**	–	**–**	–
Write down of inventories	**–**	56	**–**	–
Reversal of liquidated and ascertained damages from subcontractors	**–**	257	**–**	–
Impairment loss on goodwill (Note 16)	**106,914**	36,126	**–**	–
Impairment loss on investment in joint ventures (Note 18 (a))	**3,910**	–	**–**	–
Realised net foreign exchange loss	**–**	48	**–**	–
Fair value loss on derivative financial instruments	**4,147**	–	**3,859**	–

8. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Wages and salaries	**962,324**	972,555	**38,801**	22,850
Contributions to statutory Employees Provident Fund ("EPF")	**78,270**	83,374	**3,695**	2,385
Social security contributions	**2,464**	2,979	**205**	117
Defined retirement benefit obligations (Note 25)	**267**	(1,145)	**-**	-
Decrease in liability for defined benefit pension plan (Note 26)	**(866)**	(1,364)	**-**	-
Income of equity-settled share-based payment	**-**	(508)	**-**	-
Employees' service entitlements (Note 27(b))	**3,289**	(624)	**-**	-
Staff rationalisation cost via mutual separation scheme	**161**	30,589	**-**	1,274
Other benefits	**110,061**	98,945	**3,285**	2,617
	1,155,970	1,184,801	**45,986**	29,243

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration excluding benefits-in-kind amounting to RM6.0 million (2015: RM4.8 million) and RM1.6 million (2015: RM1.8 million) respectively as further disclosed in Note 9.

9. DIRECTORS' REMUNERATION

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Directors of the Company				
Executive:				
Salaries and other emoluments	**885**	913	**885**	913
Bonus	**485**	604	**485**	604
Contributions to defined contribution plans	**208**	224	**208**	224
Allowances	**60**	60	**60**	60
Benefits-in-kind	**32**	49	**32**	49
	1,670	1,850	**1,670**	1,850
Non-Executive:				
Fees	**1,484**	1,788	**914**	948
Benefits-in-kind	**38**	–	**38**	–
	1,522	1,788	**952**	948
Other Directors of subsidiaries				
Executive:				
Salaries and other emoluments	**3,083**	2,146	**–**	–
Bonus	**1,014**	566	**–**	–
Contributions to defined contribution plans	**155**	163	**–**	–
Allowances	**128**	119	**–**	–
Benefits-in-kind	**131**	57	**–**	–
	4,511	3,051	**–**	–
Non-Executive:				
Fees	**1,154**	996	**–**	–
	1,154	996	**–**	–
Total	**8,857**	7,685	**2,622**	2,798
Total excluding benefits-in-kind	**8,656**	7,579	**2,552**	2,749

9. DIRECTORS' REMUNERATION (CONT'D.)

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration excluding benefits-in-kind (Note 8)	**6,018**	4,795	**1,638**	1,801
Total non-executive directors' remuneration excluding benefits-in-kind (Note 7)	**2,638**	2,784	**914**	948
Total directors' remuneration excluding benefits-in-kind	**8,656**	7,579	**2,552**	2,749

The number of directors of the Company whose total remunerations during the year fell within the following bands is analysed below:

	No. of Directors	
	2016	**2015**
Executive directors:		
RM1,650,001 – RM1,700,000	**1**	–
RM1,850,001 – RM1,900,000	**–**	1
Non-executive directors:		
Below RM50,000	**1**	–
RM50,001 – RM100,000	**1**	–
RM100,001 – RM150,000	**3**	1
RM150,001 – RM200,000	**1**	1
RM200,001 – RM250,000	**1**	1
RM250,001 – RM300,000	**1**	2
RM400,001 – RM450,000	**1**	–
RM700,001 – RM750,000	**–**	1

10. INCOME TAX EXPENSE

Major components of income tax expense

Major components of income tax expense for the years ended 31 December 2016 and 2015 are:

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Income statements				
Current income tax:				
– Malaysian income tax	**46,825**	61,204	**125**	–
– Foreign tax	**28,654**	24,590	**–**	–
	75,479	85,794	**125**	–
(Over)/under provision of income tax in prior years:				
– Malaysian income tax	**(3,071)**	1,453	**–**	–
– Foreign tax	**(1,707)**	3,214	**–**	–
	(4,778)	4,667	**–**	–
	70,701	90,461	**125**	–
Deferred tax (Note 31):				
– Relating to origination and reversal of temporary differences	**2,219**	2,509	**–**	–
– Relating to changes in tax rates	**(174)**	308	**–**	–
– (Over)/under provision in prior years	**(7,030)**	1,114	**–**	–
	(4,985)	3,931	**–**	–
Income tax recognised in profit or loss	**65,716**	94,392	**125**	–
Statements of other comprehensive income				
Deferred tax related to items recognised during the year (Note 31):				
– Exchange differences on translation of foreign operations	**735**	(1,325)	**–**	–
– Net gain on hedge of net investment	**3,340**	2,994	**–**	–
– Remeasurement loss on Retirement Benefit Scheme and Defined Benefit Pension Scheme	**(1,045)**	(63)	**–**	–
	3,030	1,606	**–**	–

10. INCOME TAX EXPENSE (CONT'D.)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. Profit 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 2016 and 2015 are as follows:

	2016 RM'000	2015 RM'000
Group		
Profit before tax	**113,797**	305,419
Less: Zakat	**(1,509)**	(1,494)
	112,288	303,925
Taxation at Malaysian statutory tax rate of 24% (2015: 25%)	**26,949**	75,981
Tax effect on share of (profit)/loss of joint ventures	**(272)**	1,067
Tax effect on share of profit of associates	**(3,674)**	(2,617)
Income not subject to tax	**(3,477)**	(8,720)
Foreign income not subject to tax	**(215)**	(62)
Non-deductible expenses	**52,277**	22,207
Different tax rates in other countries	**(2,453)**	171
Effect of changes in tax rates on deferred tax	**(174)**	308
Effect of exempt income under pioneer status	**-**	(27)
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	**(271)**	-
Deferred tax assets not recognised during the year		
- Malaysian subsidiaries	**983**	303
- Foreign operations	**7,851**	-
(Over)/under provision of deferred tax in prior years	**(7,030)**	1,114
(Over)/under provision of income tax expense in prior years	**(4,778)**	4,667
Income tax expense recognised in income statements	**65,716**	94,392

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

10. INCOME TAX EXPENSE (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 2016 and 2015 are as follows: (cont'd.)

	2016 RM'000	2015 RM'000
Company		
Profit before tax	**226,982**	93,568
Less: Zakat	**(475)**	(606)
	226,507	92,962
Taxation at Malaysian statutory tax rate of 24% (2015: 25%)	**54,362**	23,241
Non-deductible expenses	**8,365**	7,067
Income not subject to tax – tax exempt dividend	**(62,602)**	(30,308)
Income tax expense recognised in income statements	**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.

	Group	
	2016 RM'000	2015 RM'000
Profit attributable to owners of the parent	**80,056**	191,181

	Number of shares '000	Number of shares '000
Weighted average number of ordinary shares in issue	**826,821**	813,501

11. EARNINGS PER SHARE (CONT'D.)

	Group	
	2016 Sen	**2015 Sen**
Basic earnings per share	**9.7**	23.5

There are no potential ordinary shares outstanding as at 31 December 2016. 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.

12. DIVIDENDS

	Group and Company			
	Amount		Net Dividends per Ordinary Share	
	2016 RM'000	**2015 RM'000**	**2016 Sen**	**2015 Sen**
Recognised during the financial year:				
Single tier final dividend for 2014: 5.00 sen on 813,501,053 ordinary shares of RM0.25 each, declared on 27 February 2015 and paid on 24 June 2015	-	40,675	-	5.00
Single tier interim dividend for 2015: 15.00 sen on 813,501,053 ordinary shares of RM0.25 each, declared on 29 February 2016 and paid on 31 March 2016	**122,025**	–	**15.00**	–
	122,025	40,675	**15.00**	5.00

The directors have proposed a single tier final dividend of 7.00 sen per ordinary share, on 831,624,030 ordinary shares, amounting to RM58.2 million in respect of the financial year ended 31 December 2016. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2017.

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
Group						
At 31 December 2016						
Cost						
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	-	-	-	(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
Accumulated depreciation and impairment loss						
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	-	-	-	(16,700)	-	(16,700)
Exchange differences	-	-	(64)	7,858	-	7,794
At 31 December 2016	-	135	2,289	446,180	-	448,604
Net carrying amount						
At 31 December 2016	2,368	7,282	17,428	188,465	12,226	227,769

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
Group (cont'd.)						
At 31 December 2015						
Cost						
At 1 January 2015	2,234	7,417	19,500	512,395	369	541,915
Additions	–	–	–	65,613	6,951	72,564
Disposals	–	–	–	(14,560)	–	(14,560)
Written off	–	–	–	(16,561)	(272)	(16,833)
Reclassification from other receivables	–	–	–	19,974	–	19,974
Exchange differences	54	–	534	16,567	–	17,155
At 31 December 2015	2,288	7,417	20,034	583,428	7,048	620,215
Accumulated depreciation and impairment loss						
At 1 January 2015	–	22	1,373	352,415	–	353,810
Charge for the year (Note 7)	–	105	393	59,470	–	59,968
Disposals	–	–	–	(13,828)	–	(13,828)
Written off	–	–	–	(16,292)	–	(16,292)
Reclassification from other receivables	–	–	–	9,394	–	9,394
Impairment loss recognised in profit or loss (Note 7)	–	–	–	3,810	–	3,810
Exchange differences	–	–	119	10,200	–	10,319
At 31 December 2015	–	127	1,885	405,169	–	407,181
Net carrying amount						
At 31 December 2015	2,288	7,290	18,149	178,259	7,048	213,034

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
Company					
At 31 December 2016					
Cost					
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
Accumulated depreciation and impairment loss					
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
Net carrying amount	8,765	13,763	5,694	565	28,787

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
Company (cont'd.)					
At 31 December 2015					
Cost					
At 1 January 2015	9,823	15,611	4,884	–	30,318
Additions	–	–	538	472	1,010
Disposals	–	–	(24)	–	(24)
At 31 December 2015	9,823	15,611	5,398	472	31,304
Accumulated depreciation and impairment loss					
At 1 January 2015	–	–	2,920	–	2,920
Charge for the year (Note 7)	105	312	655	–	1,072
Impairment loss recognised in profit or loss (Note 7)	–	509	–	–	509
Disposal	–	–	(24)	–	(24)
At 31 December 2015	105	821	3,551	–	4,477
Net carrying amount	9,718	14,790	1,847	472	26,827

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(e)) are as follows:

	Group	
	2016 RM'000	**2015 RM'000**
Plant and equipment	**59,826**	59,080

(b) Net carrying amounts of plant and equipment held under finance lease arrangement are as follows:

	Group	
	2016 RM'000	**2015 RM'000**
Equipment	**12,098**	11,328

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 way of:

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Cash payment	**53,568**	54,246	**4,991**	1,010
Finance lease arrangements	**6,688**	4,728	**–**	–
Other payables	**4,986**	13,590	**–**	–
	65,242	72,564	**4,991**	1,010

(d) During the year, an impairment loss of RM1.6 million (2015: RM0.5 million) arising from the write down of certain property, plant and equipment in the Company to their recoverable amounts. The recoverable amounts of these property, plant and equipment of RM24.1 million (2015: RM25.3 million) were determined based on their market values by independent valuers. The impairment loss was recognised in the income statement of the Company.

In previous year, impairment loss of RM3.8 million was made, representing the write down of certain property, plant and equipment in the Group to their recoverable amounts. The recoverable amounts of RM35.4 million of these property, plant and equipment in the Group were determined based on their market values by independent valuers. These impairment losses were recognised in the income statement.

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
Group			
At 31 December 2016			
At cost			
At 1 January 2016/31 December 2016	**830**	**6,674**	**7,504**
Accumulated impairment			
At 1 January 2016/31 December 2016	**353**	**6,036**	**6,389**
Carrying amount at 31 December 2016	**477**	**638**	**1,115**
At 31 December 2015			
At cost			
At 1 January 2015/31 December 2015	830	6,674	7,504
Accumulated impairment			
At 1 January 2015/31 December 2015	353	6,036	6,389
Carrying amount at 31 December 2015	477	638	1,115

14. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONT'D.)

(b) Property development costs

	Land RM'000	Development expenditure RM'000	Total RM'000
Group			
At 31 December 2016			
Cumulative property development costs			
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**
Cumulative costs recognised in income statement			
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)**
Property development costs at 31 December 2016	**14,149**	**114,158**	**128,307**
At 31 December 2015			
Cumulative property development costs			
At 1 January 2015	18,500	27,959	46,459
Costs incurred during the year	-	43,182	43,182
At 31 December 2015	18,500	71,141	89,641
Cumulative costs recognised in income statement			
At 1 January 2015	(547)	(4,287)	(4,834)
Recognised during the year (Note 4)	(1,401)	(12,072)	(13,473)
At 31 December 2015	(1,948)	(16,359)	(18,307)
Property development costs at 31 December 2015	16,552	54,782	71,334

15. PREPAID LAND LEASE PAYMENTS

	Group	
	2016 RM'000	**2015 RM'000**
Cost		
At 1 January/31 December	**4,320**	4,320
Accumulated amortisation		
At 1 January	**1,083**	996
Amortisation for the year (Note 7)	**87**	87
At 31 December	**1,170**	1,083
Net carrying amount	**3,150**	3,237
Amount to be amortised		
Not later than one year	**87**	87
Later than one year but not later than five years	**348**	348
Later than five years	**2,715**	2,802

Leasehold land with an aggregate carrying value of RM2.3 million (2015: RM2.4 million) are pledged as securities for banking facilities (Note 28(e)).

16. INTANGIBLE ASSETS

	Goodwill RM'000 Note a	Customer contract RM'000 Note b	Customer relationship RM'000 Note b	Software RM'000 Note c	Total RM'000
Group					
Cost					
At 1 January 2015	479,180	–	4,247	64,635	548,062
Additions	–	–	–	3,618	3,618
Written off	–	–	–	(13,185)	(13,185)
Exchange difference	16,307	–	383	2,752	19,442
At 31 December 2015	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
At 31 December 2016	**901,288**	**33,996**	**181,893**	**68,866**	**1,186,043**
Accumulated amortisation and impairment					
At 1 January 2015	17,893	–	486	54,711	73,090
Amortisation during the year (Note 7)	–	–	608	4,835	5,443
Impairment loss (Note 7)	36,126	–	–	–	36,126
Written off	–	–	–	(12,391)	(12,391)
Exchange difference	–	–	62	2,161	2,223
At 31 December 2015	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
At 31 December 2016	**160,933**	**1,645**	**2,947**	**55,990**	**221,515**
Net carrying amount					
At 31 December 2016	**740,355**	**32,351**	**178,946**	**12,876**	**964,528**
At 31 December 2015	441,468	–	3,474	8,504	453,446

16. INTANGIBLE ASSETS (CONT'D.)

	Software RM'000
Company	
Cost	
At 1 January 2015	440
Additions	17
At 31 December 2015	457
At 31 December 2016	457
Additions	4
At 31 December 2016	461
Accumulated amortisation	
At 1 January 2015	424
Amortisation for the year (Note 7)	14
At 31 December 2015	438
At 1 January 2016	438
Amortisation for the year (Note 7)	11
At 31 December 2016	449
Net carrying amount	
At 31 December 2016	12
At 31 December 2015	19

16. INTANGIBLE ASSETS (CONT'D.)

(a) Goodwill

(i) On 6 April 2016, the Group acquired KFM group which is involved in the business of integrated facilities management services, green technology and sustainability services for a total purchase consideration of RM125.7 million. The acquisition resulted in the recognition of goodwill amounting to RM49.6 million.

Details of the acquistion are disclosed in Note 17(a)(ii).

(ii) On 15 December 2016, the Group acquired AIFS group which is involved in the business of integrated facilities management services, healthcare facilities management services, housekeeping and patient management services, for a total purchase consideration of SGD191.9 million (RM595.0 million). The purchase price allocation for this acquisition is still incomplete as at the end of the reporting period. The Group has up to 12 months to identify and measure all assets acquired and liabilities assumed including any intangibles and goodwill arising from this acquisition. Accordingly, as described in Note 17(a)(vi), a provisional goodwill of SGD112.8 million (RM349.7 million) has been recognised in the statement of financial position in respect of this acquisition.

Impairment testing of goodwill

Except as disclosed in (ii) above, goodwill is allocated and monitored by management across the following cash generating units ("CGU"):

	2016 RM'000	2015 RM'000
Asset development and asset management consultancy		
New Zealand	**36,852**	34,781
United Kingdom	**40,732**	46,516
Canada	**52,206**	48,503
Canada – Opus Stewart Weir ("OSW")	**39,081**	126,692
Australia	**30,170**	42,986
Malaysia	**38,636**	38,636
Integrated facilities management		
Edgenta Mediserve Sdn. Bhd. ("EMS")	**26,982**	26,982
KFM Holdings Sdn. Bhd. ("KFM")	**49,600**	-
Infrastructure maintenance	**76,372**	76,372

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 three or 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 the integrated facilities management - EMS, the value in use is determined by discounting cash flows covering a ten-year period over the concession period.

16. INTANGIBLE ASSETS (CONT'D.)

(a) Goodwill (cont'd.)

