



A member of **UEM Group**

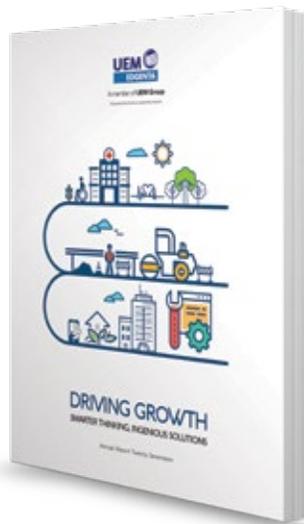
Empowered by Science, Inspired by Humans



# DRIVING GROWTH

SMARTER THINKING, INGENUOUS SOLUTIONS

Annual Report Twenty Seventeen



# DRIVING GROWTH SMARTER THINKING, INGENIOUS SOLUTIONS

Amidst a competitive business environment, we are confident that we are in a position of strength financially, operationally and strategically to pursue our goal of profitable and sustainable long-term growth. By leveraging on the strengths of our innovative technologies and organisational capabilities, we will achieve greater productivity and continue to deliver results for all our shareholders.

With our bespoke offerings tailored to meet the needs of our customers whether in the healthcare, infrastructure or real estate sectors, we have what it takes to achieve our vision of Optimising Assets to Improve Lives. We remain committed to smarter thinking and ingenious solutions that place us at the forefront of the industry as we continue to lead the way as a Total Asset Solutions company in the region.

# C O N T

## Annual Report Twenty Seventeen

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CHAIRMAN'S  
STATEMENT

014



MD/CEO'S  
STATEMENT

020



A member of **UEM Group**

# 55<sup>TH</sup> ANNUAL GENERAL MEETING

• Banquet Hall  
Menara Korporat, Persada PLUS  
Persimpangan Bertingkat Subang, KM15  
Lebuhraya Baru Lembah Klang  
47301 Petaling Jaya, Selangor Darul Ehsan

- Thursday, 10 May 2018
- 10.00 a.m.



This annual report is available on the website at [www.uemedgenta.com](http://www.uemedgenta.com)



To contact us, please refer to page 013 for Corporate Information and on the inside back cover for Group Directory



The financial statements are available in the Financial Statements on page 156 to page 313 of the Annual Report 2017

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**BOARD OF DIRECTORS**

**062**



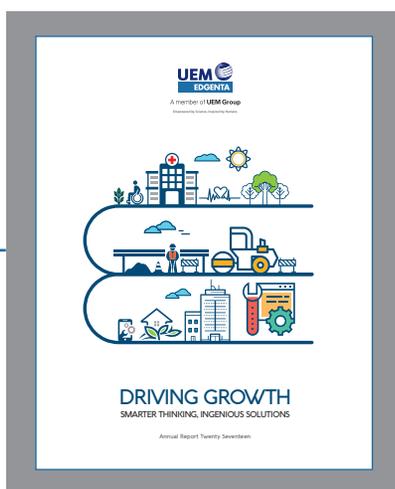
**SUSTAINABILITY STATEMENT**

**098**

# ABOUT OUR REPORT

UEM Edgenta is committed to the principles of Integrated Reporting. This is our first Integrated Report and is intended to address the information requirements of long-term investors. The report provides our stakeholders with a comprehensive assessment of the Group's performance for 2017 and outlook for 2018. It details our financial and non-financial performance and communicates our strategies, actions and outcomes in a manner that is meaningful to our stakeholders. We have made every effort to ensure that this report presents a balanced and accessible assessment of our performance, governance and prospects.

This Report is supplemented with additional online disclosures for our stakeholders. These include consolidated and separate financial statements.



|                             | CORPORATE SECTION   | FINANCIAL SECTION  | SUSTAINABILITY SECTION  |
|-----------------------------|---|--|---|
| <b>CONTENTS</b>             | <ul style="list-style-type: none"> <li>Provides a comprehensive assessment of the Group's performance for 2017 and outlook for 2018.</li> </ul>   | <ul style="list-style-type: none"> <li>Presents the full set of the Group's and Company's audited financial statements.</li> </ul> | <p>The UEM Edgenta Sustainability Report 2017 provides a balanced and comprehensive report of the Group's sustainability performance in relation to issues material to the Group and its stakeholders, complies with the Bursa Malaysia Main Market Listing Requirements relating to Sustainability Statements in Annual Reports.</p> |
| <b>REGULATIONS COMPLIED</b> | <ul style="list-style-type: none"> <li>Companies Act 2016.</li> <li>Bursa Malaysia Main Market Listing Requirements.</li> <li>Malaysian Code on Corporate Governance 2017 ("MCCG 2017").</li> </ul>   | <ul style="list-style-type: none"> <li>Financial Reporting Standards.</li> <li>Companies Act 2016.</li> </ul>                      |   |
| <b>ONLINE VERSION</b>       | <a href="http://www.uemedgenta.com">www.uemedgenta.com</a>  |  |   |
| <b>CROSS REFERENCES</b>     | <ul style="list-style-type: none"> <li> Tells you where you can find more information within the reports</li> <li> Tells you where you can find more information online at <a href="http://www.uemedgenta.com">www.uemedgenta.com</a></li> </ul> <p>You can find this report and additional information about UEM Edgenta on our corporate website.</p> |  |   |

# ▶ VISION OPTIMISING ASSETS TO IMPROVE LIVES

## ▶ MISSION

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



A member of **UEM Group**

## ▶ VALUES

OUR VALUES GUIDE OUR ACTIONS AND DESCRIBE HOW WE BEHAVE AS A COMPANY AND AN INDIVIDUAL



### 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.

# OVERVIEW OF UEM EDGENTA

## BRIEF PROFILE

We are the leading Total Asset Solutions company with the belief of Optimising Assets to Improve Lives. This year marks our 3<sup>rd</sup> year anniversary since we changed our name to UEM Edgenta.

EDGENTA is derived from the word 'Edge'. It represents our aim to be a new, dynamic and cutting-edge organisation, bringing together the best of our capabilities to provide a competitive edge for our clients.

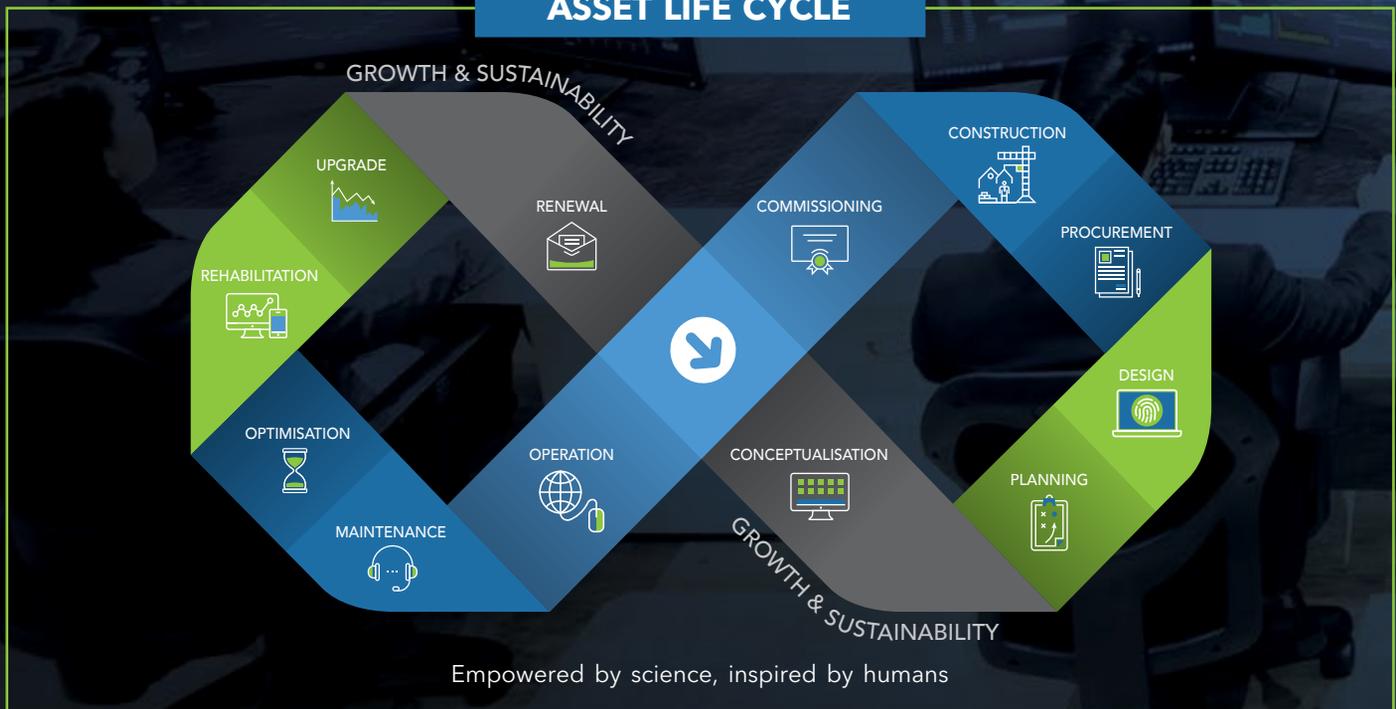
## 3 KEY OFFERINGS



## 3 CORE SECTORS



## ASSET LIFE CYCLE



## AT A GLANCE

MARKET  
CAPITALISATION OF

**RM2.3  
billion**

AS AT 28 FEBRUARY 2018

LISTED ON THE  
MAIN MARKET OF  
BURSA MALAYSIA  
SECURITIES  
BERHAD SINCE  
2 JANUARY 1964



OVER  
**16,000**  
EMPLOYEES SERVING  
OUR CUSTOMERS

FY2017 SHAREHOLDERS'  
FUNDS OF



**RM1.6 billion**

PRESENCE IN



**6 COUNTRIES**

COMBINED EXPERIENCE OF  
MORE THAN

**80 YEARS**

IN TOTAL ASSET SOLUTIONS



ONE OF THE REGION'S LARGEST  
TOTAL ASSET SOLUTIONS ENTITIES  
WITH FY2017 GROUP ASSETS OF

**RM3.0 billion**

## OUR PROFILE AND PRESENCE



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.

We are the leading Total Asset Solutions company with the belief of Optimising Assets to Improve Lives. We partner with our clients to create and deliver cutting edge solutions and services to help optimise the performance of their assets, their workplaces and their communities.

We take care of our clients' assets, every step of the way. Our expertise in Total Asset Solutions covers consultancy, services and solutions across healthcare, infrastructure and real estate sectors.

We offer our clients a full suite of services throughout their asset life cycle. These include consultancy, procurement and construction planning, operations and maintenance, as well as optimisation, rehabilitation and upgrades. UEM Edgenta has operational presence in Malaysia, Singapore, Indonesia, Taiwan, India and the United Arab Emirates.



as written on our website, <http://uemedgenta.com/>

# WE OPERATE IN 6 COUNTRIES

SPANNING ACROSS ASIA AND THE MIDDLE EAST

**UNITED ARAB EMIRATES**  
**183**  
EMPLOYEES  
**RM55.7 million**  
REVENUE

**INDIA**  
**5,633**  
EMPLOYEES  
**RM50.9 million\***  
REVENUE

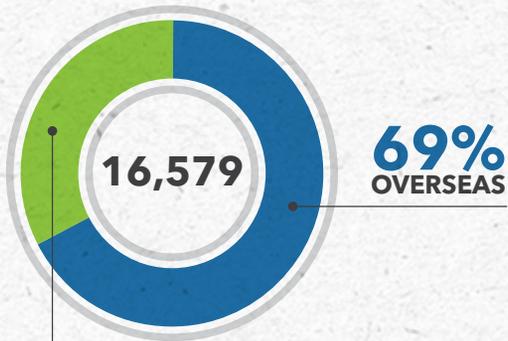
**TAIWAN**  
**4,147**  
EMPLOYEES  
**RM168.2 million**  
REVENUE

**MALAYSIA**  
**5,154**  
EMPLOYEES  
**RM1,614.3 million**  
REVENUE

**SINGAPORE**  
**1,455**  
EMPLOYEES  
**RM241.9 million**  
REVENUE

**INDONESIA**  
**7**  
EMPLOYEES  
**RM40.7 million**  
REVENUE

TOTAL NO. OF EMPLOYEES#



**31%**  
MALAYSIA

\* Faber Sindoori Management Services Private Limited ("FSMSPL") is accounted as an associate to UEM Edgenta Berhad.  
# Total number of employees as at 31 December 2017.

## KEY OFFERINGS



### CONSULTANCY

Our consultancy capabilities span across advisory and planning, engineering design and consultancy, property and community consultancy, project delivery (procurement and construction planning, project and construction management) and asset and facilities management. We have a firm foothold in Malaysia and 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 in the transportation, buildings and healthcare 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 ensuring continuous peak performance of the infrastructure, facilities and buildings driven through predictive, preventive and reactive maintenance regimes.



### SOLUTIONS

We offer differentiated solutions that are Green, Smart and Connected, such as energy savings solutions and pavement research solutions. Through advanced and innovative technology offerings, asset owners and operators can achieve energy savings 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 detection and rectification of any anomalies as they surface, thus optimising energy consumption and reducing the clients' operational costs.



## CORE SECTORS



### HEALTHCARE

- We are internationally certified to provide services for hospitals and healthcare institutions.
- From asset development and management, to biomedical engineering maintenance, to waste management and linen and laundry services, to environmental services and integrated facilities management, 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 and this enables our healthcare clients to focus on their core business of providing clinical/medical services to patients.
- In the healthcare sector, we serve over 200 hospitals across Malaysia, Singapore, Taiwan and India.
- In Malaysia, we are the number one player serving more than 100 public and private hospitals and various healthcare institutions.



### INFRASTRUCTURE

- We provide strategic advisory services, design, development and management of major transport projects, and maintenance of infrastructure assets.
- In Malaysia, we are the nation's leading engineering design, project and network management and infrastructure maintenance specialists with 28 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 and state roads across Malaysia and Indonesia.
- We provide asset management and integrated facilities management services to major highways and roads, airports, urban transit and other key infrastructure.
- We are also a sought-after partner for pavement assessments, environmental testing and monitoring as well as pavement research solutions.



### REAL ESTATE

- We provide real estate planning and design, facilities management and total community management offering a fully integrated service platform encompassing the complete asset and building life cycle. These include the following:
  - Property and community consultancy, where we support clients with defining their building's needs, legal and regulatory compliance, as well as renewal and repurposing requirements
  - Project and development management, design and construction planning
  - Integrated facilities management services where apart from repairs, refurbishments and general maintenance, also includes technology solutions
  - Township and community management services which cover estate, strata property and community management
- Our services cater to the retail, industrial, education, residential, local Government, justice, sport and leisure, hospitality and heritage sectors.



## KEY HIGHLIGHTS 2017

### BUSINESS



**Streamlined operations** into 3 offerings across 3 sectors for **better business alignment and focus**



**Disposal of 61.2% equity stake in Opus International Consultants Ltd**

**Continued focus** on driving **Malaysia's Consultancy** business via **Opus International (M) Berhad**



#### Healthcare Services

1<sup>st</sup> concession company in Malaysia to implement **Energy Performance Contracting** for public hospitals



#### Infra Services

Establishment of **Performance-Based Contracting Framework** for North-South Expressway



#### Real Estate Services

Successfully obtained recertification of **Green Building Index Platinum Rating** for Prime Minister's Office

### NEW CONTRACTS SECURED IN 2017

Consultancy project supporting the Project Delivery Partner for **Pan Borneo Highway Sabah**

Hospital Support Services contracts for **National Cancer Institute, Putrajaya** and environmental services for **5 nursing homes of MOH Holdings Singapore**

Pavement works for **Federal Roads** and traffic management for **MRT2 project**

New Township Management Services contracts for **Medini Iskandar** and **Marina View Residences** and Integrated Facilities Management contract for **6 CIMB buildings**



**Facilities Management Company of the Year Award 2017**  
by **Frost & Sullivan Malaysia**

**Brand Excellence in Integrated Assets Solutions Award 2016-2017**  
for the most sustainable brand award by **BrandLaureate**

Merit Award for **"Most Improved Corporate Governance Disclosure 2017"** by **Minority Shareholder Watchdog Group**

## FINANCIAL

RM **2.1** billion  
**REVENUE**  
FROM CONTINUING OPERATIONS

RM **243.5** million  
**EBITDA**  
FROM CONTINUING OPERATIONS

RM **172.9** million  
**PROFIT BEFORE TAX**  
FROM CONTINUING  
OPERATIONS

RM **143.3** million  
**PROFIT AFTER TAX AND  
NON-CONTROLLING  
INTERESTS ("PATANCI")**  
EXCLUDING ONE-OFF GAIN  
ON DISPOSAL OF OIC

RM **124.6** million  
**PATANCI**  
FROM CONTINUING  
OPERATIONS

RM **257.8** million  
**DIVIDEND TO SHAREHOLDERS**

Total dividend declared of 31 sen per share - Special dividend of 18 sen and interim dividend of 13 sen (payout of 75% of PATANCI of RM143.3 million, excluding one-off gain on disposal of OIC)

RM **3.0** billion  
**TOTAL ASSETS**

RM **1.6** billion  
**SHAREHOLDERS' FUNDS**

RM **1.90**  
**NET ASSETS  
PER SHARE**

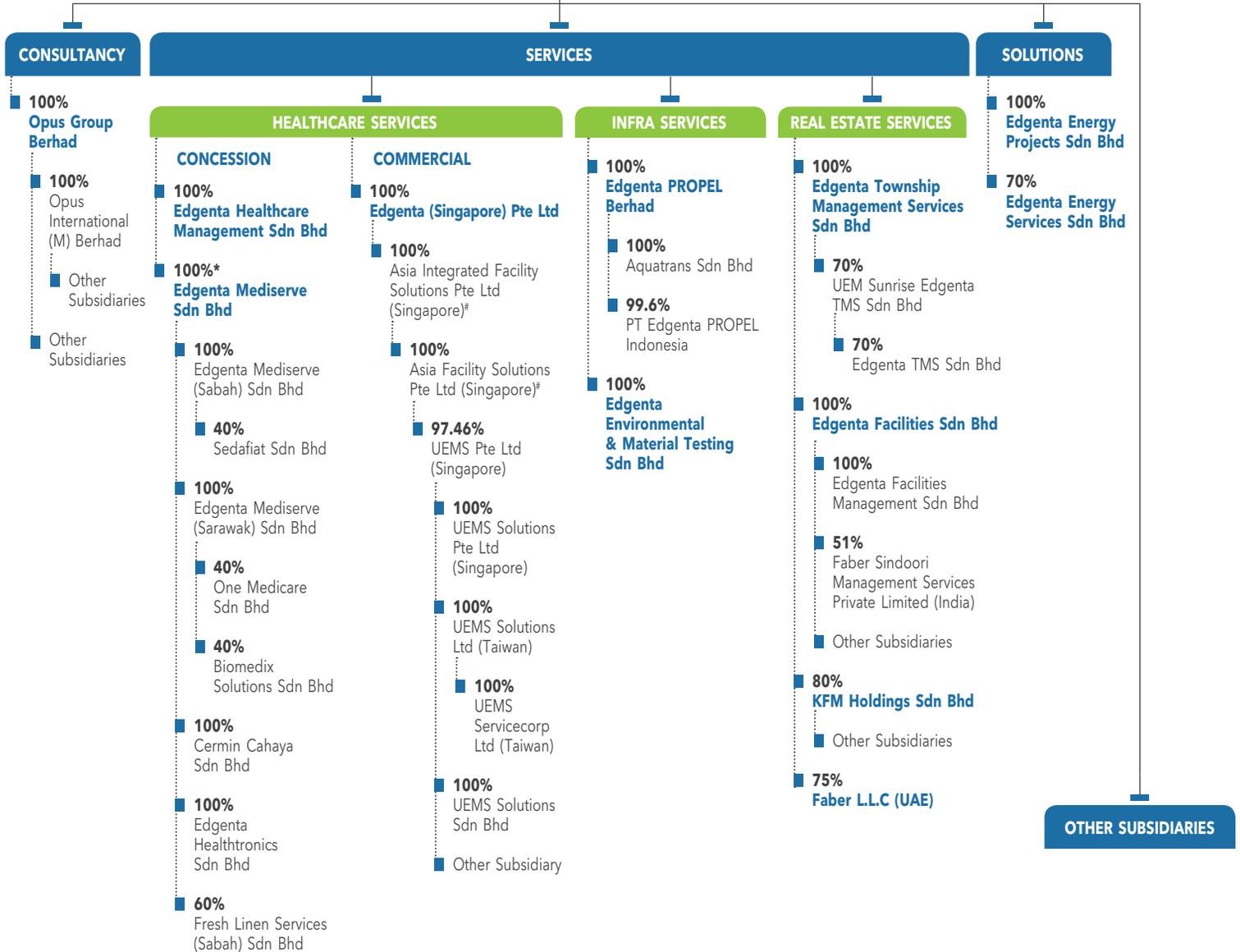
RM **143.7** million  
**NET CASH POSITION  
WITH GROSS GEARING  
RATIO OF 0.35X**

# CORPORATE STRUCTURE

As at 7 March 2018



A member of UEM Group



\* Direct and Indirect Interest  
# In Liquidation

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### AMIR HAMZAH AZIZAN

Non-Independent Non-Executive Chairman  
(Redesignated as Non-Independent  
Non-Executive Chairman on  
1 December 2017)

### DATO' 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

### JUNIWATI RAHMAT HUSSIN

Independent Non-Executive Director  
(Appointed on 1 October 2017)

### DATO' GEORGE STEWART LABROOY

Independent Non-Executive Director  
(Appointed on 1 December 2017)

### EMILY KOK

Independent Non-Executive Director  
(Appointed on 30 March 2018)

### SHAHAZWAN HARRIS

Non-Independent Non-Executive Director  
(Resigned on 23 June 2017)

### ZAILAH TUN DR ISMAIL AL-HAJ

Independent Non-Executive Director  
(Demised on 21 July 2017)

## AUDIT AND RISK COMMITTEE

**Robert Tan Bun Poo**  
Chairman

**Dr. Saman @ Saimy Ismail**  
Member

**Elakumari Kantilal**  
Member

## NOMINATION AND REMUNERATION COMMITTEE

**Juniwati Rahmat Hussin**  
Chairman  
(Appointed on 1 December 2017)

**Dato' Izzaddin Idris**  
Member

**Dr. Saman @ Saimy Ismail**  
Member

**Amir Hamzah Azizan**  
Chairman  
(Resigned on 30 November 2017)

**Zailah Tun Dr Ismail Al-Haj**  
Member  
(Demised on 21 July 2017)

## 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

## AUDITORS

**Ernst & Young (AF 0039)**  
Chartered Accountants  
Level 23A Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
50490 Kuala Lumpur

## 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

## PRINCIPAL BANKERS

Ambank Berhad  
CIMB Bank Berhad  
HSBC Amanah Malaysia Berhad  
Malayan Banking Berhad  
Public Bank Berhad  
RHB Bank Berhad

## PRINCIPAL SOLICITORS

Zaid Ibrahim & Co  
SKRINE  
Simpson Grierson  
Mohanadass Partnership  
Adnan Sundra & Low

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia  
Securities Berhad  
Stock Name/Code: Edgenta/1368  
Stock Sector: Trading/Services



AMIR HAMZAH AZIZAN

Chairman

## CHAIRMAN'S STATEMENT

### DEAR SHAREHOLDERS,

I AM PLEASED TO PRESENT THIS STATEMENT AS THE CHAIRMAN OF UEM EDGENTA BERHAD ("UEM EDGENTA" OR "THE COMPANY"). DURING THE YEAR UNDER REVIEW, THE COMPANY HAS EMBARKED ON MANY INITIATIVES AND RELENTLESS EFFORTS TO INNOVATE WITH NEW TECHNOLOGIES AND SOLUTIONS TO IMPROVE EFFICIENCIES AND TAP THE INHERENT POTENTIAL OF ITS PEOPLE AND RESOURCES – **DRIVING GROWTH WITH SMARTER THINKING AND INGENIOUS SOLUTIONS.**

Growth in itself is imminent for UEM Edgenta. The real challenge lies in translating our 'growth' into something meaningful for each of our stakeholders in business. I believe in our ability to create value by championing such growth for our multiple stakeholders.

At UEM Edgenta, we strive to go beyond business-as-usual to revolutionise the way we work and the way built-environment assets are managed. We push boundaries to innovate and we challenge the conventional approaches to integrate technologies into smart solutions for our clients. In the process, we help our people and our clients to reach their full potential. This differentiated business model positions UEM Edgenta to be the leading Total Asset Solutions company in Malaysia and the region.

### GROWTH AND VALUE CREATION

Overall, the year 2017 was an achievement in terms of strengthening our foundation as well as our financial position, which are both critical for organic growth. We maintained our momentum from FY2016, focusing on our core sectors and 6 strategic focus areas of Operational Excellence; Organisational Excellence; Health, Safety, Security and Environment ("HSSE"); Client Solutions; Technology; and Communications and Stakeholder Management. In addition, the favourable market environment continued to give a new impetus to our growth. For instance, Government expenditure improved in the Healthcare sector and Infrastructure sector with mega projects such as the Pan Borneo Highway amongst others. Consultancy on the other hand leveraged on the growing demand for end-to-end project management solutions.

UEMS Pte Ltd ("UEMS"), since its acquisition in December 2016, has proved to be a new growth engine that complements our Healthcare Services Division. It brought with it improved revenue contribution to UEM Edgenta, new capabilities, new ways to compete and many possibilities in the non-public healthcare sector space in new geographies. Conversely, UEM Edgenta was also able to migrate its existing expertise and technology to UEMS for cross-selling purposes. As such, we are well-positioned to scale our operations not just geographically, but to capture the length and breadth of the healthcare sector. Similarly, with KFM Holdings Sdn Bhd ("KFM")'s consolidation into the wider UEM Edgenta group of companies, our value proposition to our clients became more robust, especially with KFM's focus on high performance green building capabilities and innovative mindset. Overall, our acquisitions gave us new momentum, with a lot of work being done on integration and realisation of synergies, including streamlining of systems and processes and looking into cross-selling opportunities.

During the year, we also strengthened our financial position by unlocking the value of our stake in Opus International Consultants Limited ("OIC"). The OIC disposal enabled better focus and alignment of our businesses. Financials-wise, we also strengthened our balance sheet with the removal of OIC debt as well as repayment of existing debt from the disposal proceeds. As a result, we pared down the Company's gross gearing ratio from 0.64x to 0.35x as at end-2017 and corresponding net gearing position of 0.20x improved to a net cash positive position of RM143.7 million. Going forward, there will be higher earnings visibility on the

back of lower volatility with the removal of OIC's earnings. Above all, the disposal enabled us to reward our shareholders with a Special Dividend of 18 sen per share in FY2017 out of the balance disposal proceeds.

To sum up, we achieved growth in many forms. FY2017 was a year of improved alignment between our business objectives and priorities. It was about tapping the potential across our core sectors, with renewed focus and better clarity.

### TECHNOLOGY AND INNOVATION

In UEM Edgenta, we believe that technology at its best breeds innovation, which allows us to revolutionise the way we work and set new benchmarks in the industry. It enables our clients to optimise their assets by our differentiated strategies to manage built environment assets through smart technology solutions. In addition, to support UEM Group's Digital Revolution, we continue to demonstrate leadership in driving digitalisation and technology solutions, with real-time data tracking mechanisms. Our long-term objective is to streamline and improve processes and operations across the organisation through collaboration and innovation.

In FY2017, we have successfully developed and launched our smart facilities management solution based on Microsoft's Azure Internet of Things ("IoT") Hub and Machine Learning. The solution was piloted at Menara UEM, which is UEM Edgenta's headquarters in Bangsar South, Kuala Lumpur, making it the most sensorised building in the country, with 4,800 sensors that compile data. A real time work order management system, a component of the smart facilities solution, was subsequently rolled-out

## CHAIRMAN'S STATEMENT (CONT'D.)

across southern and central region sites managed by UEM Edgenta.

The data that is compiled from this system is analysed to enhance energy efficiency. The system is also able to detect anomalies and flag maintenance requirements before an actual breakdown. In short, with the help of the smart facilities management solution, we are able to harness data insights to deliver better value and improved services to our customers.

At the centre of this lies our Command & Contact Centre, which acts as the hub for all our digital solutions and the Internet of Buildings. The centralised monitoring facility tracks assets in real-time and functions as a centre for data and analytics. This innovative system is a departure from the conventional approach that employs reactive methods in facilities management.

During the year, we also launched *Communa™*, an integrated communication platform solution that brings together the property management and residents for all residential communities managed by UEM Edgenta. The digital solution can be accessed 24/7, via desktop and mobile devices, empowering our clients with real-time access to critical information. There is also the *UETrack™* platform, which is a mobile resource optimisation platform for our Healthcare Services business. These in-house technology solutions and modules were developed mainly to support our key business divisions and help them gain a competitive advantage in the industry.

### STAKEHOLDER ENGAGEMENT & TRUST

In UEM Edgenta, we operate businesses that deal with a wide-range of stakeholders, including Government institutions and regulatory bodies. We structure the process of engagement at the highest levels to better understand the expectations of our critical stakeholders. We then map their specific needs with our capabilities and business objectives, taking an outside-in orientation to devising our growth strategies. Such an approach also creates a good working-mechanism, where our aim beyond winning contracts is to improve the overall stakeholders' environment by design. For instance, we work closely with our clients to embrace a performance-based approach to delivering value and outcomes such as quality, which is a more visible and meaningful measurement metric.

This is to say that meaningful engagement with our stakeholders is about establishing 'partnerships for progress' i.e. collaborate with them to choose the right mix of technology and people expertise for improved efficiencies and results.

We encourage open and transparent communication with our internal and external stakeholders, mainly to build and strengthen relationships based on trust. It remains our purpose to listen to our stakeholders and act on their feedback towards continuous improvement. For the year under review, I commend Management's efforts in building strong pipeline of leadership talent, and new appointments in performance-critical positions. I am confident that through 'leadership by example', we will be able to sustain our high-level engagement with all our critical stakeholders.

### INDUSTRY SUCCESS AND RECOGNITION

During the year, we powered our business with differentiated technology solutions. While we achieved positive growth, we also built our appetite for new growth. This drive for success has been recognised by the industry.

UEM Edgenta was conferred the 2017 Frost & Sullivan Malaysia Facilities Management Company of the Year Award for the second consecutive year. We were recognised for our brand equity, commendable strategy execution, and unique competitive advantages. All of these qualities qualify us as one of the strongest players in the facilities management industry in the region. In the same league, we also received the Brand Laureate Most Sustainable Brand Awards 2016-2017: Brand Excellence in Integrated Assets Solutions.

These local and international awards motivate us to exceed the expectations, create new benchmarks and demonstrate new leadership for new growth year on year.

### GOOD BUSINESS AND CITIZENSHIP

In meeting our business agenda, we are always reminded of our greater responsibility to minimise the impact of our operations or solutions on the environment as well as the communities. From diversity at workplace to community development; from compliance to standards; from suppliers' welfare to employees' well-being; from environmental stewardship to promoting green behaviour, we remain committed to identifying and mitigating our Economic, Social and Governance ("ESG") risks. We are currently in the process of strategising our long-term

approach to addressing sustainability risks and opportunities. We aspire to build a robust business ecosystem while contributing to the local and global agenda of inclusive growth and sustainable development.

On the Consultancy division front, during the year under review, we have been able to secure mega projects with socio-economic impact. With these projects, we welcomed a business model that is premised on UEM Edgenta's technical expertise and the business capabilities of the local communities. This hybrid approach facilitates transfer of skills and knowledge, building their capacity and transforming them into robust and competitive market players.

Meanwhile, in FY2017, we continue to contribute towards various community development initiatives, which focus on education and human capital development where we aim to create a culture of excellence, competitiveness and knowledge. We have also worked to improve our environmental footprint by deploying more energy-efficient technologies, improving operational efficiencies and raising awareness on green practices.

## GOVERNANCE AND GROWTH

Good governance not only improves the workplace dynamics, but also strengthens stakeholders' relationships based on trust and credibility. We encourage open forums and platforms to share information with our multiple stakeholders. For instance, salient corporate and financial updates, as well as the Company's announcements to the stock exchange are made available to our shareholders, analysts, investors, media and other stakeholders in a timely and useful manner through our website. For more information on our approach to governance, please refer to the Corporate Governance Overview Statement on page 134 to page 142 of this Annual Report.

In April 2017, Securities Commission Malaysia ("SC") introduced the new Malaysian Code on Corporate Governance ("MCCG"), with 36 practices and three key principles of board leadership and effectiveness; effective audit, risk management, and internal controls; and corporate reporting and relationship with stakeholders.

In keeping with our philosophy of breaking the convention of business-as-usual, we go beyond compliance to adopt industry best practices in governance. This is to say that in addition to MCCG, we are also guided by our policies and procedures, governance and risk management frameworks, internal controls and robust audit mechanisms. While a compliance culture is a must in the organisation, we believe in taking a zero-tolerance approach to non-compliance.

For the year under review, we received the Merit Award for "Most Improved Corporate Governance Disclosure 2017, at the MSWG-ASEAN Corporate Governance Recognition Awards. We were also nominated as the Second Runner-Up Risk Management Team of the Year Award 2017 by the Malaysian Association of Risk and Insurance Management (MARIM) for our outstanding achievement in Risk Management and tireless pursuit of excellence and professional proficiency.

These awards reinforce our commitment as well as our greater responsibility towards values such as integrity, transparency and good governance.

FOR THE YEAR UNDER REVIEW, WE RECEIVED THE MERIT AWARD FOR "MOST IMPROVED CORPORATE GOVERNANCE DISCLOSURE 2017, AT THE CREDIBLE MSWG-ASEAN CORPORATE GOVERNANCE RECOGNITION AWARDS.

## CHAIRMAN'S STATEMENT (CONT'D.)

### TOTAL DIVIDENDS TO SHAREHOLDERS FOR FY2017

**RM257.8** million

#### DIVIDENDS

For the year under review, I am pleased to note that the Board has approved a special dividend of 18 sen per share as well as a total interim dividend of 13 sen per share, or equivalent to RM257.8 million. The total interim dividend represents a payout of 75% of PATANCI of RM143.3 million (excluding one-off gain on disposal of OIC).

With our consistent financial performance, our promise is to offer predictability in earnings or returns to our shareholders year on year. We have defined our dividend to be semi-annual, comprising of fixed dividends from our core business' performance, and special dividends from our transformation activities such as the OIC disposal.

Moving forward, the Company is well positioned to reward the shareholders - backed by the recurring revenue stream and stable earnings from long-term projects already secured; the planned revenue and top line growth from new projects as well as expansion of the scope of existing projects, and bottom line growth by reducing costs and optimising efficiencies through technology deployments.

#### OUR PEOPLE ARE OUR STRENGTH

The force behind all growth is the strength of our people. It is therefore a priority for us to continuously build right capabilities, mindset and culture to support the organisational objectives. Our intent is always to create a vibrant and open HR ecosystem that allows talent to be resourced, integrated and managed well for greater productivity and performance.

According to a study by Boston Consulting Group, increasing the diversity of leadership teams leads to more and better innovation and improved financial performance. In UEM Edgenta, our efforts are therefore focussed on building a dynamic and multi-generational team, with diverse skill sets, professional qualifications, cultural and ethnic backgrounds. In addition, as an aspiring business, we grow the talent that is inherent in our organisation, as well as we identify and hire the best from the marketplace.

In FY2017, we have invested RM9.5 million in capability building of our people, for both functional and technical competencies enhancement. The focus was on strengthening the foundation of our service delivery through excelling customer experience, leadership and soft skills, technical certification and technology enablement.

As one of the Top 10 Leading Graduate Employers in Malaysia, we also welcome the national agenda of building a competitive workforce by supporting various apprenticeship and internship opportunities led by the Government. In 2017, UEM Group received the award for Best SL1M Employer. We had recruited 89 graduates and 22 diploma holders under our SL1M programme, making a total of 111 trainees, which contributed 21% to the overall group. This number exceeded our target to have 88 trainees in UEM Edgenta for the year.

**IN FY2017, WE RECORDED A PROFIT AFTER TAX AND NON-CONTROLLING INTEREST ("PATANCI") OF RM418.2 MILLION, ON THE BACK OF A ONE-OFF GAIN ON DISPOSAL OF OIC OF RM274.9 MILLION. WITH OUR CONSISTENT FINANCIAL PERFORMANCE, OUR PROMISE IS TO OFFER PREDICTABILITY IN EARNINGS OR RETURNS TO OUR SHAREHOLDERS YEAR ON YEAR.**



*The force behind all growth is the strength of our people, they are the shakers and movers of the Company*

## ACKNOWLEDGEMENTS

Firstly, on behalf of the Board and the UEM Community, I would like to pay a tribute to our Board member, the late Puan Zailah Tun Dr Ismail Al-Haj, who passed away on 21 July 2017. She will be remembered for her drive and valuable contributions to the Company. Additionally, another valuable member of the Board, Shahazwan Harris resigned on 23 June 2017 to pursue other career opportunities. I thank him for his inspiring drive and for contributing valuable ideas during his tenure with UEM Edgenta.

I take this opportunity to welcome three new members on the Board, who will bring new vigour to the team, with their individual strengths and areas of expertise. Puan Juniwati Rahmat Hussin, Dato' George Stewart Labrooy and Ms. Emily Kok have been

appointed as Independent Non-Executive Directors on 1 October 2017, 1 December 2017 and 30 March 2018 respectively. With the new appointments, we now have 33% women representation on our Board, helping to advance the national agenda of gender diversity and inclusion for Board effectiveness and business growth.

I would like to express my sincere gratitude to the Board members for their wise counsel and all our stakeholders, including our employees, our clients, investors, regulatory authorities and Government agencies, members of the media and our vast network of value-chain partners. It is with the continued support of our stakeholders that we have been able to create a conducive business ecosystem where growth is imminent.

I commend the tireless efforts of our Management and their teams, who continued to 'walk the talk' and remained true to our corporate ethos. I would like to lead our shareholders and stakeholders to believe in our renewed focus, with clearly defined goals underpinned by core businesses. Having delivered a positive year, we are on a launchpad for new growth. I believe, our commitment to drive innovation will open up new business streams and new opportunities for growth. An exciting journey lies ahead for all of us at UEM Edgenta.

**AMIR HAMZAH AZIZAN**  
Chairman

## MANAGEMENT DISCUSSION AND ANALYSIS



IN 2017, WE ACHIEVED ENCOURAGING RESULTS ON OUR KEY GROWTH PARAMETERS, WITH BETTER CLARITY ON OUR PRIORITIES AND STREAMLINING OF OUR OPERATIONS, FOLLOWING THE DISPOSAL OF OUR 61.2% EQUITY STAKE IN OPUS INTERNATIONAL CONSULTANTS LTD ("OIC"). ON THE BACK OF THE DISPOSAL, COUPLED WITH OUR STRONG FINANCIAL PERFORMANCE, WE WERE ABLE TO DECLARE BUMPER DIVIDENDS TO REWARD OUR SHAREHOLDERS IN 2017, REPRESENTING UEM EDGENTA'S HIGHEST DIVIDEND PAYOUT OF 31 SEN PER SHARE.



### 2017 IN A NUTSHELL: PEOPLE, PERFORMANCE, PROGRESS

As a business, we have evolved significantly over the past 3 years, and today, are one of the most innovative, forward-looking and pioneering Total Asset Solutions company in the market. To lead, all of us at UEM Edgenta live by our vision of Optimising Assets to Improve Lives. We do this by working with clients in both private and public sectors in optimising their critical infrastructure and assets.

As mentioned in the Chairman's Statement, we started the year with a clear emphasis on the six focus areas, which were outlined in the previous year's Annual Report; namely (1)

Operational Excellence, (2) Organisational Excellence, (3) Health, Safety, Security and Environment, (4) Client Solutions, (5) Technology and (6) Communications and Stakeholder Management.

In 2017, we achieved encouraging results on our key growth parameters, with better clarity on our priorities and streamlining of our operations, following the disposal of our 61.2% equity stake in Opus International Consultants Ltd ("OIC"). On the back of the disposal, coupled with our strong financial performance, we were able to declare bumper dividends to reward our shareholders in 2017, representing UEM Edgenta's highest dividend payout of 31 sen per share.

### DISPOSAL OF OIC

Following a thorough internal assessment, a review of the current and future market trends and industry analysis, we undertook the disposal of our 61.2% equity stake in OIC. The disposal contributed gross proceeds of RM463 million, which enabled us to reduce our gross gearing from 0.64x as at end 2016 to 0.35x as at end 2017. The corresponding net gearing position of 0.20x improved to a net cash positive position of RM143.7 million, which further strengthened our balance sheet as at end 2017. We also recorded a one-off gain of RM274.9 million from the disposal of OIC.

**DATO' AZMIR MERICAN**

Managing Director/Chief Executive Officer



## MD/CEO'S STATEMENT

For clarity, the sale did not include Opus International (M) Berhad ("OIM") which was not part of OIC and its subsidiaries. While OIC is in the business of an assets management consultancy, OIM is more involved in the asset development and project management and has a strategic role and competitive position in the infrastructure space as part of UEM Edgenta. OIM's competitive advantage can be established from the significant role it continues to play in two (2) of our major national infrastructure projects, the Pan Borneo Highway projects for Sabah and Sarawak. These are high profile nation-building projects with many socio-economic benefits and

OIM is proud to contribute and apply its knowledge and capabilities for successful implementation of such projects in 2018 and beyond.

I am confident that with its 20 years of proven track record and strong orientation towards project excellence, OIM will continue to draw new growth opportunities.

### **GROWTH FROM NEW BUSINESSES**

The year under review saw our newly-acquired entities delivering positive performance in their first full year of integration. Serving over 90 hospitals

and healthcare institutions, UEMS Pte Ltd ("UEMS") has been going strong on its growth trajectory and we see UEMS as a key enabler of future growth in the mission-critical sector of healthcare.

I am delighted to share that UEMS continued to maintain its excellence in service delivery and was the proud winner of multiple service awards. For the third year running, UEMS Singapore successfully renewed and achieved the National Environment Agency's Enhanced Clean Mark Accreditation Scheme (Gold) Award and bagged six (6) accolades at the Healthcare Supplier Awards ("HSA") Ceremony 2017.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D.)

Meanwhile, the acquisition of KFM Holdings Sdn Bhd ("KFM") has strengthened UEM Edgenta's capabilities in high performance green building services. KFM is well positioned to offer innovative solutions for the built environment, given its industry recognition for championing the 20-year contract to provide rectification and retrofitting works, followed by asset maintenance and management services to ensure Green Building Index platinum status for the Prime Minister's Office ("PMO") in Putrajaya.

During the year, KFM also bagged a major contract in total integrated facilities management from Malaysia Airlines Berhad ("Malaysia Airlines"). As KFM continued to service its contracts for, amongst others, the PMO, Malaysia Airlines and Kuala Lumpur City Centre ("KLCC") throughout 2017, it also officially completed and handed-over the Memorial Tun Hussein Onn project in early

November 2017. The Memorial is a showcase of the late Tun Hussein Onn's legacy and contribution to the Nation in a 60,500 sq. ft. memorial building.

For our shareholders and stakeholders, UEM Edgenta holds the promise of a safe and reliable business, with exciting growth prospects. The Company benefits from being in the Healthcare sector which is stable and poised for growth. The concession from the Ministry of Health ("MOH") provides long term stability of income while UEMS provides the impetus for commercial growth with its strong new business conversion and retention ratios of above 80%. Similarly, the Infrastructure business also provides a stable base for revenue generation. These factors allow the Company to reward its loyal shareholders with healthy and recurring dividends.

### OUR FOCUS IN 2017: INNOVATION AND VALUE CREATION

Last year, we were conscious of the demand shift towards price competitive solutions, on top of the need to also develop and execute innovative, value-added and customer-centric offerings. Therefore, our focus was on building capabilities which would enable us to deliver on these objectives. We have had many successes in this context, including the following:



#### Operational Excellence

We devised the Performance-Based Contracting ("PBC") Framework which was completed in July 2017 and culminated in a Heads of Terms that was signed with our major client, Plus Malaysia Berhad ("PLUS") in December 2017. The framework gave us a headway into transforming our Infra Services business by committing to not just minimum, but high standards of quality and performance. Our customers were assured of the value to be delivered by us in helping them meet their objectives.



#### Organisational Excellence

We also shaped our vision to create a talent-factory for UEM Edgenta, which will be equipped to produce world-class, highly competent and skilled workforce in the technical aspects of Total Asset Solutions. Edgenta Academy, which was conceptualised in 2017, will transform our workforce into a leaner, well-trained, well-equipped, safety-conscious, efficient and productive workforce. Its dual objectives are to inculcate technical learning as well as to bring about a



Presenting a replica of Memorial Tun Hussein Onn to YB Dato' Seri Hishammudin Tun Hussein Onn, Minister of Defence and Minister with Special Functions in the Prime Minister's Department during the handover ceremony of Memorial Tun Hussein Onn

change in business processes, such as those to be re-engineered for the implementation of PBC in Infra Services. The Academy is well-positioned to evolve as the Centre of Excellence for technical learning to build a competent talent pool, capable of delivering to international standards of quality and performance. During the year, the Academy had launched some pilot programmes, which will be implemented full-scale in 2018.



### Health, Safety, Security and Environment

Over and above the need to build an organisation with solid commercial capabilities, there is also the need to embed a strong health and safety culture in everything that we do. To this end, we have developed UEM Edgenta's Health, Safety, Security and Environment ("HSSE") Masterplan 2018-2020, which aims to create a culture and mindset where safety is always first. Our ultimate objective is to achieve Goal Zero i.e. Zero fatalities through 100% risk awareness.



### Client Solutions

We were the first to moot and implement the idea of Energy Performance Contracting ("EPC") for public hospitals in Malaysia. Last year, we were the first Healthcare Concessionaire to implement such EPC contracts. With this innovation, we see a potential for wider-rollout across multiple hospitals governed by MOH. During the year, we were recognised by MOH for our continuing commitment to healthcare excellence and were honoured with Excellent Hospital Support Services Award.



### Technology

We have successfully applied technology-enabled solutions in hospitals, highways and in building management to improve operational excellence. These include the in-house development of technology platforms, as well as the smart facilities management solution for the Real Estate sector based on Microsoft's Azure IoT Hub and Machine Learning. In other words, we have tapped technology to optimise resources, innovate products and increase productivity, bringing down costs and improving margins.



### Communications and Stakeholder Management

We continuously maintain a high level of transparency, as well as the need for timely disclosure to our shareholders. During the year, we conducted various investor relations activities to provide the investing community with fair and timely information disclosure. These included two analyst briefings, one non-deal roadshow and seven investor meetings and conference calls.

### FINANCIAL PERFORMANCE: POSITIVE REVENUE AND PROFIT GROWTH

In 2017, we delivered and sustained robust growth with revenue up by 34.3%, resulting in us ending the year with a recorded revenue from continuing operations of RM2.1 billion. Overall, if we look at the past three

years i.e. FY2014 to FY2017, revenue from continued operations (ex-East Malaysia Concession and Property Development\*) grew significantly from RM1.3 billion in 2014 to RM2.1 billion in 2017, which translates to a Compounded Annual Growth Rate ("CAGR") of 18.5%, which is a testament of the health of the organisation and our continuing growth potential.

We recorded an Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") from continuing operations of RM243.5 million in 2017, up by 18.1% as compared to the previous year. The CAGR for our increase in EBITDA contribution from continuing operations ex-East Malaysia Concession and Property Development over the past three years i.e. FY2014 - FY2017 stood at a healthy growth rate of 15.3%.

We posted a Profit After Tax and Non-Controlling Interest ("PATANCI") of RM418.2 million, on the back of a one-off gain of RM274.9 million from the disposal of OIC. Excluding this one-off gain, our PATANCI stood at RM143.3 million. Excluding contribution from discontinued operation, our PATANCI was a healthy RM124.6 million.

### BUMPER DIVIDENDS: ENHANCING SHAREHOLDER VALUE

For the financial year ended 31 December 2017, the Board of Directors has approved a total dividend of 31 sen per ordinary share, which represents a dividend payout ratio of 180% of our PATANCI ex-gain on disposal of OIC of RM143.3 million.

\* With the signing of New Concession Agreement with MOH, UEM Edgenta's stake was reduced to 40% for the concessions in the states of Sabah and Sarawak. With our focus on Total Asset Solutions, Property Development is no longer a core business.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D.)

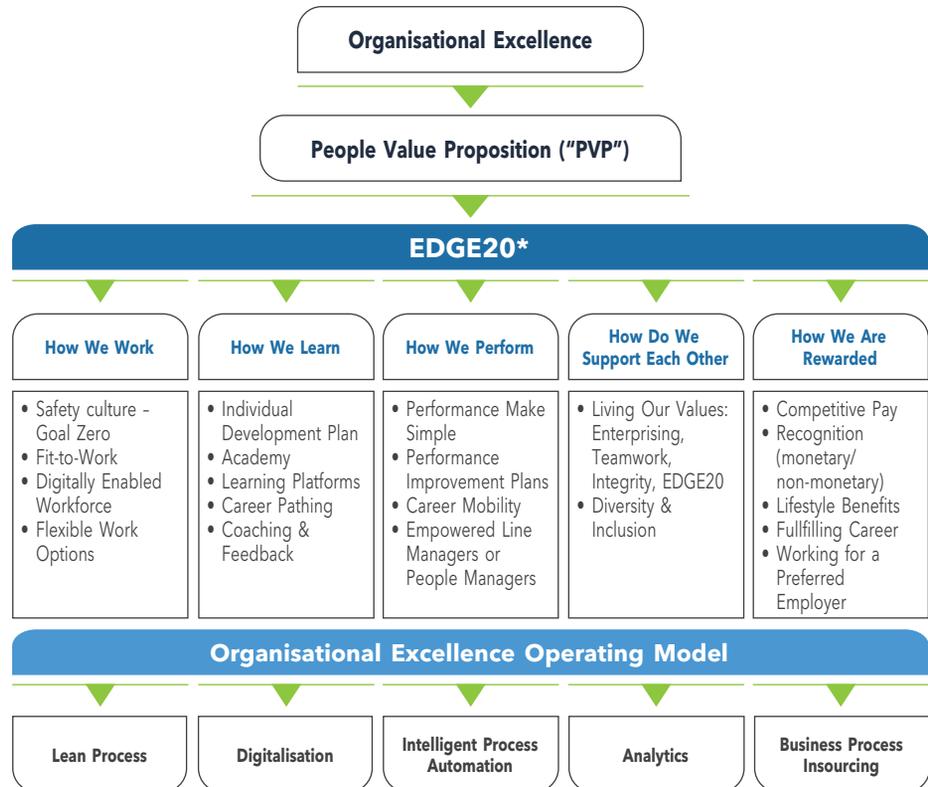
The total dividend includes the first interim pay out in September 2017 at 8 sen per share, a special dividend to be paid in April 2018 at 18 sen per share and the second interim dividend to be paid in May 2018 at 5 sen per share.

This represents UEM Edgenta's highest dividend payout and going forward, considering our positive growth prospects, the Company will continue its commitment of rewarding our shareholders with consistent and sustainable dividends on the back of strong financials, as well as a resilient and defensive positioning.

### DEVELOPING OUR PEOPLE: NEW LEADERSHIP, NEW GROWTH

The force behind all growth comes from 'people' and we continue in our relentless efforts to strengthen our position by acquiring the right talent. Technical expertise and knowledge will help us deliver better and give us a competitive edge in the marketplace. While we continue to prioritise upskilling of our workforce, we need to also build a strong leadership team to champion the growth agenda at both organisational and individual levels.

Post the acquisition of KFM and UEMS, in 2017, we strengthened our workforce by focussing our integration efforts to unify the teams across the Group's organisation. We also strengthened our leadership bench, with the appointment of our new Chief Operating Officer, Graeme Walwyn; Chief Financial Officer, Muhammad Noor Hashim; and Chief Human Resource Officer, Siti Aishah Md Lassim. We also welcomed the Head of Operational Excellence & HSSE, Mohd Razif Mohd Yusoff and appointed Sharon Ruba Krishnamurthy as the Chief Operating Officer of Infra Services Division.



\* **EDGE20** (**E**ngage, **D**evelop, **G**row and **E**xcel by 2020), our cultural transformation programme aims to redefine the way we perform and achieve our growth targets by 2020

### PUTTING OUR BEST ASSETS TO WORK

Our people are our best assets and everyday we put them to work on our clients' assets. Realising the importance of people development, we have developed the People Value Proposition ("PVP"). Our PVP answers questions, such as how we work; how we learn; how we perform; how we support each other; and how we are rewarded. All our people-centric policies, programmes and progress rest on five key pillars: Lean processes to improve productivity; Digitalisation to improve customer experience; Intelligent Process Automation for better efficiencies; Analytics for informed and intelligent decisions; and Business Process Insourcing to drive the next wave of outsourcing or offshoring. These pillars help institutionalise positive change in the organisation.

The Company endeavours to develop and grow our people to optimise performance and growth. Our focus continues to be on the development of managerial competencies of the middle management through various capabilities-building interventions, coaching and mentoring, as well as cross-sector site exposure for increased competitive advantage. We are also executing the blueprint for Edgenta Academy to drive a high-performance, competencies-based workforce and creation of subject matter experts.

To support business growth, we will be embarking on the digitalisation of several processes within our Human Resources and Administration department to streamline and increase the efficiency of our operations, usage of data and analytics for right-fit people solutions and achieving workforce optimisation.

We recognise that diversity adds dynamism to the workplace, and contributes to both business and economic growth. We will there for continue to roll-out various diversity programmes, to include women empowerment initiatives which will catalyse development of our female employees and their greater participation in organisational growth.

### **WAY FORWARD BUSINESS STRATEGIES: RETAIN FOCUS, ACHIEVE RESULTS, AND SUSTAIN GROWTH**

Our business strategy in 2018 and beyond is premised on a continuation and deepening of our six focus areas. By channelling our efforts to these areas, we will continue to achieve positive results for our Consultancy, Services and Solutions offerings across our core sectors of Healthcare, Infrastructure, and Real Estate.

#### **Operational Excellence**

Improve levels of service delivery; improve efficiency; use technology to serve customers

#### **Organisational Excellence**

Build an excellent and lean organisation structure; provide training; remuneration and rewards; create a high-performance culture

#### **Health, Safety, Security and Environment ("HSSE")**

Sharp focus on enhancing our HSSE processes, improve our safety culture and upskill our people is managing HSSE risks

#### **Client Solutions**

Place clients' needs and user experience at the forefront of business thinking; create a mindset of client servicing as against commercial interests; shift from asset focussed to people focussed services

#### **Technology**

Innovate processes, product/service offerings and business models; provide ever-improving levels of service to customers

#### **Communication and Stakeholder Management**

Engage with stakeholders, including customers, shareholders and employees; use feedback as insights to strive towards continuous improvements

### **ACKNOWLEDGEMENTS: PARTNERSHIPS FOR PROGRESS**

For our many achievements in 2017, I acknowledge the efforts of each and every stakeholder of UEM Edgenta, including our wide network of local and regional clients, business partners, shareholders and the Government, who have trusted us as their partner. I also thank our many stakeholders for their support and involvement in creating an ecosystem that motivates high performance.

I take this opportunity to express my sincere gratitude and appreciation towards our Board of Directors, UEM Group and Khazanah Nasional Berhad,

who were instrumental in guiding us with their insights and providing the benefit of their counsel.

I would like to pay a tribute to the late Puan Zailah Tun Dr Ismail Al-Haj, who served on our Board and passed away on 21 July 2017. On behalf of the Board, I acknowledge her valuable contributions to the Company. She will be missed by everyone.

I would also like to thank our former Board member, Shahazwan Harris for his contributions during his tenure with UEM Edgenta.

I welcome three new members, who add new competencies and diversity to our Board. Puan Juniwati Rahmat Hussin, Dato' George Stewart Labrooy and Ms. Emily Kok have been appointed as Independent Non-Executive Directors on 1 October 2017, 1 December 2017 and 30 March 2018 respectively.

Most importantly, I thank all the dedicated and determined people of UEM Edgenta, who overcame many adversities, challenges and made personal sacrifices for us to implement our plans and priorities in 2017. It is with their unwavering support and contributions that we have been able to deliver encouraging growth.

I am confident that UEM Edgenta will achieve many more milestones as we continue our journey, driving new growth with smarter thinking and ingenious solutions.

#### **DATO' AZMIR MERICAN**

Managing Director/Chief Executive Officer

## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D.)

### MARKET REVIEW & OUTLOOK

**THE RECOVERY IN WORLD TRADE, IMPROVING INVESTOR SENTIMENTS, AND THE MARGINAL RISE IN CRUDE OIL PRICES HAVE POSITIVELY CONTRIBUTED TO MALAYSIA'S GDP OF 5.9% IN 2017, UNDERPINNED BY CONTINUED CAPITAL SPENDING IN BOTH MANUFACTURING AND SERVICES SECTORS, ROBUST PRIVATE SECTOR EXPENDITURE AND A REBOUND IN GOVERNMENT SPENDS.**

#### BUOYANT ECONOMY

Malaysia's economic growth in 2017 bounced back mainly due to the global recovery in trade and improved oil and commodity prices. The market sentiments in general have been positive, with a marked increase in both consumer confidence and demand. On the back of growth and improvements in crude oil prices, while the private sector expenditure saw an upward trend, the Government expenditure also rebounded, with the roll-out of major multi-year infrastructure projects. The volatility on the forex is expected to remain, but with the disposal of OIC, we are less exposed to such risks, with our core operations focussed in Malaysia.

The Malaysian economy reported a robust full-year GDP of 5.9% in 2017, compared to 4.2% expansion in 2016.\* Key drivers were the domestic demand growth, supported by continued expansion in private consumption and a turnaround in public sector spending on emoluments, supplies and services. The Government had expended RM46 billion as development expenditure, including the healthcare budget at RM1.5 billion.\*\*

Budget 2017 for the transport sector was RM10.6 billion, which also supported the roll-out of mega-infrastructure projects, such as the Pan Borneo Highway, MRT 2 and MRT 3

lines, amongst others. The year also saw significant allocations towards infrastructure development of RM81.8 billion, to include state road maintenance and upgrade (RM4.6 billion); hospitals in Perlis, Mukah, Jempol, Muar and Johor Bahru (RM15.8 billion) and affordable housing and housing maintenance (RM13.2 billion).\*\*\* Meanwhile, the rail industry continues to hold good potential with many national projects such as the East Coast Rail Line (RM55 billion^) and the Kuala Lumpur High-Speed Railway (estimated at RM60 billion^).

Over the last couple of years, the Southeast Asian ("SEA") integrated facilities management ("IFM") market has demonstrated above average performance on the back of energy-efficient services, end-to-end portfolios, and regulatory assistance to service providers. Singapore and Malaysia will continue to lead in this space, with the rapidly growing building and construction industry being the key market drivers.

In the energy sector, while the National Energy Efficiency Action Plan aims to reduce Malaysia's energy intensity ratios, there is an opportunity and immense potential for leading IFM players such as UEM Edgenta to increase the uptake of its technology and innovation for energy management.

#### NASCENT MARKET

One of the prevailing themes of the industry in which we operate is the low awareness on Total Asset Lifecycle Management, which when employed with advanced technologies, can help significantly reduce costs and improve efficiencies. Poor asset planning and management practices may in fact pose new risks and result in adverse financial impact. This potential business threat, coupled with an increasing emphasis by companies and institutions on managing their economic, social and environmental footprint, may provide impetus for the 'economic' and 'useful' life of an asset to become a strategic business imperative rather than an operational consideration.

In addition, there is still room for improvement in the industry in which we operate, in terms of enhancing technical skills so as to generate better labour efficiency and value-add, as well as with respect to inculcating a higher degree of automation and technology usage. This has led to low value-add commoditised product offerings, resulting in competitive price pressure on industry players.

## THE UEM EDGENTA ADVANTAGE

Being at the forefront of Total Asset Solutions, our innovative and technologically-enabled solutions, coupled by our strong track record presents an opportunity to capitalise on the above trends and industry conditions.

We stand to gain with our differentiated strategy to asset consultancy and asset management. We believe in breaking the convention and deploying advanced technologies to devise smart, intelligent, innovative and efficient solutions in Total Asset Lifecycle Management.

Over the years, we have developed unique capabilities and capacities in managing our differentiated business model, mainly to help our clients achieve their full assets' potential in the context of business efficiency, prudent financial management, and sustainability.

## MARKET & BUSINESS OUTLOOK 2018

According to the World Bank's Malaysia Economic Monitor, the 2017 progress is set to continue, with year-on-year growth projected at 5.8% for 2018. Private consumption is expected to remain robust, supported by stable market conditions and continued income growth. This will augur well for our businesses in the healthcare, infrastructure and real estate sectors, with many opportunities for organic growth. In 2018, we will strive to increase awareness on our value proposition in the marketplace, to create top-of-mind brand recall and equity.



### Healthcare

Healthcare is one of the 12 identified National Key Economic Areas (NKEA), with RM27.0 billion earmarked in the Budget 2018,<sup>^^</sup> including special allocations for upgrading and maintenance for hospitals and clinics, as well as the construction of new facilities.

Beyond Malaysia, for our Healthcare Services business, we note that in Singapore, the Healthcare 2020 Master Plan aims to double healthcare expenditure to cater for increasing ageing population while in Taiwan, the healthcare sector is expected to be boosted by the Government's promotion as a medical tourism destination, coupled with its ageing population factor.



### Infrastructure

The Malaysian Government has allocated RM38.7 billion for infrastructure spending,<sup>^^</sup> with major road and rail projects in the pipeline. New investments in infrastructure sector to the tune of USD100 billion<sup>^</sup> are estimated for the period 2013-2020, mainly driven by public-private partnership projects.

While the industry is expected to remain stable, with growth in the transport infrastructure sector averaging at 6%<sup>^</sup> per annum over the next five years, the sector is projected for foreign and public funding in major transport projects, which will drive construction and investment activity over the next decade.



### Real Estate

In the real estate space, the Malaysian Government has set aside major budgets towards maintenance and upgrade programmes for public and tourism-based infrastructure and has put in place a RM5.0 billion budget for the Green Technology Financing Scheme,<sup>^^</sup> amongst others. According to Frost & Sullivan, towards 2025, the urbanisation growth rate of Malaysia will be highest in the ASEAN, which will drive IFM opportunities in the long-term horizon.



### In conclusion

Against this backdrop, we see immense opportunities not only to build our portfolio in asset consultancy and asset management services, but to also contribute to socio-economic development of the nation through job creation and upskilling, public health as well as infrastructure development. Overall, we are focussed on these defensive sectors, with long-term concession contracts in our Healthcare and Infra Services businesses providing long-term earnings stability, while leveraging various cross-selling opportunities therefrom. Coupled with organic growth on top of existing contracts, this will put us on a strong financial footing for growth over the next 3-5 years.

\* Bank Negara Malaysia, Quarterly Bulletin

\*\* Ministry of Finance, Economic Report 2017/18

\*\*\* MIDF Research, Budget 2017

<sup>^</sup> BMI Malaysia, Infrastructure Report Q4 2017

<sup>^^</sup> Ministry of Finance, Budget 2018

## MATERIAL MATTERS

THE ONE PRE-REQUISITE TO SUCCESS IN OUR BUSINESS IS THE ABILITY TO CHALLENGE THE STATUS QUO AND INTRODUCE TECHNOLOGICAL AND INTELLIGENT INTERVENTIONS IN THE FORM OF TOTAL ASSET SOLUTIONS. THIS WILL BE POSSIBLE ONLY BY UNDERSTANDING THE DYNAMICS OF THE MARKETPLACE AND THE EVER-CHANGING CUSTOMER EXPECTATIONS AND THE FAST EVOLVING MARKET/ INDUSTRIAL LANDSCAPE.

By focusing on these material matters, we will continue to achieve positive results for our Consultancy, Services and Solutions offerings across the Healthcare, Infrastructure, and Real Estate sectors.

### How We Determine Material Matters

#### IDENTIFY & ASSESS

We identify and assess matters that have the potential to impact our strategy and the sustainability of our business. It is an organisation-wide effort and includes internal deliberations, independent research, monitoring external environment, inputs from all our business units, support divisions as well as feedback from all our stakeholders.

#### PRIORITISE & RANK

The issues identified are prioritised according to the greatest relevance and highest impact on our business, relationship with stakeholders and our sustainability.

#### INTEGRATE & RESPOND

Material matters that have been identified and prioritised are included in our long-term business strategies as well as short-to-medium term business plans which are then integrated into our balanced scorecard.

### Matters Material to Our Business and Stakeholders

#### OPERATIONS

- There is a need to improve efficiency by optimising resources and increasing productivity, which will translate into reduced costs for the Company, while ensuring that our clients obtain quality and value for money services.
- This can be achieved by putting in place the appropriate processes and systems, supplemented by technology and innovation enablers.

### How Do We Deploy Our Strategies to Create Value

We constantly look for ways to deliver our services more efficiently, including the re-design, modernisation/upgrade and enhancement of existing processes and systems, when necessary.

One such example is the implementation of mechanisms that track our performance by asset and by location. With this greater control, we have the ability to improve the levers that directly impact our operational efficiency and profitability.

## Matters Material to Our Business and Stakeholders

## How Do We Deploy Our Strategies to Create Value

### PEOPLE

- Given that our people are one of the main growth drivers of our business, we need to focus on mitigating any potential shortages in talent. It is the technical expertise and knowledge of our people that will give us a competitive edge in the marketplace.
- This is against the backdrop of fast-changing workplace dynamics with technological advancements, as well as increasing customer complexity.
- All these put additional pressure to continuously build new skills and capabilities to keep the organisation competitive.

We improve the capabilities of our workforce through a structured learning and development programme. This includes training on both technical and functional competencies, delivered during the course of the year via in-house as well as external courses, international and local conferences.

We have also conceptualised the Edgenta Academy, which is a Centre of Excellence to inculcate technical learning and build a talent pipeline.

All these initiatives are overseen by our strong leadership team that focuses on nurturing our people to acquire new skillsets, as well as inculcate a performance culture and mindset throughout the organisation.

### TECHNOLOGY

- The future of industry will not be devoid of technological interventions, which will drive new innovative ideas and solutions. Automation, advanced analytics, artificial intelligence and big data will allow organisations to tap new consumer insights for more innovative solutions, amidst increasing competition.
- Organisations will increasingly need to not just embrace technology, but to be in the forefront of deploying technology in a responsible and financially-yielding manner.