Key assumptions used in value-in-use calculation

The pre-tax 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	Pre-tax discount rate		Growth rate	
	Years	2016 %	2015 %	2016 %	2015 %
Asset development and asset management consultancy					
New Zealand	5	**12.1**	12.1	**1.1**	1.5
United Kingdom	5	**12.5**	11.3	**2.0**	2.5
Canada	5	**12.9**	12.1	**2.5**	2.5
Canada - OSW	3	**12.9**	12.1	**1.5**	2.5
Australia	5	**15.7**	15.7	**2.5**	2.5
Malaysia	5	**14.0**	14.0	**2.0**	2.0
Integrated facilities management					
EMS	10	**13.0**	13.0	*****	*
KFM	5	**13.0**	–	**1.0**	–
Infrastructure maintenance	5	**14.0**	14.0	**2.0**	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) Pre-tax discount rate

The pre-tax 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) Growth rate

Growth rate 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 during the year

Asset development and asset management consultancy - Canada - OSW and Australia

Impairment losses of RM94.4 million (2015: RM36.1 million) and RM12.5 million (2015: nil) were recognised against the carrying amount of goodwill attributable to the asset development and asset management 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 are RM100.3 million and RM93.9 million respectively.

(b) Customer contract and relationships

The acquisition of KFM group resulted in the recognition of the customer contract and relationships of RM34.0 million and RM7.1 million respectively. The customer contract and customer relationships are amortised over 15 years and 5 years respectively.

The acquisition of the AIFS group resulted in the recognition of a provisional customer relationships of SGD54.8 million (RM170.0 million). As disclosed in Note 17(a)(vi), this amount is provisional as the purchase price allocation in respect of the acquisition is still incomplete as at the end of the reporting period.

(c) Software

The acquisition of AIFS group also resulted in the recognition of the provisional software of SGD1.3 million (RM3.9 million). The provisional software of AIFS is amortised over 3 years.

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 asset's useful life of 3 to 5 years.

17. INVESTMENT IN SUBSIDIARIES

	Company	
	2016 RM'000	**2015 RM'000**
Unquoted shares at cost:		
- Malaysian subsidiaries	**2,134,211**	2,006,810
- Foreign subsidiaries	**86,795**	418
	2,221,006	2,007,228
Less: Accumulated impairment	**(191,106)**	(191,106)
	2,029,900	1,816,122

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) Acquisitions

Current financial year

(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 is now 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 satistified 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.)

(a) Acquisitions (cont'd.)

Current financial year (cont'd.)

(ii) Acquisition of KFM Holdings Sdn. Bhd. ("KFM") (cont'd.)

After considering the fair value of the share 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:

	Fair value recognised on acquisition RM'000
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)(i))	49,600

17. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(a) Acquisitions (cont'd.)

Current financial year (cont'd.)

(ii) Acquisition of KFM Holdings Sdn. Bhd. ("KFM") (cont'd.)

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 relationship of RM34.0 million and RM7.1 million respectively.

The purchase consideration was satisfied by:

	RM'000
Cash consideration	36,000
Fair value of 18,122,977 new ordinary shares in the Company at RM3.57 per share (Note 32)	64,699
Deferred consideration payable (Note 30(d))	25,023
	125,722

The effect of the acquisition on cash flows was as follows:

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	18,969

The effect of the acquisition on the financial results of the Group from the date acquisition to 31 December 2016 is as follows:

	RM'000
Revenue	93,852
Profit for the year	14,628

If the acquisition had occurred on 1 January 2016, the Group's revenue and profit for the year would have been RM2,949.4 million and RM49.1 million respectively.

17. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(a) Acquisitions (cont'd.)

Current financial year (cont'd.)

(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.

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 are now indirect wholly-owned subsidiaries of the Company.

17. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(a) Acquisitions (cont'd.)

Current financial year (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:

	Fair value recognised on acquisition RM'000
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)(ii))	349,724

The purchase price allocation for this acquisition is still incomplete as the Company is currently finalising its identification and measurement of all intangible assets and its allocated goodwill. The Company has up to 12 months to complete such allocation. Accordingly, on a provisional basis, the Company has recognised intangible assets relating to customer relationships and software of RM170.0 million and RM3.9 million respectively, and goodwill of RM349.7 million.

17. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(a) Acquisitions (cont'd.)

Current financial year (cont'd.)

(vi) Acquisition of Asia Integrated Facility Solutions Pte Ltd ("AIFS") (cont'd.)

The purchase consideration satisfied by:

	RM'000
Cash consideration	595,005*

* As at reporting date, RM18.7 million of the cash consideration has yet to be settled as further disclosed in Note 30(e).

The effect of the acquisition on cash flows was as follows:

	RM'000
Purchase consideration satisfied by cash, funded by bank borrowings	576,277
Cash and cash equivalents of subsidiaries acquired	83,925
Net cash outflow on acquisition of the subsidiaries at the date of acquisition	492,352

The effect of the acquisition on the financial results of the Group from the date of acquisition to 31 December 2016 is as follows:

	RM'000
Revenue	17,558
Profit for the year	4,541

If the acquisition had occurred on 1 January 2016, the Group's revenue and profit for the year would have been RM3,288.0 million and RM85.9 million respectively.

Previous financial year

(vii) Acquisition of the remaining equity interest in Edgenta Healthtronics Sdn. Bhd. ("Healthtronics")

On 26 February 2015, Edgenta Mediserve Sdn. Bhd. ("Edgenta Mediserve"), a 100% owned subsidiary of the Company had entered into a sale of shares agreement with SSP Medical Technologies Sdn. Bhd. ("SSP") for the acquisition of 1,200,000 ordinary shares of RM1.00 each in Healthtronics, representing the remaining 40% of the total issued and paid-up share capital of Healthtronics from SSP for a total cash consideration of RM10.0 million. The acquisition was completed on 27 February 2015 and Healthtronics became a wholly-owned subsidiary of Edgenta Mediserve.

On the date of acquisition, the carrying value of the additional interest acquired was RM8.0 million. The difference between the consideration paid and the carrying value of the interest acquired of RM2.0 million is reflected in equity as accretion loss on acquisition.

17. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(a) Acquisitions (cont'd.)

Previous financial year (cont'd.)

(viii) Internal reorganisation of Edgenta Environmental & Material Testing Sdn. Bhd. ("EEMT")

On 17 August 2015, the Company acquired 1,000,000 ordinary shares of RM1.00 each, representing 100% equity interest in EEMT for a total consideration of RM25.9 million from Opus International (M) Berhad, an indirect subsidiary of the Company. Upon completion of the reorganisation, EEMT became a direct wholly owned subsidiary of the Company. The reorganisation has no financial impact to the results of the Group.

(ix) Incorporation of Edgenta Energy Services Sdn. Bhd. ("EESB")

On 26 August 2015, the Company subscribed 700,000 ordinary shares of RM1.00 each in EESB, a joint venture company with Resource Data Management Asia Sdn. Bhd. for a total cash consideration of RM0.7 million, representing 70% of the issued and paid up capital of EESB. Following the transaction, EESB became a subsidiary of the Company.

(x) Acquisition of Edgenta Township Management Services Sdn. Bhd. ("ETMSSB")

On 30 November 2015, the Company acquired 2 ordinary shares of RM1.00 each, representing 100% equity interest in ETMSSB for a total consideration of RM2.00. Following the transaction, ETMSSB became a direct wholly-owned subsidiary of the Company.

On 7 December 2015, ETMSSB increased its issued and paid-up share capital from RM2.00 to RM2.7 million by way of an issue of 2,729,998 new ordinary shares of RM1.00 each fully paid at par value in cash.

(xi) Incorporation of UEM Sunrise Edgenta TMS Sdn. Bhd. ("UEMSET")

On 30 November 2015, ETMSSB entered into a Joint Venture Shareholders' Agreement ("JVA") with UEM Sunrise Berhad to establish and operate a joint venture company in Malaysia ("JV Company"). On 9 December 2015, ETMSSB subscribed 2,730,000 ordinary shares of RM1.00 each, representing 70% of the total issued and paid-up share capital of the JV Company, UEMSET. Following the transaction, UEMSET became a subsidiary of the Company via ETMSSB.

(b) Liquidation of a subsidiary

(i) Members' voluntary winding-up of Opus International Limited ("OIL")

On 3 August 2015, OIL, a company incorporated in the United Kingdom which is a wholly-owned subsidiary of Opus Group Berhad, which in turn a wholly-owned subsidiary of the Company, has entered into a Members' Voluntary Liquidation pursuant to Chapter 111, Part IV of the Insolvency Act 1986.

On 3 October 2016, the Members' Voluntary Liquidation of OIL has been completed and accordingly is no longer an indirect subsidiary of the Company.

17. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Summarised financial information

Summarised financial information of Opus International Consultants Limited ("Opus IC"), 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

	Opus IC		Rimbunan Melati		KFM		Total	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000 Note a	2016 RM'000	2015 RM'000
Non-current assets	**292,792**	394,530	**3**	8	**142,985**	-	**435,780**	394,538
Current assets	**509,927**	553,842	**27,114**	35,433	**105,288**	-	**642,329**	589,275
Total assets	**802,719**	948,372	**27,117**	35,441	**248,273**	-	**1,078,109**	983,813
Non-current liabilities	**200,472**	286,203	**-**	-	**112,850**	-	**313,322**	286,203
Current liabilities	**266,024**	218,077	**4,633**	7,053	**54,116**	-	**324,773**	225,130
Total liabilities	**466,496**	504,280	**4,633**	7,053	**166,966**	-	**638,095**	511,333
Net assets	**336,223**	444,092	**22,484**	28,388	**81,307**	-	**440,014**	472,480
Equity attributable to owners of the Company	**207,283**	272,690	**12,366**	15,613	**65,046**	-	**284,695**	288,303
Non-controlling interests	**128,940**	171,402	**10,118**	12,775	**16,261**	-	**155,319**	184,177

17. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Summarised financial information (cont'd.)

(ii) Summarised statements of comprehensive income

	Opus IC		Rimbunan Melati		KFM		Total	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000 Note a	2016 RM'000	2015 RM'000
Revenue	**1,359,658**	1,374,473	**-**	2,300	**112,242**	-	**1,471,900**	1,376,773
(Loss)/profit for the year	**(89,014)**	42,403	**(5,904)**	1,666	**17,118**	-	**(77,800)**	44,069
(Loss)/profit attributable to owners of the Company	**(54,486)**	26,394	**(3,247)**	916	**13,694**	-	**(44,039)**	27,310
(Loss)/profit attributable to non-controlling interests	**(34,528)**	16,009	**(2,657)**	750	**3,424**	-	**(33,761)**	16,759
Other comprehensive income attributable to owners of the Company	**7,198**	29,342	**-**	-	**-**	-	**7,198**	29,342
Other comprehensive income attributable to non-controlling interests	**3,504**	14,346	**-**	-	**-**	-	**3,504**	14,346
Other comprehensive income for the year	**10,702**	43,688	**-**	-	**-**	-	**10,702**	43,688
Total comprehensive (loss)/income	**(78,312)**	86,091	**(5,904)**	1,666	**17,118**	-	**(67,098)**	87,757
Total comprehensive (loss)/income attributable to owners of the Company	**(47,288)**	55,736	**(3,247)**	916	**13,694**	-	**(36,841)**	56,652
Total comprehensive (loss)/income attributable to non-controlling interests	**(31,024)**	30,355	**(2,657)**	750	**3,424**	-	**(30,257)**	31,105
	(78,312)	86,091	**(5,904)**	1,666	**17,118**	-	**(67,098)**	87,757
Dividend paid to non-controlling interests	**10,975**	17,680	**-**	-	**-**	-	**10,975**	17,680

17. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Summarised financial information (cont'd.)

(iii) Summarised statements of cash flows

	Opus IC		Rimbunan Melati		KFM		Total	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000 Note a	2016 RM'000	2015 RM'000
Net cash generated from/(used in) operating activities	**41,542**	52,438	**(6,529)**	1,678	**5,516**	-	**40,529**	54,116
Net cash (used in)/generated from investing activities	**(1,630)**	(56,158)	**2,091**	(5,652)	**847**	-	**1,308**	(61,810)
Net cash used in financing activities	**(127,609)**	(31,004)	**-**	-	**(4,803)**	–	**(132,412)**	(31,004)
Net (decrease)/income in cash and cash equivalents	**(87,697)**	(34,724)	**(4,438)**	(3,974)	**1,560**	-	**(90,575)**	(38,698)
Net foreign exchange differences	**5,533**	11,532	**-**	-	**62**	-	**5,595**	11,532
Cash and cash equivalents at beginning of the year	**176,003**	199,195	**25,045**	29,019	**24,486**	-	**225,534**	228,214
Cash and cash equivalents at end of the year	**93,839**	176,003	**20,607**	25,045	**26,108**	-	**140,554**	201,048

Note a - No comparatives are presented as KFM only became a subsidiary of the Group during the current financial year.

18. INVESTMENT IN JOINT VENTURES AND ASSOCIATES

(a) Investment in joint ventures

	Group	
	2016 RM'000	2015 RM'000
Unquoted shares, at cost	**12,167**	12,167
Share of post-acquisition reserves	**(7,895)**	(8,464)
	4,272	3,703
Less: Accumulated impairment loss	**(3,910)**	–
Exchange differences	**2,031**	2,111
	2,393	5,814

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.

The summarised financial information of the aggregated joint ventures, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	2016 RM'000	2015 RM'000
Asset and liabilities		
Current assets	**54,408**	65,056
Non-current assets	**5,554**	6,127
Total assets	**59,962**	71,183
Current liabilities	**52,411**	58,637
Non-current liabilities	**7,239**	6,295
Total liabilities	**59,650**	64,932
Net asset	**312**	6,251
Carrying value of Group's interest in joint venture	**2,393**	5,814
Results		
Revenue	**219,462**	220,502
Profit/(loss) for the year	**5,179**	(6,058)
Group's share of profit/(loss) for the year	**1,132**	(4,269)

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	
	2016 RM'000	**2015 RM'000**
Unquoted shares, at cost		
In Malaysia	**4,792**	4,000
Outside Malaysia	**6,082**	6,082
	10,874	10,082
Share of post-acquisition reserves	**21,879**	8,274
	32,753	18,356

Further details of the associates are disclosed in Note 44.

In current financial year, Edgenta Mediserve (Sarawak) Sdn. Bhd. ("EMSS"), a wholly-owned subsidiary of Edgenta Mediserve Sdn. Bhd., has subscribed for 400,000 ordinary shares of RM1.00 each representing 40% of the total issued and paid-up share capital of Biomedix Solutions Sdn. Bhd. ("Biomedix"). The intended principal activity of Biomedix is providing biomedical engineering maintenance services to hospitals operated by the Government in the state of Sarawak. Following the transaction, Biomedix is now an associate of EMSS.

In prior financial year, Sedafiat Sdn. Bhd. ("Sedafiat") increased its issued paid-up ordinary share capital from RM0.1 million to RM5.0 million by way of issuance of 4,900,000 ordinary shares of RM1.00 each. A subsidiary of the Group, Edgenta Mediserve (Sabah) Sdn. Bhd. increased its investment in Sedafiat through the subscription of 1,960,000 new ordinary shares of RM1.00 each, which represents 40% of the equity interest in Sedafiat, at a consideration of RM2.0 million.

18. INVESTMENT IN JOINT VENTURES AND ASSOCIATES (CONT'D.)

(c) Investment in associates (cont'd.)

Summarised financial information of Faber Sindoori Management Services Private Limited ("Faber Sindoori"), One Medicare Sdn. Bhd. ("OMSB") and 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		One Medicare		Sedafiat		Total	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-current assets	**5,338**	1,195	**8,345**	2,056	**12,485**	940	**26,168**	4,191
Current assets	**24,572**	20,554	**65,156**	59,408	**133,187**	65,539	**222,915**	145,501
Total assets	**29,910**	21,749	**73,501**	61,464	**145,672**	66,479	**249,083**	149,692
Non-current liabilities	**120**	149	**-**	-	**-**	-	**120**	149
Current liabilities	**10,423**	7,147	**49,320**	47,041	**121,087**	52,914	**180,830**	107,102
Total liabilities	**10,543**	7,296	**49,320**	47,041	**121,087**	52,914	**180,950**	107,251
Net assets	**19,367**	14,453	**24,181**	14,423	**24,585**	13,565	**68,133**	42,441

(ii) Summarised statements of comprehensive income

	Faber Sindoori		One Medicare		Sedafiat		Total	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue	**73,754**	64,439	**168,483**	106,665	**212,053**	128,755	**454,290**	299,859
Profit before tax	**8,425**	6,786	**12,610**	15,819	**19,737**	11,552	**40,772**	34,157
Profit for the year	**5,120**	4,685	**9,758**	12,023	**15,020**	8,665	**29,898**	25,373
Total comprehensive income	**5,120**	4,685	**9,758**	12,023	**15,020**	8,665	**29,898**	25,373
Dividend received from the associates during the year	**105**	93	**-**	-	**1,600**	-	**1,705**	93

18. INVESTMENT IN JOINT VENTURES AND ASSOCIATES (CONT'D.)

(c) Investment in associates (cont'd.)

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associates

	Faber Sindoori		One Medicare		Sedafiat		Total	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Net assets at 1 January	**14,453**	9,950	**14,423**	2,400	**13,565**	–	**42,441**	12,350
Profit for the year	**5,120**	4,685	**9,758**	12,023	**15,020**	8,665	**29,898**	25,373
Dividend from associate	**(206)**	(182)	**-**	-	**(4,000)**	-	**(4,206)**	(182)
Net assets at 31 December	**19,367**	14,453	**24,181**	14,423	**24,585**	8,665	**68,133**	37,541
Interest in associates	**51%**	51%	**40%**	40%	**40%**	40%		
Additional investment in associate	**-**	-	**-**	-	**-**	1,960	**–**	1,960
Exchange differences	**(99)**	(210)	**-**	-	**-**	-	**(99)**	(210)
Carrying value of Group's interest in material associate	**9,778**	7,161	**9,672**	5,769	**9,834**	5,426	**29,284**	18,356

19. OTHER INVESTMENTS

	Group/Company	
	2016 RM'000	**2015 RM'000**
Available for sale		
Equity instruments (unquoted shares in Malaysia), at cost	**1,200**	1,200
Less: Accumulated impairment losses	**(1,200)**	(1,200)
Unquoted shares, net	**-**	-
Club memberships	**272**	272
	272	272

20. INVENTORIES

	Group	
	2016 RM'000	**2015 RM'000**
Cost		
Consumables	**9,805**	6,677
Properties held for sale	**26,728**	35,297
	36,533	41,974

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 RM64.9 million and RM8.6 million (2015: RM75.3 million and RM3.2 million) respectively.