Organisation-wide, we see technology as a key enabler and the biggest game changer, which will allow us to optimise resources and increase productivity, thereby reduce costs, as well as improve our offerings for better customer outcomes.

We continuously seek value-added partnerships and ingenious technologies, so that we can deploy and leverage on the most relevant technology solutions in delivering our offerings to clients.

### INDUSTRY LANDSCAPE

- Our customers' expectations are dynamic in the face of evolving technologies, as well as the emergence of new business models and service offerings. To this end, customers are demanding more sophisticated solutions while at the same time becoming more cost and quality conscious.
- Without tailoring solutions to customers' priorities and business imperatives, it will be challenging for organisations to make their value proposition compelling enough for customers.

We focus on developing a strong commercial mindset to strengthen our solutioning and origination capabilities, so that we have the capability to design and customise our offerings to meet the needs and expectations of our customers.

Given the diverse but complementary offerings of our businesses, we are able to provide synergistic and holistic offerings to the long-term benefit of our customers.

## GROUP STRATEGY

### TO BE RECOGNISED AS THE LEADER OF TOTAL ASSET SOLUTIONS IN THE REGIONS WE OPERATE

Grow and enhance our businesses in the regions we operate

A clear market leader in Total Asset Solutions delivering best-in-class processes and smart solutions

Become a renowned Employer of Choice and build the industry talent pool

To deliver strong profitability growth and sustainable dividend pay-out to shareholders through our Total Asset Solutions business, which in turn provides peace of mind to asset owners and comfort to users, by adopting best-in-class asset life cycle processes, leveraging on smart technology to deliver effective and innovative solutions.

We are committed towards providing customer experience and services which are value for money to our cost and quality conscious customers in the public and private sectors, delivered through our resourceful, responsible and high-spirited workforce.

#### 6 STRATEGIC FOCUS AREAS

##### 1 OPERATIONAL EXCELLENCE

Develop and ensure we have best-in-class processes, systems and relentlessly find ways to improve operational productivity in order to lower cost without compromising service quality.

##### 2 ORGANISATIONAL EXCELLENCE

Drive performance culture and put utmost priority on our people competency and human capability training, where all employees will be hired based on their potential to be leaders in the organisation and be provided ample opportunity to undergo continuous training and development on technical & leadership skills.

##### 3 HEALTH, SAFETY, SECURITY AND ENVIRONMENT ("HSSE")

Embed a strong health and safety culture in everything that we do, execute our HSSE processes in a disciplined way on the ground, measure the outcomes as well as be aware of the environmental impact in the work that we do.

##### 4 CLIENT SOLUTIONS

Constantly having a client-first mindset when originating, scoping and delivering our offerings customised towards different clients' need.

##### 5 TECHNOLOGY

Ensure we adopt the right technology, including working with leading solution providers to provide quality services and effective solutions to our clients.

##### 6 COMMUNICATIONS AND STAKEHOLDER MANAGEMENT

Establish long-term partnerships to enable growth for suppliers/contractors who will provide quality and cost competitive offerings in the public and private sectors. Effectively communicate with our shareholders, investors, clients, suppliers, contractors and other stakeholders as part of UEM Edgenta's eco-system.

## 2017 ACHIEVEMENTS AND 2018 PRIORITIES

| Strategic Focus Areas   | 2017 Achievements  | 2018 Priorities  |
|---|--|--|
| <p><b>Operational Excellence</b></p>                               | <ul style="list-style-type: none"> <li>• Full year integration of UEMS Pte Ltd ("UEMS") and KFM Holdings Sdn Bhd ("KFM")</li> <li>• Automation and mechanisation of processes to optimise resources and increase productivity</li> <li>• Established the Performance-Based Contracting framework for highway infrastructure maintenance and management</li> <li>• Achieved Facilities Management Company of the Year Award 2017 by Frost &amp; Sullivan</li> </ul>             | <ul style="list-style-type: none"> <li>• Continuous focus to realise operational synergies from acquisitions</li> <li>• Operational readiness for implementation of Performance-Based Contracting</li> <li>• Re-design and modernise internal processes and systems</li> <li>• Driving performance and financial accountability across the organisation</li> </ul>   |
| <p><b>Organisational Excellence</b></p>                          | <ul style="list-style-type: none"> <li>• Invested RM9.5 million in capability building of our people, both towards functional and technical competencies enhancement, excelling customer experience, leading teams, technical certification, technology enablement and building internal trainers</li> <li>• Conducted 747 training programmes, covering 14,237 training days, an average of 3.3 training days per employee</li> <li>• 47% mid-management upskilled</li> </ul> | <ul style="list-style-type: none"> <li>• Drive high performance culture and deliver better services to our clients, i.e. Performance-Based Contracting</li> <li>• Edgenta Academy - the Company's Centre of Excellence for technical learning to build talent pipeline</li> <li>• Develop our talent into forward thinking, competent and agile and empowered workforce</li> <li>• Refining employees' Key Performance Indicators towards Performance-Based Culture</li> <li>• Digitalisation and introduce intelligent process automation to deliver seamless customer experience and day-to-day operations</li> <li>• Employ analytics for intelligent decision making and active management to attract the right talents and retention</li> </ul> |
| <p><b>Health, Safety, Security And Environment ("HSSE")</b></p>  | <ul style="list-style-type: none"> <li>• Developed 2018-2020 HSSE Masterplan</li> <li>• Developed HSSE Management Systems</li> <li>• More than 11,000 Safety Observations indicating an embedded safety culture</li> </ul>   | <ul style="list-style-type: none"> <li>• Improving HSSE culture</li> <li>• Enhancing HSSE process</li> <li>• Upskilling people</li> <li>• Engaging partners (clients &amp; contractors)</li> </ul>   |

## GROUP STRATEGY (CONT'D.)

### 2017 ACHIEVEMENTS AND 2018 PRIORITIES (CONT'D.)

| Strategic Focus Areas   | 2017 Achievements   | 2018 Priorities   |
|---|---|---|
| <p><b>Client Solutions</b></p>                             | <ul style="list-style-type: none"> <li>• One of the main consultants supporting Borneo Highway PDP Sdn Bhd, the Project Delivery Partner for Pan Borneo Highway Sabah</li> <li>• First leading concession company to introduce Energy Performance Contracting (“EPC”) and implemented 2 EPC contracts for Hospital Teluk Intan and Hospital Raja Permaisuri Bainun, Ipoh</li> <li>• Won contracts from MOH Holdings Singapore’s 5 nursing homes and Kwong Wah Shiu Hospital</li> <li>• Secured pavement works for Federal Roads, traffic management for MRT2 project, soil investigation and instrumentation for LRT3 project</li> <li>• Clinched new township contracts for Medini Iskandar and Marina View Residences</li> <li>• Secured integrated facilities management contracts for 6 CIMB buildings</li> </ul>   | <ul style="list-style-type: none"> <li>• Continue to embed a client first mindset in all facets of our business</li> <li>• Elevating UEM Edgenta’s solutioning/origination capability</li> <li>• To secure major national projects across healthcare, infrastructure and real estate sectors</li> </ul>   |
| <p><b>Technology</b></p>                                 | <ul style="list-style-type: none"> <li>• Recognised for elevating hospital support services within the healthcare industry. UEMS Singapore won 6 awards at the Healthcare Supplier Award Ceremony 2017. 4 awards are related to UETrack™ – our proprietary technology &amp; mobile resource optimisation platform</li> <li>• Partnered Microsoft to develop the smart facilities management solution, which was rolled-out across sites managed by UEM Edgenta</li> <li>• Launch of Communa™, an integrated communication platform solution that brings together the property management and residents</li> <li>• Utilisation of Deighton Total Infrastructure Management System (“DTIMS”) pavement management software to improve the asset management of the North South Expressway</li> <li>• Company-wide adoption of Microsoft Office 365 enabling better collaboration and enhancing work efficiency</li> </ul> | <ul style="list-style-type: none"> <li>• Continuous improvement and adoption of technology to improve operational efficiency and achieve cost savings</li> <li>• Technology as enabler to optimise clients’ assets, enhance experience and value-for-money to customers</li> <li>• Data-driven asset management technology including the use of analytics and Building Information Modelling (“BIM”)</li> </ul> |
| <p><b>Communications And Stakeholder Management</b></p>  | <ul style="list-style-type: none"> <li>• Awarded BrandLaureate Most Sustainable Brand Award 2016-2017: Brand Excellence in Integrated Assets Solutions</li> <li>• Awarded the MSWG-ASEAN Corporate Governance Recognition Award 2017 – Merit Award for “Most Improved Corporate Governance Disclosure 2017” by the Minority Shareholder Watchdog Group</li> </ul>   | <ul style="list-style-type: none"> <li>• Strengthen internal communication and relationship amongst employees through our People Value Proposition and engagement initiatives</li> <li>• Elevating external communication with key stakeholders, such as shareholders and customers</li> <li>• Brand migration and integration of KFM and UEMS to UEM Edgenta masterbrand</li> </ul>                            |

## KEY RISKS AND MITIGATION

WE IDENTIFY AND MANAGE THE INHERENT AS WELL AS EXTERNAL RISKS TO OUR BUSINESS THROUGH OUR ROBUST RISK MANAGEMENT FRAMEWORK. WE BELIEVE IN GOING BEYOND COMPLIANCE TO ADOPT POLICIES, PRINCIPLES AND PRACTICES, WHICH WILL HELP MINIMISE OUR RISK EXPOSURE AND MAXIMISE OUR PERFORMANCE.

We see risks as opportunities to strengthen our internal controls, compliance procedures and management strategies. With a robust enterprise risk management platform, we identify principal risks, classify them based on their likelihood and impact, and prioritise in keeping with the dynamic operating environment. We continuously monitor different types of risks associated with our business which can be discussed under FIVE key categories.



| Key Risks  | Key Mitigation/Response   |
|--|---|
| <p><b>Operational Excellence and Industry/Market</b></p> <p>In all our operating markets, our competitiveness as a Total Asset Solutions company is challenged by:</p> <ul style="list-style-type: none"> <li>• Manual and labour-intensive aspects of asset management</li> <li>• The operational nature of our business (which tends to be deprioritised as a strategic business imperative by clients/potential clients)</li> <li>• The economic factors, which may shrink public and private funds, reducing potential spends on asset management</li> </ul> | <p>We take a differentiated approach to driving growth, powered by smarter thinking and ingenious solutions. With technology as the key enabler, our objective is to revolutionise principles of asset management business.</p> <p>It is our long-term strategy to derive the benefits of technology, including automation and advanced analytics for improving operational efficiencies and delivering value to our clients.</p> <p>We continue to deploy technology solutions to set new benchmarks and communicate our value proposition to current and potential clients effectively.</p> |

## KEY RISKS AND MITIGATION (CONT'D.)

| Key Risks   | Key Mitigation/Response   |
|---|---|
| <p><b>Health, Safety, Security and Environment ("HSSE")</b></p> <p>More than 80% of our employees are blue-collared workers and the working conditions - especially in healthcare, infrastructure and real estate involving project construction sites, plants, hospitals, highways, high rise buildings - pose HSSE related risks if not properly managed.</p> <p>Our continuing challenge is to not only inculcate a 'safety-first' mindset, but to continuously monitor our working environment to ensure full compliance with HSSE standards.</p> | <p>We maintain a safe and healthy work environment to protect our people, sub-contractors and other stakeholders. To mitigate work-related HSSE risks:</p> <ul style="list-style-type: none"> <li>- We have developed a 2018-2020 HSSE Masterplan, with progressive targets and "Goal Zero" aspiration.</li> <li>- We conduct HSSE certifications, training, mentoring and regular orientation to increase awareness, and instilling behaviour.</li> <li>- We demonstrate strong leadership in our operations, to inspire greater accountability on safety at every level.</li> </ul> |
| <p><b>Moving forward with our People</b></p> <p>People are one of our great assets and key pillars of success. Strategies are mere statements without their skillful execution. Our challenges are to upskill and reskill our people, acquire the right talent in a competitive market and retain our best people, who are able and motivated to deliver value for our stakeholders.</p>  | <p>To build a workforce of the future, the Edgenta Academy is well positioned to upskill and reskill our people, equip them with new talents and knowledge.</p> <p>We not only hire the 'right' talent, but also retain the 'best' talent by continuously benchmarking with competitive industry practices.</p> <p>Our performance management system aims to align the interests and aspirations of our workforce with organisational growth objectives. Our progressive remuneration system motivates and rewards greater performance outcomes year on year.</p>                     |

| Key Risks  | Key Mitigation/Response  |
|--|--|
| <p><b>Regulatory Environment</b></p> <p>We take cognisance that sizeable business are concession in nature, operating in various industries, especially healthcare and infrastructure services that are subject to a broad range of rules and regulations. Any adverse changes in government policies or non-compliance could lead to reputational or financial damages and disruption in operations.</p>  | <p>With our cross industry experience, we are well-positioned to meet the strategic needs of our clients and value-add, even in concession businesses.</p> <p>We make a concerted effort to deliver quality services to our clients with strict adherence to service level performance.</p> <p>We have dedicated functions such as Compliance, HSSE, Quality Assurance/Quality Control, and Secretarial to monitor regulatory and policy developments, liaise with relevant governing authorities to stay abreast of regulatory changes and our obligations.</p> |
| <p><b>Technological Advancements</b></p> <p>Organisation-wide, we see technology as a key enabler and the biggest game changer, which will allow us to optimise resources, reduce costs, increase productivity and improve our offerings for better customer outcomes.</p> <p>Due to the growing interconnectedness of our systems, there is an increasing risk of exposure to cyber threats, breach of information security, compromised data integrity and prolonged disruption of IT ecosystem.</p> | <p>To remain relevant and have competitive advantage in an era of increasing digitisation, we are embarking on a digital revolution by adopting Enterprise Resource Planning (ERP) system.</p> <p>We look at company-wide security planning through monitoring of critical information, security control via comprehensive IT security solutions and continuous awareness programmes.</p>  |

For further details of UEM Edgenta's Risk Management Framework, please refer to our Statement on Risk Management and Internal Control from pages 145 to 146 of this Annual Report.



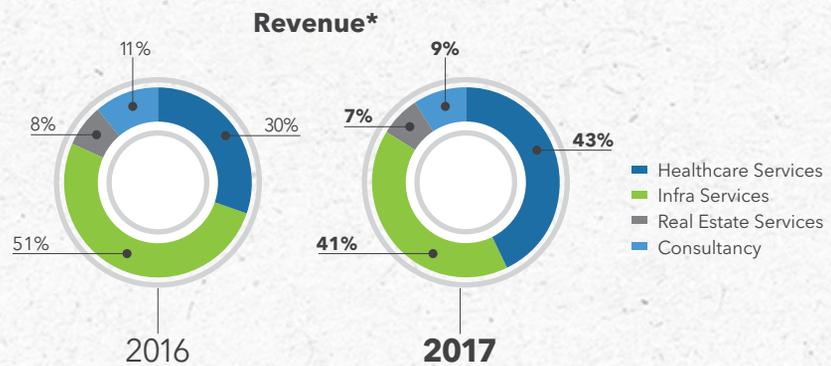
# CHIEF FINANCIAL OFFICER'S REVIEW

**MUHAMMAD NOOR BIN ABD AZIZ @ HASHIM**

Chief Financial Officer

## STRONG PERFORMANCE

UEM Edgenta Berhad ("UEM Edgenta") closed the financial year ended 31 December 2017 (FY2017) with revenue from continuing operations at RM2.1 billion, which is 34.3% higher than revenue in financial year ended 31 December 2016 (FY2016) of RM1.6 billion. In keeping with the track record, our Healthcare Services and Infra Services remained the largest contributors at 43.2% and 40.8% of full-year revenue respectively. Healthcare Services recorded higher revenue by RM451.5 million, significantly contributed by UEMS Pte Ltd ("UEMS"). The Infra Services recorded higher revenue by RM80.6 million compared to FY2016, mainly due to higher civil and pavement works. Real Estate Services recorded higher revenue by RM32.9 million due to full year contribution from KFM Holdings Sdn Bhd. Consultancy also recorded higher revenue for the year by RM17.8 million, mainly contributed by Design and Project Management Support work in Sabah and Project Delivery consultancy in Sarawak.



\* Continuing operations only, excludes Solutions, Property Development and interco revenue



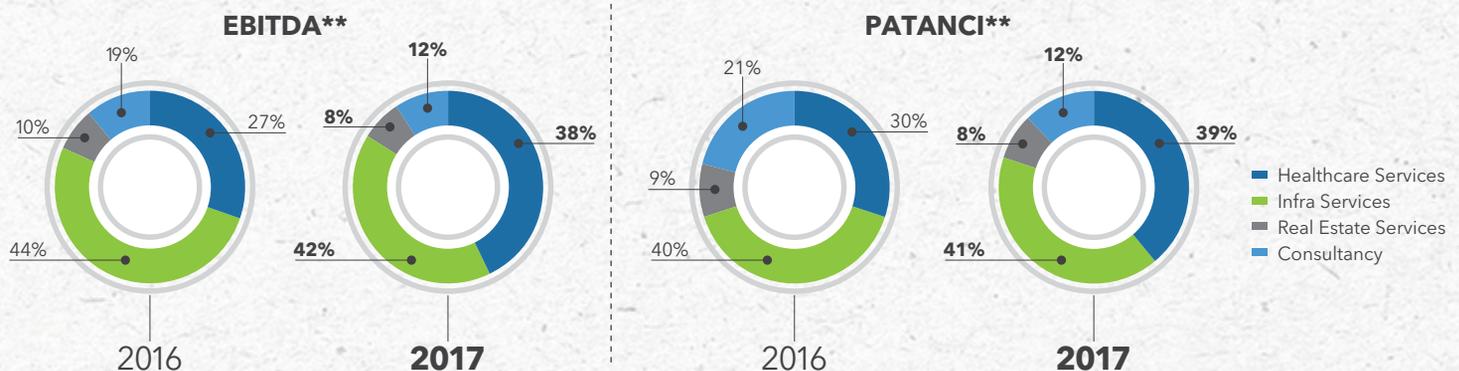
“ THE YEAR 2017 STRENGTHENED OUR FINANCIAL POSITION, GIVING US AN OPPORTUNITY TO IMPROVE OUR NET GEARING AS WELL AS TO REINVEST CAPITAL IN OUR CORE AREAS FOR ORGANIC GROWTH. AT UEM EDGENTA, WE REMAIN MOTIVATED TO CONTINUOUSLY EXPLORE OPPORTUNITIES TO INCREASE SHAREHOLDER VALUE. AND IN 2017, THE DISPOSAL OF OIC WAS A MOVE TO ENHANCE VALUE AND CATALYSE NEW GROWTH. ”

REVENUE  
RM **2.12** billion

EBITDA  
RM **243.5** million

PATANCI  
RM **143.3** million  
EXCLUDING ONE-OFF GAIN  
ON DISPOSAL OF OIC

RM **124.6** million  
FROM CONTINUING OPERATIONS



\*\* Continuing operations only, excludes Solutions, Property Development and Others

EBITDA from continuing operations was higher by RM37.4 million from RM206.1 million in FY2016 to RM243.5 million in FY2017, mainly contributed by UEMS, our recent acquisition in the Healthcare Services. Similarly, Infra Services recorded higher EBITDA by RM6.0 million compared to FY2016 mainly due to higher civil and pavement works.

Consultancy on the other hand recorded lower EBITDA by RM15.9 million during the year, mainly due to works requiring external consultants with full revenue pass-through. Real Estate Services also recorded lower EBITDA by RM1.8 million during the year under review.

The PATANCI from continuing operations was lower by RM14.3 million at RM124.6 million as compared to RM138.9 million in

FY2016. This was due to non-operational items such as an increase in interest expense of RM26.4 million, mainly from the Murabahah Term Facility (arising from the acquisition of Asia Integrated Facility Solutions Pte Ltd (the holding company of UEMS) and issuance of Islamic Commercial Papers and Islamic Medium Term Notes ("Sukuk Programme"), as well as an increase in amortisation of intangible assets of RM19.6 million.

## CHIEF FINANCIAL OFFICER'S REVIEW (CONT'D.)

Healthcare Services and Infra Services were the key profit drivers. Both Healthcare Services and Infra Services recorded higher PATANCI by RM18.9 million and RM3.8 million to RM79.3 million and RM82.5 million respectively compared to FY2016. On the other hand, Consultancy and Real Estate Services recorded PATANCI of RM24.3 million and RM16.9 million respectively.

### SMARTER THINKING

The disposal of UEM Edgenta's 90,511,615 shares, representing 61.2% equity interest, in OIC was based on meticulous internal assessment, review of the current and future market trends as well as industry analysis. Beyond the opportunity for us to unlock the value of our equity stake in OIC, the disposal was a prudent move to streamline operations and re-allocate resources into other core businesses i.e., Healthcare, Infrastructure and Real Estate sectors for achieving planned organic growth. The disposal also resulted in estimated savings of financing costs of RM20.0 million cumulative over two financial years arising from part repayment of Murabahah Term Facility.

The disposal of the 61.2% equity interest in OIC was transacted at NZD173.8 million (equivalent to RM499.5 million), based on a cash consideration of NZD161.1 million (equivalent to RM463.0 million) and an additional cash dividend received from OIC of NZD12.7 million (RM36.5 million). This total consideration implies a transaction multiple of approximately 27x price-to-earnings, based on OIC's PATANCI contribution for FY2017.

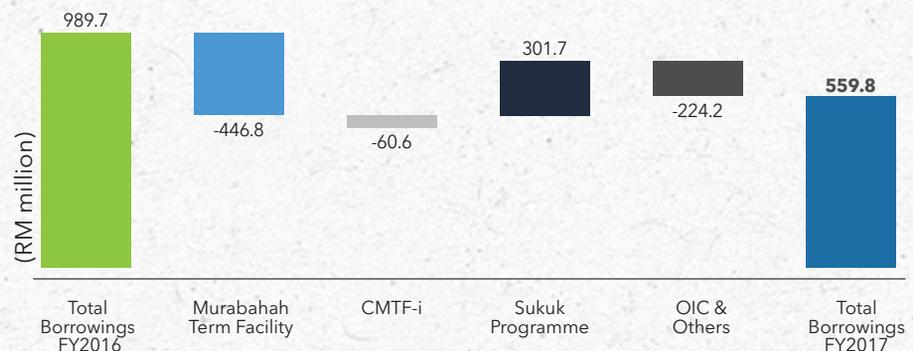
Including the one-off gain of RM274.9 million from the OIC disposal, the Group recorded PATANCI of RM418.2 million, up by approximately 4x from FY2016's PATANCI of RM80.1 million.

### FINANCIAL POSITION

As at 31 December 2017, UEM Edgenta's gross gearing reduced to 0.35x and the Group is in a net cash positive position of RM143.7 million as a result of the disposal of OIC and repayment of debt via proceeds received from the aforesaid disposal of RM463.0 million, which has put the Group's balance sheet on solid footing.

Our debt equity ratio after the disposal has been at its lowest. Our total borrowings have reduced from RM989.7 million to RM559.8 million, mainly due to the part repayment of Murabahah Term Facility of RM446.8 million in the year from the proceeds from OIC disposal. We will continue to monitor our debt-equity ratio and ensure our businesses are adequately capitalised. We will look at measures such as better tax-deductible expenditures and leverage on our investments in high-value accretive projects and sectors.

Overall, FY2017 saw a positive operational cash flow, collections and operating capital.



### NET ASSETS PER SHARE

RM **1.90**

▲ 14.5%

### NET CASH POSITION

RM **143.7** million

▲ 146.8%

### GROSS GEARING RATIO

**0.35**x

▼ 45.7%



*We are committed 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.*

## FINANCIAL PRUDENCE

At UEM Edgenta, our business remains dynamic as we continue to study market movements and incorporate innovation to differentiate and strengthen our position as the leading Total Asset Solutions provider in the region. It is therefore very critical for us to continuously and prudently review and manage our revenue streams, assets, liabilities and general financial dealings. We also focus our efforts on improving our internal controls that foster more accountability and measures our progress in the context of shareholder value creation.

Our mixed and balanced portfolio with concessions as well as commercial business models puts us in good position against various market risks. For instance, as the economy grows to be more robust, the Government expenditure improves, which in turn yields positive financial returns in our concession business. In short, our robust risk management frameworks,

backed by principles of good governance and internal controls, will ensure checks and balances in all financial decisions.

## MOVING FORWARD

A total of RM13.9 billion of work-in-hand has been estimated as at 31 December 2017, of which RM4.0 billion in revenue will be realised up to 2020, and RM9.9 billion will be realised in 2021 and beyond. Healthcare and Infrastructure make up 28% and 64% of the work in hand respectively. In driving various growth strategies, we have earmarked approximately RM100 million in capital expenditure. Our current low gearing ratio will provide ample headroom for our capital expenditure. The capital expenditure will be primarily to increase the capacity of our existing assets, replace inefficient assets, upgrade equipment, deploy new technologies and execute innovative ideas. This will eventually contribute to the profitability of the

Group, improve operational excellence and achieve growth in our strategic focus areas. In addition, the establishment of the Sukuk Programme during the year, with a drawdown of RM300 million, has left us with RM700 million, which can support the Group's future growth and expansion plans.

Overall, in FY2018, UEM Edgenta is well-positioned to deliver strong financial performance and returns to shareholders. We remain committed to generate strong and stable earnings as well as growth across all our business divisions. In keeping with one of our strategic focus areas, Organisational Excellence, Group Finance will continue to support various internal stakeholders and fulfil its role with integrity towards catalysing future growth.

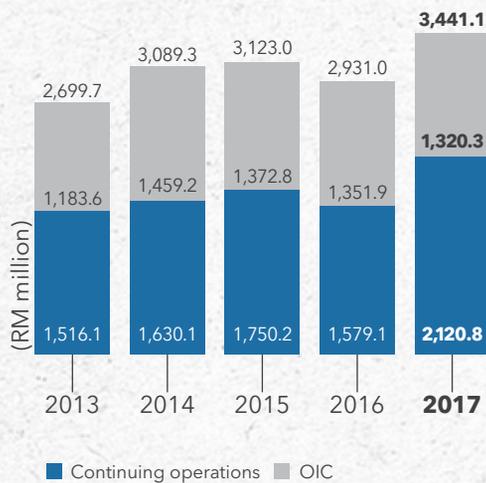
**MUHAMMAD NOOR BIN  
ABD AZIZ @ HASHIM**  
Chief Financial Officer

# KEY PERFORMANCE INDICATORS

## 5-YEAR GROUP FINANCIAL HIGHLIGHTS

THE BOARD AND THE GENERAL MANAGEMENT COMMITTEE MONITOR A RANGE OF FINANCIAL KEY PERFORMANCE INDICATORS (KPIs), REPORTED ON A MONTHLY AND QUARTERLY BASIS, TO MEASURE PERFORMANCE OVER TIME.

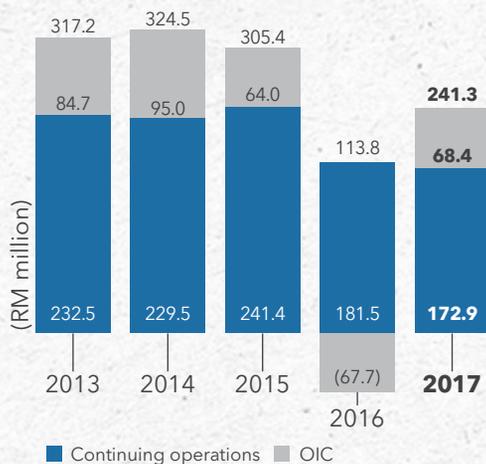
### REVENUE



### EBITDA



### PROFIT BEFORE TAX



### PATANCI

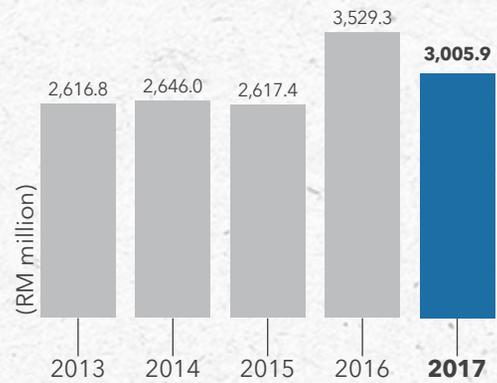


**Note:**  
Discontinued operation, i.e. Opus International Consultants Limited ("OIC")

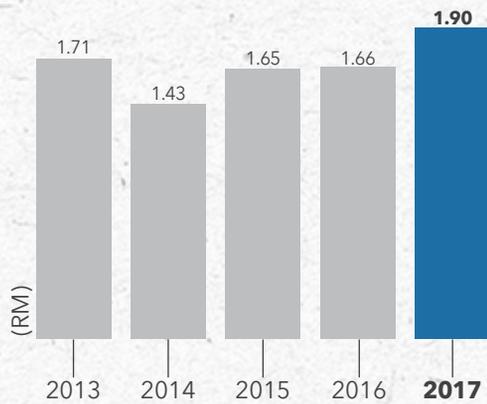
### EARNINGS PER SHARE



### TOTAL ASSETS



### NET ASSETS PER SHARE



### SHAREHOLDERS' FUNDS



**Note:**  
 Discontinued operation, i.e. Opus International Consultants Limited ("OIC")

## 5-YEAR GROUP FINANCIAL SUMMARY

### STATEMENTS OF FINANCIAL POSITION

| In RM Million  | 2013           | 2014           | 2015           | 2016           | 2017           |
|--|----------------|----------------|----------------|----------------|----------------|
| <b>ASSETS</b>  |                |                |                |                |                |
| Non-current assets   | 758.7          | 753.5          | 770.1          | 1,425.2        | <b>1,139.2</b> |
| Current assets   | 1,858.1        | 1,892.5        | 1,847.3        | 2,104.1        | <b>1,866.7</b> |
| <b>TOTAL ASSETS</b>  | <b>2,616.8</b> | <b>2,646.0</b> | <b>2,617.4</b> | <b>3,529.3</b> | <b>3,005.9</b> |
| <b>EQUITY AND LIABILITIES</b>                                  |                |                |                |                |                |
| <b>Equity attributable to owners of the parent</b>             |                |                |                |                |                |
| Share capital  | 90.8           | 203.4          | 203.4          | 207.9          | <b>268.1</b>   |
| Share premium  | -              | -              | -              | 60.2           | -              |
| Reserves   | 706.0          | 350.8          | 383.1          | 392.0          | <b>301.0</b>   |
| Retained earnings  | 595.0          | 605.2          | 753.4          | 708.8          | <b>1,014.2</b> |
|  | 1,391.8        | 1,159.4        | 1,339.9        | 1,368.9        | <b>1,583.3</b> |
| Non-controlling interests                                      | 215.1          | 201.7          | 188.2          | 168.9          | <b>18.5</b>    |
| <b>Total equity</b>  | <b>1,606.9</b> | <b>1,361.1</b> | <b>1,528.1</b> | <b>1,537.8</b> | <b>1,601.8</b> |
| Non-current liabilities  | 290.7          | 394.9          | 361.2          | 876.2          | <b>549.8</b>   |
| Current liabilities  | 719.2          | 890.0          | 728.1          | 1,115.3        | <b>854.3</b>   |
| <b>Total liabilities</b>                                       | <b>1,009.9</b> | <b>1,284.9</b> | <b>1,089.3</b> | <b>1,991.5</b> | <b>1,404.1</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>                            | <b>2,616.8</b> | <b>2,646.0</b> | <b>2,617.4</b> | <b>3,529.3</b> | <b>3,005.9</b> |
| Net assets per share attributable to owners of the parent (RM) | 1.71           | 1.43           | 1.65           | 1.66           | <b>1.90</b>    |
| Net tangible assets per share (RM)                             | 1.14           | 0.84           | 1.09           | 0.49           | <b>1.03</b>    |
| Current ratio (times)  | 2.6            | 2.1            | 2.5            | 1.9            | <b>2.2</b>     |
| Liquidity ratio (times)  | 1.0            | 0.9            | 0.8            | 0.6            | <b>0.6</b>     |
| Gearing ratio (times)  | 0.1            | 0.3            | 0.2            | 0.6            | <b>0.3</b>     |

### INCOME STATEMENTS

| In RM Million            | 2013           | 2014           | 2015           | 2016           | 2017           |
|--------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>REVENUE</b>           |                |                |                |                |                |
| - continuing operations  | 1,516.1        | 1,630.1        | 1,750.2        | 1,579.1        | <b>2,120.8</b> |
| - discontinued operation | 1,183.6        | 1,459.2        | 1,372.8        | 1,351.9        | <b>1,320.3</b> |
| <b>TOTAL REVENUE</b>     | <b>2,699.7</b> | <b>3,089.3</b> | <b>3,123.0</b> | <b>2,931.0</b> | <b>3,441.1</b> |
| <b>EBITDA</b>            |                |                |                |                |                |
| - continuing operations  | 240.8          | 239.5          | 265.9          | 206.1          | <b>243.5</b>   |
| - discontinued operation | 103.8          | 127.2          | 99.1           | (34.2)         | <b>90.4</b>    |
| <b>TOTAL EBITDA</b>      | <b>344.6</b>   | <b>366.7</b>   | <b>365.0</b>   | <b>171.9</b>   | <b>333.9</b>   |