21. TRADE AND OTHER RECEIVABLES

	Group	
	2016 RM'000	**2015 RM'000**
Current		
Trade receivables		
Third parties	**515,295**	289,528
Related companies	**193,847**	156,442
Associates	**43,358**	91,131
	752,500	537,101
Less: Allowance for impairment:		
Third parties	**(48,770)**	(48,202)
Related companies	**(627)**	(778)
	(49,397)	(48,980)
Retention receivables:		
Third parties	**19,278**	1,580
Related companies	**13,148**	4,650
	32,426	6,230
Trade receivables, net	**735,529**	494,351
Concession receivable (Note d)	**22,600**	-
Other receivables		
Amounts due from related parties:		
Associates	**3,478**	2,550
Holding company	**2**	2
Related companies	**41**	25
Joint venture	**11,539**	15,599
	15,060	18,176
Deposits	**15,775**	8,541
Sundry receivables	**76,138**	45,691
	106,973	72,408
Less: Allowance for impairment:		
Sundry receivables	**(2,751)**	(1,849)
Related companies	**-**	(9)
	(2,751)	(1,858)
Other receivables, net	**104,222**	70,550

21. TRADE AND OTHER RECEIVABLES (CONT'D.)

	Group	
	2016 RM'000	**2015 RM'000**
Current (cont'd.)		
Other current assets		
Accrued billings:		
– Infrastructure maintenance	**153,148**	191,153
– Asset development and asset management consultancy	**142,182**	131,063
– Property development	**22,256**	16,871
– Integrated facilities management	**26,081**	-
- Others	**10,791**	4,926
Tax recoverable	**29,468**	12,032
Prepayments	**8,407**	3,718
Third parties - liquidated and ascertained damages	**1,701**	-
	394,034	359,763
Total	**1,256,385**	924,664
Non-current		
Trade receivables		
Third parties	**30,007**	28,785
Less: Allowance for impairment	**(30,007)**	(28,785)
	-	-
Retention receivables:		
Third parties	**4,532**	14,758
Related companies	**6,886**	13,608
Trade receivables, net	**11,418**	28,366
Concession receivable (Note d)	**130,267**	-
Other non-current asset		
Third parties – liquidated and ascertained damages	**-**	2,001
Total	**141,685**	30,367

21. TRADE AND OTHER RECEIVABLES (CONT'D.)

	Company	
	2016 RM'000	**2015 RM'000**
Current		
Other receivables		
Amounts due from subsidiaries	**18,998**	36,655
Deposits	**609**	391
Sundry receivables	**1,383**	375
	20,990	37,421
Less: Allowance for impairment:		
Sundry receivables	**(216)**	(216)
Subsidiaries	**(18,088)**	(18,088)
	(18,304)	(18,304)
Other receivables, net	**2,686**	19,117
Other current assets		
Tax recoverable	**220**	609
Prepayments	**92**	–
	312	609
Total	**2,998**	19,726
Non-current		
Amount due from a subsidiary	**338,813**	–

21. TRADE AND OTHER RECEIVABLES (CONT'D.)

Movements in allowance for impairment accounts:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At 1 January	**79,623**	64,832	**18,304**	18,304
Charge for the year (Note 7)	**8,583**	15,531	**-**	-
Acquisition of subsidiaries	**1,447**	-	**-**	-
Reversal of impairment (Note 7)	**(7,408)**	(3,927)	**-**	-
Written off	**(1,537)**	(2,819)	**-**	-
Exchange differences	**1,447**	6,006	**-**	-
At 31 December	**82,155**	79,623	**18,304**	18,304

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2015: 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	
	2016 RM'000	2015 RM'000
Neither past due nor impaired	**365,003**	255,762
1 to 30 days past due from the credit terms but not impaired	**138,099**	81,529
31 to 60 days past due from the credit terms but not impaired	**81,036**	65,673
61 to 90 days past due from the credit terms but not impaired	**80,212**	49,226
91 to 120 days past due from the credit terms but not impaired	**14,391**	14,785
More than 121 days past due from the credit terms but not impaired	**68,206**	54,919
	381,944	266,132
Impaired	**79,404**	78,588
	826,351	600,482

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 14% of the Group's trade receivables arose from current receivable balances with a related company, while approximately 9% of the Group's trade receivables arose from current receivable balances with Ministry of Health ("MOH").

In prior year end, approximately 27% of the Group's trade receivables arose from current receivable balances with a related company, while approximately 16% of the Group's trade receivables arose from current receivable balances with an associate.

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 RM381.9 million (2015: RM266.1 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:

	Individually impaired	
	2016 RM'000	**2015 RM'000**
Trade receivables		
– nominal amounts	**79,404**	78,588
Less: Allowance for impairment	**(79,404)**	(77,765)
	–	823

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.

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:

	2016 RM'000	2015 RM'000
Amount due from a debtor of a foreign subsidiary		
At 1 January	**28,785**	23,387
Exchange difference	**1,222**	5,398
At 31 December	**30,007**	28,785
Less: Allowance for impairment		
At 1 January	**(28,785)**	(23,387)
Exchange difference	**(1,222)**	(5,398)
At 31 December	**(30,007)**	(28,785)
Net debt	**-**	-

(c) Other receivables

Amounts due from related parties

Amounts due from all related parties are non-trade related and non-interest bearing and repayable on demand other than the loans to joint ventures of RM11.5 million (2015: RM15.6 million), which bear interest at market rates ranging from 4.51% to 5.67% (2015: 4.39% to 5.67%) based on applicable term rates plus a margin and facility fees. 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 RM2.8 million (2015: RM1.8 million) and RM0.2 million (2015: 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.

(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

	Group	
	2016 RM'000	**2015 RM'000**
Current		
Fair value through profit or loss investments:		
– unquoted unit trusts	**40,073**	184,345
– investment in Islamic funds	**2,302**	60,546
	42,375	244,891
Market value	**42,375**	244,891

Short term investments represent investments with licensed fund managers in funds approved by the Securities Commissions.

23. DERIVATIVE FINANCIAL INSTRUMENTS

	Group	
	2016 RM'000	**2015 RM'000**
Derivative financial assets		
Current		
Forward exchange rate contract:		
- due within 12 months (net settled)	**491**	11,782
Non-current		
Interest rate swap:		
- due 12 to 24 months (net settled)	**-**	34
Derivative financial liabilities		
Current		
Forward exchange rate contract:		
- due within 12 months (net settled)	**(1,409)**	-
Interest rate swap		
- due within 12 months (net settled)	**-**	(185)
	(1,409)	(185)
Non-current		
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)	-

	Company	
	2016 RM'000	**2015 RM'000**
Derivative financial liabilities		
Non-current		
Cross currency profit rate swap		
- due 12 to 24 months (net settled)	**(3,859)**	-

23. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D.)

The number of derivatitve financial instrument contracts entered by the Company and a subsidiary of the Group, Opus International Consultants (UK) Ltd. as at reporting date are as follows:

	2016		2015	
	Number of contracts	Notional principal amount RM'000	Number of contracts	Notional principal amount RM'000
Group				
Forward exchange rate contract	**18**	**160,874**	20	174,240
Interest rate swap	**1**	**14,905**	2	48,230
Cross currency profit rate swap	**1**	**210,649**	–	–
	20	**386,428**	22	222,470
Company				
Cross currency profit rate swap	**1**	**210,649**	–	–

The Group uses 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash in hand and at banks	**245,017**	161,338	**5,417**	6,356
Deposits with:				
– licensed banks	**334,993**	351,165	**80,724**	15,938
– other financial institutions	**60,000**	40,111	**-**	-
	640,010	552,614	**86,141**	22,294

(a) Included in cash at bank of the Group are amounts of RM55.1 million (2015: RM37.9 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 RM16.0 million (2015: RM16.5 million) are on lien for bank guarantee facilities granted to certain subsidiaries. As at 31 December 2016, the subsidiaries have utilised guarantee facilities amounting to RM13.7 million (2015: RM13.3 million).

(c) Deposits with licensed banks amounting to RM4.8 million (2015: RM0.4 million) are pledged to secure certain facilities granted to the Group.

(d) Deposits with licensed banks of the Company amounting to RM61.6 million (2015: nil) 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.

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 (2015: 60), on medical incapacity or on death. The present value of defined benefit obligation was based on the actuarial valuation report by independent actuarist dated 26 January 2016.

The details of the net employee benefits liability are as follows:

	Group	
	2016 RM'000	**2015 RM'000**
Present value of the defined benefit obligations ("PVDBO")		
At 1 January	**4,040**	6,510
Defined benefit obligations (Note 8)	**267**	(1,145)
Actuarial gain	**(54)**	(1,211)
Contributions paid	**(135)**	(114)
At 31 December	**4,118**	4,040
Analysis of funded and unfunded PVDBO		
PVDBO from plans that are wholly unfunded	**4,118**	4,040
Analysed as:		
Current	**261**	189
Non-current:		
Later than 1 year but not later than 2 years	**430**	262
Later than 2 years	**3,427**	3,589
	3,857	3,851
	4,118	4,040

The details of net employee benefits expense recognised in income statement are as follows:

	Group	
	2016 RM'000	**2015 RM'000**
Current service costs	**61**	267
Past service costs	**-**	(1,364)
Gain on settlement	**-**	(388)
Interest cost	**206**	340
Net employee benefits expense (Note 8)	**267**	(1,145)

25. RETIREMENT BENEFIT OBLIGATIONS (CONT'D.)

Total amount recognised in statement of comprehensive income

	Group	
	2016 RM'000	**2015 RM'000**
Cumulative amount of actuarial loss recognised in statement of comprehensive income:		
At 1 January	**822**	2,033
Actuarial gain recognised in other comprehensive income	**(54)**	(1,211)
At 31 December	**768**	822
Historical experience adjustments:		
PVDBO	**4,118**	4,040
Experience adjustment (value)	**(54)**	(1,211)
Experience adjustment (% of PVDBO)	**-1%**	-30%

Principal actuarial assumptions used:

	2016 %	**2015 %**
Discount rate	**5.25**	5.25
Expected rate of salary increases	**6.00**	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:

	Increase/(decrease) in PVDBO	
	2016 RM'000	**2015 RM'000**
Discount rate		
Increase in one percentage point on discount rate	**(186)**	(208)
Decrease in one percentage point on discount rate	**201**	227
Salary increment rate		
Increase in one percentage point on salary increment rate	**546**	493
Decrease in one percentage point on salary increment rate	**(497)**	(449)

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.

(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:

	Group	
	2016 RM'000	**2015 RM'000**
Current service cost	**294**	324
Interest cost on benefit obligation	**1,203**	1,269
Administration cost	**170**	161
Expected return on plan assets	**(1,183)**	(1,329)
Employer's contribution	**(1,347)**	(1,789)
Interest income	**(3)**	–
Total, included in employee benefits expenses (Note 8)	**(866)**	(1,364)
Net actuarial loss recognised for the year	**5,370**	2,212
	4,504	848

26. DEFINED BENEFIT PENSION PLAN (CONT'D.)

Amount recognised in statement of financial position:

	Group	
	2016 RM'000	**2015 RM'000**
Present value of defined benefit obligation	**41,727**	39,374
Fair value of plan assets	**(35,186)**	(39,502)
Defined benefit obligation	**6,541**	(128)

Changes in present value of defined benefit obligation:

	Group	
	2016 RM'000	**2015 RM'000**
At 1 January	**39,374**	32,694
Acquisition of subsidiaries	**2,780**	–
Current service cost	**294**	324
Interest cost	**1,203**	1,269
Employees' contribution	**46**	60
Benefit paid	**(1,547)**	(1,353)
Actuarial loss	**4,519**	505
Exchange differences	**(4,942)**	5,875
At 31 December	**41,727**	39,374

Changes in fair value of plan assets:

	Group	
	2016 RM'000	**2015 RM'000**
At 1 January	**(39,502)**	(33,584)
Acquisition of subsidiary	**(638)**	–
Expected return	**(1,183)**	(1,329)
Employer's contribution	**(1,347)**	(1,789)
Employees' contribution	**(46)**	(60)
Benefit paid	**1,547**	1,353
Actuarial loss	**851**	1,707
Administration costs	**170**	161
Interest income	**(3)**	–
Exchange differences	**4,965**	(5,961)
At 31 December	**(35,186)**	(39,502)

26. DEFINED BENEFIT PENSION PLAN (CONT'D.)

The principal assumptions used in determining defined benefit obligation of the Group are shown below:

	Group	
	2016	**2015**
Discount rate	**2.1%**	3.7%
Salary escalation	**3.4%**	2.7%
Retail price inflation	**3.4%**	3.5%

Life expectancies, assuming retirement age of 65 are as follows:

	Group	
	2016 Years	**2015 Years**
For a male aged 65 now	**21.9**	22.6
At 65 for a male member aged 45 now	**24.0**	24.8
For a female aged 65 now	**25.8**	25.0
At 65 for a female member aged 45 now	**28.1**	27.3

Actual return on plan assets:

	2016 RM'000	**2015 RM'000**
Actual return of plan assets	**(332)**	378
Less: expected return on plan assets	**1,183**	1,329
Actuarial loss recognised in the other comprehensive income	**851**	1,707

26. DEFINED BENEFIT PENSION PLAN (CONT'D.)

A quantitative sensitivity analysis for significant assumptions as at 31 December 2016 and 2015 are as shown below:

Sensitivity Level	Increase in one percentage		Decrease in one percentage	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Assumptions				
Discount rate	**(1,381)**	(359)	**1,381**	349
Retail price index	**273**	324	**(273)**	(338)
Salary increase	**867**	125	**(867)**	(125)

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 18 years (2015: 10 years).

27. PROVISIONS

	Group	
	2016 RM'000	2015 RM'000
Due within one year:		
Provision for professional indemnity claims (Note a)	**3,654**	4,048
Provision for employee service entitlements (Note b)	**10,071**	11,058
Provision for late delivery charges (Note c)	**2,525**	-
Provision for long term incentive plan (Note d)	**1,335**	1,302
	17,585	16,408
Due after one year:		
Provision for employee service entitlements (Note b)	**17,272**	18,197
Provision for late delivery charges (Note c)	**-**	1,632
	17,272	19,829
Total	**34,857**	36,237

27. PROVISIONS (CONT'D.)

	Company	
	2016 RM'000	**2015 RM'000**
Due within one year:		
Provision for long term incentive plan (Note d)	**300**	519

(a) Provision for professional indemnity claims

	Group	
	2016 RM'000	**2015 RM'000**
At 1 January	**4,048**	6,848
Charged to the income statement (Note 7)	**963**	3,755
Payments made	**(1,414)**	(6,862)
Exchange differences	**57**	307
At 31 December	**3,654**	4,048

The provision for professional indemnity claim is an assessed amount relating to a number of claims the Group may be required to pay over and above its insurance cover.

(b) Provision for employee service entitlements

	Group	
	2016 RM'000	**2015 RM'000**
At 1 January	**29,255**	30,116
Charged to the income statement (Note 8)	**3,289**	(624)
Acquisition of subsidiaries	**701**	–
Payments made	**(7,250)**	(2,633)
Exchange differences	**1,348**	2,396
At 31 December	**27,343**	29,255

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.

27. PROVISIONS (CONT'D.)

(c) Provision for late delivery charges

	Group	
	2016 RM'000	**2015 RM'000**
At 1 January	**1,632**	1,632
Charged to the income statement (Note 7)	**893**	-
At 31 December	**2,525**	1,632

Provision for late delivery charges is 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.

28. BORROWINGS

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Short term borrowings				
Secured:				
Commodity Murabahah Term Financing-i ("CMTF-i") (Note a)	**20,550**	20,722	**20,550**	20,722
Murabahah Term Facility (Note b)	**132,232**	–	**103,535**	–
Term loans (Note c)	**17,837**	–	**–**	–
Finance leases (Note 29)	**6,636**	6,106	**–**	–
Revolving credit (Note d)	**1,433**	–	**–**	–
	178,688	26,828	**124,085**	20,722
Unsecured:				
Bank overdrafts (Note c)	**29,889**	17,897	**–**	–
Revolving credit (Note d)	**20,000**	–	**–**	–
Total short term borrowings	**228,577**	44,725	**124,085**	20,722
Long term borrowings				
Secured:				
CMTF-i (Note a)	**40,000**	60,000	**40,000**	60,000
Murabahah Term Facility (Note b)	**443,690**	–	**311,703**	–
Term loans (Note c)	**96,249**	–	**–**	–
Finance leases (Note 29)	**11,485**	6,436	**–**	–
	591,424	66,436	**351,703**	60,000
Unsecured:				
Term loans (Note c)	**169,698**	263,096	**–**	–
Total long term borrowings	**761,122**	329,532	**351,703**	60,000
Total borrowings				
Secured:				
CMTF-i (Note a)	**60,550**	80,722	**60,550**	80,722
Murabahah Term Facility (Note b)	**575,922**	–	**415,238**	–
Term loans (Note c)	**114,086**	–	**–**	–
Finance leases (Note 29)	**18,121**	12,542	**–**	–
Revolving credit (Note d)	**1,433**	–	**–**	–
	770,112	93,264	**475,788**	80,722
Unsecured:				
Term loans (Note c)	**169,698**	263,096	**–**	–
Bank overdrafts (Note c)	**29,889**	17,897	**–**	–
Revolving credit (Note d)	**20,000**	–	**–**	–
Total borrowings	**989,699**	374,257	**475,788**	80,722

28. BORROWINGS (CONT'D.)

The maturity profile of the loans and borrowings are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
On demand or within one year	**228,577**	44,725	**124,085**	20,722
More than 1 year and less than 2 years	**187,981**	25,510	**144,274**	20,000
More than 2 years and less than 5 years	**573,141**	304,022	**207,429**	40,000
	761,122	329,532	**351,703**	60,000
	989,699	374,257	**475,788**	80,722

(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 is secured by 21,012,000 units of shariah compliant Edgenta PROPEL's shares and is 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. The interest is serviced semi-annually in arrears at the end of each profit period of 6 months.

The weighted average effective interest rate of facility at the reporting date was 5.15% (2015: 5.15%) per annum.

(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 2.82% (2015: nil) per annum for Facility A and 3.32% (2015: nil) per annum for Facility B.

28. BORROWINGS (CONT'D.)

(b) Murabahah Term Facility (cont'd.)

The Facility 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.

(c) Term loans and bank overdrafts

(i) Secured term loans

Secured term loans bear interests which range from 1.90% to 7.30% per annum (2015: nil).

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.

(ii) Unsecured term loans and bank overdrafts

The multi-currency bank overdrafts and term loans are held with various entities of HSBC and ANZ Banking Group. All bank overdrafts and term loans are unsecured and subject to a deed of negative pledge. The bank facility with HSBC and ANZ Banking Group will expire from 2017 to 2019.

The average interest rate on the bank overdrafts and term loans was 3.03% (2015: 3.03%) per annum.

Interest is paid on monthly, quarterly or semi-annual basis in arrears. The principal is repayable at the maturity date of the facility.

28. BORROWINGS (CONT'D.)

(d) Revolving credit facility

(i) Secured

As at reporting date, a subsidiary of the Company has outstanding balance of revolving credit amounting to RM1.4 million (2015: nil).

This revolving credit is secured by:

(i) Placement of fixed deposits;

(ii) Corporate guarantee by subsidiaries of the Company; and

(iii) Joint and several guarantee by a director of a subsidiary of the Company.

It is repayable upon the expiry of the tenor of the revolving credit or part thereof. The tenor for the revolving credit held as at 31 December 2016 is up to 90 days upon drawdown.

On 10 January 2017, the bank has waived the guarantee by a director as disclosed in (iii) above.

(ii) Unsecured

The weighted average interest rate on the revolving credit at the reporting date was 4.58% per annum (2015: nil).

(e) 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 (e)(i) above.

29. FINANCE LEASES

	Group	
	2016 RM'000	**2015 RM'000**
Future minimum lease payments:		
Not later than 1 year	**7,266**	6,416
Later than 1 year and not later than 2 years	**8,230**	5,866
Later than 2 years and not later than 5 years	**4,270**	987
Total future minimum lease payments	**19,766**	13,269
Less: Future finance charges	**(1,645)**	(727)
Present value of finance lease liabilities	**18,121**	12,542
Analysis of present value of finance lease liabilities:		
Not later than 1 year	**6,636**	6,106
Later than 1 year and not later than 2 years	**7,613**	5,510
Later than 2 years and not later than 5 years	**3,872**	926
	18,121	12,542
Less: Amount due within 12 months (Note 28)	**(6,636)**	(6,106)
Amount due after 12 months (Note 28)	**11,485**	6,436

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 interest rate on the finance leases is ranging from 3.4% to 4.4% (2015: 6.0%) per annum.

30. TRADE AND OTHER PAYABLES

	Group	
	2016 RM'000	2015 RM'000
Current		
Trade payables		
Third parties	**250,129**	183,995
Accrued costs	**78,665**	76,936
Retention payables (Note b):		
- Property development	**7,364**	9,057
- Infrastructure maintenance	**31,579**	46,905
- Others	**832**	774
Due to related companies	**1,571**	567
	370,140	318,234
Other payables		
Employee costs payable	**150,834**	137,263
Accruals	**103,629**	79,797
Refundable deposits	**237**	2,858
Sundry payables (Note e)	**118,996**	46,830
Deferred consideration payable (Note d)	**3,193**	-
Due to holding company	**6,670**	340
Due to related companies	**5,810**	-
	389,369	267,088
Other current liability		
Billing in advance	**72,353**	66,591
Total	**831,862**	651,913
Non-current		
Trade payables		
Retention payables (Note b):		
- Property development	**2,312**	1,438
- Infrastructure maintenance	**6,071**	3,503
	8,383	4,941
Other payables		
Sundry payables	**120**	106
Deferred consideration payable (Note d)	**21,830**	-
	21,950	106
Total	**30,333**	5,047

30. TRADE AND OTHER PAYABLES (CONT'D.)

	Company	
	2016 RM'000	**2015 RM'000**
Current		
Other payables		
Accruals	**17,716**	14,386
Sundry payables	**1,731**	685
Due to holding company	**2,751**	–
Due to related companies	**1,751**	–
Deferred consideration payable (Note d)	**3,193**	–
Total	**27,142**	15,071
Non-current		
Other payables		
Deferred consideration payable (Note d)	**21,830**	–

(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 (2015: 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.

30. TRADE AND OTHER PAYABLES (CONT'D.)

(d) Deferred consideration payable

	Group	
	2016 RM'000	**2015 RM'000**
At 1 January	-	46,980
Acquisition of subsidiaries (Note 17(a)(ii))	**25,023**	-
Release of holdback charge to income statement	-	(763)
Fair value changes recognised in income statement	-	(21,326)
Payment	-	(24,466)
Reclassified to current sundry payables	-	(3,101)
Exchange differences	-	2,676
At 31 December	**25,023**	-

	Company	
	2016 RM'000	**2015 RM'000**
At 1 January	-	-
Acquisition of a subsidiary (Note 17(a)(ii))	**25,023**	-
At 31 December	**25,023**	-

Deferred consideration payable as at current reporting date arose from the acquisition of KFM group in current year, which is contingent on certain integration criteria being met.

(e) Included in sundry payable is RM18.7 million (SGD6.0 million) (2015: nil) being the remaining consideration payable for the acquisition of AIFS group.

31. DEFERRED TAX

	Group	
	2016 RM'000	**2015 RM'000**
At 1 January	**(41,336)**	(41,003)
Recognised in profit or loss (Note 10)	**(4,985)**	3,931
Recognised in other comprehensive income (Note 10)	**3,030**	1,606
Acquisition of subsidiaries	**48,119**	–
Exchange differences	**(4,820)**	(5,870)
At 31 December	**8**	(41,336)
Presented after appropriate offsetting as follows:		
Deferred tax assets	**(51,573)**	(44,311)
Deferred tax liabilities	**51,581**	2,975
	8	(41,336)

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:

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 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**
At 31 December 2016			**(51,573)**
At 1 January 2015	(48,973)	(9,470)	(58,443)
Recognised in profit or loss	7,031	(2,284)	4,747
Recognised in other comprehensive income	1,606	-	1,606
Exchange differences	(3,735)	(1,940)	(5,675)
	(44,071)	(13,694)	(57,765)
Less: Set off with deferred tax liabilities			13,454
At 31 December 2015			(44,311)

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:

	Property, plant and equipment RM'000	Intangible assets RM'000	Concession receivable RM'000	Total RM'000
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**
	6,329	**37,890**	**17,359**	**61,578**
Less: Set off with deferred tax assets				**(9,997)**
At 31 December 2016				**51,581**
At 1 January 2015	13,764	–	3,676	17,440
Recognised in profit or loss	2,860	–	(3,676)	(816)
Exchange differences	(195)	–	–	(195)
	16,429	–	–	16,429
Less: Set off with deferred tax assets				(13,454)
At 31 December 2015				2,975

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

	Group	
	2016 RM'000	**2015 RM'000**
Unused tax losses	**28,976**	26,335
Unabsorbed capital allowances	**252**	1,875
Others	**4,058**	2,109
	33,286	30,319
Deferred tax of 24%	**7,989**	7,277

Unused tax losses

At the reporting date, the Group has tax losses of approximately RM29.0 million (2015: RM26.3 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

At the reporting date, there is no unrecognised temporary differences (2015: nil) relating to investments in subsidiaries.

Tax consequences of proposed dividends

There are no income tax consequences (2015: nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 12).

32. SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares of RM0.25 each		Amount	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Group and Company				
Authorised				
At 1 January/31 December	**3,000,000**	3,000,000	**750,000**	750,000
Issued and fully paid up				
At 1 January	**813,501**	813,501	**203,375**	203,375
Issued for acquisition of a subsidiary (Note 17(a)(ii))	**18,123**	–	**4,531**	–
31 December	**831,624**	813,501	**207,906**	203,375
Share premium				
At 1 January	**–**	–	**–**	–
Issued for acquisition of a subsidiary (Note 17(a)(ii))	**–**	–	**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.

Share premium represents the excess of the issue price over the par value on shares issued less transaction costs arising on issue.

33. MERGER RELIEF RESERVE

The acquisitions of Opus Group Berhad ("Opus") and Edgenta PROPEL in prior years, which was accounted for using the pooling of interest method, gave rise to the following at acquisition date:

(a) Merger relief 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

	Statutory reserve RM'000 (Note a)	Share based payment RM'000 (Note b)	Foreign currency translation reserve RM'000 (Note c)	Capital redemption reserve RM'000 (Note d)	Total RM'000
Group					
At 1 January 2016	**279**	**-**	**59,817**	**9,163**	**69,259**
Foreign currency translation	**-**	**-**	**8,890**	**-**	**8,890**
At 31 December 2016	**279**	**-**	**68,707**	**9,163**	**78,149**
At 1 January 2015	279	221	27,286	9,163	36,949
Foreign currency translation	-	-	32,531	-	32,531
Share-based payment issued by a subsidiary	-	(323)	-	-	(323)
Employee share option forfeited by a subsidiary	-	102	-	-	102
At 31 December 2015	279	-	59,817	9,163	69,259

34. OTHER RESERVES (CONT'D.)

(a) 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.

(b) Share based payment reserve

In 2008, Opus JC, a subsidiary of the Company, established the Opus IC Employee Share Ownership Plan. The Share Ownership Plan established a framework under which Opus IC could, from time to time, offer selected employees the opportunity to acquire shares in Opus JC. The Share Ownership Plan was wound up during the previous financial year.

(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) Capital redemption reserve

Capital redemption reserve arises from the redemption of redeemable preference shares in the prior years by a subsidiary in accordance with Section 61(5) of Companies Act, 1965.

35. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings under the single tier system.

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.

36. OPERATING LEASE COMMITMENTS (CONT'D.)

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	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Future minimum rental payable of premises:				
Not later than 1 year	**89,535**	83,403	**4,866**	1,224
Later than 1 year and not later than 2 years	**83,336**	75,053	**5,138**	102
Later than 2 years and not later than 5 years	**184,680**	179,383	**5,022**	–
More than 5 years	**125,690**	130,685	**-**	–
	483,241	468,524	**15,026**	1,326
Future minimum rental payable of equipment and others:				
Not later than 1 year	**13,766**	16,018	**57**	57
Later than 1 year and not later than 2 years	**8,827**	12,080	**57**	52
Later than 2 years and not later than 5 years	**7,337**	10,122	**109**	–
More than 5 years	**16**	208	**-**	–
	29,946	38,428	**223**	109

37. CAPITAL COMMITMENTS

	Group	
	2016 RM'000	**2015 RM'000**
Capital expenditure		
Approved and contracted for:		
Purchase of property, plant and equipment	**75,818**	20,626
Approved but not contracted for:		
Purchase of property, plant and equipment	**41,621**	9,106

38. PERFORMANCE BONDS AND GUARANTEES

	Group	
	2016 RM'000	**2015 RM'000**
Secured:		
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(e))	**16,618**	25,642
Performance bond to Western Region Municipality of Abu Dhabi for Facilities Management Services in Abu Dhabi	**12,099**	11,606
Other bank performance bonds and letter of credit	**14,626**	15,611
Bank guarantee issued to authorities	**1,716**	1,708
Bank guarantees and performance bonds issued to others	**35,591**	2,325
Total	**80,650**	56,892
Unsecured:		
Bank guarantees extended to third parties – trade related	**62,455**	53,655
Performance bond extended to third parties – trade related	**28,216**	27,069
Retention guarantee extended to third parties – trade related	**9,894**	9,492
	100,565	90,216

39. RELATED PARTY DISCLOSURES

(a) Sale and purchase of goods and services

In addition to the transactions 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	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Income received/receivable from				
Management fees from subsidiaries	-	-	**(32,220)**	(16,155)
Asset consultancy services fees received from:				
- immediate holding company	**(2,149)**	(3,573)	-	-
- related companies	**(64,798)**	(79,186)	-	-
Infrastructure maintenance fees received from:				
- related companies	**(663,828)**	(725,141)	-	-
Facilities management fees received from:				
- related companies	**(25,291)**	(9,325)	-	-
- associates	**(41,339)**	(197,279)	-	-
Other service fees received from:				
- related companies	**(2,448)**	(5,489)	-	-
License and commission fees received from an associate	**(1,173)**	(1,125)	-	-
Expenses paid/payable to				
Management fee expense to immediate holding company	**793**	587	**207**	207
Rendering of services by:				
- immediate holding company	**11,247**	10,335	**653**	145
- related companies	**19,576**	52,098	-	-
- non-controlling shareholder of a subsidiary	**3,836**	5,706	-	-
- associates	**132**	-	-	-
Rental paid to:				
- related company	**6,961**	7,154	**1,738**	1,235
Others				
(Repayment from)/loans to joint ventures	**(3,511)**	12,320	-	-

39. RELATED PARTY DISCLOSURES (CONT'D.)

(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	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Salaries and other emoluments	**11,797**	9,689	**3,153**	3,149
Contributions to defined contribution plans	**675**	719	**304**	294
	12,472	10,408	**3,457**	3,443

Included in total key management personnel compensation are:

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Directors' remuneration excluding benefit-in-kind (Note 9)	**8,656**	7,579	**2,552**	2,749

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:

	Fair value through profit or loss RM'000	Loans and receivables RM'000	Available-for-sale RM'000	Total RM'000
2016				
Group				
Assets				
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
Total financial assets	42,866	1,644,046	272	1,687,184
Total non financial assets				1,842,155
Total assets				3,529,339

	Fair value through profit or loss RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
Liabilities			
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
Total financial liabilities	31,962	1,754,518	1,786,480
Total non financial liabilities			205,066
Total liabilities			1,991,546

40. FINANCIAL INSTRUMENTS (CONT'D.)

	Fair value through profit or loss RM'000	Loans and receivables RM'000	Available-for-sale RM'000	Total RM'000
2015				
Group				
Assets				
Other investments (Note 19)	–	–	272	272
Trade receivables, net (Note 21)	–	522,717	–	522,717
Other receivables, net (Note 21)	–	70,550	–	70,550
Cash, bank balances and deposits (Note 24)	–	552,614	–	552,614
Short term investments (Note 22)	244,891	–	–	244,891
Derivative financial instruments (Note 23)	11,816	–	–	11,816
Total financial assets	256,707	1,145,881	272	1,402,860
Total non financial assets				1,214,513
Total assets				2,617,373

	Fair value through profit or loss RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
Liabilities			
Trade payables (Note 30)	–	323,175	323,175
Other payables (Note 30)	–	267,194	267,194
Derivative financial instruments (Note 23)	185	–	185
Borrowings (Note 28)	–	374,257	374,257
Total financial liabilities	185	964,626	964,811
Total non financial liabilities			124,471
Total liabilities			1,089,282

40. FINANCIAL INSTRUMENTS (CONT'D.)

	Loans and receivables RM'000	Available-for-sale RM'000	Total RM'000
2016			
Company			
Assets			
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
Total financial assets	427,640	272	427,912
Total non financial assets			2,059,011
Total assets			2,486,923

	Fair value through profit or loss RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
Liabilities			
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
Total financial liabilities	28,882	499,737	528,619
Total non financial liabilities			300
Total liabilities			528,919

40. FINANCIAL INSTRUMENTS (CONT'D.)

	Loans and receivables RM'000	Available-for-sale RM'000	Total RM'000
2015			
Company			
Assets			
Other investments (Note 19)	–	272	272
Other receivables, net (Note 21)	19,117	–	19,117
Cash, bank balances and deposits (Note 24)	22,294	–	22,294
Total financial assets	41,411	272	41,683
Total non financial assets			1,843,577
Total assets			1,885,260

	Financial liabilities at amortised cost RM'000	Total RM'000
Liabilities		
Other payables (Note 30)	15,071	15,071
Borrowings (Note 28)	80,722	80,722
Total financial liabilities	95,793	95,793
Total non financial liabilities		519
Total liabilities		96,312

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:

	2016		2015	
	RM'000	% of total	RM'000	% of total
By country:				
Malaysia	**433,437**	**58**	341,104	65
India	**217**	**–**	217	–
United Arab Emirates	**30,110**	**4**	1,163	–
Indonesia	**9,398**	**1**	837	–
New Zealand	**117,720**	**16**	88,153	17
Australia	**26,490**	**4**	17,636	3
United Kingdom	**22,258**	**3**	21,919	4
Canada	**34,419**	**5**	41,869	9
US	**–**	**–**	1,160	–
Fiji	**7,876**	**1**	8,659	2
Singapore	**31,741**	**4**	–	–
Taiwan	**33,281**	**4**	–	–
	746,947	**100**	522,717	100

At the reporting date:

- The Group's ten largest customers account for approximately 45% (2015: 54%) 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.