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

| In RM Million  | 2013         | 2014         | 2015         | 2016         | 2017         |
|--|--------------|--------------|--------------|--------------|--------------|
| <b>PROFIT BEFORE TAX</b>   |              |              |              |              |              |
| - continuing operations  | 232.5        | 229.5        | 241.4        | 181.5        | <b>172.9</b> |
| - discontinued operation   | 84.7         | 95.0         | 64.0         | (67.7)       | <b>68.4</b>  |
| <b>TOTAL PROFIT BEFORE TAX</b>   | <b>317.2</b> | <b>324.5</b> | <b>305.4</b> | <b>113.8</b> | <b>241.3</b> |
| <b>PROFIT AFTER TAX</b>  |              |              |              |              |              |
| - continuing operations  | 171.2        | 170.2        | 168.1        | 140.0        | <b>125.1</b> |
| - discontinued operation   | 58.6         | 71.7         | 41.4         | (93.4)       | <b>34.8</b>  |
| <b>Sub-total</b>   | <b>229.8</b> | <b>241.9</b> | <b>209.5</b> | <b>46.6</b>  | <b>159.9</b> |
| - gain on disposal of OIC  | -            | -            | -            | -            | <b>274.9</b> |
| <b>TOTAL PROFIT AFTER TAX</b>  | <b>229.8</b> | <b>241.9</b> | <b>209.5</b> | <b>46.6</b>  | <b>434.8</b> |
| <b>Attributable to:</b>  |              |              |              |              |              |
| Owners of the parent (PATANCI)   |              |              |              |              |              |
| - continuing operations  | 154.3        | 157.9        | 166.2        | 139.0        | <b>124.6</b> |
| - discontinued operation   | 36.1         | 44.5         | 25.0         | (58.9)       | <b>18.7</b>  |
| <b>Sub-total</b>   | <b>190.4</b> | <b>202.4</b> | <b>191.2</b> | <b>80.1</b>  | <b>143.3</b> |
| - gain on disposal of OIC  | -            | -            | -            | -            | <b>274.9</b> |
| <b>Total PATANCI</b>   | <b>190.4</b> | <b>202.4</b> | <b>191.2</b> | <b>80.1</b>  | <b>418.2</b> |
| Non-controlling interests  | 39.4         | 39.5         | 18.3         | (33.5)       | <b>16.6</b>  |
|  | <b>229.8</b> | <b>241.9</b> | <b>209.5</b> | <b>46.6</b>  | <b>434.8</b> |
| <b>EARNINGS PER SHARE (SEN)</b>  |              |              |              |              |              |
| - continuing operations  | 19.0         | 19.4         | 20.4         | 16.8         | <b>15.0</b>  |
| - discontinued operation   | 4.4          | 5.5          | 3.1          | (7.1)        | <b>2.2</b>   |
| <b>Sub-total</b>   | <b>23.4</b>  | <b>24.9</b>  | <b>23.5</b>  | <b>9.7</b>   | <b>17.2</b>  |
| - gain on disposal of OIC  | -            | -            | -            | -            | <b>33.1</b>  |
|  | <b>23.4</b>  | <b>24.9</b>  | <b>23.5</b>  | <b>9.7</b>   | <b>50.3</b>  |
| Dividend per share - gross (sen)   | 10           | 23           | 15           | 7            | <b>31</b>    |
| <b>For continuing operations:</b>  |              |              |              |              |              |
| Earnings before interest, taxation, depreciation and amortisation as a percentage of revenue (%) | 16           | 15           | 15           | 13           | <b>11</b>    |
| Profit before tax as a percentage of revenue (%)   | 15           | 14           | 14           | 11           | <b>8</b>     |
| Profit before tax as a percentage of total equity at year end (%)                                | 14           | 17           | 16           | 12           | <b>11</b>    |

## 2017 GROUP QUARTERLY PERFORMANCE

### FOR THE YEAR ENDED 31 DECEMBER 2017

|   | Quarter RM'000  |                 |                 |                 | Total              |
|---|-----------------|-----------------|-----------------|-----------------|--------------------|
|   | 1 <sup>st</sup> | 2 <sup>nd</sup> | 3 <sup>rd</sup> | 4 <sup>th</sup> |                    |
| Revenue   | 417,055         | 508,285         | 523,114         | 672,312         | <b>2,120,766</b>   |
| Operating expenses  | (395,234)       | (479,491)       | (495,378)       | (619,017)       | <b>(1,989,120)</b> |
| Other Income  | 12,791          | 10,965          | 14,440          | 31,952          | <b>70,148</b>      |
| Earnings before interest, tax, depreciation and amortisation (EBITDA) | 47,547          | 51,171          | 50,110          | 94,670          | <b>243,498</b>     |
| Profit before tax - continuing operations                             | 32,541          | 32,841          | 32,113          | 75,427          | <b>172,922</b>     |
| Profit after tax - discontinued operation                             | 7,353           | 6,117           | 25,402          | 270,761         | <b>309,633</b>     |
| Profit attributable to owners of the parent                           |                 |                 |                 |                 |                    |
| - from continuing operations  | 19,996          | 24,643          | 26,984          | 52,990          | <b>124,613</b>     |
| - from discontinued operation   | 7,290           | 2,726           | 11,737          | 271,821         | <b>293,574</b>     |
| Earning per share (sen)   |                 |                 |                 |                 |                    |
| - from continuing operations  | 2.4             | 3.0             | 3.2             | 6.4             | <b>15.0</b>        |
| - from discontinued operation   | 0.9             | 0.3             | 1.4             | 32.7            | <b>35.3</b>        |

\* On 4 December 2017, UEM Edgenta Berhad disposed its entire interest in Opus International Consultants Limited ("OIC")

### REVENUE BY SEGMENT

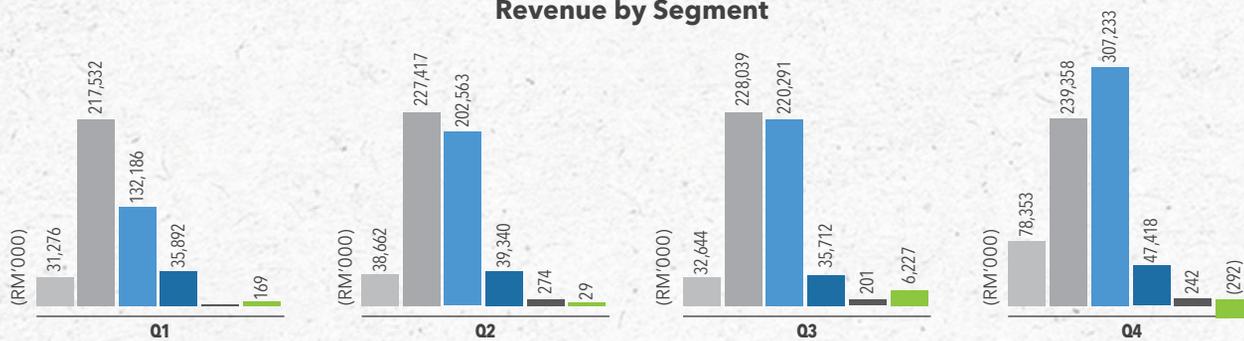
|   | Quarter RM'000  |                 |                 |                 | Total            |
|---|-----------------|-----------------|-----------------|-----------------|------------------|
|   | 1 <sup>st</sup> | 2 <sup>nd</sup> | 3 <sup>rd</sup> | 4 <sup>th</sup> |                  |
| <b>CONTINUING OPERATIONS</b>                        |                 |                 |                 |                 |                  |
| Consultancy - Opus International (M) Berhad ("OIM") | 31,276          | 38,662          | 32,644          | 78,353          | <b>180,935</b>   |
| Services  |                 |                 |                 |                 |                  |
| Healthcare  | 217,532         | 227,417         | 228,039         | 239,358         | <b>912,346</b>   |
| Infra   | 132,186         | 202,563         | 220,291         | 307,233         | <b>862,273</b>   |
| Real estate   | 35,892          | 39,340          | 35,712          | 47,418          | <b>158,362</b>   |
| Solutions   | -               | 274             | 201             | 242             | <b>717</b>       |
| Property Development                                | 169             | 29              | 6,227           | (292)           | <b>6,133</b>     |
|   | 417,055         | 508,285         | 523,114         | 672,312         | <b>2,120,766</b> |
| <b>DISCONTINUED OPERATION</b>                       |                 |                 |                 |                 |                  |
| Consultancy - OIC                                   | 351,965         | 350,628         | 379,514         | 238,186         | <b>1,320,293</b> |
|   | 769,020         | 858,913         | 902,628         | 910,498         | <b>3,441,059</b> |

## EBITDA BY SEGMENT

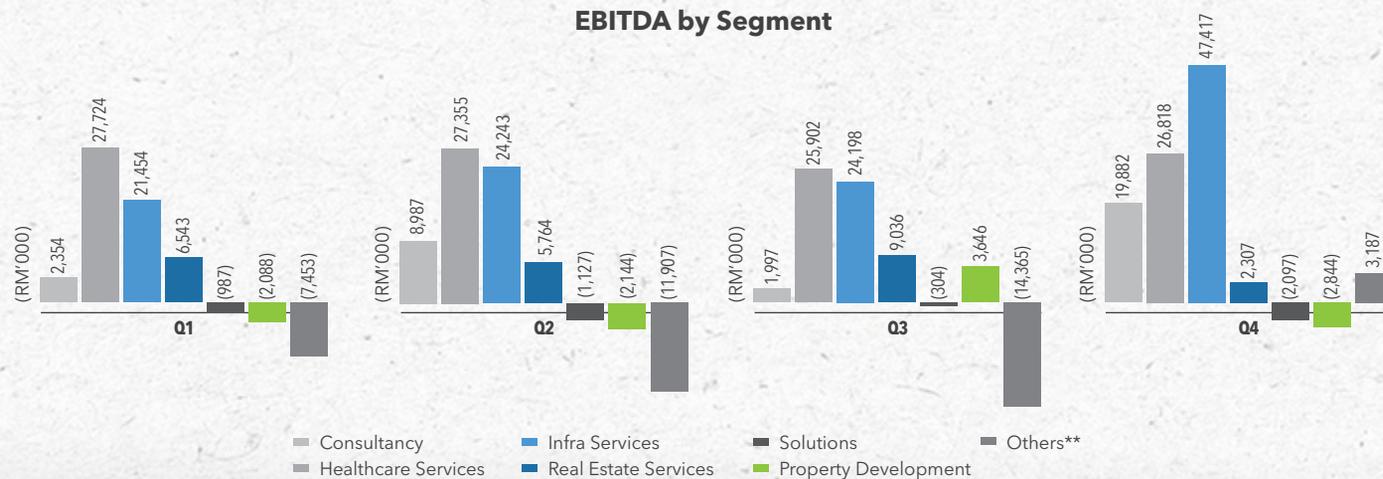
|                               | Quarter RM'000 |          |          |         | Total           |
|-------------------------------|----------------|----------|----------|---------|-----------------|
|                               | Q1             | Q2       | Q3       | Q4      |                 |
| <b>CONTINUING OPERATIONS</b>  |                |          |          |         |                 |
| Consultancy - OIM             | 2,354          | 8,987    | 1,997    | 19,882  | <b>33,220</b>   |
| Services                      |                |          |          |         |                 |
| Healthcare                    | 27,724         | 27,355   | 25,902   | 26,818  | <b>107,799</b>  |
| Infra                         | 21,454         | 24,243   | 24,198   | 47,417  | <b>117,312</b>  |
| Real Estate                   | 6,543          | 5,764    | 9,036    | 2,307   | <b>23,650</b>   |
| Solutions                     | (987)          | (1,127)  | (304)    | (2,097) | <b>(4,515)</b>  |
| Property Development          | (2,088)        | (2,144)  | 3,646    | (2,844) | <b>(3,430)</b>  |
| Others**                      | (7,453)        | (11,907) | (14,365) | 3,187   | <b>(30,538)</b> |
|                               | 47,547         | 51,171   | 50,110   | 94,670  | <b>243,498</b>  |
| <b>DISCONTINUED OPERATION</b> |                |          |          |         |                 |
| Consultancy - OIC             | 22,627         | 21,523   | 41,228   | 5,025   | <b>90,403</b>   |
|                               | 70,174         | 72,694   | 91,338   | 99,695  | <b>333,901</b>  |

\*\* Others comprise corporate costs and elimination items

## Revenue by Segment



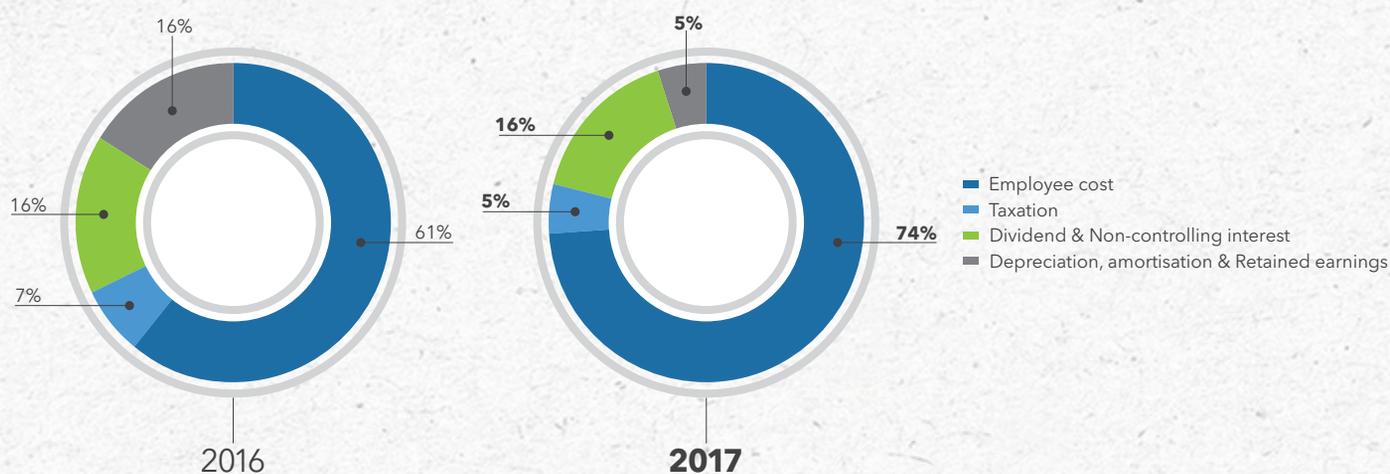
## EBITDA by Segment



## GROUP STATEMENT OF VALUE ADDED

| In RM Million                                    | 2016       | 2017           |
|--|------------|----------------|
| <b>VALUE ADDED</b>                               |            |                |
| <b>Continuing operations</b>                     |            |                |
| Revenue  | 1,579      | <b>2,121</b>   |
| Other income                                     | 31         | <b>59</b>      |
| Interest income                                  | 7          | <b>11</b>      |
| Operating expenses                               | (1,056)    | <b>(1,264)</b> |
| Finance cost                                     | (11)       | <b>(49)</b>    |
| Share of profit of associates and joint ventures | 15         | <b>20</b>      |
| <b>VALUE ADDED AVAILABLE FOR DISTRIBUTION</b>    | <b>565</b> | <b>898</b>     |
| <b>DISTRIBUTION</b>                              |            |                |
| To Employees                                     |            |                |
| Employee cost                                    | 347        | <b>663</b>     |
| To Government                                    |            |                |
| Taxation   | 40         | <b>46</b>      |
| To Shareholders                                  |            |                |
| Dividend   | 122        | <b>125</b>     |
| Non-controlling interests                        | (33)       | <b>17</b>      |
| Retained for reinvestment and future growth      |            |                |
| Depreciation and amortisation                    | 37         | <b>64</b>      |
| Retained earnings                                | 52         | <b>(17)</b>    |
| <b>TOTAL DISTRIBUTED</b>                         | <b>565</b> | <b>898</b>     |

**Distribution of Value Added**



# GROUP FINANCIAL CALENDAR

## DIVIDEND

### FINAL DIVIDEND

#### 25 April 2017

Announcement on declaration of single-tier final dividend for financial year ended 31 December 2016

#### 21 June 2017

Payment of single-tier final dividend of 7.0 cents per ordinary share in respect of the financial year ended 31 December 2016

### INTERIM DIVIDEND

#### 22 August 2017

Announcement on declaration of single-tier interim dividend for financial year ended 31 December 2017

#### 20 September 2017

Payment of single tier interim dividend of 8.0 sen per ordinary share in respect of the financial year ended 31 December 2017

### SPECIAL DIVIDEND

#### 20 February 2018

Announcement on declaration of single-tier special dividend for financial year ended 31 December 2017

#### 18 April 2018

Payment of single tier special dividend of 18.0 sen per ordinary share in respect of the financial year ended 31 December 2017

### SECOND INTERIM DIVIDEND

#### 20 February 2018

Announcement on declaration of single-tier second interim dividend for financial year ended 31 December 2017

#### 17 May 2018

Payment of single tier second interim dividend of 5.0 sen per ordinary share in respect of the financial year ended 31 December 2017

## EXTRAORDINARY GENERAL MEETING

### 16 October 2017

Notice of Extraordinary General Meeting for proposed disposal of 61.20% equity interest in Opus International Consultants Limited

### 2 November 2017

Extraordinary General Meeting

## FINANCIAL RESULTS

### 24 February 2017

Announcement on financial results for the 4<sup>th</sup> quarter ended 31 December 2016

### 22 May 2017

Announcement on financial results for the 1<sup>st</sup> quarter ended 31 December 2017

### 22 August 2017

Announcement on financial results for the 2<sup>nd</sup> quarter ended 31 December 2017

### 28 November 2017

Announcement on financial results for the 3<sup>rd</sup> quarter ended 31 December 2017

### 20 February 2018

Announcement on financial results for the 4<sup>th</sup> quarter ended 31 December 2017

## ANNUAL GENERAL MEETING

### 25 April 2017

Notice of 54<sup>th</sup> Annual General Meeting and issuance of Annual Report for the financial year ended 31 December 2016

### 25 May 2017

54<sup>th</sup> Annual General Meeting

### 11 April 2018

Notice of 55<sup>th</sup> Annual General Meeting and issuance of Annual Report for the financial year ended 31 December 2017

### 10 May 2018

55<sup>th</sup> Annual General Meeting

## INVESTOR RELATIONS

For The Year Ended 31 December 2017

**UEM EDGENTA IS COMMITTED TO CREATING VALUE, ENGAGING AND REWARDING OUR SHAREHOLDERS AND INVESTORS. UEM EDGENTA'S INVESTOR RELATIONS FUNCTION UPHOLDS THE IMPORTANCE OF EFFECTIVE ENGAGEMENT WITH OUR SHAREHOLDERS AND THE INVESTING COMMUNITY TO ENABLE GREATER COMMUNICATION AND ENHANCE THE TRANSPARENCY OF THE GROUP'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. As such, we invest considerable resources to develop and maintain sturdy relationships with shareholders, investors and investment analysts. During the year, the investor relations activities were spearheaded by the MD/CEO, Chief Financial Officer, Head of Corporate Development, Planning & Strategy and supported by other senior management members across the Group.

### 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 Group's latest performance, outlook and associated challenges. During the year, we met a total of 86 analysts and fund managers at our analyst briefings, non-deal roadshow and investor meetings.

### Annual General Meeting/ Extraordinary General Meeting

The Company held its 54<sup>th</sup> Annual General Meeting ("AGM") at Persada PLUS, Subang Jaya, Malaysia on 25 May 2017. At the AGM, our MD/CEO conducted a presentation summarising the Company's performance for the year and our prospects moving forward. Shareholders were encouraged to raise questions and provide feedback to the Board and senior management.

On 2 November 2017, the Company held an Extraordinary General Meeting ("EGM") at Persada PLUS to seek

shareholders' approval on the proposed disposal of 61.2% equity interest in Opus International Consultants Limited. The MD/CEO provided shareholders an explanation in relation to the rationale and financial effect of the proposed disposal.

All the proposed resolutions at the AGM and EGM were duly approved and passed by the shareholders by way of poll. The poll for AGM and EGM were validated by Symphony Corporatehouse Sdn Bhd and Commercial Quest Sdn Bhd, the independent scrutineers appointed by the Company respectively.



### Analyst Briefings/Non-Deal Roadshow

In 2017, the Company held 2 analyst briefing sessions, for FY2016 financial results update and first half 2017 financial results, respectively. During the year, the Company also held 1 non-deal roadshow in Malaysia and met a total of 31 analysts and fund managers over the 4-day event in June 2017. The presentation materials relating to these briefings were made available on our corporate website.

| Type of Meeting   | Event                                 | Date                           |
|-------------------|---------------------------------------|--------------------------------|
| Analyst Briefing  | UEM Edgenta FY2016 Results            | 28 February 2017               |
| Non-Deal Roadshow | UEM Edgenta FY2016 and Q12017 Results | 5-6 June 2017<br>8-9 June 2017 |
| Analyst Briefing  | UEM Edgenta 1H2017 Results            | 23 August 2017                 |

### Investor Meetings and Discussion

During the year, the Company organised 7 investor meetings and conference calls, where we had 6 sessions with domestic investors and 1 with a foreign investor respectively.

| Type of Meeting    | No. of Meetings | Domestic Investors | Foreign Investors |
|--------------------|-----------------|--------------------|-------------------|
| One-on-one meeting | 6               | 6                  | -                 |
| Conference Call    | 1               | -                  | 1                 |
| <b>Total</b>       | <b>7</b>        | <b>6</b>           | <b>1</b>          |

As at 31 December 2017, UEM Edgenta was covered by 2 research houses namely Hong Leong Investment Bank, 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:

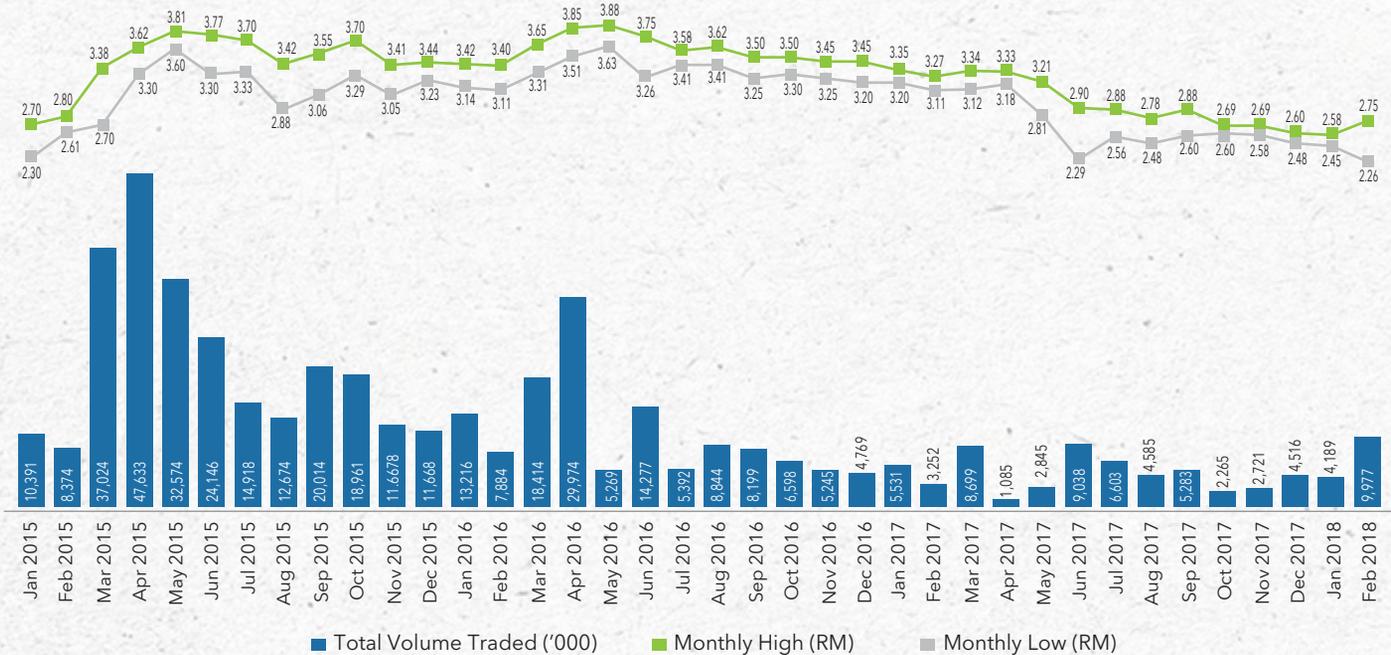
- Corporate updates
- Financial information
- Stock information
- Reports, Circulars, Corporate Factsheet and Corporate Presentation Slides
- Announcements to Bursa Malaysia and UEM Edgenta Corporate Calendar
- Investor tools

Our Investor Relations contact and email address, [ir@uemedgenta.uemnet.com](mailto: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.

## INVESTOR RELATIONS (CONT'D.)

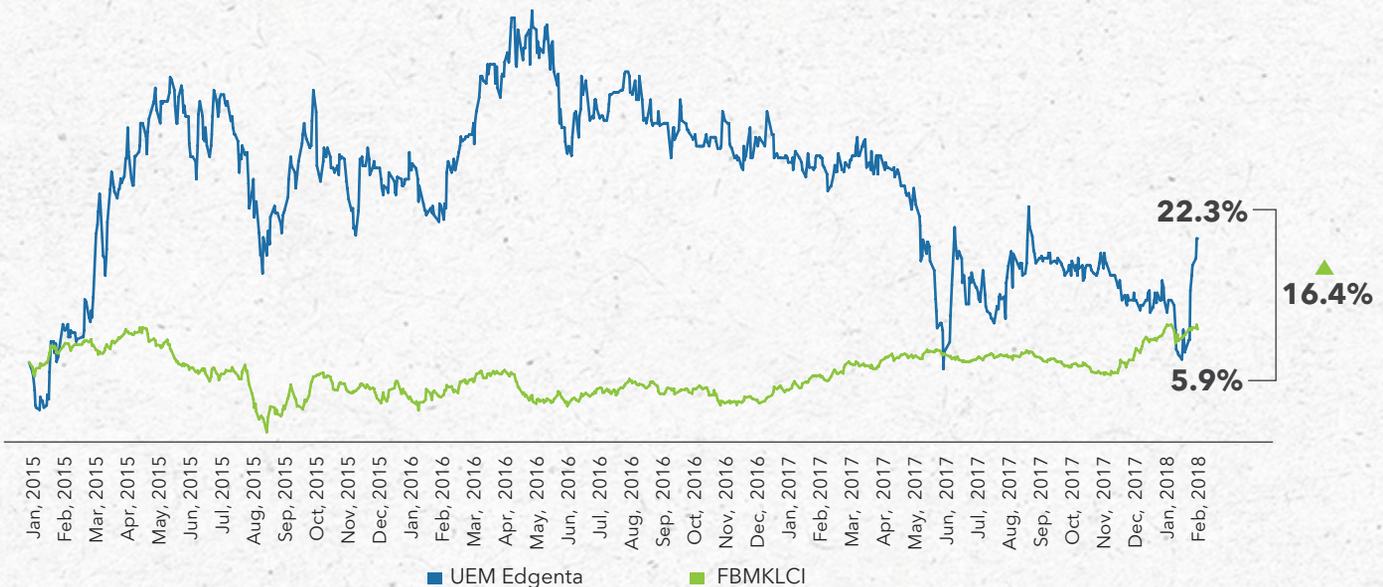
### SHARE PRICE PERFORMANCE AND TOTAL SHAREHOLDERS RETURN

#### Share price movement and volume traded 1 January 2015 - 28 February 2018



Source: Capital IQ

#### Total Shareholders Return vs FBMKLCI 1 January 2015 - 28 February 2018



Source: Capital IQ

Our total shareholders return between for the past 3 years (1 January 2015 - 28 February 2018) outperformed the FBMKLCI Index by approximately 16.4%.

## DIVIDEND POLICY

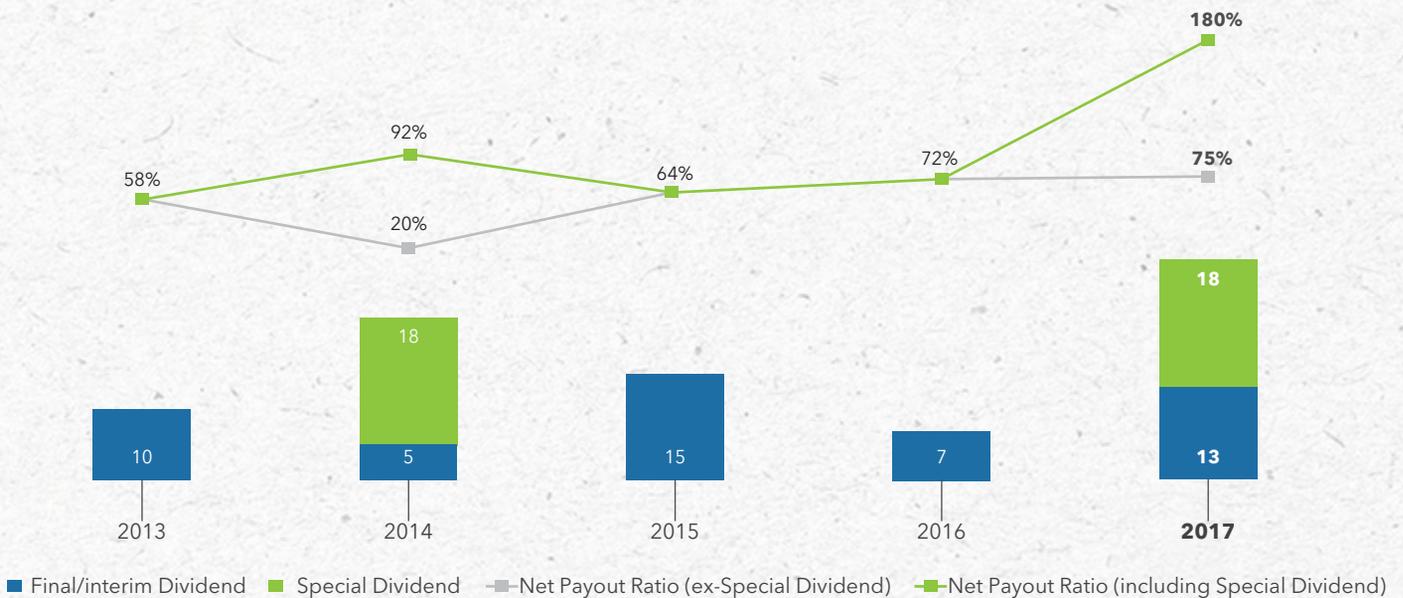
UEM Edgenta adopted a dividend policy to distribute up to 70% of its PATANCI, subject to the sufficiency of the Company's cash flow and future capital expenditure requirements. The dividend policy reflected the Company's intention to provide a healthy return to our shareholders.

## DIVIDENDS DECLARED

For FY2017, UEM Edgenta has declared a total dividend of 31 sen per share, comprising of 18 sen special dividend and 13 sen total interim dividend (1st interim: 8 sen and 2<sup>nd</sup> interim: 5 sen). This is the highest point of dividend declared in UEM Edgenta's history.

The amount declared represents a dividend yield of 12.4% (Based on share price of RM2.50, as at 22 August 2017, prior to 1st interim dividend announcement).

The dividend declared of 31 sen represented FY2017 dividend payout ratio of 180% (based on PATANCI ex-gain on disposal of OIC of RM143.3 million), whilst the FY2017 dividend payout ratio excluding Special Dividend stood at 75%.



Note: For 2017, the figures are based on PATANCI ex-gain on disposal of OIC of RM143.3 million

# BUSINESS REVIEW

## CONSULTANCY

### OVERVIEW

#### WHO WE ARE AND WHAT WE DO



WE ARE A MULTI DISCIPLINARY CONSULTANCY WITH CAPABILITIES IN PROJECT DELIVERY, ASSET MANAGEMENT AND ENGINEERING DESIGN. WE HAVE OVER TWO DECADES OF EXPERIENCE, A RESPECTABLE TRACK RECORD IN MAJOR INFRASTRUCTURE PROJECTS AND A FIRM Foothold IN MALAYSIA.