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	Total RM'000
2016			
Group			
Financial liabilities:			
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	308,720	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
Total undiscounted financial liabilities	1,092,787	865,866	1,958,653

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.)

	On demand or within one year RM'000	One to five years RM'000	Total RM'000
2016			
Company			
Financial liabilities:			
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**
Total undiscounted financial liabilities	**166,032**	**391,424**	**557,456**
2015			
Group			
Financial liabilities:			
Trade and other payables (Note 30)	651,913	5,047	656,960
Loans and borrowings:			
– CMTF-i	23,864	65,404	89,268
– Term loans	6,206	274,315	280,521
– Finance leases	6,416	6,853	13,269
– Bank overdrafts (Note 28)	17,897	–	17,897
Total undiscounted financial liabilities	706,296	351,619	1,057,915
2015			
Company			
Financial liabilities:			
Other payables (Note 30)	15,071	–	15,071
Loans and borrowings:			
– CMTF-i	23,864	65,404	89,268
Total undiscounted financial liabilities	38,935	65,404	104,339

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 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 is RM210.6 million and is used to hedge the Company's exposure to changes in foreign currency of the loan secured under the Facility.

Hedges of net investments in foreign operations

The Group adopts hedge accounting for net investments in foreign operations. The Group currently hedges 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 2016 and there was no ineffectiveness recognised in the Income Statement (2015: nil).

	2016 RM'000	2015 RM'000
Bank borrowings designated as hedges:		
Short term bank borrowings	**29,889**	17,897
Long term bank borrowings	**169,698**	263,096

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:

	Functional currency of Group Companies	
	2016 RM'000	2015 RM'000
United Arab Emirates Dirham (AED)	**158**	167
Australian Dollar (AUD)	**(9,305)**	(1,252)
British Pound (GBP)	**(12,306)**	(15,529)
Euro Dollar (EURO)	**(87)**	(18)
United States Dollar (USD)	**(1,327)**	22
Canadian Dollar (CAD)	**(6,805)**	(1,093)
Indonesian Rupiah (IDR)	**8,058**	14,536
Singapore Dollar (SGD)	**2,996**	–
	(18,618)	.(3,167)

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.

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

(c) Foreign currency risk (cont'd.)

Sensitivity analysis for foreign currency risk (cont'd.)

		Group	
		2016 RM'000	**2015 RM'000**
AED/RM	– strengthened 4% (2015: 23%)	**6**	38
AUD/RM	– strengthened 3% (2015: 10%)	**(279)**	(125)
GBP/RM	– strengthened 13% (2015: 17%)	**(1,600)**	(2,640)
EURO/RM	– strengthened 1% (2015: 5%)	**(1)**	(1)
USD/RM	– strengthened 4% (2015: 23%)	**(53)**	5
CAD/RM	– strengthened 7% (2015: 3%)	**(476)**	(33)
IDR/RM	– strengthened 1% (2015: 11%)	**81**	1,599
SGD/RM	– strengthened 2% (2015: nil)	**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:

	Note	WAEIR %	Within 1 year RM'000	1-2 years RM'000	2-5 years RM'000	Total RM'000
At 31 December 2016						
Group						
Fixed rate						
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)**
Floating rate						
Murabahah Term Facility	28	**2.96**	**(132,232)**	**(153,060)**	**(290,630)**	**(575,922)**
Term loans	28	**4.40**	**(17,837)**	**(7,309)**	**(258,638)**	**(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)**
Company						
Fixed rate						
Deposits with licensed banks and other financial institutions	24	**3.07**	**80,724**	-	-	**80,724**
CMTF-i	28	**5.15**	**(20,550)**	-	-	**(20,550)**
Floating rate						
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)**

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

(d) Interest rate risk (cont'd.)

	Note	WAEIR %	Within 1 year RM'000	1-2 years RM'000	2-5 years RM'000	Total RM'000
At 31 December 2015						
Group						
Fixed rate						
Deposits with licensed banks and other financial institutions	24	4.14	391,276	–	–	391,276
Finance leases	29	6.00	(6,106)	(5,510)	(926)	(12,542)
CMTF-i	28	5.15	(20,772)	(20,000)	–	(40,772)
Floating rate						
Term loans and bank overdrafts	28	3.03	(17,897)	(263,096)	–	(280,993)
CMTF-i	28	5.15	–	–	(40,000)	(40,000)
Company						
Fixed rate						
Deposits with licensed banks and other financial institutions	24	3.54	15,938	–	–	15,938
CMTF-i	28	5.15	(20,722)	(20,000)	–	(40,722)
Floating rate						
CMTF-i	28	5.15	–	–	(40,000)	(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.

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

(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.

(f) Fair value

The carrying amounts of financial assets and financial liabilities at the reporting date approximate fair values either due to their short-term nature 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:

	Quoted prices in active markets Level 1 RM'000	Significant observable inputs Level 2 RM'000	Significant unobservable inputs Level 3 RM'000	Total RM'000
Group				
2016				
Assets measured at fair value:				
Short term investments*	-	42,375	-	42,375
Derivative financial instruments*	-	491	-	491
	-	42,866	-	42,866
Liabilities measured at fair value:				
Derivative financial instruments*	-	6,939	-	6,939

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

(f) Fair value (cont'd.)

Determination of fair value (cont'd.)

The following table provides the fair value measurement hierarchy of the Group and the Company's assets and liabilities: (cont'd.)

	Quoted prices in active markets Level 1 RM'000	Significant observable inputs Level 2 RM'000	Significant unobservable inputs Level 3 RM'000	Total RM'000
Group				
2015				
Assets measured at fair value:				
Short term investments**	–	244,891	–	244,891
Derivative financial instruments**	–	11,816	–	11,816
	–	256,707	–	256,707
Liabilities measured at fair value:				
Derivative financial instruments**	–	185	–	185

* The valuation date of these financial instruments is 31 December 2016
** The valuation date of these financial instruments is 31 December 2015.

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 2016 and 31 December 2015.

The Group manages capital by reference to the debt to asset ratio. The Group's debt to asset ratio is as follows:

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Bank overdrafts	**29,889**	17,897	**–**	–
CMTF-i	**60,550**	80,722	**60,550**	80.722
Murabahah Term Facility	**575,922**	–	**415,238**	–
Term loans	**283,784**	263,096	**–**	–
Finance leases	**18,121**	12,542	**–**	–
Revolving credit	**21,433**	–	**–**	–
Total debt	**989,699**	374,257	**475,788**	80.722
Total assets	**3,529,339**	2,617,373	**2,486,923**	1,885,260
Debt to asset ratio	**28%**	14%	**19%**	4%

43. SEGMENT INFORMATION

(a) Business unit segments

For management purposes, the Group is organised into business units based on their products and services, and has five reportable operating segments as follows:

(i) the asset development and asset management consultancy segment is in respect of roads infrastructure, civil and building related works;

(ii) the integrated facilities management segment includes provision of healthcare support services, provision of facilities management, infrastructure facility services, green technology and sustainability services as well as energy management solutions;

(iii) the infrastructure maintenance segment is in the business of maintenance and repair of civil, mechanical and electrical works on roads, and infrastructure and expressways works;

(iv) the property segment is in the business of developing residential properties; and

(v) the other segment is in the business of geotechnical investigation, instrumentation, pavement condition assessment works and township management, as well as involved in 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.

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 five business segments operate in ten geographical areas:

(i) Malaysia – the operations in this area are principally integrated facilities management, asset development and asset 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 asset management consultancy services and road infrastructure.

(vii) Middle East – the operation in this area are principally integrated facilities management and asset management consultacy 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.)

	Notes	Asset development and asset management consultancy RM'000	Integrated facilities management RM'000	Infrastructure maintenance RM'000	Properties RM'000	Others RM'000	Elimination RM'000	Group RM'000
At 31 December 2016								
Revenue								
External revenue		1,514,990	574,993	763,160	47,704	30,127	-	2,930,974
Inter-segment revenue	A	713	8,819	4,685	-	346,054	(360,271)	-
Total revenue		1,515,703	583,812	767,845	47,704	376,181	(360,271)	2,930,974
Results								
Segment results		101,892	46,317	94,425	8,657	259,365	(280,417)	230,239
Impairment losses		(110,824)	-	-	-	-	-	(110,824)
Finance costs		(10,443)	(7,073)	(819)	(15)	(4,206)	496	(22,060)
Share of results of associates		-	15,310	-	-	-	-	15,310
Share of results of joint ventures		1,132	-	-	-	-	-	1,132
(Loss)/profit before tax		(18,243)	54,554	93,606	8,642	255,159	(279,921)	113,797
Zakat		-	(715)	-	-	(794)	-	(1,509)
Income tax expense		(34,360)	(3,284)	(20,744)	(4,479)	(3,245)	396	(65,716)
(Loss)/profit net of tax		(52,603)	50,555	72,862	4,163	251,120	(279,525)	46,572
Assets								
Segment assets	B	991,955	1,385,786	503,887	283,010	856,015	(491,314)	3,529,339
Liabilities								
Segment liabilities	B	533,254	1,109,672	230,696	60,032	559,167	(501,275)	1,991,546

43. SEGMENT INFORMATION (CONT'D.)

	Notes	Asset development and asset management consultancy RM'000	Integrated facilities management RM'000	Infrastructure maintenance RM'000	Properties RM'000	Others RM'000	Elimination RM'000	Group RM'000
At 31 December 2016 (cont'd.)								
Other segment information								
Capital expenditure	C	27,924	28,789	5,113	-	7,975	-	69,801
Investments in associates		-	32,753	-	-	-	-	32,753
Investments in joint ventures		2,393	-	-	-	-	-	2,393
Interest income from fixed deposit		(7,500)	(2,082)	(1,141)	(1,381)	(1,447)	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)		26,779	20,594	9,185	167	2,526	-	59,251
Amortisation	D	5,298	142	173	7	24	2,711	8,355
Non-cash expense/(income) other than impairment, depreciation, and amortisation	E	5,162	(508)	(1,624)	870	33	-	3,933

43. SEGMENT INFORMATION (CONT'D.)

	Notes	Asset development and asset management consultancy RM'000	Integrated facilities management RM'000	Infrastructure maintenance RM'000	Properties RM'000	Others RM'000	Elimination RM'000	Group RM'000
At 31 December 2015								
Revenue								
External revenue		1,525,010	663,050	890,665	25,275	19,033	-	3,123,033
Inter-segment revenue	A	-	2,974	3,673	-	171,640	(178,287)	-
Total revenue		1,525,010	666,024	894,338	25,275	190,673	(178,287)	3,123,033
Results								
Segment results		117,302	95,836	110,698	3,566	120,097	(131,652)	315,847
Finance costs		(11,368)	(133)	(353)	(20)	(4,753)	-	(16,627)
Share of results of associates		-	10,468	-	-	-	-	10,468
Share of results of joint ventures		(4,269)	-	-	-	-	-	(4,269)
Profit/(loss) before tax		101,665	106,171	110,345	3,546	115,344	(131,652)	305,419
Zakat		(113)	(1,000)	-	500	(881)	-	(1,494)
Income tax expense		(38,880)	(25,012)	(27,609)	67	(2,962)	4	(94,392)
Profit/(loss) net of tax		62,672	80,159	82,736	4,113	111,501	(131,648)	209,533
Assets								
Segment assets	B	1,240,198	413,386	488,608	265,425	280,891	(71,135)	2,617,373
Liabilities								
Segment liabilities	B	568,056	227,172	217,386	46,609	119,280	(89,221)	1,089,282

43. SEGMENT INFORMATION (CONT'D.)

	Notes	Asset development and asset management consultancy RM'000	Integrated facilities management RM'000	Infrastructure maintenance RM'000	Properties RM'000	Others RM'000	Elimination RM'000	Group RM'000
At 31 December 2015 (cont'd.)								
Other segment information								
Capital expenditure	C	28,229	30,920	14,831	46	2,156	–	76,182
Investments in associates		–	18,356	–	–	–	–	18,356
Investments in joint ventures		5,814	–	–	–	–	–	5,814
Interest income		(9,410)	(1,991)	(831)	(1,425)	(1,391)	–	(15,048)
Dividend income		(5,129)	(84)	(2,476)	(2,108)	–	–	(9,797)
Impairment loss on goodwill (Note 16)		36,126	–	–	–	–	–	36,126
Impairment of property, plant and equipment (Note 13)		–	3,810	–	–	–	–	3,810
Depreciation (Note 7)		24,567	24,792	8,590	175	1,962	(118)	59,968
Amortisation	D	5,304	8	179	13	26	–	5,530
Non-cash (income)/expense other than impairment, depreciation, and amortisation	E	(12,059)	1,909	2,866	241	823	–	(6,220)

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:

	2016 RM'000	2015 RM'000
Inter-segment assets	**(491,314)**	(71,135)

The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2016 RM'000	2015 RM'000
Inter-segment liabilities	**(501,275)**	(89,221)

C Capital expenditure consist of:

	2016 RM'000	2015 RM'000
Property, plant and equipment	**65,242**	72,564
Intangible assets - software	**4,559**	3,618
	69,801	76,182

D Amortisation consist of:

	2016 RM'000	2015 RM'000
Prepaid land lease payments	**87**	87
Intangible assets	**8,268**	5,443
	8,355	5,530

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	2016 RM'000	2015 RM'000
Fair value gain on:			
– short term investments	5	**(292)**	(150)
– derivatives financial instruments	5	**–**	(259)
Reversal of deferred consideration arising from acquisition of a subsidiary	5	**–**	(21,326)
Release of holdback charge	5	**–**	(763)
Liquidated and ascertained damages from subcontractors	7	**–**	257
Net (gain)/loss on disposal of plant and equipment	7	**(699)**	416
Provision for professional indemnity claims	7	**963**	3,755
Provision for late delivery charges	7	**893**	–
Property, plant and equipment written off	7	**20**	541
Intangible assets written off	7	**–**	794
Impairment on financial assets:			
– Trade and other receivables			
– Current	7	**8,583**	15,531
Reversal of impairment on financial assets:			
– Trade and other receivables	7	**(7,408)**	(3,927)
Bad debts written off	7	**1,606**	–
Write down of inventories	7	**–**	56
Defined retirement benefit obligations	8	**267**	(1,145)
		3,933	(6,220)

43. SEGMENT INFORMATION (CONT'D.)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue	
	2016 RM'000	**2015 RM'000**
Malaysia	**1,519,238**	1,732,783
United Arab Emirates	**39,107**	697
New Zealand	**805,328**	754,534
Australia	**138,299**	137,483
Canada	**228,958**	305,875
United Kingdom	**179,297**	174,927
Indonesia	**5,096**	16,734
Singapore	**7,403**	-
Taiwan	**8,248**	-
Consolidated	**2,930,974**	3,123,033

	Non-current assets	
	2016 RM'000	**2015 RM'000**
Malaysia	**419,513**	309,878
United Arab Emirates	**564**	228
New Zealand	**88,132**	76,360
Australia	**38,117**	51,911
Canada	**106,227**	201,325
United Kingdom	**43,743**	50,195
Indonesia	**-**	9
Singapore	**526,586**	-
Taiwan	**2,037**	-
Others	**7,061**	5,368
Consolidated	**1,231,980**	695,274

43. SEGMENT INFORMATION (CONT'D.)

Geographical information (cont'd.)

Non-current assets information presented above consist of the followings items as presented in the consolidated statement of financial position:

	2016 RM'000	2015 RM'000
Property, plant and equipment	**227,769**	213,034
Land held for property development	**1,115**	1,115
Prepaid land lease payments	**3,150**	3,237
Intangible assets	**964,528**	453,446
Investment in joint ventures	**2,393**	5,814
Investment in associates	**32,753**	18,356
Other investments	**272**	272
	1,231,980	695,274

Information about major customers

Revenue from two (2015: two) major customers amounted to RM616.0 million and RM408.1 million (2015: RM587.6 million and RM428.1 million) respectively, arising from sales in the infrastructure maintenance and integrated facilities management - concession segment.

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 2016 %	Effective proportion of ownership interest 2015 %	Principal activities
Subsidiary of the Company:					
Faber Hotels Holdings Sdn. Bhd.	Malaysia	95,279,551	**100**	100	Investment holding
Faber Development Holdings Sdn. Bhd.	Malaysia	28,260,006	**100**	100	Investment holding
Edgenta Facilities Sdn. Bhd.	Malaysia	200,000	**100**	100	Investment holding and provision of integrated facilities management services
Edgenta Healthcare Management Sdn. Bhd.	Malaysia	2	**100**	100	Investment holding
Renown Alliance Sdn. Bhd.	Malaysia	2	**100**	100	In members' liquidation
Edgenta PROPEL Berhad	Malaysia	70,000,000	**100**	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	**100**	100	Investment holding
Faber LLC (b)	Emirates of Dubai	AED600,000	**75**	75	Facilities management services in United Arab Emirates
Sate Yaki Sdn. Bhd.	Malaysia	5,000,000	**60**	60	In liquidation
Edgenta Environmental & Material Testing Sdn. Bhd.	Malaysia	1,000,000	**100**	100	Geotechnical investigation, instrumentation and pavement condition assessment works
Edgenta Energy Services Sdn. Bhd.	Malaysia	1,000,000	**70**	70	Energy performance management services
Edgenta Township Management Services Sdn. Bhd.	Malaysia	2,730,000	**100**	100	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 2016 %	2015 %	Principal activities
Subsidiary of the Company: (cont'd.)					
KFM Holdings Sdn. Bhd.	Malaysia	15,000,000	**80**	–	Cleaning contractors, improvers and other related activities
Edgenta Energy Projects Sdn. Bhd.	Malaysia	750,000	**100**	–	Providing energy management services and renewable energy services, through capital investments
Edgenta (Singapore) Pte. Ltd.	Singapore	SGD1	**100**	–	Investment holding
Subsidiary of Edgenta Healthcare Management Sdn. Bhd.					
Edgenta Mediserve Sdn. Bhd.	Malaysia	43,170,010	**100**	100	Provision of hospital support services
Subsidiary of Edgenta Mediserve Sdn. Bhd.					
Edgenta Healthtronics Sdn. Bhd.	Malaysia	3,000,000	**100**	100	Provision of biomedical and electronic engineering maintenance services
Fresh Linen Services (Sabah) Sdn. Bhd.	Malaysia	3,000,000	**60**	60	Provision of laundry processing activities
Edgenta Mediserve (Sabah) Sdn. Bhd.	Malaysia	100,000	**100**	100	Investment holding
Edgenta Mediserve (Sarawak) Sdn. Bhd.	Malaysia	100,000	**100**	100	Investment holding
Cermin Cahaya Sdn. Bhd.	Malaysia	2	**100**	100	Provision of cleansing services to hospitals

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 2016 %	Effective proportion of ownership interest 2015 %	Principal activities
Associate of Edgenta Mediserve (Sabah) Sdn. Bhd.					
Sedafiat Sdn. Bhd. (b)	Malaysia	5,000,000	**40**	40	Provision of hospital support services
Associate of Edgenta Mediserve (Sarawak) Sdn. Bhd.					
One Medicare Sdn. Bhd. (b)	Malaysia	5,000,000	**40**	40	Provision of hospital support services
Biomedix Solutions Sdn. Bhd. (b)	Malaysia	1,000,000	**40**	–	Provision of biomedical engineering maintenance services
Subsidiary of Faber Development Holdings Sdn. Bhd.:					
Faber Union Sdn. Bhd.	Malaysia	97,000,000	**100**	100	Property development
Rimbunan Melati Sdn. Bhd.	Malaysia	5,000,000	**55**	55	Property development
Faber Grandview Development (Sabah) Sdn. Bhd.	Malaysia	4,500,000	**100**	100	Property development
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

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 2016 %	2015 %	Principal activities
Subsidiary of Edgenta Facilities Sdn. Bhd.					
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
Associate of Edgenta Facilities Sdn. Bhd.					
Faber Sindoori Management Services Private Limited (b)	India	Rs9,23,780	**51**	51	Facilities management in India
Subsidiary of Edgenta PROPEL Berhad					
Aquatrans Sdn. Bhd.	Malaysia	100,000	**100**	100	Undertaking of water projects
PT Edgenta PROPEL Indonesia	Indonesia	US$250,000	**99.6**	–	Providing road management consultancy and advisory services
Jointly Controlled Operation of Edgenta PROPEL Berhad					
Edgenta Propel-NRG JO	Not applicable	–	**55**	55	Providing highway maintenance 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 2016 %	Effective proportion of ownership interest 2015 %	Principal activities
Subsidiary of Opus Group Berhad					
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
Opus International Limited (a)	United Kingdom	GBP0.50	-	100	Dissolved in current year
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
Subsidiary of Opus International (M) Berhad:					
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) (d)	United Arab Emirates	AED100,000	**81**	81	Engineering consultancy services

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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 2016 %	2015 %	Principal activities
Joint Venture of Opus International (M) Berhad:					
Opus Middle East LLC (a)(e)	United Arab Emirates	–	**39**	39	Professional engineering services
Subsidiary of Opus International (NZ) Limited:					
Opus International Consultants Limited (a)	New Zealand	NZD54,784,556	**61**	61	Multidisciplinary infrastructure consultancy providing asset development and asset management solutions
Subsidiary of Opus International Consultants Limited:					
Opus International Consultants (Canada) Limited (a)	Canada	CAD800	**61**	61	Engineering consultancy services
Opus International Consultants Sdn. Bhd.	Malaysia	300,000	**61**	61	Technical consultancy services
Opus International Consultants (OPC) Limited (a)	New Zealand	Not called/ paid up	**61**	61	Consultancy services
Opus International Pty Limited (a)	Australia	A$10,000	**61**	61	Investment holding
Opus International Consultants (Pte) Limited (a)	Singapore	S$1,000,000	**-**	61	Struck-off in current year
Opus International Consultants Holdings (UK) Limited (a)	United Kingdom	GBP20,120,000	**61**	61	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 2016 %	Effective proportion of ownership interest 2015 %	Principal activities
Subsidiary of Opus International Consultants Limited: (cont'd.)					
Opus International Consultants Inc. (a)	United States of America	US$10	**61**	61	Engineering consultancy services
Opus Stewart Weir Limited (a)	Canada	CAD33,103,036	**61**	61	Land surveying, engineering and environmental consultancy
Opus International Consultants (Samoa) Limited (a)	Samoa	Nil	**61**	61	Engineering consultancy services
Opus International Consultants (Fiji) Limited (a)	Fiji	NZ$2	**61**	61	Engineering consultancy services
Opus International North American Principals Inc. P.S. (a) (g)	United States of America	Nil	**61**	61	Engineering consultancy services
Opus Al-Dauliyyah LLC (a) (i)	The Kingdom of Saudi Arabia	SAR 500,000	**81**	81	Engineering consultancy services
Joint Venture of Opus International Consultants Limited:					
NZ Water and Environment Training Academy (a)	New Zealand	NZ$10,000	**-**	31	Dissolved in currrent year
Total Bridge Services (a) (f)	New Zealand	-	**15**	15	Providing engineering services
Marlborough Roads (a) (f)	New Zealand	-	**15**	15	Providing engineering services
Capital Journeys (a) (f)	Not applicable	-	**15**	15	Providing engineering services
Jacobs Opus Huntly JV (a) (f)	Not applicable	-	**31**	31	Providing engineering 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 2016 %	Effective proportion of ownership interest 2015 %	Principal activities
Jointly Controlled Operation of Opus International Consultants Limited:					
Hertfordshire Country Council Joint Operation (a)	Not applicable	–	**31**	31	Providing road network management services
Bay of Plenty West One Network Maintenance Contract (a)	Not applicable	–	**31**	31	Engineering consultancy services
Central Waikato Network Maintenance Contract (a)	Not applicable	–	**31**	31	Engineering consultancy services
Subsidiary of Opus International Consultants Holdings (UK) Limited:					
Opus International Consultants (UK) Ltd (a)	United Kingdom	GBP7,200,000	**61**	61	Engineering consultancy services
Opus International Consultants (Projects) Limited (a)	United Kingdom	GBP217,100	**61**	61	Engineering consultancy services
Tower Surveys Limited (a)	United Kingdom	GBP100	**61**	61	Survey consultancy work
Subsidiary of Opus Stewart Weir Ltd:					
Steward Weir Wood Buffalo Holdings Ltd (a)	Canada	CAD100	**61**	61	Investment holding
Stewart Weir Consulting Inc (a)	Canada	CAD100	**61**	61	Surveying services
USW Gamma Industrial Services Ltd (a)	Canada	CAD2	**61**	61	Survey consulting

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 2016 %	Effective proportion of ownership interest 2015 %	Principal activities
Subsidiary of Opus Stewart Weir Ltd: (cont'd.)					
Stewart Weir Australia Pty Ltd (a)	Australia	AUD100	-	61	Struck-off in current year
USW Surveys Limited (a)	Canada	CAD10	**61**	61	Dormant
Opus Stewart Weir (BC) Limited (a) (f)	Canada	CAD100	**61**	61	Surveying services
Joint Venture of Opus Stewart Weir Ltd:					
Athabaskan Resources Company Limited Partnership (a)	Canada	CAD100	**31**	31	Providing engineering services and surveying services
Subsidiary of Opus International Consultants (Canada) Limited:					
Opus DaytonKnight Consultants Limited (a) (h)	Canada	CAD100	-	61	Engineering consultancy services
Subsidiary of Opus International Consultants Sdn. Bhd.:					
Kejuruteraan Opus Sdn. Bhd.	Malaysia	2	**61**	61	Dormant

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 2016 %	Effective proportion of ownership interest 2015 %	Principal activities
Subsidiary of Opus International Pty Limited:					
Opus International Consultants (Australia) Pty Limited (a) (f)	Australia	AUD2,134	**61**	61	Engineering consultancy services
Opus Rail Pty Limited (a)	Australia	AUD1	**-**	61	Struck-off in current year
Opus International Consultants (PCA) Pty Limited (a)	Australia	Not called/ paid up	**61**	61	Road infrastructure consultancy
Subsidiary of Opus International Consultants (PCA) Pty Limited:					
Opus International Consultants (NSW) Pty Limited (a)	Australia	AUD1,174.94	**61**	61	Engineering consultancy services
Subsidiary of Edgenta Township Management Services Sdn. Bhd.:					
UEM Sunrise Edgenta TMS Sdn. Bhd.	Malaysia	3,900,000	**70**	70	Management of real estate
Subsidiary of UEM Sunrise Edgenta TMS Sdn. Bhd.:					
Edgenta TMS Sdn. Bhd.	Malaysia	5,500,000	**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 2016 %	Effective proportion of ownership interest 2015 %	Principal activities
Subsidiary of KFM Holdings Sdn. Bhd.:					
Operon Consulting Sdn. Bhd.	Malaysia	1,128,260	**56**	-	Assets management consultancy services
KFM Energy Services Sdn. Bhd	Malaysia	2,000,000	**80**	-	Provision of energy conservation and renewable energy
KFM Projects Sdn. Bhd.	Malaysia	100,000	**80**	-	Project management consulting services
KFM Solutions Sdn. Bhd.	Malaysia	100,000	**80**	-	Consultancy services in the green, smart and connected urban ecology and other solutions for the built environment
KFM Systems Sdn. Bhd.	Malaysia	100,000	**80**	-	Consultancy and contractors for building management systems for the built environment
Veridis PPP One Sdn. Bhd.	Malaysia	275,000	**80**	-	Concession holder specialising in retro fitting works of building utilising green technology
Operon Middle East Limited (a)	British Virgin Island	USD1,503,200	**80**	-	Facilities management and building cleaning services
Operon Malaysia Sdn. Bhd.	Malaysia	100,000	**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	**56**	-	Dormant

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 2016 %	2015 %	Principal activities
Associate of Operon Consulting Sdn. Bhd.					
Operon Asset Advisory Sdn. Bhd.	Malaysia	10,000	**27**	–	Asset management consulting services
Subsidiary of Edgenta (Singapore) Pte. Ltd.					
Asia Integrated Facility Solutions Pte. Ltd. (b)	Singapore	SGD22,946,304	**100**	–	Investment holding
Subsidiary of Asia Integrated Facility Solutions Pte. Ltd.					
Asia Facility Solutions Pte. Ltd. (b)	Singapore	SGD22,946,304	**100**	–	Investment holding and also provides support services in the area of healthcare/build-up environment and property/facility management to its subsidiary corporations
Subsidiary of Asia Facility Solutions Pte. Ltd.					
UEMS Pte. Ltd. (a)	Singapore	SGD3,300,000	**100**	–	Investment holding
Subsidiary of UEMS Pte. Ltd.					
UEMS Solutions Pte. Ltd (a)	Singapore	SGD2,000,000	**100**	–	Provision of facility management services
UEMS Solutions Sdn. Bhd.	Malaysia	3,000,000	**100**	–	Provision of facility management 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 2016 %	2015 %	Principal activities
Subsidiary of UEMS Pte. Ltd. (cont'd.)					
UEMS Solutions Ltd. (a)	Taiwan	TWD25,000,000	**100**	–	Provision of facility management services
ServiceMaster Hong Kong Limited (a)	Hong Kong	HKD20,036,000	**100**	–	Dormant
Subsidiary of UEMS Solutions Ltd.					
UEMS ServiceCorp Ltd. (a)	Taiwan	TWD5,000,000	**100**	–	Provision of cleaning and consulting services for business enterprises, buildings and home service to individuals

(a) Audited by member firms of Ernst & Young Global in respective countries
(b) Audited by firms other than Ernst & Young
(c) Edgenta Mediserve Sdn. Bhd. is 43% owned by UEM Edgenta Berhad and 57% owned by Edgenta Healthcare Management Sdn. Bhd.
{d) Opus Consultants DMCC is 50% owned by Opus International (M) Berhad and 50% owned by Opus International Consultants Limited
(e) Opus Middle East LLC is 25% owned by Opus International (M) Berhad and 25% owned by Opus International Consultants Limited
(f) Financial year ended other than 31 December
(g) Opus International North American Principals Inc. P.S was incorporated on 2 February 2015 and has stock buy-sell agreements with the Opus International Consultants Limited, giving Opus International Consultants Limited 100% accounting control over Opus International North American Principals Inc. P.S
(h) Opus DaytonKnight Consultants Limited amalgamated into Opus International Consultants (Canada) Limited as at 21 October 2016
(i) Opus Al-Dauliyyah LLC is 50% owned by Opus International (M) Berhad and 50% owned by Opus International Consultants Limited

45. SIGNIFICANT EVENTS

(a) On 27 January 2016, EMSS, a wholly-owned subsidiary of Edgenta Mediserve Sdn. Bhd., has subscribed for 40% equity interest in Biomedix to provide biomedical engineering maintenance services to hospitals operated by the Government in the state of Sarawak. Following the transaction, Biomedix is now an associate of EMSS.

(b) On 12 February 2016, 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 is now a subsidiary of UEMSET.

(c) On 6 April 2016, the Company acquired a total of 12,000,000 ordinary shares of RM1.00 each in KFM Holdings Sdn. Bhd. ("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 share 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 ("FYE") 2016, 2017 and 2018, and
- incremental value payment of RM16.0 million upon achievement of specific financial milestones.

After considering the fair value of the shares issued and deferred consideration, the purchase consideration ammounted to RM125.7 million.

(d) On 23 August 2016, Edgenta PROPEL, a wholly-owned subsidiary of the Company had received the approval from Ministry of Law and Human Rights of Indonesia confirming the establishment of PT EPI on 22 August 2016, as a 99.6% subsidiary of Edgenta PROPEL. 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. The intended principal business activities of PT EPI are providing management consultancy and advisory related to management of roads including toll roads.

(e) On 5 September 2016, the Company acquired one (1) ordinary share of SGD1.00 at par representing the entire issued and paid-up share capital of Edgenta Singapore for a total cash consideration of SGD1.00 thereby resulting in Edgenta Singapore becoming a wholly owned subsidiary of the Company. Edgenta Singapore was incorporated on 30 August 2016 and its intended principal activity is as an investment holding company.

45. SIGNIFICANT EVENTS (CONT'D.)

(f) On 3 October 2016, the members' voluntary winding-up of OIL, a wholly-owned subsidiary of Opus Group Berhad, which in turn is a wholly-owned subsidiary of the Company, has been completed and accordingly is no longer an indirect subsidiary of the Company.

(g) On 1 November 2016, the Company acquired two (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 of cash.

(h) On 17 November 2016, a Final Meeting of the members' voluntary liquidation of Renown Alliance Sdn. Bhd. ("Renown Alliance"), a wholly-owned subsidiary of the Company was duly held. As such, Renown Alliance shall be dissolved and cease to be a subsidiary of the Company with effect from 17 February 2017, which is upon the expiration of three (3) months after the lodgement of a return of the final meeting with the Companies Commission of Malaysia.

(i) 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 group for a total cash consideration of SGD191.9 million (RM595.0 million). Accordingly, AIFS and its subsidiaries are now indirect wholly-owned subsidiaries of the Company.

46. SUBSEQUENT EVENT

(a) On 17 February 2017, Renown Alliance was dissolved by way of members' voluntary liquidation and ceased to be a subsidiary of the Company.

(b) On 15 March 2017, the Company had lodged with Securities Commission Malaysia the required information and relevant documents relating to the proposed issuance of Islamic Commercial Papers ("ICP Programme") and Islamic Medium Term Notes ("IMTN Programme") with 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 (collectively, the ICP Programme and IMTN Programme shall be referred to as the "SUKUK Programmes"). The proceeds raised from the SUKUK Programmes shall be utilised by the Company for its Shariah-compliant general corporate purposes.