### ACHIEVEMENTS



**Streamlined operations** via the disposal of **61.2%** equity stake in **Opus International Consultants Ltd ("OIC")**



Opus International (M) Berhad ("OIM") is one of the main consultants supporting the **Project Delivery Partner ("PDP")** for the **Pan Borneo Highway Sabah**



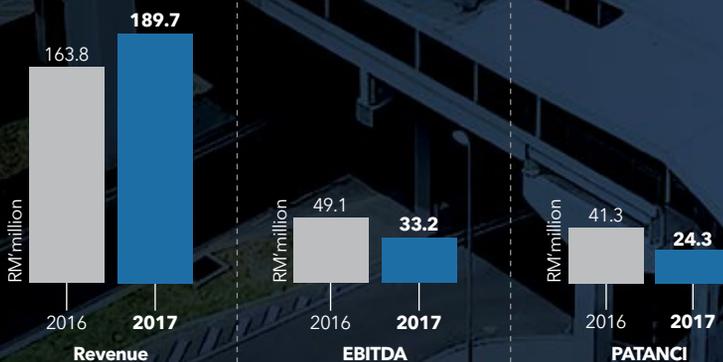
The **disposal** marks UEM Edgenta's exit from the consultancy business in **5 countries - New Zealand, Australia, Canada & USA and United Kingdom**; continuous focus on **driving Malaysia's Consultancy business**



**Independent Checking Engineer** for the **Pan Borneo Highway Sarawak**

### FINANCIAL PERFORMANCE

#### Consultancy



- ✓ Consultancy recorded revenue of RM189.7 million for the year, higher by RM25.9 million mainly contributed by engineering work in Sabah and Project Delivery consultancy in Sarawak.
- ✓ Despite the increase in revenue, Consultancy recorded lower EBITDA and PATANCI by RM15.9 million and RM17.0 million respectively during the year mainly due to works requiring external consultants which resulted in full revenue pass-through.

| Key Initiatives   | Results   |
|---|---|
| <p><b>Streamlined operations</b></p> <p>Disposal of 61.2% equity stake in OIC</p> | <ul style="list-style-type: none"> <li>• With the disposal of OIC, the <b>Consultancy business and operations are more streamlined and focused in the core geographical areas</b> such as Malaysia and Indonesia</li> <li>• The disposal has also resulted in a <b>disposal gain of RM274.9 million for UEM Edgenta</b></li> </ul>  |
| <p><b>Key Leadership Appointments</b></p>   | <ul style="list-style-type: none"> <li>• Filled in the following key leadership positions at <b>OIM</b>: <ul style="list-style-type: none"> <li>- Head of Asset Management</li> <li>- Head of Business Excellence</li> <li>- Head of Client Solutions</li> </ul> </li> <li>• The new leadership appointments have led to a clearer strategic direction for the business with a goal to implement Building Information Modelling (“BIM”), digitalise operations and secure major key projects</li> </ul> |
| <p><b>Securing High Profile Nation Building Projects</b></p>                      | <ul style="list-style-type: none"> <li>• Leveraged on experience and reputation with the North-South Expressway to secure projects in the Sabah and Sarawak regions</li> <li>• <b>Supporting Borneo Highway PDP Sdn Bhd, the PDP for Pan Borneo Highway Sabah</b></li> <li>• <b>Independent Checking Engineer for Pan Borneo Highway Sarawak</b></li> </ul>   |
| <p><b>Digitalising Asset Consultancy</b></p>                                      | <ul style="list-style-type: none"> <li>• Utilisation of <b>Deighton Total Infrastructure Management System (“DTIMS”) pavement management software</b>. This is part of an effort towards the digitalisation of the business and improving the asset management of North-South Expressway</li> <li>• Implementation of <b>BIM in Pan Borneo Highway Sabah</b>. This is a key <b>stepping stone towards the BIM Centre of Excellence</b> aspiration as a Consultancy offering</li> </ul>                  |

## OUTLOOK AND PROSPECTS

With the disposal of OIC, we see an increasing role for OIM in driving UEM Edgenta’s Consultancy business. OIM is now focused in supporting the Project Delivery Partner for the Pan Borneo Highway Sabah, a high-profile nation building project with positive socio-economic impact and will continue to be the key focus moving forward.

Based on the 2018 Budget, the country continues to spend on infrastructure. This augurs well for the Consultancy division and OIM will remain focused on securing and delivering major road and rail infrastructure projects. Going forward, the Consultancy business will also move towards data-driven asset management technology including the use of analytics and BIM-based offerings.

## BUSINESS REVIEW (CONT'D.)

### HEALTHCARE SERVICES

#### OVERVIEW

#### WHO WE ARE AND WHAT WE DO



WE PROVIDE PEACE OF MIND TO OUR HEALTHCARE CLIENTS IN THE PUBLIC AND PRIVATE SECTORS BY ENSURING THEIR HOSPITAL ASSETS AND CLINICAL FACILITIES ARE FUNCTIONING AT AN OPTIMAL LEVEL OF EFFICIENCY VIA HOSPITAL SUPPORT SERVICES, ENVIRONMENTAL SERVICES AND INTEGRATED FACILITIES MANAGEMENT SERVICES.

#### ACHIEVEMENTS

**Excellent Hospital Support Services Award** - Company Performance Assessment by Ministry of Health, Malaysia

First **full integration year of UEMS Pte Ltd ("UEMS")** into UEM Edgenta



Clinched **6 Awards at the Healthcare Supplier Awards Ceremony 2017 in Singapore** across three categories: **Productivity, Innovation** and **Continuous Improvement**

**One STAR Energy Management Gold Standard (EMGS) rating** certified by ASEAN Energy Management Scheme (AEMAS)

Secured environmental services contract for 5 nursing homes of **MOH Holdings Singapore and Kwong Wai Shiu Hospital**

Secured hospital support services contract for **National Cancer Institute, Putrajaya**



Achieved the **National Environmental Agency of Singapore's Enhanced Clean Mark Accreditation Scheme (Gold) Award**, for the **3<sup>rd</sup> year running**

#### FINANCIAL PERFORMANCE

##### Healthcare Services



- ✓ Revenue increased by RM435.0 million to RM913.0 million. EBITDA increased by RM37.8 million to RM107.8 million. PATANCI increased by RM18.9 million to RM79.3 million.
- ✓ Contribution from concession business - Edgenta Mediserve continues to remain stable on a year-on-year basis and via the new variation orders secured from Ministry of Health, Malaysia.
- ✓ The 2017 results also saw a full year contribution from UEMS, the commercial business acquired in December 2016, with operations spanning across Singapore, Taiwan and Malaysia regions.

| Key Initiatives   | Results   |
|---|---|
| <b>Operational excellence and continuous improvement in service delivery</b>              | <ul style="list-style-type: none"> <li>Edgenta Mediserve Sdn Bhd ("Edgenta Mediserve") awarded <b>Excellent Hospital Support Services Award</b> - Company Performance Assessment by Ministry of Health, Malaysia</li> <li><b>28</b> hospitals and <b>one (1)</b> clinical lab under the care of Edgenta Mediserve achieved <b>One STAR Energy Management Gold Standard (EMGS) rating</b> certified by ASEAN Energy Management Scheme (AEMAS)</li> <li>Edgenta Mediserve is also the first concession company amongst the five (5) concessionaires to <b>obtain all four (4) of the Management Systems (ISO9001, ISO14001, OHSAS18001 and ISO13485)</b> which is a requirement in the New Concession Agreement, <b>12 months ahead of time</b></li> <li>For the third year running, UEMS successfully renewed and achieved the <b>National Environment Agency's Enhanced Clean Mark Accreditation Scheme (Gold)</b></li> <li>UEMS also clinched <b>six (6) Awards (four Outstanding Prizes and two Merit Prizes)</b> in the categories of Productivity, Innovation and Continuous Improvement at the <b>Healthcare Supplier Awards Ceremony 2017</b> organised by the <b>National Healthcare Group ("NHG")</b> in Singapore</li> </ul>   |
| <b>Mechanisation and modernising traditional Hospital Support Services via technology</b> | <ul style="list-style-type: none"> <li>Healthcare Services' drive in <b>elevating the traditional Hospital Support Services via technology</b> is recognised by the healthcare industry</li> <li>Out of the six (6) Awards clinched by UEMS at the Healthcare Supplier Awards Ceremony 2017, <b>four (4) Awards are related to UETrack™ - our proprietary technology</b> used in healthcare service delivery: <ul style="list-style-type: none"> <li>- UETrack™ Toilet Demand Inspection System ("TDIS") - Pioneering Restroom Cleaning on Demand at NUH (Medical Centre)</li> <li>- UETrack™ Housekeeping Performance-Based System Module - Strengthening Inter-Departmental Collaboration at NUH (Medical Centre)</li> <li>- Enhancing UETrack™ Portering System for Smart Assignment of Jobs at Tan Tock Seng Hospital, Singapore</li> <li>- Improving the quality of housekeeping via UETrack™ Housekeeping Performance-Based System Inspection Module at Yishun Community Hospital, Singapore</li> </ul> </li> <li>During the year, Edgenta Mediserve implemented a mechanisation and UETrack™ TDIS pilot project in <b>Hospital Sultanah Bahiyah, Alor Setar</b> in collaboration with UEMS</li> <li>The pilot project has shown positive <b>average time saved of 41% and 31%</b> based on the <b>introduction of smarter cleaning equipment and UETrack™ TDIS</b> respectively</li> </ul> |
| <b>Business development and client solutions</b>  | <ul style="list-style-type: none"> <li>Edgenta Mediserve is the <b>first concession company to introduce Energy Performance Contracting ("EPC")</b> to public hospitals and implemented two EPC projects for Hospital Teluk Intan and Hospital Raja Permaisuri Bainun, Ipoh</li> <li>Key contracts secured, amongst others are the Hospital Support Services contract for <b>National Cancer Institute, Putrajaya</b>, environmental services contracts from <b>MOH Holdings Singapore's five (5) nursing homes and Kwong Wai Shiu Hospital</b></li> <li>UEMS has also secured inaugural contracts from non-healthcare clients - i.e. Integrated Facilities Management contracts for Government Technology Agency, Maritime and Port Authority of Singapore and Ministry of National Development Complex of Singapore</li> </ul>  |

## OUTLOOK AND PROSPECTS

The Healthcare sector in Malaysia is one of 12 identified National Key Economic Areas ("NKEA") to receive substantial Government support and funding. In the 2018 Budget, the Government has allocated RM27.0 billion for the Healthcare sector which include amongst others, budget for medical supplies and upgrading and maintenance for hospitals and clinics.

In Singapore, the Healthcare 2020 Master Plan aims to double Healthcare expenditure to cater for increasing ageing population. The initiatives, amongst others, include the opening of one new acute hospital or community hospital per year until 2020. In Taiwan, the Healthcare sector is expected to be boosted by the Government's promotion as a medical tourism destination.

With the industry outlook for the Healthcare sector of the core geographies in mind, UEM Edgenta will pursue new Governmental hospital contracts in Malaysia and expand offerings and grow its client base regionally (Malaysia, Singapore and Taiwan). Furthermore, UEM Edgenta's Healthcare Services will harness revenue synergies and cross selling opportunities between the concession and commercial businesses such as to penetrate and offer Biomedical Engineering Maintenance Services in Singapore and Malaysia's private healthcare sector and introduce Central Portering services into Malaysia's public healthcare sector.

Operationally, UEM Edgenta will continue to focus on mechanising its operation process and deploy applications to deliver Hospital Support Services that have shown potential to improve outcomes and reduce costs. UEM Edgenta will also further enhance its in-house built UETrack™ mobile application and systems.

## BUSINESS REVIEW (CONT'D.)

### INFRA SERVICES

#### OVERVIEW

#### WHO WE ARE AND WHAT WE DO



WE ARE THE NATION'S LEADING ENGINEERING, PROJECT AND INFRASTRUCTURE MANAGEMENT AND MAINTENANCE SPECIALISTS. WE PROVIDE SERVICES TO HIGHWAYS AND ROADS, AIRPORTS, MUNICIPALITIES AND URBAN TRANSIT. OUR FORTE ALSO MAKES US A PREFERRED PARTNER FOR PAVEMENT ASSESSMENTS AND SOLUTIONS, INSTRUMENTATION WORKINGS AND GEOTECHNICAL INVESTIGATIONS.

#### ACHIEVEMENTS



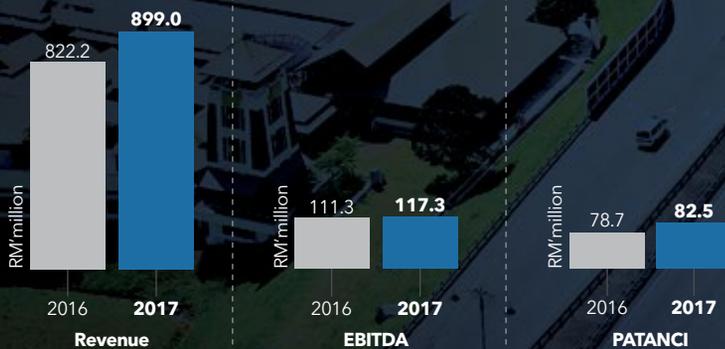
Established **Performance-Based Contracting** framework for network management and maintenance of **North-South Expressway**

Secured pavement works for **Federal Roads**, traffic management for **MRT2 project**, soil investigation and instrumentation for **LRT3 project**

**Maintained over 2,500 km of highways and roads** - including the North-South Expressway, New Klang Valley Expressway ("NKVE"), Federal Highway Route 2, ELITE Highway, Malaysia-Singapore Second Link, Penang Bridge, East Coast Expressway ("ECE2"), Selangor State Roads; and internationally the Cikampek-Palimanan Toll Road in West Java, Indonesia

#### FINANCIAL PERFORMANCE

##### Infra Services



✓ Infra Services reported positive results in 2017 and recorded higher revenue of RM899.0 million, an increase of RM76.8 million as compared to the prior year.

✓ Both EBITDA and PATANCI have improved by 5.4% and 4.8% to RM117.3 million and RM82.5 million respectively due to the higher civil and pavement works and traffic management works carried out for roadworks and transit projects during the year.

| Key Initiatives  | Results   |
|--|---|
| <b>Implementation of Performance-Based Contracting ("PBC") framework</b>                           | <ul style="list-style-type: none"> <li>Established Performance-Based Contracting framework for network management and maintenance of North-South Expressway which represents a shift in approach and sophistication, as well as a pursuit of technological deployment in delivering maintenance services. This culminated in a Heads of Terms being signed with PLUS Malaysia Berhad ("PLUS") in December 2017</li> <li>Under the new contracting approach, our fees are linked to performance. This assures our customers of our commitment to high quality maintenance standards and service levels</li> <li>Conversely, we are motivated to achieve the expected outcomes through more efficient and cost-effective service delivery</li> </ul>  |
| <b>Operational excellence and continuous improvement in service delivery</b>                       | <ul style="list-style-type: none"> <li>Supported JKR Kuala Langat to win "Anugerah Pengurusan Fasiliti Terbaik Peringkat JKR Malaysia" 2017</li> <li>This was achieved due to Infra Services support in ensuring that the road surfaces and shoulders, drainages, road furnitures, bridges, culverts and overall maintenance plan is in optimal condition</li> <li>Infra Services further value added to their services by integrating with JKR Kuala Langat on documentation and maintenance records, thus delivering a seamless experience for the client</li> </ul>  |
| <b>Foster Health, Safety, Security and Environment ("HSSE") mindset - Aiming Towards Goal Zero</b> | <ul style="list-style-type: none"> <li>Developed the 2018-2020 Health, Safety, Security and Environment ("HSSE") Masterplan, including the corresponding structures, standard operating procedures ("SOP") and work instructions</li> <li>Introduction and roll-out of Expressway Operations Safety Passport ("EOSP") to all Infra Services' employees and subcontractors</li> <li>Improvement to traffic management SOPs for improved HSSE relating to traffic management works including utilisation of shadow vehicles, work procedures, and enabling GPS tracking and CCTV monitoring of traffic management operations</li> <li>Implemented 148 initiatives to promote HSSE. These include hazard identification training, Safety Leadership Awareness Programme, HSSE inspections, audits and assessment, HSSE e-reporting systems HSSE induction session</li> </ul> |
| <b>Client solutions and securing new external clients</b>  | <ul style="list-style-type: none"> <li>Secured new order book on pavement works and traffic management via Edgenta PROPEL Bhd and several testing and soil investigation works secured via the Environmental and Material Testing division</li> <li>Examples include pavement works for Federal Road (Teluk Intan - Kg. Lekir), traffic management for MRT2 project, as well as soil investigation and instrumentation works for LRT3 project</li> </ul>  |
| <b>Digitisation of the Infra Services business</b>   | <ul style="list-style-type: none"> <li>As part of ongoing efforts to drive efficiency and operational excellence, an online work order management system is being developed together with our clients in the Infrastructure sector. This encompasses, amongst others, a web portal and mobile app; and will go towards enabling efficiency in service delivery</li> <li>The year also saw GPS tracking and CCTV monitoring being rolled out to operations to improve efficiency as well as HSSE. This was further enhanced by implementing performance dashboards for quick responses to issues arising</li> </ul>  |
| <b>Pavement Research Centre ("PRC")</b>  | <ul style="list-style-type: none"> <li>The PRC commenced operations in August 2017 with the objective of exploring and developing new asphalt mixes and innovative techniques for pavement research and development, which will then be produced using the in-house premix plant</li> <li>With the PRC, we will be able to reduce bitumen costs and thereon offer cost-efficient solutions to our clients</li> </ul>  |

## OUTLOOK AND PROSPECTS

The Malaysian infrastructure industry outlook is promising with a sizeable allocation of at least RM38.7 billion for infrastructure spending in the 2018 Budget.

Major national infrastructure projects in the pipeline include the Pan Borneo Highway, MRT2, East Coast Railway Project and the KL-Singapore High Speed Rail Project. The positive industry outlook provides a stable platform for organic growth, on top of the long-term concession for maintenance of PLUS highways, JKR State Roads in Selangor and the Cikampek-Palimanan Toll Road in Indonesia.

Operationally, UEM Edgenta's Infra Services will look to drive cost efficiency in a big way with the implementation of PBC which will be a game-changer for the expressway and road maintenance industry.

## BUSINESS REVIEW (CONT'D.)

### REAL ESTATE SERVICES

#### OVERVIEW

#### WHO WE ARE AND WHAT WE DO



OUR SERVICES ENCOMPASS THE COMPLETE ASSET LIFECYCLE – INCLUDING FACILITIES MANAGEMENT STRATEGY, PLANNING, AND IMPLEMENTATION, COMMUNITY AND TOWNSHIP MANAGEMENT, ASSET AND PROPERTY MANAGEMENT, ENERGY AND ENGINEERING SERVICES, BUILDING AUTOMATION AND SMART, GREEN BUILDING SERVICES AND STRATEGY.

#### ACHIEVEMENTS



Successfully obtained **recertification of Green Building Index Platinum Rating** for the **Prime Minister's Office** in November 2017



**Completed and handed over the Tun Hussein Onn Memorial**, a certified Green Building showcasing the late Tun Hussein Onn's legacy and Contribution to the Nation

Secured new township management services contracts for **Medini Iskandar, Sky View** and **Marina View Residences**

Secured new integrated facilities management contract for **SIX (6) CIMB buildings**

Developed and rolled-out the **smart facilities management solution in partnership with Microsoft**

#### FINANCIAL PERFORMANCE

##### Real Estate Services



- ✓ Under the Real Estate Services, we focussed our efforts on integrating the business and core operations of KFM Holdings Sdn Bhd which saw the higher revenue of RM164.1 million.
- ✓ Notwithstanding the higher revenue recorded at RM164.1 million, as compared to RM129.6 million in prior year, the Real Estate Services recorded lower EBITDA by RM1.8 million, mainly due to the costs in developing the township management business in the southern region.

| Key Initiatives   | Results  |
|---|--|
| <p><b>Changing the Service Delivery Model</b></p> <p>Implementation of cloud based platform to entire portfolio of managed assets</p> | <ul style="list-style-type: none"> <li>Partner with Microsoft to develop the smart facilities management solutions, piloted in our headquarters at Menara UEM and rolled-out across all Southern and Central region sites managed by UEM Edgenta</li> </ul>  |
| <p><b>Shift from "Asset Focused Facilities Management" to "Enhanced Customer Experience"</b></p>                                      | <ul style="list-style-type: none"> <li>Launch of Communa™ - a new community management portal for the Iskandar Puteri region. Communa™ is an integrated Community Management solution providing online property management, payment gateway and services platform to all residential communities managed by UEM Edgenta</li> </ul> |
| <p><b>Revenue growth from diversifying business base and densifying revenue from current customers</b></p>                            | <ul style="list-style-type: none"> <li>Clinched new township management services contracts for Medini Iskandar, Sky View and Marina View Residences</li> <li>Appointed as key consultant for District Management design for Desaru Coast Township and Tun Razak Exchange, Kuala Lumpur</li> </ul>                                  |

## OUTLOOK AND PROSPECTS

In the Budget 2018, the Government announced several items that will encourage the growth of UEM Edgenta's Real Estate Services. Maintenance and upgrading programmes for public and tourism-based infrastructure, capital allowance incentives for ICT equipment and a RM5 billion budget for Green Technology Financing Scheme to promote the Green Technology industry are all of significance to UEM Edgenta.

UEM Edgenta's Real Estate Services will grow organically, both by diversifying service offerings, adding additional capability in property and community consultancy, in-home services, smart energy and engineering services to our traditional base in Facilities Management; and into new customer segments, namely large-scale estates and municipalities. UEM Edgenta has shifted its service delivery from "Asset Focused Facilities Management" to "Enhanced Customer Experience" delivery via productivity and efficiency improvements from implementation of technology.

UEM Edgenta's Real Estate Services is an early adopter of IoT driven "Active FM" with our smart facilities management platforms delivering real time information to support improved efficiency outcomes, reduced cost and faster response times. Advanced data analytics and machine learning on the Microsoft Azure platform, are providing genuine predictive maintenance to improve asset life and reduce lifecycle cost of ownership.

With increased focus on long term cost reduction, and an ever increasing need to deliver a differentiated product UEM Edgenta's Real Estate Services works with large scale asset portfolio owners and property developers to build their brand value, enhance property asset earnings and manage key operational cost.

## DRIVING TECHNOLOGY AND INNOVATION

TECHNOLOGY AND INNOVATION IS PAVING THE WAY TODAY FOR UEM EDGENTA'S BUSINESS TOMORROW, AND WE ARE CONSTANTLY FINDING NEW WAYS TO DISRUPT OURSELVES IN ORDER TO CREATE NEW SOLUTIONS THAT WILL HELP OUR CLIENTS OPTIMISE THE ASSETS TO THEIR FULL POTENTIAL.

Our approach to innovation works at two levels. Firstly, it is a priority to cultivate a working environment that inspires our employees to push the boundaries, and to continuously innovate. Secondly, we endeavour to push the envelope with our clients, by revolutionising the way built environment assets are managed and integrating the latest technologies into smart, tailored solutions for them.

As a result, we are well positioned to break the convention, to challenge the status quo and introduce smart, leading edge solutions to manage the total asset life cycle.

In 2017 and beyond, we remain committed to the application of technology to improve efficiency and margins; as well as to deliver innovative solutions for clients across all our core focus areas.

Over the past two years, we have developed various in-house technology platforms to improve efficiencies, accelerate performance and catalyse new growth across our key business divisions.



Cloud Based



Machine Learning



Mobile applications

### Command & Contact Centre ("CnC")

✓ Our CnC is the central hub which houses our digital capabilities. As the centralised monitoring facility, it tracks assets in real-time and functions as a center for data and analytics.

✓ It uses Microsoft Azure's cloud-based machine learning for prediction and anomaly detection which enables operational insights to better manage issues and provide a higher level of service delivery to our customers

### UETrack™ Platform for Healthcare Services

Mobile resource optimisation platform for real-time tracking of resources and work progress



### Communa™ for Real Estate Services

A community web portal and mobile app for managing the developers, property owners, property & facility managers eco-system



### Smart Facilities Management Solution

An integrated facilities management system built on Microsoft's Azure IoT Hub and Machine Learning

## SMART FACILITIES MANAGEMENT SOLUTION

Our smart facilities management solution is built on Microsoft's Azure IoT Hub and Machine Learning. With this solution, we are able to harness data insights to deliver better value and improved services to our customers. For instance, it captures real-time data from the air-conditioning, lighting, lift systems and other building services, which is then processed to flag irregularities. This further allows predictive maintenance, anomaly detection and improved performance of assets.

**Up to 20%** reduction in costs of **managing buildings.**



**30-40%** increase in tool time, by reducing the time spent **on documentation** and **manual processes.**



**29%** reduction in **labour intensity** and **improved efficiencies.**



## COMMUNA™

The Communa™ community web portal and mobile app serves as an integrated communication platform solution that brings together the property management and residents. It provides access to a wide range of tools and in-home services for investors, residents and Joint Management Bodies. This solution is available via phone, tablet, PC, laptop, and is supported via a 24-hour customer service helpdesk. Our customers can receive invoices, pay service charges, receive updates of community events as well as the all-important meeting minutes, management reports and financial information.

**9 residential communities** have benefited from **deployment of Communa™** a **paperless process,** and **seamless experience.**



## OUR GAME CHANGER

### "TECHNOLOGY AT ITS BEST BREEDS INNOVATION & ACCELERATES GROWTH"

The digital revolution has not only added a new dimension to the asset management business but has opened up immense opportunities for revolutionising the industry. With our digitalisation efforts, we have been able to move away from the traditional, less-optimal processes set by the industry, towards setting new benchmarks. UEM Edgenta is amongst the first few in the region to embrace and embed technology in delivering total asset solutions.

Our digital transformation and growth strategies focus on the key enablers of our business - driving innovation; empowering partnerships; and connecting communities. We endeavour to tap the limitless potential of technology in planning and managing the assets, in addition to delivering better services to customers through real-time data and performance assessment.

## UETRACK™ PLATFORM

UETTrack™ is a mobile resource optimisation platform, which encompasses a web portal, mobile and tablet app. It consists of several sub-modules to support the housekeeping, facility management and other services. UETTrack™ also enhances productivity, promotes automation of work processes, reduce costs and improves customer satisfaction etc. Last year, we implemented a pilot platform at a Government hospital, where we deployed a feedback management system, Toilet Demand Inspection System ("TDIS"), and unified clocking system.

**TDIS:**  
Labour intensity **reduction** by **>10%**



Our next phase of IoT will see assets gaining more intelligence, cost-efficiencies and customised technological capabilities to meet the needs of communities. For instance, our partnership with Microsoft will take a new turn to explore possibilities to create a new virtual facilities manager on Microsoft's Cognitive Services towards developing a ubiquitous building. Once implemented, the service will act as an intelligent helpdesk that can interact with customers in a personal manner, taking the customer service experience to a whole new level.

Moving forward, with our focus on IoT and ambient intelligence, we will continue to disrupt and transform businesses and ultimately help optimise assets to improve lives.



**NATIONALITY**



100% ■  
MALAYSIAN

**BOARD COMPOSITION**



56% ■  
INDEPENDENT  
DIRECTORS

44% ■  
NON-INDEPENDENT  
DIRECTORS

*from left to right:*

**EMILY KOK • ROBERT TAN BUN POO • ELAKUMARI KANTILAL • DATO' IZZADDIN IDRIS • DATO' AZMIR MERICAN  
(MD/CEO)**

# BOARD OF DIRECTORS

As at 3 April 2018



## GENDER DIVERSITY



67%  
MALE

33%  
FEMALE

## ETHNICITY

5 Malay 2 Chinese 2 Others

AMIR HAMZAH AZIZAN • DR. SAMAN @ SAIMY ISMAIL • JUNIWATI RAHMAT HUSSIN • DATO' GEORGE STEWART LABROOY (CHAIRMAN)

## BOARD OF DIRECTORS' PROFILE



### **AMIR HAMZAH AZIZAN**

Chairman  
Non-Independent Non-Executive Director

- 50, Male, Malaysian
- Appointed on 1 July 2016



### **DATO' AZMIR MERICAN**

Managing Director/Chief Executive Officer

- 47, Male, Malaysian

**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 on 13 July 2016. Subsequently, he was re-designated as Chairman of the Board on 29 August 2016 and as Non-Independent Non-Executive Chairman on 1 December 2017.

He has 28 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 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. In March 2016, he became Managing Director of Icon Offshore Berhad. On 1 December 2017, he joined Khazanah Nasional Berhad's unit Themed Attractions Resorts & Hotel Sdn Bhd as Group CEO.

His current directorship includes UEM Group Berhad.

He attended all the nine Board meetings held during the financial year ended 31 December 2017.

**Dato' 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, multinationals 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 and Opus Group Berhad.

He attended all the nine Board meetings held during the financial year ended 31 December 2017.

## BOARD OF DIRECTORS' PROFILE (CONT'D.)



### **DATO' IZZADDIN IDRIS**

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

- 55, Male, Malaysian
- Appointed on 5 August 2010



### **ROBERT TAN BUN POO**

Independent Non-Executive Director  
Chairman of Audit and Risk Committee

- 67, Male, Malaysian
- Appointed on 9 May 2013

**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 Lebuh raya 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 Uniquet Infra Ventures Private Limited.

He is a Non-Independent Non-Executive Director of Axiata Group Berhad, one of the leading telecommunication 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.

He attended all the nine Board meetings held during the financial year ended 31 December 2017.

**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 39 years of audit experience in serving both private and public companies, locally and internationally, in industries which included banking, insurance, construction and property development, manufacturing and engineering.

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 currently serves as a Board member of the Auditing & Assurance Standards Board, Malaysian Institute of Accountants.

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

He attended all the nine Board meetings held during the financial year ended 31 December 2017.

## BOARD OF DIRECTORS' PROFILE (CONT'D.)



### **DR. SAMAN @ SAIMY ISMAIL**

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

- 71, Male, Malaysian
- Appointed on 9 May 2013



### **ELAKUMARI KANTILAL**

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

- 61, Female, Malaysian
- Appointed on 22 October 2001

**Dr. Saimy** holds a Masters of Public Health from 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 1974 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. The main responsibilities involved planning and operations of services, including the construction of hospitals and clinics.

He held the position as the specialist in the Health Policy & Management Unit, Department of Social & Preventive Medicine, Faculty of Medicine, University of Malaya. He lectured and did research in areas of Human Resource in health, management of health services, quality assurance and disaster management.

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

He attended all the nine Board meetings held during the financial year ended 31 December 2017.

**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.

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).

She was actively involved in the establishment of Khazanah Nasional Berhad ("Khazanah") whilst in the MOF. She was in Khazanah since its establishment in 1994, moving from the position of Senior Manager to Director in the Investment Division from 2004 until 2017. During her tenure in Khazanah, she undertook investments, divestments, corporate and strategy restructuring and reorganisation, monitoring and management for value creation of companies in the property, telecommunication, infrastructure and services sectors.

Elakumari also sits on the Board of TIME dotCom Berhad.

She attended eight out of the nine Board meetings held during the financial year ended 31 December 2017.

## BOARD OF DIRECTORS' PROFILE (CONT'D.)



### **JUNIWATI RAHMAT HUSSIN**

Independent Non-Executive Director  
Chairman of Nomination and Remuneration Committee

- 59, Female, Malaysian
- Appointed on 1 October 2017



### **DATO' GEORGE STEWART LABROOY**

Independent Non-Executive Director

- 67, Male, Malaysian
- Appointed on 1 December 2017

**Juniwati** holds a Bachelor of Science in Chemistry from University of Kent, Canterbury, United Kingdom. She had attended the INSEAD Senior Management Development Program in 2004 and Advanced Management Program in 2007. She also holds a Certificate in International Management from GE and attended the HENLEY Business School Advanced Management Program in United Kingdom.

Juniwati started her career in 1981 as a Chemist and had served 35 years in several positions at PETRONAS Group including Vice President & Venture Director of the Pengerang Integrated Complex, Vice President of Human Resource Management and Vice President of Education Division. Throughout her career, she has gained a wide range of hands-on experience in Refinery Operations, Project Management, Corporate Planning, Human Resource and Marketing & Trading.

At PETRONAS, she sat on the Board as chairman or member of several subsidiaries, both Core and Non-Core Business. She was also an Exco member of the Johor Petroleum Development Corporation.

She is currently a Director of Tenaga Nasional Berhad. She is also a member of Advisory Council for Yayasan Peneraju Pendidikan Bumiputera.

There was one Board meeting held since her appointment for the financial year ended 31 December 2017, which she has attended.

**Dato' Stewart** is a Member of the Institute of Engineers, Malaysia. He holds a Bachelor of Engineering (Hons) and Post Graduate Diploma in Business Studies from the University of Sheffield in United Kingdom.

Dato' Stewart was the Chief Executive Officer and Executive Director of Axis REIT Managers Bhd until December 2015. Axis REIT was the first Shariah compliant listed Industrial REIT in the world and the first REIT to be listed on Bursa Malaysia in August 2005. During that time, he worked to establish REITs as an important component of the capital markets in Malaysia. He spearheaded the formation of the Malaysian REIT Managers Association where he served as its Chairman for 5 years and is currently a Board Member of the Asia Pacific Real Estate Association (APREA).

He has over 40 years of experience in manufacturing, operations management, property development and REIT management. He is a prominent speaker on the subject of real estate investment and has presented numerous papers at conferences globally.

He currently serves as Executive Chairman of Area Management Sdn Bhd, the manager of the AREA Industrial Development Fund 1 which develops high grade industrial projects and estates in Malaysia.

He was also instrumental in the establishment of Alpha REIT, Malaysia's first unlisted Islamic REIT focused on Education assets, where he serves as Chairman of Alpha REIT Managers Sdn Bhd, the manager of Alpha REIT.

There was no Board meeting held since his appointment for the financial year ended 31 December 2017.

## BOARD OF DIRECTORS' PROFILE (CONT'D.)



### **EMILY KOK**

Independent Non-Executive Director

- 51, Female, Malaysian
- Appointed on 30 March 2018

**Emily Kok** holds a Master in Entrepreneurial Studies & Enterprise Innovation from Swinburne University of Technology, Australia and Bachelor of Science (Hons) in Mathematical and Information Sciences from La Trobe University, Australia. During the course of her professional development, Emily has attended INSEAD's executive education programmes.

Emily comes from a diverse background of venture capital, private equity, management and entrepreneurship. She has co-founded several businesses. Among these are Rentwise Sdn Bhd, Malaysia's only homegrown, privately held independent lessor specialising in operating leases of IT equipment to the corporate sector. She was CEO and Chairman, 2006 to 2011. Other businesses Emily has co-founded are in the IT, financial services and FMCG space.

Emily has more than 12 years in direct investment, a significant part of that with 3i Group plc as Vice President for the Asia Pacific region, 1998 to 2003, where she was part of the pioneering team establishing 3i's investment presence in Asia. Her portfolio ranged from new technology to brick and mortar in both b2b and b2c verticals.