47. SUPPLEMENTARY INFORMATION – BREAKDOWN OF RETAINED EARNINGS INTO REALISED AND UNREALISED

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2016 and 31 December 2015 into realised and unrealised profits are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2011 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total retained earnings of the Company and its subsidiaries				
– Realised	**942,982**	814,038	**419,520**	315,163
– Unrealised	**11,719**	61,145	**–**	–
	954,701	875,183	**419,520**	315,163
Total share of retained earnings from associates – realised	**22,126**	8,416	**–**	–
Total share of retained earnings from joint ventures – realised	**(8,492)**	(6,441)	**–**	–
	968,335	877,158	**419,520**	315,163
Consolidation adjustments	**(259,550)**	(123,779)	**–**	–
Retained earnings as per financial statements	**708,785**	753,379	**419,520**	315,163

ANALYSIS OF SHAREHOLDINGS

As at 23 March 2017

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	1,066	7.47	36,671	0.00
100 – 1,000	10,423	73.02	3,648,516	0.44
1,001 – 10,000	2,318	16.24	8,166,637	0.98
10,001 – 100,000	328	2.30	9,954,564	1.20
100,001 – 41,581,200 (*)	138	0.96	243,045,374	29.23
41,581,201 and above (**)	1	0.01	566,772,268	68.15
Total	**14,274**	**100.00**	**831,624,030**	**100.00**

Notes:

* Less than 5% of issued holdings

** 5% and above of issued holdings

30 LARGEST SHAREHOLDERS AS PER RECORD OF DEPOSITORS

As at 23 March 2017

No.	Name of Shareholders	No. of Shares Held	% of Issued Shares
1	UEM Group Berhad	566,772,268	68.15
2	Lembaga Tabung Haji	38,000,000	4.57
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 Nomineees (Tempatan) Sdn Bhd MTrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)	11,458,900	1.38
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)	6,866,600	0.83
9	AmanahRaya Trustees Berhad Public Islamic Optimal Growth Fund	6,551,100	0.79

30 LARGEST SHAREHOLDERS AS PER RECORD OF DEPOSITORS (CONT'D.)

As at 23 March 2017

No.	Name of Shareholders	No. of Shares Held	% of Issued Shares
10	AmanahRaya Trustees Berhad Public Strategic Smallcap Fund	5,409,000	0.65
11	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for AIA Bhd	5,284,300	0.64
12	AmanahRaya Trustees Berhad Public Islamic Treasures Growth Fund	5,106,500	0.61
13	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for Citibank New York (NORGES BANK 14)	4,792,200	0.58
14	Affin Hwang Nominees (Asing) Sdn Bhd DBS Vickers Secs (S) Pte Ltd for Tan Ju Hong	4,541,900	0.55
15	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (PAR 3)	4,422,900	0.53
16	AmanahRaya Trustees Berhad PB Islamic Equity Fund	4,385,900	0.53
17	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for OCBC Securities Private Limited (Client A/C-NR)	3,661,983	0.44
18	AmanahRaya Trustees Berhad Public Index Fund	3,544,900	0.43
19	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (AMUNDI)	3,500,000	0.42
20	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (DIPERBADANKAN) (CIMB EQUITIES)	3,381,100	0.41
21	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (LPF)	3,255,700	0.39
22	AmanahRaya Trustees Berhad Public Sector Select Fund	3,106,800	0.37
23	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for PB Asean Dividend Fund (270334)	3,060,800	0.37
24	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Fardan Bin Abdul Majeed (PB)	3,046,923	0.37
25	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Nurolamin Bin Abas (PBCL-OGO358)	2,922,654	0.35
26	Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Small Cap Series	2,805,500	0.34
27	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (LEEF)	2,536,600	0.31
28	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for AMB Value Trust Fund (4249)	2,483,200	0.30

30 LARGEST SHAREHOLDERS AS PER RECORD OF DEPOSITORS (CONT'D.)

As at 23 March 2017

No.	Name of Shareholders	No. of Shares Held	% of Issued Shares
29	Malaysia Nominess (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (LGF)	2,120,800	0.26
30	Maybank Nominees (Tempatan) Sdn Bhd National Trust Fund (IFM CIMBPRIN)	2,029,600	0.24
	TOTAL	**753,062,285**	**90.55**

SUBSTANTIAL SHAREHOLDERS

As at 23 March 2017

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#	–	–	574,967,925	69.14

Note:

Deemed interested pursuant to Section 8(4) of the Companies Act 2016.

DIRECTORS' INTERESTS IN THE COMPANY AND ITS RELATED CORPORATIONS

As at 23 March 2017

Directors' Interest in Ordinary Shares in UEM Edgenta Berhad

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Amir Hamzah Azizan	–	–	–	–
Azmir Merican				
Dato' Izzaddin Idris	–	–	–	–
Robert Tan Bun Poo	–	–	–	–
Dr. Saman @ Saimy Ismail	–	–	–	–
Elakumari Kantilal	–	–	–	–
Shahazwan Harris	–	–	–	–
Zailah Tun Dr Ismail Al-Haj	–	–	–	–

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 31.12.2016 (RM'000)	Last Date of Revaluation or If None; Date of Acquisition
CORPORATE								
UEM Edgenta Berhad								
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 (31.08.2108)	4	7,929	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 (06.01.2109)	3	8,630	16.12.2016
ASSET CONSULTANCY								
Opus International Consultants Limited								
56 Port Road Whangarei New Zealand	Laboratory Land & Building	0.33 acres	430	Laboratory	Freehold	36	879	01.09.2012
Vivian House 21 Vivian Avenue Nottingham England	Office building	-	404	Office building	Freehold	142	1,652	16.11.2012
104 Cree Road Fort McMurray, Alberta Canada	Mobile home Land	0.10 acres	113	Crew accommodations	Freehold	17	253 788	15.12.2014 15.12.2014
HEALTHCARE SERVICES								
Edgenta Mediserve Sdn Bhd								
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 (07.12.2097)	21	1,085	31.12.2016
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 (26.03.2056)	14	816	31.12.2016
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)	12	381	31.12.2015

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 31.12.2016 (RM'000)	Last Date of Revaluation or If None; Date of Acquisition
HEALTHCARE SERVICES (CONT'D.)								
Edgenta Mediserve Sdn Bhd (Cont'd.)								
Lot 10486, Seksyen 20 Serendah, Ulu Selangor Selangor Darul Ehsan	Research and development center	1.47 acres	5,945	Research and development	Freehold	6	1,160	31.12.2016
Fresh Linen Services (Sabah) Sdn Bhd								
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)	8	868	31.12.2016
INFRA SERVICES								
Edgenta PROPEL Berhad								
No. C1-16-08, Block C1 Vista Komanwel, Bukit Jalil 57700 Kuala Lumpur	Penthouse (duplex)	-	850	Staff accommodation	Freehold	4	354	19.04.2013
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	12	1,885	01.05.2005
ENVIRONMENTAL & MATERIAL TESTING SERVICES								
Edgenta Environmental & Material Testing Sdn Bhd								
Suite 4801-1-05, Block 4801 CBD Perdana, Jalan Perdana 63000 Putrajaya, Selangor	Office building	-	175	Office lot	Freehold	7	314	07.12.2015
No. 3 & No. 5, Jalan P18 Kawasan Perindustrian MIEL 43650 Bandar Baru Bangi Selangor	Two adjoining units of one and a half storey semi detached factory	0.83 acres	1,303	Laboratory & office building	Leasehold (29.09.2086)	27	2,482	07.12.2015
PROPERTY DEVELOPMENT								
Country View Development Sdn Bhd								
CL 010502737 and CL 015395196 Kota Kinabalu, Sabah	Vacant land for development	7.72 acres	-	Vacant land	Leasehold 999 years (02.12.2920 and 20.08.2925)	-	1,115	2013

ADDITIONAL
COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS

There were no proceeds raised by the Company from corporate proposals during the financial year ended 31 December 2016.

SHARE BUY-BACKS

There were no share buy-backs during the financial year ended 31 December 2016.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

No options, warrants or convertible securities were issued by the Company during the financial year ended 31 December 2016.

DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any depository receipt programme for the financial year ended 31 December 2016.

SANCTIONS AND/OR PENALTIES

There were no other sanctions or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial year ended 31 December 2016.

NON-AUDIT FEES

The non-audit fees paid or payable to the External Auditors by the Company and its subsidiaries for the financial year ended 31 December 2016 and its value relative to the statutory audit fees are as follows:

	Company RM'000	Group RM'000
Statutory audit fees paid/payable to external auditors	**121**	2,823
Non-audit fees paid/payable to external auditors	**1,112**	1,171

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

- Reporting Accountants
- Advisory support to achieve planned synergies and integration on newly acquired companies.

VARIATION IN RESULTS

There was no material variation between the audited results for the financial year ended 31 December 2016 and the unaudited results previously announced by the Company.

There was no profit forecast announced during the financial year.

PROFIT GUARANTEE

There was no profit guarantee given by the Company during the financial year ended 31 December 2016.

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 25 May 2017. Please refer to pages 357 to 369 of this Annual Report on the disclosure of the recurrent related party transactions conducted during the financial year ended 31 December 2016 pursuant to the shareholders' mandate approved at the last Annual General Meeting.

RECURRENT RELATED PARTY TRANSACTIONS

The shareholders of UEM Edgenta Berhad, ("UEM Edgenta" or "the Company") had at the 53rd Annual General Meeting held on 12 May 2016 granted their approval for the Company and/or its subsidiaries ("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 2016 pursuant to the shareholders' mandate are as follows:-

No.	UEM Edgenta or its Subsidiaries	Related Party	Nature of Relationship	Nature of Transaction	Value incurred from 1 January 2016 to 11 May 2016 (RM)	Value incurred from 12 May 2016 to 31 December 2016 (RM)	Aggregate Value of Transactions during the financial year (RM)
1	UEM Edgenta Group	UEM Group Berhad ("UEMG") and its subsidiaries ("UEMG Group")	Khazanah Nasional Berhad ("Khazanah") is the holding company of UEMG by virtue of its 100% interest in UEMG. UEM Edgenta is a 69.14% subsidiary of UEMG. Dato' Izzaddin Idris is a Director of UEM Edgenta and UEMG. Dato' Izzaddin Idris does not have any equity interest in UEMG.	(a) Provision of Directors and staff training and development by UEMG Group	208,187	1,107,973	1,316,160
				(b) Provision of administrative and audit and tax services by UEMG Group	221,466	395,013	616,479
				(c) Rental of office space in Tower 1, Avenue 7, Bangsar South and ancillary facilities from UEMG Group	2,371,299	4,901,623	7,272,922
				(d) Rental of archive store at Taman Desa and ancillary facilities from UEMG Group	15,000	46,464	61,464
				(e) Rental of meeting rooms in Tower 1, Avenue 7, Bangsar South ancillary facilities from UEMG Group	429	30,414	30,843
2	UEM Edgenta Group	PLUS Malaysia Berhad ("PLUS Malaysia") and its subsidiaries ("PLUS Malaysia Group")	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. PLUS Malaysia is a 51% subsidiary of UEMG. UEM Edgenta is a 69.14% subsidiary of UEMG. Dato' Izzaddin Idris is a Director of UEM Edgenta and PLUS Malaysia. Dato' Izzaddin Idris does not have any equity interest in PLUS Malaysia.	Provision of facilities maintenance services to PLUS Malaysia Group	1,190,740	2,915,991	4,106,731

ABOUT UEM EDGENTA
STRIVING FOR GROWTH
PERFORMANCE REVIEW
CORPORATE FRAMEWORK
LEADERSHIP
SUSTAINABILITY STATEMENT
TRANSPARENCY
FINANCIAL REVIEW
ACCOUNTABILITY

No.	UEM Edgenta or its Subsidiaries	Related Party	Nature of Relationship	Nature of Transaction	Value incurred from 1 January 2016 to 11 May 2016 (RM)	Value incurred from 12 May 2016 to 31 December 2016 (RM)	Aggregate Value of Transactions during the financial year (RM)
3	UEM Edgenta Group	UEM Sunrise Berhad ("UEM Sunrise") and its subsidiaries ("UEM Sunrise Group")	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. UEM Sunrise is a 66.06% subsidiary of UEMG. UEM Edgenta is a 69.14% subsidiary of UEMG. Dato' Izzaddin Idris is a Director of UEM Edgenta and UEM Sunrise. Dato' Izzaddin Idris does not have any equity interest in UEM Sunrise.	Provision of facilities maintenance services to UEM Sunrise Group	1,861,954	4,740,625	6,602,579
				Provision of integrated facilities management and estate management services by UEM Edgenta Group to UEM Sunrise Group	-	10,905,617	10,905,617
4	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	-	-	-
5	Edgenta Mediserve Sdn Bhd ("EMS")	Cenviro Sdn Bhd ("Cenviro") and its subsidiaries ("Cenviro Group")	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. Kualiti Alam Sdn Bhd ("Kualiti Alam") is a wholly-owned subsidiary of Cenviro, which in turn 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	1,783,105	3,194,284	4,977,389

No.	UEM Edgenta or its Subsidiaries	Related Party	Nature of Relationship	Nature of Transaction	Value incurred from 1 January 2016 to 11 May 2016 (RM)	Value incurred from 12 May 2016 to 31 December 2016 (RM)	Aggregate Value of Transactions during the financial year (RM)
6	EMS and its subsidiaries ("EMS Group")	SMS Kg. Likas (Sabah) Sdn Bhd ("SMS Likas")	SMS Likas holds 40% of the equity interest in Fresh Linen Services (Sabah) Sdn Bhd ("FLS Sabah"). FLS Sabah is a 60% subsidiary of EMS, which in turn is a wholly-owned subsidiary of UEM Edgenta. Zohari Mahur is a Director of SMS Likas and FLS Sabah. Zohari Mahur has a 58.33% equity interest in SMS Likas.	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	1,360,498	2,186,863	3,547,361
7	Faber Sindoori Management Services Private Limited ("Faber Sindoori")	Apollo Hospitals Enterprise Limited ("Apollo Hospitals") and its subsidiaries ("Apollo Hospitals Group")	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. Integrated (Mauritius) Healthcare Holdings Limited holds 4.78% interest in Apollo Hospitals. Integrated (Mauritius) Healthcare Holdings Limited is a wholly-owned subsidiary of Integrated Healthcare Holdings (Bharat) Limited, which in turn is a wholly-owned subsidiary of Integrated Healthcare Holdings Limited, which in turn is a wholly-owned subsidiary of IHH Healthcare Berhad, which in turn is a 41.12% associated company of Pulau Memutik Ventures Sdn Bhd, which in turn is a wholly-owned subsidiary of Khazanah. UEM Edgenta is a 69.14% subsidiary of UEMG.	Provision of facilities maintenance services to Apollo Hospitals Group	21,420,688	46,256,913	67,677,601
8	Faber Sindoori	PCR Investment Ltd ("PCR Investment")	PCR Investment is the investment holding company of Dr. P.C. Reddy and his family members. Dr. P.C. Reddy and Persons Connected to him are major shareholders of Apollo Sindoori Hotels Limited ("ASHL") with 68.52% equity interest. ASHL holds 49% of the equity interest in Faber Sindoori. Faber Sindoori is 51% owned by Edgenta Facilities Sdn Bhd, which in turn is a wholly-owned subsidiary of UEM Edgenta.	Payment of licensee fee for the usage of the brand name "Sindoori" to PCR Investment	358,949	753,322	1,112,271

No.	UEM Edgenta or its Subsidiaries	Related Party	Nature of Relationship	Nature of Transaction	Value incurred from 1 January 2016 to 11 May 2016 (RM)	Value incurred from 12 May 2016 to 31 December 2016 (RM)	Aggregate Value of Transactions during the financial year (RM)
9	Edgenta PROPEL Berhad ("Edgenta PROPEL")	UEM Construction Sdn Bhd ("UEM Construction")	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG. UEM Construction is a wholly-owned subsidiary of UEM Builders Berhad ("UEM Builders"), which in turn is a wholly-owned subsidiary of UEMG.	Upgrade works for Bayan Lepas Expressway for UEM Construction	8,245,369	9,931,031	18,176,400
				Provision of fourth lane widening ("FLW") civil works, mechanical, electrical and electronic ("MEE") works and street lighting and traffic management services to UEM Construction	17,252,447	909,489	18,161,936
10	Edgenta PROPEL	UEM Builders	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG. UEM Builders is a wholly-owned subsidiary of UEMG.	Pavement, civil, MEE works, utilities relocation and traffic management works for UEM Builders	521,284	-	521,284
				Provision of cleaning services, and mechanical and electrical ("M&E") maintenance to UEM Builders	49,110	-	49,110
11	Edgenta PROPEL	UEMG	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.	Payment of annual nomination fee to UEMG	3,333,334	6,666,667	10,000,001
				Pavement, civil, MEE works, utilities relocation and traffic management works for UEMG	-	-	-
				Provision of cleaning and landscaping services for UEM Learning Centre by Edgenta PROPEL	47,320	94,642	141,962

No.	UEM Edgenta or its Subsidiaries	Related Party	Nature of Relationship	Nature of Transaction	Value incurred from 1 January 2016 to 11 May 2016 (RM)	Value incurred from 12 May 2016 to 31 December 2016 (RM)	Aggregate Value of Transactions during the financial year (RM)
12	Edgenta PROPEL	Projek Lebuhraya Usahasama Berhad ("PLUS")	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG. PLUS is a wholly-owned subsidiary of PLUS Malaysia, which in turn is a 51% subsidiary of UEMG.	Provision of highway operations & maintenance services to PLUS	174,004	6,211,862	6,385,866
				Annual pavement structural overlay ("PSO") works to PLUS	19,568,518	42,275,587	61,844,105
				Provision of annual routine maintenance - civil and MEE works to PLUS	69,259,037	159,068,279	228,327,316
				Annual work orders - civil works commissioned by PLUS	19,003,728	66,821,326	85,825,054
				Annual work orders - pavement works commissioned by PLUS	34,466,589	123,495,132	157,961,721
				Repair and replacement works by PLUS	13,846,599	12,874,784	26,721,383
				Other works secured via tender from PLUS	15,022,420	23,783,928	38,806,348
13	Edgenta PROPEL	TT dotCom Sdn Bhd	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG. TT dotCom Sdn Bhd is a wholly-owned subsidiary of TIME dotCom Berhad ("TdC"). TdC is a 11.29% associated company of Khazanah. TdC is a 30.63% associated company of Pulau Kapas Ventures Sdn Bhd ("PKV"), which in turn is a 30.0% associated company of Khazanah. Elakumari Kantilal is a Director of UEM Edgenta, TdC and PKV. Elakumari Kantilal does not have any equity interest in TdC and PKV.	Provision of fiber optic maintenance on highway by TT dotCom Sdn Bhd	455,581	1,098,526	1,554,107