She was on the Board of eALC advisors, an Asian regional company in digital lead generation for the financial services sector; Egraphon Technologies, a Singapore application development company designing interactive Front-End Sales processes for the financial and medical industries; and The Company of Extraordinary, a Singapore food-based company with import/export activities and a café.

Currently, Emily is with ICAN College, a health sciences and business college in Kuala Lumpur and on the Board of Tech365 Sdn Bhd, a startup in the cloud computing space.

#### 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 2017.

## KEY SENIOR MANAGEMENT'S PROFILE



### DATO' AZMIR MERICAN

Managing Director/Chief Executive Officer,  
UEM Edgenta Berhad

**Nationality** ■ Malaysian  
**Age** ■ 47  
**Gender** ■ Male

#### Date of Appointment:

1 August 2014

Please refer to his profile in the Board of the Directors' Profile on page 064.



### GRAEME WALWYN

Chief Operating Officer,  
UEM Edgenta Berhad

**Nationality** ■ British  
**Age** ■ 50  
**Gender** ■ Male

#### Date of Appointment:

2 October 2017

#### Academic/Professional Qualifications:

- Six Sigma Black Belt, Motorola University, Malaysia, 2008
- NVQ Level 5 in Operational Management, Oxford, Cambridge and RSA Examinations, United Kingdom, 1998
- B.A. Degree in Business Studies, Staffordshire University, United Kingdom, 1992
- H.N.C. Electrical/Electronic Engineering, Staffordshire University, United Kingdom, 1988

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

- Quicksilver Management Services Ltd

#### Working Experiences:

- September 2010 - September 2017: Director, Global Manufacturing and Engineering Processes. Quicksilver Management Services Ltd., Kuala Lumpur, Malaysia
- April 2005 - September 2010: Global Director of Continuous Improvement and Engineering Technology, Ansell Ltd., Shah Alam, Malaysia
- January 2000 - April 2005: Asian Operations Manager, Linatex Ltd., Kuala Lumpur, Malaysia
- June 1997 - December 1999: Production Manager, Country Seat Ltd., Shropshire, United Kingdom
- March 1995 - June 1997: Production Cell Manager, Fairey Industrial Ceramics Ltd., Staffordshire, United Kingdom
- September 1984 - March 1995: Various Engineerings & Manufacturings Roles, Michelin Tyres Plc., Staffordshire, United Kingdom



### MUHAMMAD NOOR ABD AZIZ @ HASHIM

Chief Financial Officer,  
UEM Edgenta Berhad

**Nationality** ■ Malaysian  
**Age** ■ 45  
**Gender** ■ Male

#### Date of Appointment:

21 August 2017

#### Academic/Professional Qualifications:

- Bachelor in Finance and Accounting (Hons) - University of Salford, United Kingdom
- Chartered Management Accountant with the Chartered Institute of Management Accountant, United Kingdom

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

- Pengurusan Lantias Berhad

#### Working Experiences:

- August 2015 - August 2017: Group Chief Financial Officer, POS Malaysia Berhad
- July 2013 - July 2015: Factory Operations Controller, Nestle Manufacturing (M) Sdn Bhd
- June 2012 - June 2013: Regional Business Unit Controller - Africa & Middle East, Wyeth Nutrition, Nestle Middle East FZE, Dubai, United Arab Emirates
- March 2009 - June 2012: Regional Cash and Corporate Finance Manager - Asia Pacific, Nestle Treasury Centre, Singapore
- November 2000 - February 2009: Management Accounting Manager, Nestle Products Sdn. Bhd.

**SITI AISHAH MD LASSIM**

Chief Human Resources Officer,  
UEM Edgenta Berhad

**Nationality** ■ Malaysian  
**Age** ■ 52  
**Gender** ■ Female

**Date of Appointment:**

2 October 2017

**Academic/Professional Qualifications:**

- Bachelor's and Master's Degree in Industrial Engineering, Texas A&M University, USA

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

- Nil

**Working Experiences:**

- January 2017 - September 2017: Advisor, Human Capital, Employees Provident Fund (EPF), Malaysia
- June 2015 - October 2016: Head, Diversity and Capability Programs, Talentcorp Berhad
- November 2008 - July 2011: Chief Human Resource Officer, Bursa Securities Malaysia Berhad
- March 2006 - October 2008: Executive Vice President, Group HR Head, Maybank Group
- January 2002 - February 2006: Vice President & Head Performance Management, Maybank Group
- June 2001 - December 2001: Head, Customer Care, SAP Malaysia Sdn Bhd
- August 1996 - March 2001: Senior Manager, Organisation & Methods, AmlInvestment Bank
- July 1991 - July 1996: Senior Consultant, Change Management, Accenture Malaysia

**CHIN CHI HAW**

Head, Infra Services,  
Executive Director,  
Edgenta PROPEL Berhad

**Nationality** ■ Malaysian  
**Age** ■ 59  
**Gender** ■ Male

**Date of Appointment:**

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:**

- January 2017 - Executive Director, Edgenta PROPEL Berhad
- 1988 - 2016: Various positions in Opus International (M) Berhad and involved in key iconic projects i.e. North South Expressway, Kuala Lumpur International Airport and National Sports Complex. 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)

**AHMAD ZAMRI SAID**

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

**Nationality** ■ Malaysian  
**Age** ■ 56  
**Gender** ■ Male

**Date of Appointment:**

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

## KEY SENIOR MANAGEMENT'S PROFILE (CONT'D.)



### CHAN CHEOW HONG

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

**Nationality** ■ Singaporean  
**Age** ■ 58  
**Gender** ■ Male

#### Date of Appointment:

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, Real Estate Services,  
UEM Edgenta Berhad

**Nationality** ■ Australian  
**Age** ■ 57  
**Gender** ■ Male

#### Date of Appointment:

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



### GANDHI SUPPIAH

Head, Asset Management, Asset Consultancy,  
Opus International (M) Berhad

**Nationality** ■ Malaysian  
**Age** ■ 51  
**Gender** ■ Male

#### Date of Appointment:

28 June 2017

#### Academic/Professional Qualifications:

- Master in Business Administration (MBA), Management and Finance, Merit, Durham University, 2017
- Master in Science, Computing & Engineering, Second Upper Class, Oxford Brookes University, 2002
- Bachelor's Degree, Civil Engineering, First Class Honours, University of East London, 1995
- Chartered Engineer (C. Eng), Fellow of Institution of Civil Engineering (FICE), United Kingdom
- Professional Engineer, Board of Engineers, Malaysia
- Chartered Manager (C. Mgr), Member of Chartered Managers Institute, United Kingdom

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

- Opus International (M) Berhad

#### Working Experiences:

- November 2015 - May 2017: Head of Technical Approval Manager, Transport for London, United Kingdom
- January 2014 - October 2015: Head of Design and Engineering, Falkland Islands Government, Falkland Islands
- July 2004 - December 2013: Technical Director, GSTC Engineering Limited, United Kingdom, Middle East and Malaysia
- 2003 - June 2004: Director of Engineering Best Practice Department of Trade and Industry, United Kingdom
- 2000 - 2002: Senior Consultant, Hyder Consulting, United Kingdom
- 1998 - 2000: Structures Associate Engineer, Mouchel Consulting, United Kingdom

**LOW CHEE YEN**

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

**Nationality** ■ Malaysian  
**Age** ■ 38  
**Gender** ■ Female

**Date of Appointment:**  
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 Operating Officer's 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

**MOHD RAZIF MOHD YUSOFF**

Head, Operational Excellence and Health, Safety,  
Security & Environment (HSSE),  
UEM Edgenta Berhad

**Nationality** ■ Malaysian  
**Age** ■ 50  
**Gender** ■ Male

**Date of Appointment:**  
16 October 2017

**Academic/Professional Qualification:**

- Bachelor of Engineering (Mechanical Engineering), Wollongong University Australia, 1991

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

- Nil

**Working Experiences:**

- March 2013 - August 2017: Global Safety Manager, Shell Global Solution International BV, Netherlands
- July 2012 - December 2012: General Manager, Shell Pakistan Limited, Karachi
- September 2017 - July 2012: Manager Health, Safety, Security and Environment - East Region, Shell

**CHIEW SIEW YUEN**

Head, Secretarial,  
UEM Edgenta Berhad

**Nationality** ■ Malaysian  
**Age** ■ 38  
**Gender** ■ Female

**Date of Appointment:**  
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

**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**

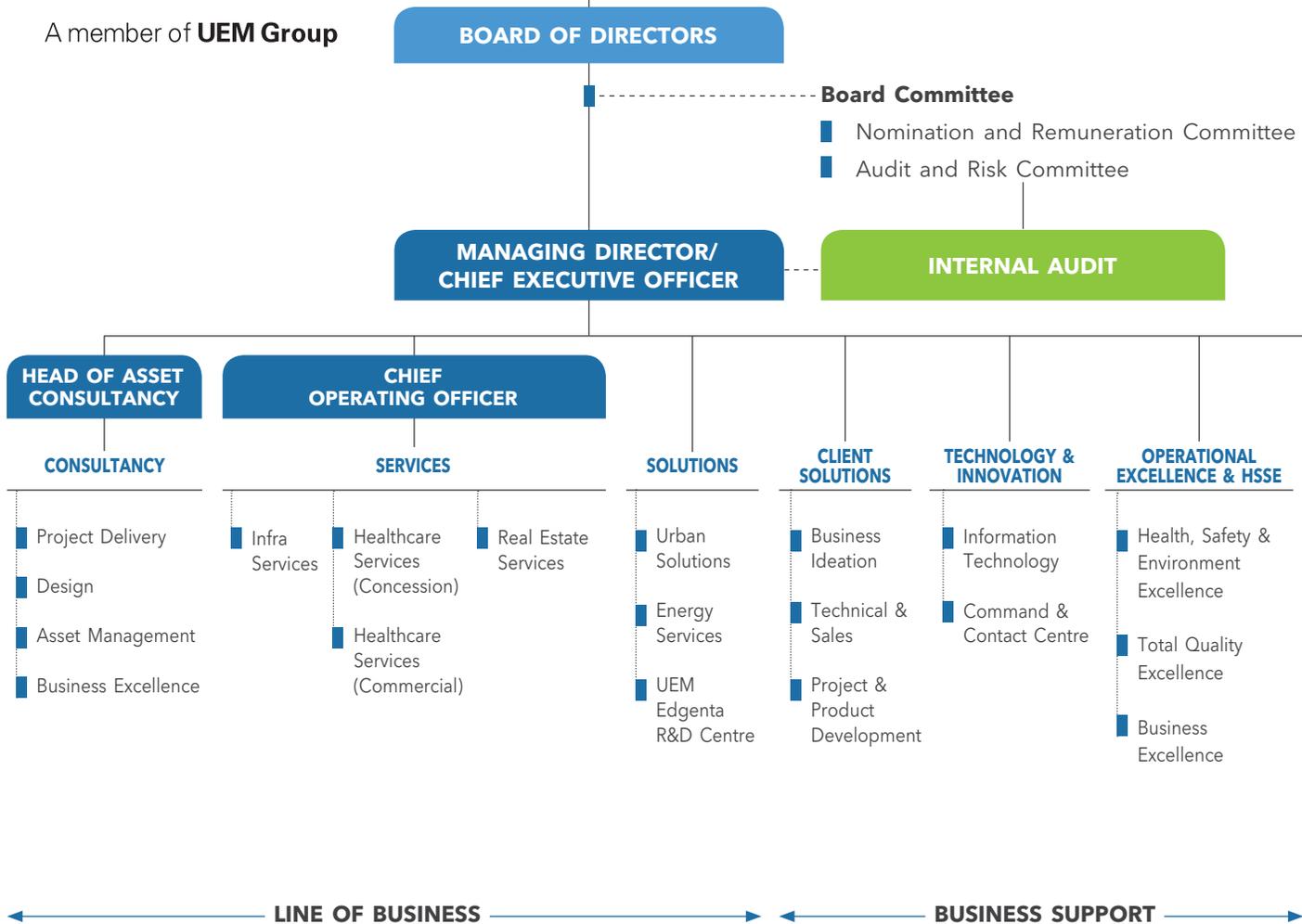
None of the Key Senior Management has any public sanction or penalty imposed on them by any regulatory bodies during the financial year ended 31 December 2017

# ORGANISATION STRUCTURE

As at 3 April 2018



A member of **UEM Group**

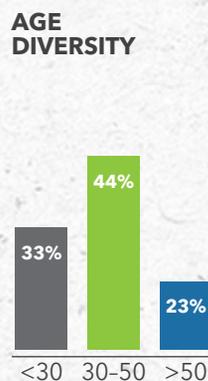


**NUMBER OF EMPLOYEES**  
**16,579**

**TOTAL STAFF BY EMPLOYMENT STATUS**  
**9,298** Permanent  
**7,281** Non-Permanent

**BY CATEGORY:**  
Management: **637**  
Executive: **1,627**  
Non-Executive: **14,315**

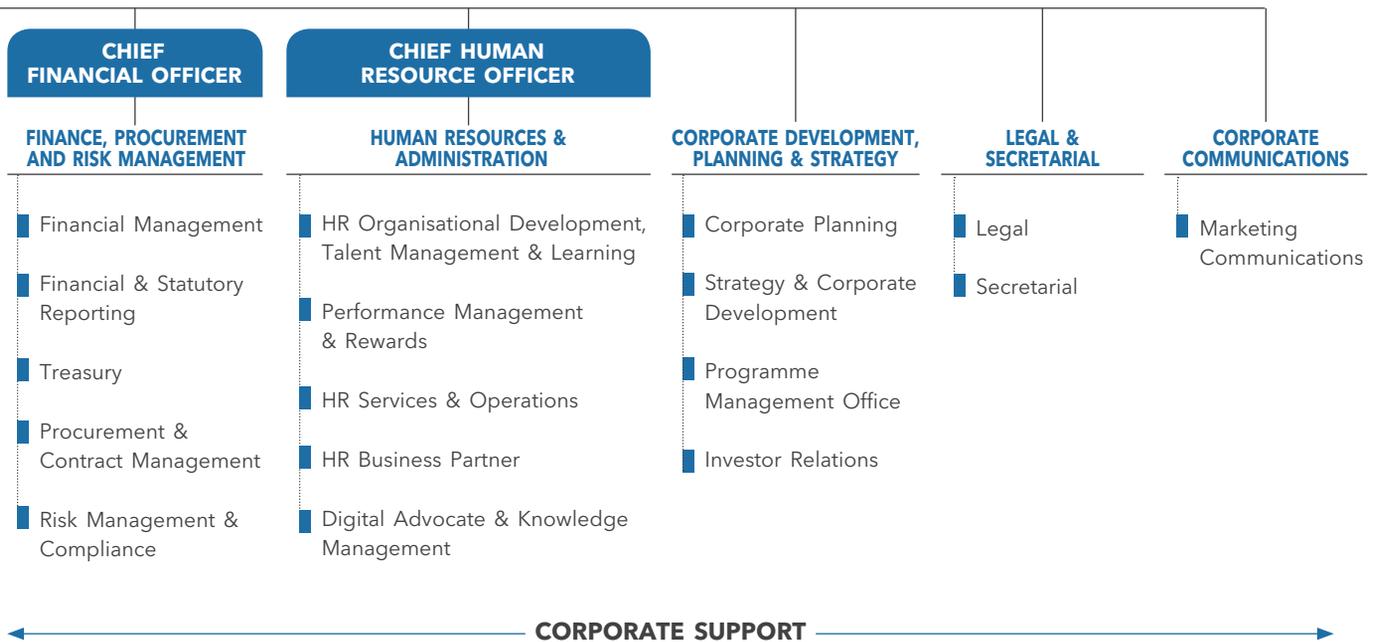
**GENDER DIVERSITY**  
Male: **55%**  
Female: **45%**



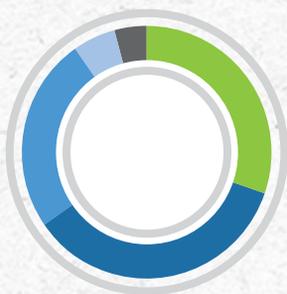
**FEMALE WORKFORCE**  
**21%** of Top Management are women  
**29%** of Management are women

**REVENUE PER EMPLOYEE COST**  
**3.2** times  
**VALUE ADDED & DISTRIBUTION PER EMPLOYEE**  
**1.4** times

*Only for continuing operations*

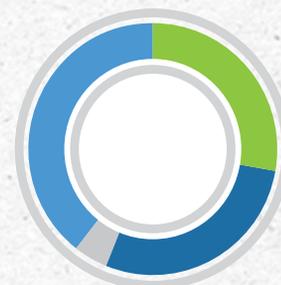
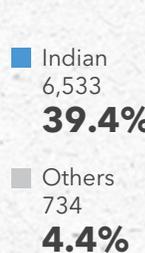


**NATIONALITY DIVERSITY**



■ Malaysian **30.4%** (5,038)  
 ■ India **35.2%** (5,830)  
 ■ Taiwan **25%** (4,146)  
 ■ Singapore **5.4%** (887)  
 ■ Other Nationality **4.1%** (678)

**EMPLOYEE BREAKDOWN BY ETHNICITY**



■ Malay **28.0%** (4,646)  
 ■ Chinese **28.1%** (4,666)  
 ■ Others **4.4%** (734)

# GROUP MILESTONES

## 2014

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



A member of UEM Group

## 2015

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



## 2015

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

## 2015

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





### 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

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.

### 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.



### 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.



## GROUP MILESTONES (CONT'D.)



### 2016

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

### 2016

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



### January 2017

Appointed to support Borneo Highway PDP Sdn Bhd, the Project Delivery Partner for Pan Borneo Highway Sabah.

### 2016

Successful establishment of PT Edgenta PROPEL Indonesia on 23 August.

### 2016

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



### 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.

**UEMS**  
PROPERTY AND FACILITY  
MANAGEMENT SERVICES

A member of 



### July 2017

Established Performance-Based Contracting (“PBC”) framework for network management and maintenance of North-South Expressway.

### December 2017

Project win for the provision of Integrated Facilities Management for six (6) CIMB buildings.

### June 2017

Project win for the provision of Hospital Support Services to National Cancer Institute.



### December 2017

Completed disposal of 61.2% equity stake in Opus International Consultants Ltd (“OIC”) which marks UEM Edgenta’s exit from the water sector and consultancy business in five (5) countries.

### December 2017

Execution of a Heads of Terms with PLUS Malaysia Berhad (“PLUS”) on PBC.



## 2017 EVENT HIGHLIGHTS



### 3 JANUARY 2017 1

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

### 5 JANUARY 2017

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



### 11-13 JANUARY 2017

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



### 12 JANUARY 2017 2

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

### 20 JANUARY 2017

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

### 11 FEBRUARY 2017 3

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

### 16-18 FEBRUARY 2017 4

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



4



5

### 27 FEBRUARY 2017 5

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

### 17 MARCH 2017

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

### 26 MARCH 2017 6

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



6

### 28 MARCH 2017 7

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

### 13 APRIL 2017

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

### 28 APRIL 2017

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



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## 2017 EVENT HIGHLIGHTS (CONT'D.)



1



2



3



4

### 12 MAY 2017

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

### 22 MAY 2017 1

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

### 23 MAY 2017 2

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

### 25 MAY 2017 3

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

### 30 MAY 2017

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

### 5 JULY 2017

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

### 10 JULY 2017 4

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



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### 15 JULY 2017

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

### 27 JULY 2017 5

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

### 31 JULY 2017

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



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### 3 AUGUST 2017 6

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

### 14 AUGUST 2017

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

## 2017 EVENT HIGHLIGHTS (CONT'D.)

### 23 AUGUST 2017 **1**

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

### 26 AUGUST 2017 **2**

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

### 7 SEPTEMBER 2017 **3**

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

### 25 SEPTEMBER 2017

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



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### 26 SEPTEMBER 2017

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

### 27 SEPTEMBER 2017 **4**

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



### 9 OCTOBER 2017 5

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

### 11-13 OCTOBER 2017 6

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

### 13-14 OCTOBER 2017 7

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

### 16 OCTOBER 2017 8

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



## 2017 EVENT HIGHLIGHTS (CONT'D.)



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### 17 OCTOBER 2017 1

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

### 1 NOVEMBER 2017 2

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

### 2 NOVEMBER 2017 3

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

### 5 NOVEMBER 2017 4

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

### 6 NOVEMBER 2017 5

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

### 25 NOVEMBER 2017 6

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



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### 27 NOVEMBER 2017

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

### 4 DECEMBER 2017

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

### 6 DECEMBER 2017 7

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

### 22-23 DECEMBER 2017 8

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



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# MEDIA HIGHLIGHTS

## PRINT MEDIA

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

**PETALING JAYA:** UEM Edgenta Bhd has signed an agreement for the issuance of RM1 billion value programme financing to rebalance its capital and general corporate expansion.

The Islamic Commercial Papers (ICP) Programme and Islamic Medium Term Notes (IMTN) Programme have been assigned preliminary ratings of MAAC/AA- by Malaysian Rating Corp Bhd with a stable outlook.

"This includes capital expenditure to push forward our new strategic focus in our three key business divisions,

encompassing consultancy, solutions and services provider operating in Singapore, Taiwan and Malaysia. It services major public and private healthcare entities and recently partnered with Microsoft Malaysia to further develop Smart Facilities Management Solutions.

HSBC Amanah Malaysia Bhd and Maybank Investment Bank Bhd are the joint lead arrangers and joint lead managers, together with CIMB Investment Bank Bhd as joint lead managers.

### OIC STAKE DISPOSAL

## UEM Edgenta to trim borrowings with proceeds

**PETALING JAYA:** UEM Edgenta Bhd plans to use the bulk of proceeds from the sale of its 61.2 per cent stake in New Zealand-based Opus International Consultants Ltd (OIC) to reduce borrowings.

UEM Edgenta's shareholders yesterday approved the stake disposal to WSP Global Inc for RM328.6 million, or NZ\$5.92 (RM5.84) per OIC share.

The disposal is expected to be completed by year-end.

The company has estimated a disposal gain of RM292.3 million on a consolidated basis.

UEM Edgenta chief executive officer Datuk Azmir Merican said the disposal would enable the company to strengthen its balance sheet and embark on the

next phase of growth.

About RM415.2 million from the total proceeds would be used to repay debt within six months, reducing UEM Edgenta's gross gearing significantly to 0.38 times from 0.79 times.

The company's total outstanding borrowings is at RM1.2 billion while its net gearing will be reduced to 0.25 times.

Azmir said UEM Edgenta would no longer be exposed to OIC's overseas operations, particularly in Canada and Australia.

"The disposal also represents an opportunity for us to unlock the value of our equity interest in OIC," he said after UEM Edgenta's extraordinary general meeting, here, yesterday. **Aylin Yusof**

## UEM Edgenta catat pendapatan RM117.2j

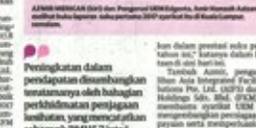
**DAUNBARU YAMMARIBAN**  
umedgenta.com.my

■ KUALA LUMPUR 25 MEI

UEM Edgenta Bhd, UEM Edgenta mengumumkan pengumuman dalam pengumuman tahunan kepada RM117.2 juta bagi suku perniagaan 2017 berbanding RM66.5 juta yang dicatatkan pada tahun lalu.

Pengarah Urusan dan Ketua Pegawai Eksekutif UEM Edgenta, Azmir Merican berkata, pendapatan tahunan catat meningkat walaupun pendapatan per unit masih rendah RM412 juta berbanding RM262 juta pada tahun sebelumnya.

Katanya, peningkatan pendapatan disebabkan peningkatan bahagian perkhidmatan perkhidmatan (FMS) dan perkhidmatan penyelesaian (BEMS).



AFIRMASI (DARI KIRI) dan Pengarah UEM Edgenta, Azmir Merican Azmir Merican menerima sambutan semasa persidangan AGM tahunan UEM Edgenta.

## UEM Edgenta tumpu tiga teras



**KUALA LUMPUR:** UEM Edgenta Bhd akan memfokuskan kepada tiga teras utama strateginya iaitu perkhidmatan penyelesaian (FMS), perkhidmatan penyelesaian (BEMS) dan perkhidmatan penyelesaian (FMS).

UEM Edgenta Bhd mengumumkan bahawa ia akan memfokuskan kepada tiga teras utama strateginya iaitu perkhidmatan penyelesaian (FMS), perkhidmatan penyelesaian (BEMS) dan perkhidmatan penyelesaian (FMS).

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

**BY CHONG JIN WEI**

**KUALA LUMPUR:** UEM Edgenta Bhd is selling its 61.2% stake in New Zealand-based Opus International Consultants Ltd at a higher price at NZ\$4.92 (RM5.86) a share, after the buyer stepped up its offer.

UEM Edgenta told Bursa Malaysia yesterday that Canada-based WSP Global Inc raised its Opus offer price to NZ\$4.92, which it declared an additional dividend of seven New Zealand cents a share under a variation notice.

"Based on 90.511615 OIC (Opus) shares held by OICZ (Opus International) (NZ) Ltd, an indirect wholly-owned subsidiary of UEM Edgenta as at the date of this announcement, and the total amount receivable of NZ\$4.92 per OIC share, the total proceeds to be received by OICZ will be NZ\$173.8

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

**KUALA LUMPUR:** UEM Edgenta Bhd (UEMED) had on Sept 1, received the takeover offer from WSP Global, for the purchase of its 61.2 per cent stake in Opus International Consultancy Ltd (OIC).

The takeover offer document was received by OIC on Aug 30 following the waiver by WSP Global of the due-diligence pre-condition contained in the lock-up agreement.

To recap, on Aug 14, UEMEd announced its proposed disposal of the 61.2 per cent equity stake or 90.51 million ordinary shares in its New Zealand-based subsidiary, OIC, following a notice of intention received from WSP Global Inc.

The disposal, it said, was an opportunity for the group to monetise its investment upfront at a healthy premium over the current market price, and enables it to reduce the gross gearing to 0.4 times from 0.8 times.

It was reported that WSP will purchase OIC shares for NZ\$1.79 per OIC share totalling NZ\$283.2 million or RM423.6 million. — Bernama

## UEM前線獲7550萬服務合約

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

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

## UEM Edgenta perkukuh sektor teras

**Hasil jualan saham OIC lunas hutang**

**Uthmaniyah Faisal Mohamad**  
umedgenta.com.my

UEM Edgenta Bhd akan memperkukuh sektor teras utamanya iaitu perkhidmatan penyelesaian (FMS), perkhidmatan penyelesaian (BEMS) dan perkhidmatan penyelesaian (FMS).



**2 November 2017**  
Empowered by Islamic Finance

**Dati Kati Azmir**, **Amir Hamzah** dan Ketua Pegawai Eksekutif UEM Edgenta, **Muhammad Saif** selepas sidang rasmi di Peringkat PLUS Kuala Lumpur, semalam.

## Memorial Tribute to Hussein Onn's legacy

**KUALA LUMPUR:** The memory of Malaysia's first prime minister will live on for future generations to see and experience, following the opening of the Tun Hussein Onn Memorial here.

The memorial showcases his story into a reality. He said Hussein had grasped these principles to maintain in-

## UEM EDGENTA COMPLETES RM300M SUKUK ISSUANCES

**PETALING JAYA:** UEM Edgenta Bhd has completed the issuances of RM50 million in nominal value of Islamic commercial papers (ICPs) and RM250 million in nominal value of Islamic medium-term notes (IMTNs). In a filing with Bursa Malaysia yesterday, it said the proceeds raised from the ICPs and IMTNs will be used for its syariah-compliant general corporate purposes. The ICPs and IMTNs, which were issued under an ICP programme and IMTN programme respectively, have a tenor of 12 months and five years respectively.

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

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

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

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

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

BLOGS



UEM Edgenta: Awarded the 2017 Malaysia Infrastructure as a Service Provider of the Year by Frost & Sullivan at the 13th annual Malaysia Excellence Awards

Opus Majority Shareholder UEM Edgenta Approves WSP Offer

Friday, 3 November 2017, 10:33 am
Press Release: Opus International Consultants

Opus Majority Shareholder UEM Edgenta formally approves WSP offer

Opus International Consultants Limited (Opus) has today announced that the Effective Offer Price of \$1.02 in cash per share by WSP NZ Acquisition Limited (WSP) was formally approved by its majority shareholder UEM Edgenta Berhad, at its AGM on Thursday 2 November.

The percentage of Opus shareholders who have accepted the offer now amounts to 88.95%. The offer period remains open for acceptance until 11.59pm on 27 November 2017, unless extended in accordance with the New Zealand Takeover Code.

In the event WSP achieves acceptance from holders of 95% of Opus Shares it will be entitled to enact compulsory acquisition provisions to effect a full takeover of Opus, subject to first obtaining approval from the Overseas Investment Office (OIO) for the acquisition.

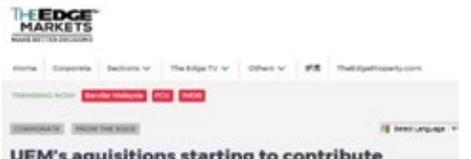
ONLINE MEDIA



UEM Edgenta's evolution from the FTSE listed Bursa Malaysia (280983) index - which has in part contributed to its recent share price decline - may well be a temporary setback, as the total asset solution provider will also continue to work the situation. According to UEM Edgenta CEO Azmir Merican, the company is already actively testing of value options to address its current as well as to restate its position in the respective investment arena.



UEM Edgenta gets RM6.8m engineering services job from Malaysia Airlines
UEM Edgenta has secured a RM6.8 million engineering services contract from Malaysia Airlines (M) Berhad (MAB) for the overhaul and maintenance of the Boeing 737-800 aircraft. The contract is for a period of 12 months, starting from 1st October 2017.



UEM's acquisitions starting to contribute
The company business is also expected to improve significantly this year, in addition to the expected positive results from treasury management services (under our new asset class) which was established in 2016, he adds.

SOCIAL MEDIA



UEM EDGENTA - LAGI SAMA PENSTRUKTURAN SEMULA DIPERIKSA (26 MEI 2017)



LinkedIn post by UEM Edgenta Berhad featuring Azmir Merican.



Microsoft Asia: UEM Edgenta partners with @MYMicrosoft for #cloud-based digital initiatives



YouTube video: UEM EDGENTA HAS CONFIRMED THAT

UEM Edgenta mulling special dividend



Facebook post: UEM Edgenta mulling special dividend

## AWARDS AND RECOGNITION

7 MARCH 2017

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

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

**Awarded by**

SGS United Kingdom Ltd.



13 APRIL 2017

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

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

**Awarded by**

Frost & Sullivan Malaysia



8 MAY 2017

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

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



**Awarded by**

MERCOM INC, USA



12 MAY 2017

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

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

**Awarded by**

National Environment Agency Singapore



22 MAY 2017

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

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

**Awarded by**

BrandLaureate



7 SEPTEMBER 2017

### Excellent Hospital Support Award

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

**Awarded by**

Ministry of Health Malaysia



27 JULY 2017

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

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

**Awarded by**

Malaysian Association of Risk and Insurance Management (MARIM)



26 SEPTEMBER 2017

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

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

**Awarded by**

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



## 31 OCTOBER 2017

**Healthcare Supplier Awards 2017**

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

**Outstanding Productivity**

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

**Outstanding Continuous Improvement**

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

**Outstanding Productivity**

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

**Merit Continuous Improvement**

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

**Outstanding Innovation**

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

**Merit Continuous Improvement**

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



**Awarded by**

Singapore National Healthcare Group

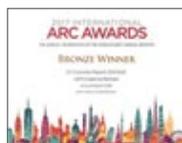
## 11 OCTOBER 2017

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

Bronze Winner Interior Design: Diversified Business

**Awarded by**

MERCOM INC, USA



## 20 NOVEMBER 2017

**Excellent Hospital Support Services Award**

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

**Awarded by**

Ministry of Health Malaysia



## 6 DECEMBER 2017

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

**Awarded by**

Minority Shareholder Watchdog Group



## PAST AWARDS AND RECOGNITION

### 14 APRIL 2016

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

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

#### Awarded by

Frost & Sullivan Malaysia

### 11 MAY 2016

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

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

#### Awarded by

New Civil Engineer (NCE) United Kingdom

### JUNE 2016

#### FTSE4Good Bursa Malaysia Index

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

#### Awarded by

Bursa Malaysia Securities Berhad

### 8 SEPTEMBER 2016

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

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

#### Awarded by

Malaysia Productivity Corporation (MPC)

### 6 OCTOBER 2016

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

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

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

#### Awarded by

ASEAN Energy Management Scheme (AEMAS)

### 4 NOVEMBER 2016

#### Commercial Project Leadership Award

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

#### Awarded by

Malaysia Green Building Confederation (MGBC)

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

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

**Awarded by**

Bursa Malaysia Securities Berhad

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

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

**Awarded by**

Frost & Sullivan Asia Pacific

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

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

**Awarded by**

Construction Industry Development Board (CIDB)

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

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

**Awarded by**

Forbes Media LLC.

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

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

**Awarded by**

Malaysian Productivity Corporation

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# SUSTAINABILITY STATEMENT

## OUR SUSTAINABILITY COMMITMENT

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

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

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

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

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

## OUR APPROACH TO SUSTAINABILITY

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

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

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



### OPTIMISING ASSETS (ECONOMIC)

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

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



### DEPLOYING TECHNOLOGY (ENVIRONMENTAL)

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

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



### IMPROVING LIVES (SOCIAL)

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

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

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

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

## SUSTAINABILITY STATEMENT (CONT'D.)

### ABOUT SUSTAINABILITY DISCLOSURES

#### Scope

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

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

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

#### Governance

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

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

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

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

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

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

**Stakeholder Engagement**

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

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

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

**Material Topics of Interest**

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

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

In 2017, we followed these steps in determining materiality:

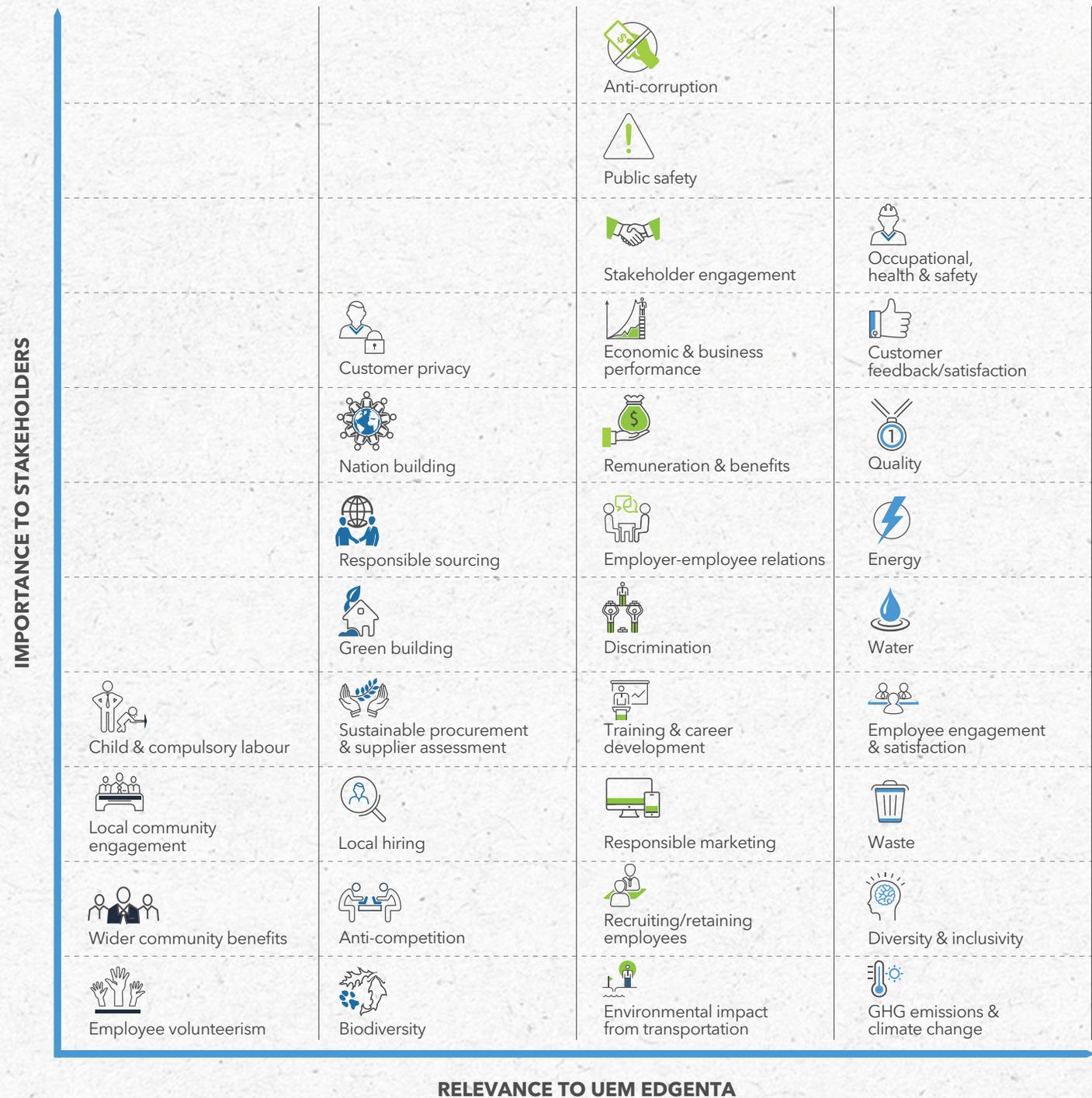
- 1** Data analysis from various customer and stakeholder touch points as indicated in Stakeholder Engagement and Materiality Table below.
- 2** Benchmarking with the data from Stakeholders Materiality Survey 2016\*\*.
- 3** Board and Top Management level deliberations on materiality assessment as against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

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

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

## SUSTAINABILITY STATEMENT (CONT'D.)

### UEM EDGENTA MATERIALITY INDEX



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

### Stakeholder Engagement & Materiality Table

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

## SUSTAINABILITY STATEMENT (CONT'D.)

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

The list of engagement platforms is not comprehensive

### Disclosure and External Assurance

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



## ECONOMIC IMPACT [MARKETPLACE]

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



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

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

### Clients & Partners

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

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

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

## SUSTAINABILITY STATEMENT (CONT'D.)

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

### CERTIFICATIONS

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

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

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

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

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

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

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

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

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

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

### Value/Supply Chain

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

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

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

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

**3,216**  
APPROVED VENDORS

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

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

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

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

### E-sourcing

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



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

### Vendor Development Programme (“VDP”)

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

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

|  |  |  |
|--|--|--|
| <p>A TOTAL OF<br/><b>RM 278</b> million</p> <p>WORTH OF CONTRACTS, WHICH CONSTITUTES 45% OF SUB-CONTRACT VALUE, WERE AWARDED TO BUMIPUTRA CONTRACTORS IN 2017.</p> | <p>WE ORGANISED FOUR<br/><b>TRAINING PROGRAMMES</b><br/>ON QUALITY STANDARDS AS PART OF THE VDP PROGRAMME FOR OUR VDP VENDORS.</p> <hr/> <p>NURTURED<br/><b>11</b> selected Bumiputera vendors</p> | <p><b>4 VDP VENDORS RECEIVED TOP PERFORMER AWARDS</b><br/>AT THE BUMIPUTERA EMPOWERMENT AGENDA APPRECIATION CEREMONY</p> <hr/> <p><b>FINE MARGIN SDN BHD</b><br/>OUR FIRST VENDOR RECEIVED ITS ISO CERTIFICATION UNDER VDP</p> |
|--|--|--|

To date, we have nurtured and extended the benefit of our professional networks and project opportunities to eleven (11) selected Bumiputera vendors.



## SUSTAINABILITY STATEMENT (CONT'D.)

### Online Vendor Registration

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

### Responsible Sourcing

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

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

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



### United Against Corruption

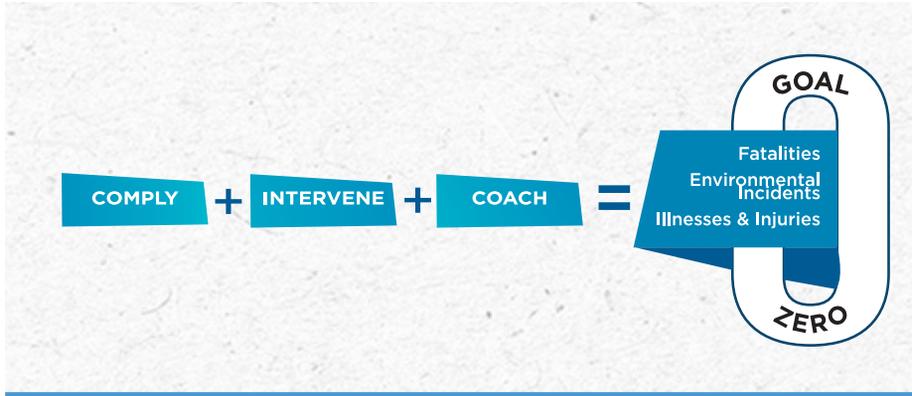
UEM Edgenta, together with UEM Group of Companies, reaffirmed positive action against corruption and towards good governance by taking the Corruption-Free Pledge with the Malaysian Anti-Corruption Commission ("MACC") at Mercu UEM on 4 December 2017.

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

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

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

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



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

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

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

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

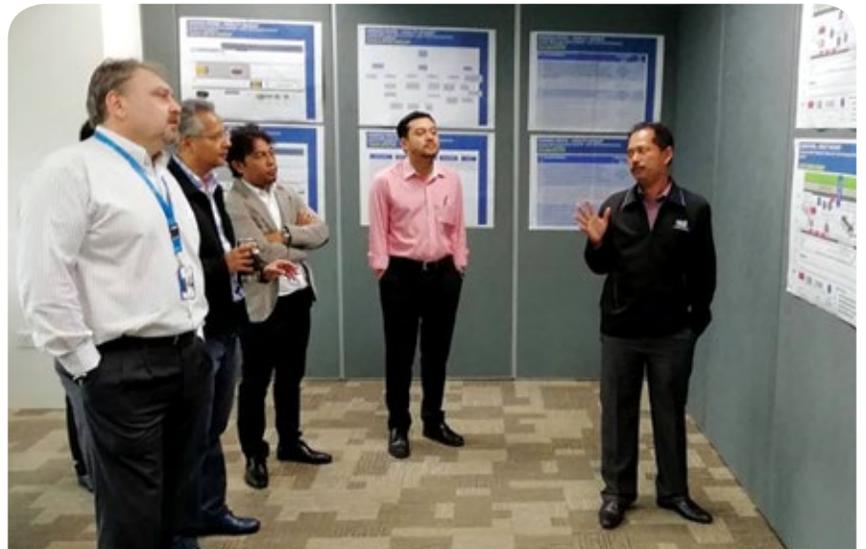
During the year, we have developed the HSSE Masterplan 2018-2020 and HSSE Management Systems. We decided to re-look into our operations and in moving

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

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

The strategy will be implemented by approaching HSSE via:

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



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

## SUSTAINABILITY STATEMENT (CONT'D.)

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

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

### UEM Edgenta's Safety Performance

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

### Thought Leadership & Industry Contributions:

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

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



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



## ENVIRONMENTAL IMPACT [ENVIRONMENT]

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



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

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

### ENVIRONMENTAL STEWARDSHIP

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

### RENEWABLE ENERGY IS CLEAN ENERGY

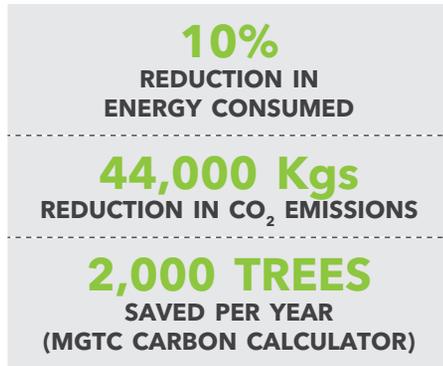
UEM Edgenta harnesses solar energy from panels installed on the roof of Menara UEM. Unlike fossil fuels, solar energy is renewable as it is obtained from inexhaustible sources. Renewable energy is:

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

### TECHNOLOGY TO IMPROVE ENERGY EFFICIENCIES AT MENARA UEM

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

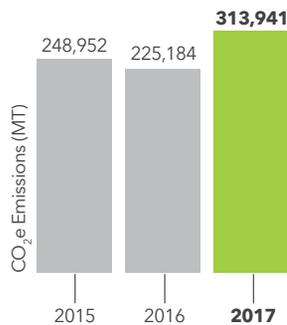
## SUSTAINABILITY STATEMENT (CONT'D.)



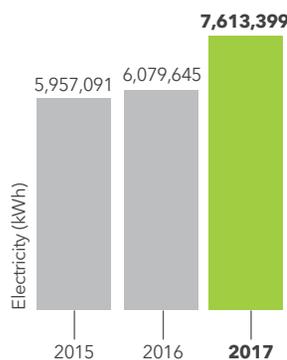
### WATER MANAGEMENT

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

### UEM Edgenta Water Consumption



### UEM Edgenta Electricity Consumption



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

**UEM Edgenta Safety Bag**

**Each vehicle is equipped with these items :**

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

### RESPONSIBLE FLEET MANAGEMENT

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

## EMISSIONS & WASTE MANAGEMENT

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

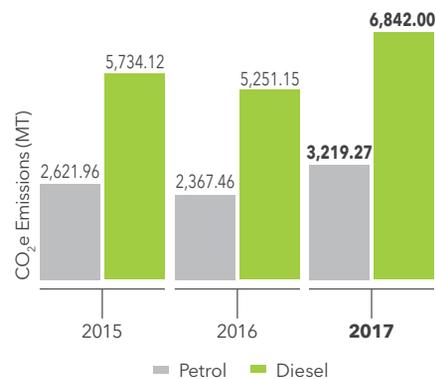
| Scope   | Category                     | Indicators Measured |
|---------|------------------------------|---------------------|
| Scope 1 | Direct GHG Emissions         | Petrol & Diesel     |
| Scope 2 | Indirect GHG Emissions       | Electricity         |
| Scope 3 | Other Indirect GHG Emissions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

### Scope 1

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

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

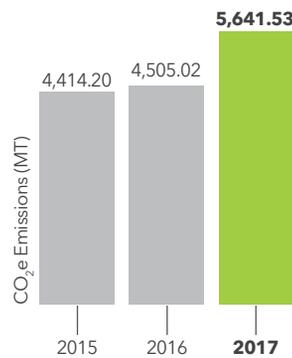
#### CO<sub>2</sub>e Emissions from Petrol and Diesel



### Scope 2

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

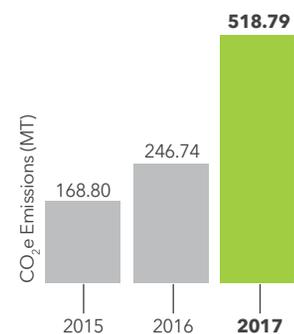
#### CO<sub>2</sub>e Emissions from Electricity



### Scope 3

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

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



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

Waste from 32 hospitals at Northern States of Peninsular Malaysia

## SUSTAINABILITY STATEMENT (CONT'D.)

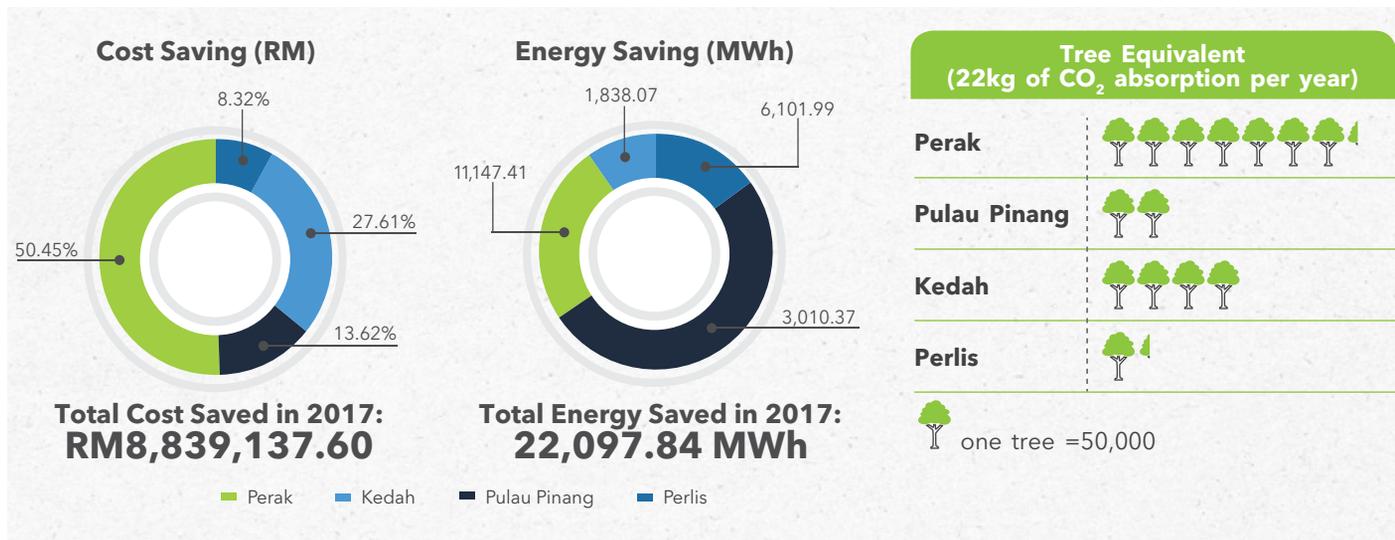
### Environmental Management at Project Sites

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

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

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

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



### BANGUNAN PERDANA PUTRA

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

### GOVERNMENT HOSPITALS

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

 SOCIAL IMPACT

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



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

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

**DIVERSITY FOR GROWTH**

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

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



## SUSTAINABILITY STATEMENT (CONT'D.)

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

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

### CONTINUOUS LEARNING AND DEVELOPMENT

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

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

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

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

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



**RM 9.5 million**

ON EMPLOYEES TRAINING AND DEVELOPMENT INITIATIVES

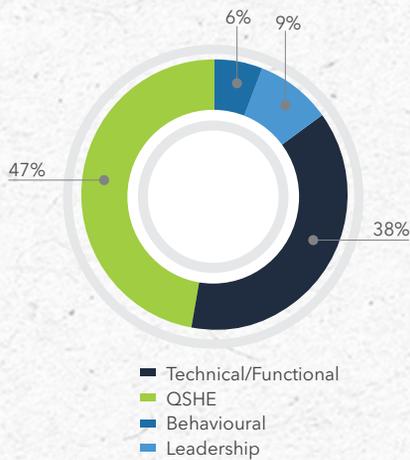
**Delivered  
14,342**

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

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

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

**2017 Training Programmes by Categories**



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

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

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

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



EDGETalk Programme - The Art of Consultancy

**EDGE20**

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

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

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

## SUSTAINABILITY STATEMENT (CONT'D.)

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



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



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



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



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



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



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

## PROMOTING WORK-LIFE BALANCE

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

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

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

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



Launch of Mother's Room on 15 June 2017

## EMPLOYEE ENGAGEMENT

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

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

### Aligning with Leadership

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

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



UEM Edgenta townhall and roadshow (northern)

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

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

### Celebrating Talent and Diversity

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



Pink October (Breast cancer awareness)

## SUSTAINABILITY STATEMENT (CONT'D.)



Little India's Booth competition



SEMARAK RAYA 2017: Dodol and Buka Durian Competition

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

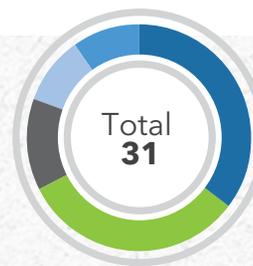
Meanwhile, we also organised the Administrative Appreciation Day on 26 April 2017 to recognise 21 administrative assistants, who are frontliners of our top management offices. This programme included a series of training programmes on Empowerment Learning, Personal Learning, and Workplace Productivity.

### Enriching Future Pipelines

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

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

### YEP/YGP Programmes Completion



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

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



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

### Top 2 Specialisation



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



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

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



YEP/YGP Experiencing Command & Contact Centre at UEM Edgenta



#### Muhamad Shukri Bin Abd Wahab

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

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

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



#### Farah Haniza Binti Mirza Safri

Young Engineers Programme, Edgenta Energy Projects Sdn Bhd

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

### Encouraging Educational Excellence

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

## SUSTAINABILITY STATEMENT (CONT'D.)

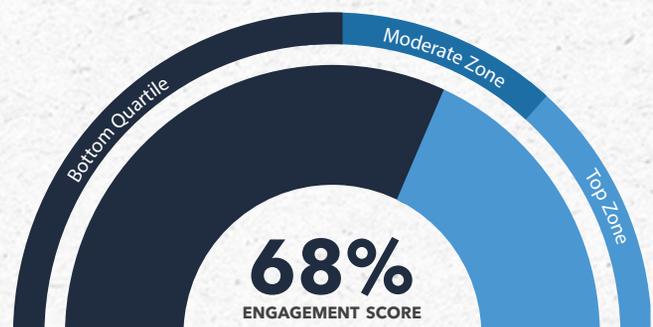
### EMPLOYEE ENGAGEMENT SURVEY ("EES")

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

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



Overall 2015 **66%** | Overall 2016 **77%** | Overall 2017 **68%**



**Employee' Data (Malaysia Operations)**

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

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

## SUSTAINABILITY STATEMENT (CONT'D.)

### Inspiring Ideas through Ideazone

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

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

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

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



### Meritocracy and Performance

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

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

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

### Connecting Communities with UEM Edgenta

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

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

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

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

## CONTRIBUTIONS TO THE COMMUNITY

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

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

### EDUCATION

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

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

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

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

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

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

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

#### PINTAR School Adoption Programme

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

## SUSTAINABILITY STATEMENT (CONT'D.)



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

### UEM Edgenta's Six Adopted Primary Schools

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

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



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

### Donation of Provisions to Underprivileged Students

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

### Providing the Means for Quality Education

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

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



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



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



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

### Promoting STEM Talent & Inspiring Innovation

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

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

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

## SUSTAINABILITY STATEMENT (CONT'D.)

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

### Community Involvement: Leadership by Example

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

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



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

### Zakat Contributions

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

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



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

### Fisabilillah Contributions in 2017

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

**PRODUCT RESPONSIBILITY STATEMENT:**

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

**TOTAL ASSET LIFE CYCLE**

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

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

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

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

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

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

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

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

## SUSTAINABILITY STATEMENT (CONT'D.)

### TOTAL QUALITY MANAGEMENT

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

### TOTAL PRODUCT INNOVATION

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

The main objectives of PRC include:

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

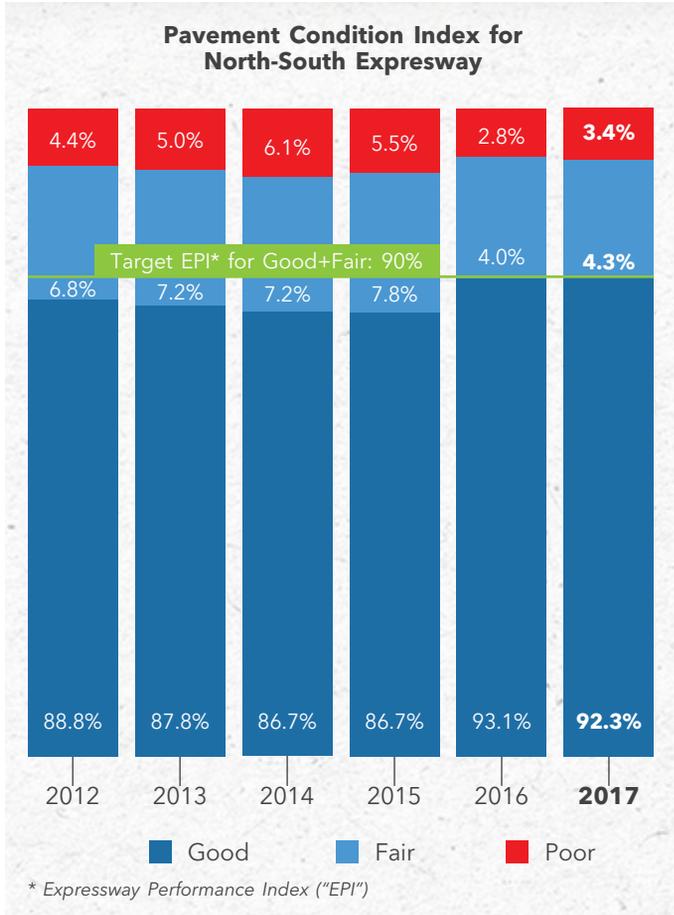
### ENHANCING THE ECONOMIC LIFE OF PAVEMENT ASSETS

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

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



UEM Edgenta Research & Development Centre at Bukit Beruntung



### TOTAL CLIENT SATISFACTION

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

#### UEM Edgenta's Client Satisfaction Score

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

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

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

## SUSTAINABILITY STATEMENT (CONT'D.)



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

### DRIVING EXCELLENCE IN HEALTHCARE

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

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

### PRODUCT SAFETY

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

### CUSTOMER PRIVACY

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

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

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

**HUMAN RIGHTS STATEMENT:**

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

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

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

**During the year under review:**



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



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



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



**Governance of Human Rights:**

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

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

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

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

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

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

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

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

## A. BOARD LEADERSHIP AND EFFECTIVENESS

### 1. BOARD RESPONSIBILITIES

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

### Board Composition and Succession Planning

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

### Recruitment and Appointment of Directors

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

### Remuneration of Directors

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

### Board Effectiveness Evaluation

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

### Recruitment and Appointment of Senior Management

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

### Remuneration for UEM Edgenta Group

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

### Governance/Policy

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

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

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

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

### Board Tender Committee ("BTC")

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

### Continuing Education Programmes

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

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

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

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

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

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

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

## 2. BOARD COMPOSITION

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

|  | Details   |                     |                     |   |           | Status                                     |
|--|---|---------------------|---------------------|---|-----------|--|
|  | Independent   |                     | Non-Independent     |   |           |  |
| Independent Directors<br>(Practice 4.1 - Majority Independent) | 5   |                     | 4                   |   |           | 56%  |
| Gender<br>(Practice 4.5 - 30% women directors)                 | Male<br> |                     |                     | Female<br> |           | 33%  |
| Age  | Below 50 years  | 50 to 60 years      | 61 to 70 years      | 70 years above  |           | (average age)<br>59                        |
|  | 1   | 4                   | 3                   | 1   |           |  |
| Tenure on Board  | Less than 1 year  | Between 1 - 5 years | Between 6 - 8 years | Above 8 years   |           | (independent directors above 9 years)<br>0 |
|  | 3   | 4                   | 1                   | 1   |           |  |
| Ethnicity/<br>Nationality                                      | Malay   | Chinese             | Others              | Malaysian   | Foreigner | n/a  |
|  | 5   | 2                   | 2                   | 9   | 0         |  |

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

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

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

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

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

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

### 3. REMUNERATION

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

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

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

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

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

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

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

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

## B. EFFECTIVE AUDIT AND RISK MANAGEMENT

### 1. AUDIT COMMITTEE

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

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

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

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

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

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

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

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

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

### 2. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

#### Effective Risk Management and Internal Control Framework

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

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

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

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

#### 1. COMMUNICATION WITH STAKEHOLDERS

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

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

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

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

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

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

#### 2. CONDUCT OF GENERAL MEETINGS

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

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

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

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

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

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

## RESPONSIBILITY OF THE BOARD

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

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

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

## MAIN FEATURES OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

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

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

### Board and Board Committees

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

### General Management Committee

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

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

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

### Risk Management Committee

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

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

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

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

### Company Values

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

### Policies and Procedures

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

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

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



A member of UEM Group

#### Edgenta PROPEL Berhad

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



A member of UEM Group

#### Opus International (M) Berhad

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



A member of UEM Group

#### Edgenta Mediserve Sdn Bhd

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



A member of UEM Group

#### Edgenta Environmental & Material Testing Sdn Bhd

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

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

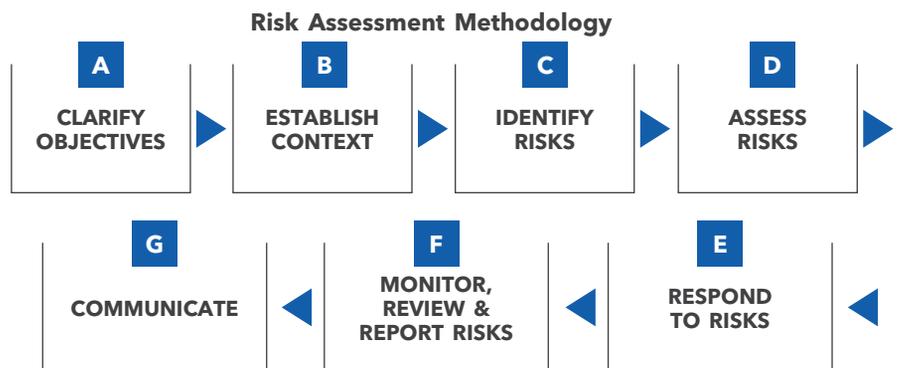
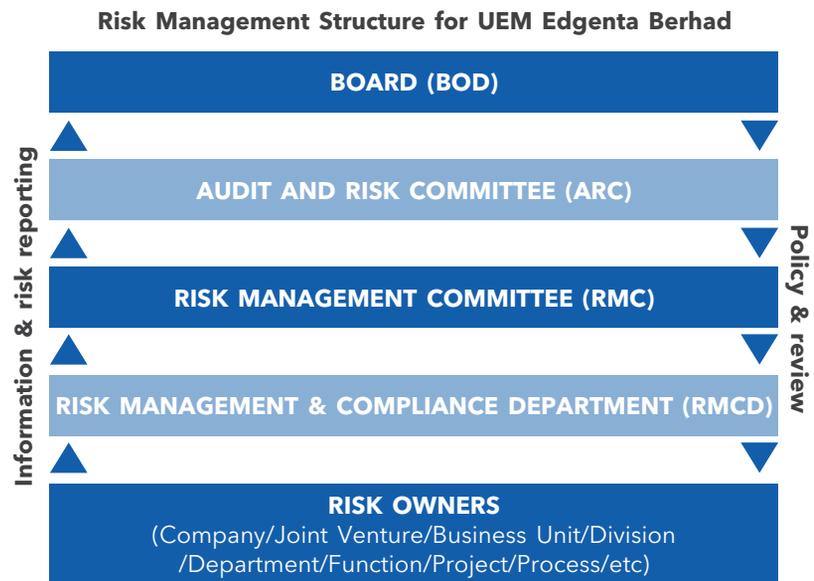
## Risk Management

### Risk Management Framework

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

- The key features of RMF are:

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



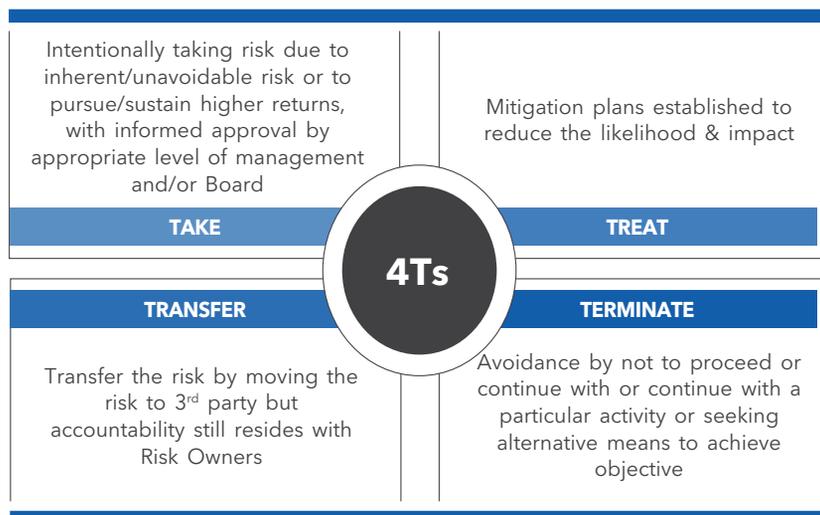
- The RMF has been communicated to staff of relevant levels and will be reviewed for continuous improvement.