No.	UEM Edgenta or its Subsidiaries	Related Party	Nature of Relationship	Nature of Transaction	Value incurred from 1 January 2016 to 11 May 2016 (RM)	Value incurred from 12 May 2016 to 31 December 2016 (RM)	Aggregate Value of Transactions during the financial year (RM)
14	Edgenta PROPEL	Telekom Malaysia Berhad ("TM")	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. Edgenta PROPEL 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.	Provision of infrastructure maintenance of telecommunications network by TM	-	-	-
15	Edgenta PROPEL	PT Lintas Marga Sedaya ("PT Lintas")	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG. PT Lintas is a 55% subsidiary of PLUS Expressways International Berhad ("PEIB"), which in turn is a wholly-owned subsidiary of UEMG.	Provision of maintenance services for highway to PT Lintas	4,281,367	8,939,215	13,220,582
16	Edgenta PROPEL	Teras Teknologi Sdn Bhd ("TERAS")	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. Edgenta PROPEL 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 FLW utilities and services to TERAS	374,059	51,662	425,721
				Provision of cleaning services at warehouse to TERAS	15,226	24,362	39,588
17	Edgenta PROPEL	PT Karabha Gryamandiri - PT Nusa Raya Cipta Consortium	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG. 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.	Contract awarded by PT Karabha Gryamandiri - PT Nusa Raya Cipta Consortium for highway pavement works	-	-	-

No.	UEM Edgenta or its Subsidiaries	Related Party	Nature of Relationship	Nature of Transaction	Value incurred from 1 January 2016 to 11 May 2016 (RM)	Value incurred from 12 May 2016 to 31 December 2016 (RM)	Aggregate Value of Transactions during the financial year (RM)
18	Edgenta PROPEL	Setia Haruman Sdn Bhd ("Setia Haruman")	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG. Setia Haruman is a 25% associated company of UEM Land Berhad ('UEM Land"), which in turn is a wholly-owned subsidiary of UEM Sunrise, which in turn is a 66.06% subsidiary of UEMG.	Provision of facilities maintenance services to Setia Haruman	2,486,300	3,901,773	6,388,073
				Rental payable on a monthly basis by Edgenta PROPEL for office space	21,402	42,804	64,206
19	Edgenta PROPEL	Symphony Hills Sdn Bhd ("Symphony Hills")	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG. 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.	Provision of cleaning services at sales gallery, office and unit show houses to Symphony Hills	144,812	233,932	378,744
20	Edgenta PROPEL	UEM Sunrise	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. Edgenta PROPEL 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	1,800	-	1,800

No.	UEM Edgenta or its Subsidiaries	Related Party	Nature of Relationship	Nature of Transaction	Value incurred from 1 January 2016 to 11 May 2016 (RM)	Value incurred from 12 May 2016 to 31 December 2016 (RM)	Aggregate Value of Transactions during the financial year (RM)
21	Edgenta PROPEL	Kualiti Alam	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG. Kualiti Alam is a wholly-owned subsidiary of Cenviro, which in turn is a wholly-owned subsidiary of UEMG.	Provision of waste collection services by Kualiti Alam	-	-	-
22	Edgenta PROPEL	Kuad Sdn Bhd ("Kuad")	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG. Kuad is a 70% subsidiary of Cement Industries of Malaysia Berhad ("CIMA"), which in turn is a wholly-owned subsidiary of UEMG.	Purchase of material for provision of pavement works from Kuad	4,508,172	11,484,408	15,992,580
23	Edgenta PROPEL	Kuari Pati Sdn Bhd ("Kuari Pati")	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG. Kuari Pati is a wholly-owned subsidiary of CIMA, which in turn is a wholly-owned subsidiary of UEMG.	Purchases of materials for pavement works from Kuari Pati	218,884	1,256,345	1,475,229

No.	UEM Edgenta or its Subsidiaries	Related Party	Nature of Relationship	Nature of Transaction	Value incurred from 1 January 2016 to 11 May 2016 (RM)	Value incurred from 12 May 2016 to 31 December 2016 (RM)	Aggregate Value of Transactions during the financial year (RM)
24	Edgenta Environmental & Material Testing Sdn Bhd ("Edgenta EMT")	PLUS Malaysia Group	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. Edgenta EMT is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG. PLUS Malaysia is a 51% subsidiary of UEMG.	Provision of maintenance services of the real time monitoring system to PLUS Malaysia Group	-	325,923	325,923
				Soil investigation works for upgrading of existing and new facilities for PLUS Malaysia Group	-	530,883	530,883
				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	-	-	-
25	Edgenta EMT	UEM Sunrise	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. Edgenta EMT 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.	Proposed soil investigation works at Nusajaya for UEM Sunrise	-	-	-
26	Edgenta EMT	UEM Builders	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. Edgenta EMT is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG. UEM Builders is a wholly-owned subsidiary of UEMG.	Proposed soil investigation works at Rapid Pengerang, Johor for UEM Builders	-	-	-

No.	UEM Edgenta or its Subsidiaries	Related Party	Nature of Relationship	Nature of Transaction	Value incurred from 1 January 2016 to 11 May 2016 (RM)	Value incurred from 12 May 2016 to 31 December 2016 (RM)	Aggregate Value of Transactions during the financial year (RM)
27	Edgenta EMT	UEM Construction	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. Edgenta EMT is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG. UEM Construction is a wholly-owned subsidiary of UEM Builders, which in turn is a wholly-owned subsidiary of UEMG.	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 works on highways to UEM Construction	2,177,177	104,558	2,281,735
				PSO works for UEM Construction	(4,653)	-	(4,653)
				Instrumentation works for Mass Rapid Transit projects for UEM Construction	22,618	1,530	24,148
				FLW works for roadway from Shah Alam to Sungai Buloh by UEM Construction	(24,804)	501,237	476,433
				Proposed design and construction of expressway for UEM Construction	-	-	-
				Pavement rehabilitation and associated works for UEM Construction	-	28,691	28,691
				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	-	-	-

No.	UEM Edgenta or its Subsidiaries	Related Party	Nature of Relationship	Nature of Transaction	Value incurred from 1 January 2016 to 11 May 2016 (RM)	Value incurred from 12 May 2016 to 31 December 2016 (RM)	Aggregate Value of Transactions during the financial year (RM)
28	Opus International (M) Berhad ("OIM")	PLUS Malaysia Group	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. OIM is a wholly-owned subsidiary of Opus Group Berhad ("Opus"), which in turn is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG. PLUS Malaysia is a 51% subsidiary of UEMG.	Provision of maintenance management & technical services for highways and bridges to PLUS Malaysia Group	11,239,806	22,479,611	33,719,417
				Payment of project management fee for roadway projects by PLUS Malaysia Group	3,098,238	3,992,625	7,090,863
				Development of expressway by PLUS Malaysia Group	1,311,039	2,326,934	3,637,973
				FLW works of a highway by PLUS Malaysia Group	-	-	-
				Payment of proposed network maintenance fees for expressway by PLUS Malaysia Group	855,946	526,089	1,382,035
29	OIM	First Impact Sdn Bhd ("First Impact")	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. 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. First Impact is a wholly-owned subsidiary of UEMG.	Provision of asset management service for office buildings to First Impact	2,512,314	4,964,704	7,477,018
30	OIM	PT Lintas	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. 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. PT Lintas is a 55% subsidiary of PEIB which in turn is a wholly-owned subsidiary of UEMG.	Payment of project management fees for Cikampek Palimanan Toll Road by PT Lintas	2,071,945	2,468,098	4,540,043
				Provision of maintenance management & technical services for highways and bridges at Cikampek Palimanan highway by OIM to PT Lintas	-	-	-

No.	UEM Edgenta or its Subsidiaries	Related Party	Nature of Relationship	Nature of Transaction	Value incurred from 1 January 2016 to 11 May 2016 (RM)	Value incurred from 12 May 2016 to 31 December 2016 (RM)	Aggregate Value of Transactions during the financial year (RM)
31	OIM	UEMG	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. 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.	Payment of project management fees for tender submissions by UEMG	-	-	-
				Provision of asset management service for office buildings by OIM to UEMG	-	303,501	303,501
				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 oversea projects by OIM to UEMG	-	-	-
				Development of expressway by UEMG by OIM to UEMG	-	373,496	373,496
32	OIM	UEM Sunrise	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. 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. UEM Sunrise is a 66.06% subsidiary of UEMG.	Provision of asset management service for office buildings by OIM to UEM Sunrise	-	8,698	8,698
33	OIM	CIMA	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. 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. CIMA is a wholly-owned subsidiary of UEMG.	Provision of asset management service for office buildings by OIM to CIMA	-	46,821	46,821

No.	UEM Edgenta or its Subsidiaries	Related Party	Nature of Relationship	Nature of Transaction	Value incurred from 1 January 2016 to 11 May 2016 (RM)	Value incurred from 12 May 2016 to 31 December 2016 (RM)	Aggregate Value of Transactions during the financial year (RM)
34	OIM	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. 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.	Provision of asset management service for office buildings by OIM to Cenviro Group	-	67,387	67,387
35	Edgenta TMS Sdn Bhd	Medini Iskandar Malaysia Sdn Bhd ("MIMSB") and its subsidiaries ("MIMSB Group")	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. Edgenta TMS Sdn Bhd is a 70% subsidiary of UEM Sunrise Edgenta TMS Sdn Bhd ("UEMSET"), which in turn is a 70% subsidiary of Edgenta Township Management Services Sdn Bhd ("ETMSSB"), which in turn is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG. 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. Iskandar Ventures Sdn Bhd is a wholly-owned subsidiary of Khazanah.	Provision of integrated facilities management and estate management services by Edgenta TMS Sdn Bhd to MIMSB Group	-	1,080,227	1,080,227
36	Edgenta Energy Services Sdn Bhd ("EES")	TM	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. EES is a 70% subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG. TM is a 26.2% associated company of Khazanah.	Provision of energy-saving initiatives through shared saving concept for TM by EES to TM	-	-	-

NOTICE OF THE 54TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 54th 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, 25 May 2017** at **10.00 a.m.** for the purpose of transacting the following businesses:-

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2016 together with the Directors' and Auditors' reports thereon.

2. To approve the payment of a single tier final dividend of 7.0 sen per ordinary share for the financial year ended 31 December 2016. **Ordinary Resolution 1**

3. To re-elect the following Directors who are retiring in accordance with Article 65 of the Company's Articles of Association and being eligible, have offered themselves for re-election:-
   - En. Azmir Merican **Ordinary Resolution 2**
   - Mr. Tan Bun Poo **Ordinary Resolution 3**

4. To re-elect the following Directors who are retiring in accordance with Article 70 of the Company's Articles of Association and being eligible, have offered themselves for re-election:-
   - En. Amir Hamzah Azizan **Ordinary Resolution 4**
   - En. Shahazwan Harris **Ordinary Resolution 5**
   - Pn. Zailah Tun Dr Ismail Al-Haj **Ordinary Resolution 6**

5. To approve the Directors' fees and the payment thereof to the Directors in respect of the financial year ending 31 December 2017, to be payable on a quarterly basis, as follows:- **Ordinary Resolution 7**

   - Directors' fees amounting to RM210,000 per annum for the Non-Executive Chairman and RM108,000 per annum for each Non-Executive Director;
   - Directors' fees amounting to RM50,000 per annum for the Non-Executive Audit and Risk Committee Chairman and RM30,000 per annum for each Non-Executive Audit and Risk Committee member; and
   - Directors' fees amounting to RM25,000 per annum for the Non-Executive Committee Chairman and RM15,000 per annum for each Non-Executive Committee member of other Committees.

6. 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 31 January 2017 until the next AGM of the Company:- **Ordinary Resolution 8**

<table>
<tr><th>Description</th><th>Directors' remuneration/benefits</th></tr>
<tr><td>Allowance will be paid to Directors for the following, subject to the approval of the Chairman of UEM Edgenta or the Managing Director/Chief Executive Officer of UEM Edgenta:-
(i) Attending meetings with Government representatives on behalf of the Company; or
(ii) Handling operational issues such as visiting sites to advise the operating companies.</td><td>RM1,000 per day</td></tr>
<tr><td>Meeting allowance for ad-hoc or temporary Board Committees established for specific purposes.</td><td>(i) Chairman of Committee – RM2,000 per meeting
(ii) Member of Committee – RM1,000 per meeting</td></tr>
<tr><td>Car allowance for Chairman of UEM Edgenta</td><td>RM3,400 per month</td></tr>
</table>

7. To re-appoint Messrs Ernst & Young as Auditors and to authorise the Board of Directors to fix their remuneration. **Ordinary Resolution 9**

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions, with or without modifications:-

8. **Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act, 2016** **Ordinary Resolution 10**

   "**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 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."

9. **Proposed Renewal of Existing Shareholders' Mandate for 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 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 26 April 2017 **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 Articles of Association 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."

10. **Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature** **Ordinary Resolution 12**

"**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 26 April 2017 **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 Articles of Association of the Company, as may be required) as they may consider expedient or necessary to give full effect to the Proposed New Shareholders' Mandate."

11. To transact any other business for which due notice shall have been given.

NOTICE OF ENTITLEMENT AND PAYMENT OF FINAL DIVIDEND

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders at the 54th AGM of the Company, the proposed payment of a final single tier dividend of 7.0 sen per ordinary share for the financial year ended 31 December 2016 will be paid to the shareholders on 21 June 2017. The entitlement date for the said dividend shall be on 8 June 2017.

A Depositor shall qualify for entitlement to the dividend only in respect of:-

(a) Shares transferred into the depositor's securities account before 4.00 p.m. on 8 June 2017 in respect of transfers; and

(b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

CHIEW SIEW YUEN (MAICSA 7063781)
Company Secretary

Kuala Lumpur
26 April 2017

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 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 twenty-four (24) 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 54th 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 Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991 to issue a General Meeting Record of Depositors ("ROD") as at 18 May 2017. Only a depositor whose name appears on the ROD as at 18 May 2017 shall be entitled to attend this 54th 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) 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.

EXPLANATORY NOTES ON SPECIAL BUSINESS:-

ORDINARY RESOLUTION 10 – 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 issue and allot shares was approved by the shareholders of the Company at the 53rd AGM held on 12 May 2016. As at the date of this notice, the Company did not issue any shares pursuant to this mandate obtained.

The proposed Ordinary Resolution 10 is a renewal of the general mandate for the authority to issue and allot shares pursuant to Sections 75 and 76 of the Act. The Ordinary Resolution 10, 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.

ORDINARY RESOLUTION 11 – PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The proposed Ordinary Resolution 11, 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 26 April 2017, which is despatched together with the Company's 2016 Annual Report.

ORDINARY RESOLUTION 12 – PROPOSED NEW SHAREHOLDERS' MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Ordinary Resolution 12 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 26 April 2017, which is despatched together with the Company's 2016 Annual Report.

STATEMENT ACCOMPANYING NOTICE OF THE 54TH 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 54th 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 10 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 53rd Annual General Meeting held on 12 May 2016.

FORM OF

PROXY

UEM EDGENTA BERHAD (5067-M)
Incorporated in Malaysia

UEM EDGENTA
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 54th 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, 25 May 2017** 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 approve the payment of single tier final dividend of 7.0 sen per ordinary share for the financial year ended 31 December 2016	1		
To re-elect En. Azmir Merican who is retiring in accordance with Article 65 of the Company's Articles of Association	2		
To re-elect Mr. Tan Bun Poo who is retiring in accordance with Article 65 of the Company's Articles of Association	3		
To re-elect En. Amir Hamzah Azizan who is retiring in accordance with Article 70 of the Company's Articles of Association	4		
To re-elect En. Shahazwan Harris who is retiring in accordance with Article 70 of the Company's Articles of Association	5		
To re-elect Pn. Zailah Tun Dr Ismail Al-Haj who is retiring in accordance with Article 70 of the Company's Articles of Association	6		
To approve the payment of Directors' fees in respect of the financial year ending 31 December 2017, to be payable on a quarterly basis	7		
To approve the payment of Directors' benefits to the Non-Executive Chairman and Non-Executive Directors	8		
To re-appoint Messrs Ernst & Young as Auditors and to authorise the Board of Directors to fix their remuneration	9		
To empower Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016	10		
To approve the Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	11		
To approve the Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature	12		

____
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 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 twenty-four (24) 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 54th 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 Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991 to issue a General Meeting Record of Depositors ("ROD") as at 18 May 2017. Only a depositor whose name appears on the ROD as at 18 May 2017 shall be entitled to attend this 54th 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 26 April 2017.

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STAMP

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
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No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : +603 2725 6688
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www.uemedgenta.com

CONSULTANCY

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New Zealand
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SERVICES

Edgenta Healthcare Management Sdn Bhd
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No. 12 Ang Mo Kio St 64
Blk B, #03A-11
UE Bizhub Central
Singapore 569088
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Fax : +65 6818 3601
www.uemsgroup.com/sg

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Fax : +603 2725 7778

Edgenta Environmental & Material Testing Sdn Bhd
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Kawasan Perindustrian MIEL
Seksyen 13, 43650 Bandar Baru Bangi
Selangor Darul Ehsan
Tel : +603 8925 9370
Fax : +603 8925 9373

Edgenta Facilities Sdn Bhd
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KFM Holdings Sdn Bhd
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Tamilnadu, India
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Al Qusais, P.O. Box 232283
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Fax : +971 4267 4855/258 4560

Edgenta Township Management Services Sdn Bhd
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Anchor 2B, Mall of Medini
No. 4, Lebuh Medini Utara
Medini Iskandar
79200 Iskandar Puteri
Johor Darul Ta'zim
Tel : +607 277 9000
Fax : +607 277 9010

SOLUTIONS

Edgenta Energy Projects Sdn Bhd
Level 3A, Menara UEM
Tower 1, Avenue 7
The Horizon, Bangsar South City
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
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Fax : +603 2725 6888

Edgenta Energy Services Sdn Bhd
Level 3A, Menara UEM
Tower 1, Avenue 7
The Horizon, Bangsar South City
No. 8, Jalan Kerinchi
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PROPERTY DEVELOPMENT

Faber Development Holdings Sdn Bhd
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