### Risk Management Approach

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

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

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



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

### *Risk Identification Process*

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

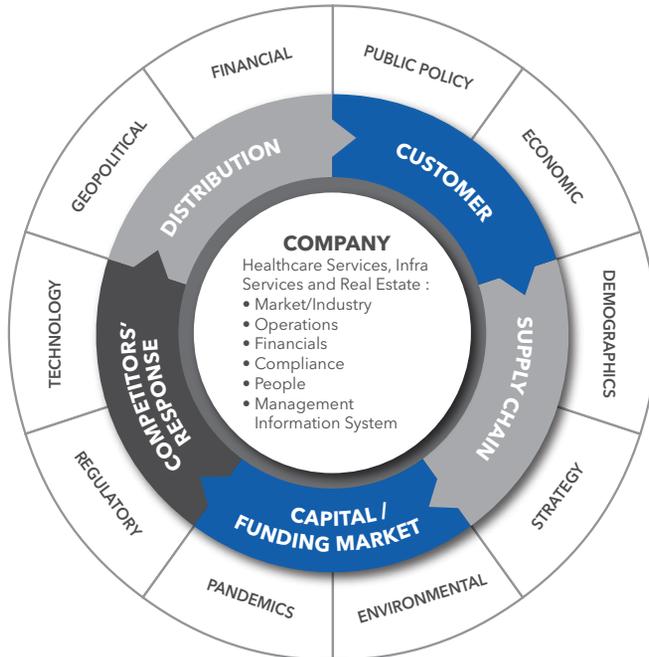
- Risk waterfall is a systematically identify the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> order effects of each risk event; link some of the events into cascades:
  - a) 1<sup>st</sup> Order Effects:  
Effects that have a direct impact on financial performance.
  - b) 2<sup>nd</sup> order Effects: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

### *Summary of Risk Management Activities*

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

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

### Watch for Interdependent & Cascading Risk Drivers



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

#### Organisational Structure

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

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

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

#### Annual Business Plan and Strategies

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

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

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

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

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

#### Employee's Authority and Responsibility

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

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

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

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

### Discretionary Authority Limits

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

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

### Procurement

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

### Insurance on Assets

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

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

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

### Business Continuity Management ("BCM")

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

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

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

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

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

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

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

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

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

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

#### Development of Recovery Strategy:

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

#### Development of BC Plan:

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

#### Call Tree Exercise:

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

### Human Resources Management

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

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

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

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

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

### Management Information System ("MIS")

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

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

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

### Disaster Recovery Planning

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

### Internal Audit

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

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

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

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

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

### Corporate Social Responsibility

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

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

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

### ASSURANCE FROM MANAGEMENT

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

### REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

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

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

### CONCLUSION

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

# AUDIT AND RISK COMMITTEE REPORT

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

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

## COMPOSITION

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

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

The members of ARC are as follows:-

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

\* Member of the Malaysian Institute of Accountants

^ Member of the Malaysian Institute of Certified Public Accountants

## MEETINGS

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

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

## SUMMARY OF WORK OF THE ARC

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

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

### A. Financial Statements and Corporate Governance

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

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

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

### B. Internal Audit

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

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

### C. Risk Management

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

### D. External Audit

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

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

## INTERNAL AUDIT FUNCTION

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

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

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

### Activities

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

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

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

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

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

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

## ADDITIONAL COMPLIANCE INFORMATION

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

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

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

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

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

### UTILISATION OF PROCEEDS

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

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

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

**NON-AUDIT FEES**

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

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

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

**MATERIAL CONTRACTS**

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

**REVALUATION POLICY**

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

**RECURRENT RELATED PARTY TRANSACTIONS**

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

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

# FINANCIAL STATEMENTS

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# DIRECTORS' REPORT

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

## PRINCIPAL ACTIVITIES

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

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

## RESULTS

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

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

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

## DIRECTORS' REPORT (CONT'D.)

### DIVIDENDS

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

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

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

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

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

### DIRECTORS

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

Amir Hamzah bin Azizan

Dato' Azmir Merican bin Azmi Merican\*

Dato' Mohd Izzaddin bin Idris\*

Tan Bun Poo

Dr. Saman @ Saimy bin Ismail

Elakumari a/p Kantilal

Juniwati Rahmat Hussin

Dato' George Stewart LaBrooy

Mohd Shahazwan bin Mohd Harris

Zailah binti Tun Dr Ismail Al-Haj

(appointed on 1 October 2017)

(appointed on 1 December 2017)

(resigned on 23 June 2017)

(demised on 21 July 2017)

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

**DIRECTORS (CONT'D.)**

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

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

## DIRECTORS' REPORT (CONT'D.)

### DIRECTORS (CONT'D.)

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

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

Directors of subsidiaries that have been disposed during the year:

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

## DIRECTORS' BENEFITS

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

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

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

## DIRECTORS' INTEREST

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

## HOLDING COMPANY

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

## OTHER STATUTORY INFORMATION

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

## DIRECTORS' REPORT (CONT'D.)

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

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

### SIGNIFICANT EVENTS

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

### AUDITORS AND AUDITORS' REMUNERATION

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

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

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

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

**Amir Hamzah bin Azizan**

**Dato' Azmir Merican bin Azmi Merican**

## STATEMENT BY DIRECTORS

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

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

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

**Amir Hamzah bin Azizan**

**Dato' Azmir Merican bin Azmi Merican**

## STATUTORY DECLARATION

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

I, Muhammad Noor bin Abd Aziz @ Hashim, being the officer primarily responsible for the financial management of UEM Edgenta Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 170 to 313 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly  
declared by the abovenamed  
Muhammad Noor bin Abd Aziz @ Hashim  
at Kuala Lumpur in the Federal Territory  
on 21 March 2018

**Muhammad Noor bin Abd Aziz @ Hashim**

Before me,

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

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

(Incorporated in Malaysia)

## Report on the audit of the financial statements

### *Opinion*

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

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of their financial performance and their cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### *Basis for opinion*

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

### *Independence and other ethical responsibilities*

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

### *Key audit matters*

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

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

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

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

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

(a) Impairment assessment of goodwill

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

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

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

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

#### Our audit response

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

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

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

(Incorporated in Malaysia)

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

*Key audit matters (cont'd.)*

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

(b) Revenue recognition on consultancy contract services

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

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

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

Our audit response

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

We selected key projects and performed the followings:

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

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

(a) Impairment assessment of investment in a subsidiary

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

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

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

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

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

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

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

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

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

#### Our audit response

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

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

#### *Information other than the financial statements and auditors' report thereon*

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

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

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

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

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

(Incorporated in Malaysia)

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

#### *Responsibilities of the directors for the financial statements*

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

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

#### *Auditors' responsibilities for the audit of the financial statements*

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

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

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

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

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

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

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

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

**Report on other legal and regulatory requirements**

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

**Other matters**

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

Ernst & Young  
AF: 0039  
Chartered Accountants

Kuala Lumpur, Malaysia  
21 March 2018

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

# INCOME STATEMENTS

For the year ended 31 December 2017

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

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

# STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

|  | Note  | Group           |                | Company        |                |
|--|-------|-----------------|----------------|----------------|----------------|
|  |       | 2017<br>RM'000  | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| <b>Profit after tax</b>  |       | <b>434,760</b>  | 46,572         | <b>1,224</b>   | 226,382        |
| <b>Other comprehensive (loss)/income</b>   |       |                 |                |                |                |
| <i>From continuing operations:</i>   |       |                 |                |                |                |
| <i>Other comprehensive loss to be reclassified to profit or loss in subsequent periods:</i>              |       |                 |                |                |                |
| Exchange differences on translation of foreign operations  |       | <b>(34,545)</b> | (775)          | -              | -              |
| <i>Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:</i> |       |                 |                |                |                |
| Remeasurement gain on Retirement Benefit Scheme  | 25    | <b>58</b>       | 54             | -              | -              |
| Remeasurement loss on Defined Benefit Pension Scheme   | 26    | <b>(160)</b>    | (78)           | -              | -              |
| Tax impact on remeasurement loss   | 10    | <b>(14)</b>     | (13)           | -              | -              |
|  |       | <b>(116)</b>    | (37)           | -              | -              |
| Total other comprehensive loss from continuing operations  |       | <b>(34,661)</b> | (812)          | -              | -              |
| <i>From discontinued operation:</i>  |       |                 |                |                |                |
| <i>Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:</i>     |       |                 |                |                |                |
| Exchange differences on translation of foreign operations  |       | <b>(12,531)</b> | 7,084          | -              | -              |
| Tax impact on translation of foreign operations  | 10    | <b>2,781</b>    | (735)          | -              | -              |
| Cummulative exchange differences reclassified to profit or loss upon disposal                            | 17(a) | <b>(30,720)</b> | -              | -              | -              |
| Net (loss)/gain on hedge of net investment   |       | <b>(14,250)</b> | 11,928         | -              | -              |
| Tax impact on hedge of net investment  | 10    | <b>3,989</b>    | (3,340)        | -              | -              |
|  |       | <b>(50,731)</b> | 14,937         | -              | -              |

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

For the year ended 31 December 2017

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

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

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2017

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

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

As at 31 December 2017

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

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

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

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

# STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2017

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

## Attributable to owners of the parent

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

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

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

For the year ended 31 December 2017

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

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

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

# STATEMENTS OF CASH FLOWS

For the year ended 31 December 2017

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

**STATEMENTS OF CASH FLOWS (CONT'D.)**

For the year ended 31 December 2017

|  | Group          |                 | Company        |                |
|--|----------------|-----------------|----------------|----------------|
|  | 2017<br>RM'000 | 2016<br>RM'000  | 2017<br>RM'000 | 2016<br>RM'000 |
| <b>Cash flows from financing activities</b>                            |                |                 |                |                |
| Proceeds from issuance of ordinary shares to non-controlling interests | 15,814         | 1,654           | -              | -              |
| Finance lease repayment  | (986)          | (626)           | -              | -              |
| Drawdown of borrowings   | 337,389        | 602,104         | 300,000        | 418,062        |
| Repayment of borrowings  | (552,211)      | (29,317)        | (467,030)      | (20,722)       |
| Dividends paid   | (124,744)      | (122,025)       | (124,744)      | (122,025)      |
| Dividends paid to non-controlling shareholders of subsidiaries         | (1,408)        | -               | -              | -              |
| Withdrawal/(placement) of fixed deposits                               | 66,676         | (61,802)        | 61,619         | (61,619)       |
| Cash flows from discontinued operation                                 | (36,304)       | (116,372)       | -              | -              |
| Net cash flows (used in)/generated from financing activities           | (295,774)      | 273,616         | (230,155)      | 213,696        |
| <b>Net (decrease)/increase in cash and cash equivalents</b>            | <b>(5,295)</b> | <b>(18,430)</b> | <b>62,755</b>  | <b>2,228</b>   |
| Net foreign exchange difference  | (18,068)       | 12,849          | -              | -              |
| Cash and cash equivalents at beginning of year                         | 512,161        | 517,742         | 24,522         | 22,294         |
| <b>Cash and cash equivalents at end of year (Note a)</b>               | <b>488,798</b> | <b>512,161</b>  | <b>87,277</b>  | <b>24,522</b>  |
| (a) Cash and cash equivalents comprise:                                |                |                 |                |                |
| Cash in hand and at banks  | 200,091        | 245,017         | 4,912          | 5,417          |
| Fixed deposits with licensed banks                                     | 309,131        | 334,993         | 82,365         | 80,724         |
| Fixed deposits with other financial institutions                       | 10,860         | 60,000          | -              | -              |
| Cash, bank balances and deposits (Note 24)                             | 520,082        | 640,010         | 87,277         | 86,141         |
| Less: Fixed deposits on lien   | (14,804)       | (16,034)        | -              | -              |
| Less: Fixed deposits pledged   | (15,547)       | (4,809)         | -              | -              |
| Less: Cash and fixed deposit restricted in usage                       | (933)          | (77,117)        | -              | (61,619)       |
| Less: Bank overdrafts (Note 28)  | -              | (29,889)        | -              | -              |
|  | <b>488,798</b> | <b>512,161</b>  | <b>87,277</b>  | <b>24,522</b>  |

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 1. CORPORATE INFORMATION

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

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

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

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

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

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

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

### 2.2 Changes in accounting policies

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

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

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

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

For the year ended 31 December 2017

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

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

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

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

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

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

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

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

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

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

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

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

##### Companies Act 2016

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

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

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

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

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

### 2.3 Standards issued but not yet effective

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

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

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

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

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

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

(a) Assessment and planning phase

This phase involves the following:

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

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

(b) Implementation and review phase

This phase aims to:

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

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

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

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

For the year ended 31 December 2017

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

#### 2.4 Summary of significant accounting policies

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

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

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

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

- (i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its involvement with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

##### (ii) Subsidiaries

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

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

For the year ended 31 December 2017

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

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

##### (b) Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

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

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

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

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

##### (c) Joint arrangements

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

##### (i) Joint ventures

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

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

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

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

##### (ii) Joint operations

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

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

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

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

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

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

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

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

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

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

For the year ended 31 December 2017

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

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

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

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

##### (f) Intangible assets

###### (i) Goodwill

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

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

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

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

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

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

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

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

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

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

##### (ii) Other intangible assets

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

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

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

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

##### Customer contracts and relationships

Customer contracts and relationships acquired through business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied. The finite useful life of customer contracts and customer relationships are assessed to be ranging from 10 to 15 years and 5 to 10 years respectively. Amortisation is charged on a straight line basis and the expense is recognised in the income statement.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.4 Summary of significant accounting policies (cont'd.)

##### (f) Intangible assets (cont'd.)

##### (ii) Other intangible assets (cont'd.)

###### Software

Software that do not form an integral part of the related hardware have been reclassified as intangible assets. Software is considered to have finite useful lives, are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products between 3 and 5 years. Impairment is assessed whenever there is an indication of impairment and amortisation period and method are also reviewed at least at each reporting date.

###### Research and development costs

Research and development costs are recognised as an expense except that costs incurred on individual development project are recognised as development asset to the extent that such expenditure is expected to generate future economic benefits. Development costs are only recognised as an asset when it is probable that future economic benefits will be realised as a result of the specific expenditure and the costs can be measured reliably.

Following the initial recognition of the development expenditure, the asset is carried at cost less accumulated amortisation and accumulated impairment losses. Policy for the recognition and measurement of impairment loss is in accordance with Note 2.4(i). Any impairment loss recognised shall not be reversed in subsequent periods even if there are changes to the circumstances or events that led to the impairment. These costs are derecognised when they are disposed of or when no future economic benefit is expected from the disposal.

Development costs that have been capitalised are amortised over the period of expected future economic benefits from the related project.

##### (g) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress is not depreciated as these assets are not available for use. Capital work-in-progress relates to the installation of new machinery and renovation of a research and development centre.

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

|                        |             |
|------------------------|-------------|
| Leasehold land         | 1% - 2.4%   |
| Buildings              | 1.8% - 2.2% |
| Plant and equipment    | 5% - 50%    |
| Furniture and fittings | 10% - 20%   |
| Motor vehicles         | 20%         |
| Computers              | 20% - 33%   |

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.4 Summary of significant accounting policies (cont'd.)

#### (g) Property, plant and equipment (cont'd.)

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

#### (h) Land held for property development and property development costs

##### (i) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

##### (ii) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statements by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the income statements over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the income statements is classified as progress billings within trade payables.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.4 Summary of significant accounting policies (cont'd.)

##### (i) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

##### (j) Inventories

Inventories are stated at lower of cost and net realisable value.

Cost of consumables which is determined on the weighted average basis, comprise cost of purchase of inventories.

Cost of property held for resale is determined on the specific identification basis and include cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

Net realisable value is the estimated selling price in ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.4 Summary of significant accounting policies (cont'd.)

#### (k) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

#### (i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss consist of short term unquoted unit trust.

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

#### (ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

#### (iii) Held-to-maturity investments

The Group and the Company do not have any financial assets classified as held-to-maturity.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.4 Summary of significant accounting policies (cont'd.)

##### (k) Financial assets (cont'd.)

##### (iv) Available-for-sale financial assets

Available-for-sale financial assets consist of non-current unquoted share held for sale and marketable securities. Available-for-sale financial assets are financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's rights to receive payment are established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

##### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.4 Summary of significant accounting policies (cont'd.)

#### (I) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

#### (i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

#### (ii) Unquoted instruments carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

#### (iii) Available-for-sale financial assets

For available-for-sale financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. When there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss - is removed from OCI and recognised in the statement of profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.4 Summary of significant accounting policies (cont'd.)

##### (m) Accrued billing/Billing in advance

###### (i) Accrued billing

Accrued billing is recognised either on percentage of completion or time-charge basis, whichever is applicable to the terms of the contract. The percentage of completion is estimated based on actual costs incurred over the expected total cost of the contract.

Accrued billing is reviewed on a regular basis for impairment and provision made for any irrecoverable amounts.

###### (ii) Billing in advance

This represents amounts where customers have been invoiced ahead of the work being undertaken.

##### (n) Cash, bank balances and short-term deposits

Cash, bank balances and short-term deposits in the statements of financial position comprise cash at banks and on hand.

For the purpose of the statements of cash flows, cash and cash equivalents consist of cash, bank balances and short-term deposits with a maturity of three months or less with financial institutions, which are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

##### (o) Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

##### (p) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

###### (i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.4 Summary of significant accounting policies (cont'd.)

#### (p) Financial liabilities (cont'd.)

##### (ii) Other financial liabilities

The Group's and the Company's other financial liabilities include trade and other payables, loans and borrowings and financial guarantee contracts.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

Put option issued to non-controlling interests by the Group over its own equity gives rise to financial liability measured at the present value of the estimated redemption amount. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to the equity.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

#### (q) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### (r) Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as forward currency contracts, cross currency profit rate swap and interest rate swaps, to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into, and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.4 Summary of significant accounting policies (cont'd.)

##### (r) Derivative financial instruments and hedge accounting (cont'd.)

###### Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

##### (s) Leases

###### As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

##### (t) Discontinued operation

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding the finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the sale will be withdrawn. Management must be committed to the plan to sell the asset and the sale is expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.4 Summary of significant accounting policies (cont'd.)

#### (t) Discontinued operation (cont'd.)

A disposal group qualifies as discontinued operation if it is a component of the Group that is a CGU or a group of CGUs that either is classified as held for sale or has been disposed of and represents a major line of business or major geographical area.

Discontinued operation is excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operation in the statement of profit or loss.

#### (u) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

#### (v) Income tax

##### (i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

##### (ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.4 Summary of significant accounting policies (cont'd.)

##### (v) Income tax (cont'd.)

##### (ii) Deferred tax (cont'd.)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

##### (iii) Goods and Service Tax ("GST")

The net amount of GST being the difference between output and input of GST, payable to or receivable from the respective authorities at the reporting date, is included in trade and other payables or trade and other receivables in the statements of financial position.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.4 Summary of significant accounting policies (cont'd.)

#### (w) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### (x) Employee benefits

##### (i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

##### (ii) Long term incentives plan

Long term incentives are granted to eligible employees subject to meeting the pre-determined financial performance and value growth targets of the Group over a vesting period of 3 years.

Liability arising from long term incentives is measured and reviewed at each reporting date, based on the management's estimates on the achievement of the pre-determined targets, and it is recognised as an expense over the performance period of 3 years.

##### (iii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in profit or loss as incurred. As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF").

##### (iv) Defined benefit plan

The Group's subsidiaries operate defined benefit pension schemes for its eligible employees. The benefit is unfunded. A liability or asset is recognised when there is a shortfall or surplus in a defined benefit pension scheme, being the difference between the fair value of the scheme assets and liabilities as determined by an independent actuary. Actuarial gains and losses are recognised in full in other comprehensive income at the time of valuation. Such actuarial gains and losses are also immediately recognised in retained earnings and are not reclassified to profit or loss in subsequent periods. The cost of providing benefits under this plan is determined using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine the current service cost) and to the current and prior periods (to determine the present value of the defined benefit obligation) and is based on actuarial advice. The current service cost is charged to profit or loss. Past service costs are recognised in profit or loss on a straight-line basis over the vesting period or immediately if benefits have vested.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.4 Summary of significant accounting policies (cont'd.)

##### (x) Employee benefits (cont'd.)

###### (iv) Defined benefit plan (cont'd.)

A charge representing the unwinding of the discount on the plan liabilities during the year is included in profit or loss as administrative expenses. A credit representing the expected return of the plan assets during the year is also included within administrative expenses. This credit is based on the market value of the plan assets and expected rates of return at the beginning of the year.

##### (y) Foreign currencies

###### (i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

###### (ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

###### (iii) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.4 Summary of significant accounting policies (cont'd.)

#### (y) Foreign currencies (cont'd.)

##### (iii) Foreign operations (cont'd.)

The principal exchange rates used for every unit of foreign currency ruling at the reporting date are as follows:

|                                   | <b>2017</b> | <b>2016</b> |
|-----------------------------------|-------------|-------------|
|                                   | <b>RM</b>   | <b>RM</b>   |
| United Kingdom Pound (GBP)        | <b>5.47</b> | 5.52        |
| United States Dollars (USD)       | <b>4.05</b> | 4.49        |
| United Arab Emirates Dirham (AED) | <b>1.10</b> | 1.22        |
| Indian Rupees (INR)               | <b>0.06</b> | 0.07        |
| New Zealand Dollars (NZD)         | <b>2.88</b> | 3.12        |
| Saudi Arabian Riyal (SAR)         | <b>1.08</b> | 1.20        |
| Canadian Dollars (CAD)            | <b>3.22</b> | 3.33        |
| Australian Dollars (AUD)          | <b>3.16</b> | 3.24        |
| Singapore Dollars (SGD)           | <b>3.03</b> | 3.10        |
| Taiwan New Dollar (TWD)           | <b>0.14</b> | 0.14        |
| Indonesian Rupiah (IDR'000)       | <b>0.30</b> | 0.33        |

#### (z) Income recognition

##### Revenue recognition

##### (i) Revenue from services rendered

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the revenue can be measured reliably. The following specific recognition criteria must also be met before revenue is recognised:

##### Consultancy

Fees on project management services are recognised upon performance and when no significant uncertainty exists regarding the fees that will be derived from the projects.

Revenue on consultancy contracts services are calculated as the proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Profits on consultancy contracts services are recognised as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated to reflect the proportion of the work carried out at the year end, by recording revenue and related costs as contract activity progresses. Revenue derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.4 Summary of significant accounting policies (cont'd.)

##### (z) Income recognition (cont'd.)

##### Revenue recognition (cont'd.)

##### (i) Revenue from services rendered (cont'd.)

##### Services

The Group provides integrated facilities management services to public and private healthcare institutions and for a range of buildings types from institutional to retail, offices, educational institutions as well as homes.

##### (1) Healthcare

The Group provides healthcare support services to the public hospital in the Northern zone of Malaysia encompassing the states of Perlis, Kedah, Pulau Pinang and Perak. The services provided are clinical waste management, cleansing, laundry and linen, facilities engineering maintenance and biomedical engineering maintenance. The Group also provides healthcare facilities management, housekeeping and patient management services to various private healthcare institutions in Malaysia, Singapore and Taiwan.

These services are generally provided as a fixed priced contract and revenue is recognised in the period the services are rendered.

##### (2) Infrastructure

The Group provides maintenance service and repair of civil, mechanical and electrical works on roads, infrastructure and expressways works.

Revenue for routine maintenance is recognised based on fixed sum contract and is generally recognised in the period services are rendered. Revenue for non routine maintenance service and repair is recognised upon performance of work and services, and is based on schedule of rates approved by customer when the outcome of the claims can be determined with reasonable certainty.

##### (3) Real estate

The Group provides various facilities management including infrastructure, building and ground maintenance to commercial customers. These services are provided on a time and material basis or as a fixed-priced contract, with contract terms generally ranging from one (1) year to three (3) years.

Revenue from these services is recognised in the period the services are rendered.

##### Solutions

The Group also provides green technology and sustainability services in retro-fitting works of buildings followed by a period in which the Group maintains and services the infrastructure. In such contracts, revenue from the retro-fitting works is accounted for by the percentage of completion method. The percentage of completion is measured by reference on the proportion of contract costs incurred for work performed to date over the estimated total contract costs.

Revenue from the maintenance and servicing of the infrastructure subsequent to the retro-fitting is recognised in the period the services are rendered.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.4 Summary of significant accounting policies (cont'd.)

#### (z) Income recognition (cont'd.)

##### Revenue recognition (cont'd.)

##### (i) Revenue from services rendered (cont'd.)

###### Property development

Revenue from sale of property development is accounted for using the percentage of completion method as described in Note 2.4(h)(ii).

Revenue from sale of completed property units is recognised upon transfer of risk and rewards.

###### Others

##### (i) Management fees

Management fees for services provided to entities within the Group are recognised on an accrual basis.

##### (ii) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

##### Other income recognition

##### (i) Rental income

Rental income is recognised on a straight-line basis over the term of the lease.

##### (ii) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

#### (aa) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 43, including the factors used to identify the reportable segments and the measurement basis of segment information.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.4 Summary of significant accounting policies (cont'd.)

##### (ab) Contingencies

A contingent liability is:

- (i) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (ii) A present obligation that arises from past events but is not recognised because:
  - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statement of financial positions of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

##### (ac) Fair value measurement

The Group measures financial instruments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.4 Summary of significant accounting policies (cont'd.)

#### (ac) Fair value measurement (cont'd.)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

### 2.5 Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

#### (a) Judgement

There are no critical judgements made by management in the process of applying the Group's accounting policies that may have significant effects on the amounts recognised in the financial statements.

#### (b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

##### (i) Consultancy

The Group recognised a significant portion of its revenue and profit on consultancy contract services based on the percentage of completion, calculated by reference to the proportion of costs incurred to date against the total expected costs for the contracts. Full provision is made for losses on all contracts when they are first foreseen. Significant estimates are applied especially in determining the total expected costs for the contracts in order to reliably estimate the percentage of completion.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.5 Significant accounting judgements and estimates (cont'd.)

##### (b) Key sources of estimation uncertainty (cont'd.)

###### (ii) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the 'value in use' of the CGU to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the CGU and also to determine suitable discount and growth rates in order to calculate the present value of those cash flows. The carrying amounts of goodwill at 31 December 2017 was RM533.6 million (2016: RM740.4 million). Further details are disclosed in Note 16.

###### (iii) Impairment of investment in subsidiaries

The Company determines whether investment in subsidiaries is impaired when there is an indication of impairment. This requires an estimation of the 'value in use' of the investment in subsidiaries. Estimating a value in use amount requires management to make an estimate of the expected future cash flows and also to determine suitable discount and growth rates in order to calculate the present value of those cash flows. The carrying amounts of investment in subsidiaries at 31 December 2017 was RM1,918.0 million (2016: RM2,029.9 million). Further details are disclosed in Note 17.

###### (iv) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 21.

###### (v) Income taxes

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.5 Significant accounting judgements and estimates (cont'd.)

#### (b) Key sources of estimation uncertainty (cont'd.)

##### (vi) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The deferred tax assets amounting to RM14.5 million (2016: RM51.6 million) are mainly related to subsidiaries of which management are confident that it would be probable for the related subsidiaries to generate future taxable profits.

If the Group was able to recognise all unrecognised deferred tax assets, profit and equity would have increased by RM8.9 million (2016: RM5.9 million). Further details are disclosed in Note 31.

##### (vii) Deferred consideration payable

Deferred consideration payable arose from the acquisition of KFM Holdings Sdn. Bhd. ("KFM") in prior year. At each reporting period, the group assesses the fair value of the deferred consideration payable based on the projected profitability of KFM, and considers the current and projected market conditions.

During the year, management assessed the fair value of the remaining deferred consideration payable for KFM to be RM17.9 million due to lower probability of KFM meeting the performance targets. Accordingly, amount of RM5.8 million was recognised in the income representing the fair value changes relating to the deferred consideration payable during the current financial year.

Further details of the deferred consideration payable are disclosed in Note 30(d).

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 3. REVENUE

|                                   | Group            |                | Company        |                |
|-----------------------------------|------------------|----------------|----------------|----------------|
|                                   | 2017<br>RM'000   | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| Consultancy                       | <b>180,935</b>   | 163,108        | -              | -              |
| Services                          |                  |                |                |                |
| - Healthcare                      | <b>912,346</b>   | 460,820        | -              | -              |
| - Infrastructure                  | <b>862,273</b>   | 781,655        | -              | -              |
| - Real estate                     | <b>158,362</b>   | 125,500        | -              | -              |
| Solutions                         | <b>717</b>       | 306            | -              | -              |
| Property development              | <b>6,133</b>     | 47,704         | -              | -              |
| Management fees                   | -                | -              | <b>45,558</b>  | 32,220         |
| Dividend income from subsidiaries | -                | -              | <b>90,500</b>  | 260,842        |
|                                   | <b>2,120,766</b> | 1,579,093      | <b>136,058</b> | 293,062        |

### 4. COST OF SALES

|  | Group            |                |
|--|------------------|----------------|
|  | 2017<br>RM'000   | 2016<br>RM'000 |
| Consultancy                                  | <b>104,337</b>   | 61,610         |
| Services                                     |                  |                |
| - Healthcare                                 | <b>752,180</b>   | 382,721        |
| - Infrastructure                             | <b>715,683</b>   | 663,057        |
| - Real estate                                | <b>130,058</b>   | 97,188         |
| Solutions                                    | <b>11,137</b>    | 2,925          |
| Property development:                        |                  |                |
| - property development costs (Note 14(b))    | <b>(65)</b>      | 22,975         |
| - completed property held for sale (Note 20) | <b>4,352</b>     | 8,569          |
| - other costs                                | <b>1,110</b>     | 744            |
|  | <b>1,718,792</b> | 1,239,789      |

## 5. OTHER INCOME

Included in other income are:

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| Dividend income from short term investments                             | 787            | 2,639          | -              | -              |
| Interest income from fixed deposits                                     | 10,583         | 7,246          | 6,762          | 851            |
| License and commission fees from an associate                           | 1,455          | 1,273          | -              | -              |
| Fair value gain on:   |                |                |                |                |
| - short term investments  | 48             | 292            | -              | -              |
| Refund of tax penalty   | -              | 1,000          | -              | 1,000          |
| Reversal of deferred consideration payable<br>(Note 30(d))              | 5,806          | -              | 5,806          | -              |
| Bad debt recovered  | 5,208          | 3,555          | -              | -              |
| Net foreign exchange gain:  |                |                |                |                |
| - realised  | 10,947         | 1,114          | 10,935         | -              |
| - unrealised  | 737            | -              | -              | -              |
| Gain on disposal of scrap   | 863            | 1,215          | -              | -              |
| Gain on bargain purchase on acquisition of an<br>associate              | 1,255          | -              | -              | -              |
| Compensation received   | 4,230          | -              | -              | -              |
| Accretion of interest on concession receivables                         | 18,830         | 14,436         | -              | -              |
| Gain arising from remeasurement of loan to a<br>subsidiary (Note 21(c)) | -              | -              | 71,561         | -              |

## 6. FINANCE COSTS

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| Interest expense on:  |                |                |                |                |
| - bank borrowings and overdrafts  | 36,345         | 10,235         | 23,460         | 4,199          |
| - finance lease liabilities   | 406            | 130            | -              | -              |
| Accretion of interest on deferred consideration<br>payable (Note 30(d)) | 2,120          | -              | 2,120          | -              |
| Commitment fees   | 497            | 717            | -              | -              |
| Cost arising from early settlement of borrowing                         | 8,377          | -              | 7,834          | -              |
| Bank charges  | 780            | 638            | 200            | 81             |
|   | 48,525         | 11,720         | 33,614         | 4,280          |

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**

For the year ended 31 December 2017

**7. PROFIT BEFORE TAX**

The following amounts have been charged/(credited) in arriving at profit before tax:

|   | Group            |                | Company        |                |
|---|------------------|----------------|----------------|----------------|
|   | 2017<br>RM'000   | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| Employee benefits expense (Note 8)  | <b>1,403,523</b> | 1,155,970      | <b>44,773</b>  | 45,986         |
| - continuing operations   | <b>662,721</b>   | 346,725        | <b>44,773</b>  | 45,986         |
| - discontinued operation  | <b>740,802</b>   | 809,245        | -              | -              |
| Non-executive directors' remuneration excluding benefits-in-kind (Note 9) | <b>1,182</b>     | 1,484          | <b>961</b>     | 914            |
| Auditors' remuneration:   |                  |                |                |                |
| - statutory   | <b>2,933</b>     | 2,782          | <b>133</b>     | 121            |
| - continuing operations   | <b>1,329</b>     | 1,210          | <b>133</b>     | 121            |
| - discontinued operation  | <b>1,604</b>     | 1,572          | -              | -              |
| - under provision in prior year   | <b>65</b>        | 41             | -              | -              |
| - others  | <b>3,066</b>     | 1,171          | <b>3,038</b>   | 1,112          |
| - continuing operations   | <b>3,038</b>     | 1,112          | <b>3,038</b>   | 1,112          |
| - discontinued operation  | <b>28</b>        | 59             | -              | -              |
| Operating leases:   |                  |                |                |                |
| - minimum lease payments of premises                                      | <b>56,319</b>    | 69,017         | <b>855</b>     | 1,713          |
| - continuing operations   | <b>12,965</b>    | 15,202         | <b>855</b>     | 1,713          |
| - discontinued operation  | <b>43,354</b>    | 53,815         | -              | -              |
| - minimum lease payments of motor vehicles                                | <b>18,014</b>    | 16,880         | -              | -              |
| - continuing operations   | <b>3,556</b>     | 2,262          | -              | -              |
| - discontinued operation  | <b>14,458</b>    | 14,618         | -              | -              |
| - minimum lease payments of plant and machineries                         | <b>2,700</b>     | 1,956          | <b>91</b>      | 59             |
| - continuing operations   | <b>1,545</b>     | 756            | <b>91</b>      | 59             |
| - discontinued operation  | <b>1,155</b>     | 1,200          | -              | -              |
| Amortisation of:  |                  |                |                |                |
| - prepaid land lease payments (Note 15)                                   | <b>87</b>        | 87             | -              | -              |
| - intangible assets (Note 16)   | <b>27,026</b>    | 8,268          | <b>55</b>      | 11             |
| - continuing operations   | <b>22,797</b>    | 3,241          | <b>55</b>      | 11             |
| - discontinued operation  | <b>4,229</b>     | 5,027          | -              | -              |
| Depreciation of property, plant and equipment (Note 13)                   | <b>59,716</b>    | 59,251         | <b>2,554</b>   | 1,468          |
| - continuing operations   | <b>41,178</b>    | 33,797         | <b>2,554</b>   | 1,468          |
| - discontinued operation  | <b>18,538</b>    | 25,454         | -              | -              |
| Impairment of plant and equipment (Note 13)                               | -                | -              | -              | 1,563          |

**7. PROFIT BEFORE TAX (CONT'D.)**

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| Net gain on disposal of plant and equipment                        | (2,000)        | (699)          | -              | -              |
| - continuing operations  | (113)          | (463)          | -              | -              |
| - discontinued operation   | (1,887)        | (236)          | -              | -              |
| Provision for professional indemnity claims<br>(Note 27(a))        | 371            | 963            | -              | -              |
| - continuing operations  | -              | -              | -              | -              |
| - discontinued operation   | 371            | 963            | -              | -              |
| Provision for late delivery charges (Note 27(c))                   | -              | 893            | -              | -              |
| Property, plant and equipment written off (Note 13)                | 2,216          | 20             | -              | -              |
| Impairment on land held for property<br>development (Note 14)      | 638            | -              | -              | -              |
| Impairment on trade and other receivables (Note 21)                | 15,499         | 8,583          | -              | -              |
| - continuing operations  | 6,653          | 1,796          | -              | -              |
| - discontinued operation   | 8,846          | 6,787          | -              | -              |
| Reversal of impairment on trade and other<br>receivables (Note 21) | (10,218)       | (7,408)        | -              | -              |
| - continuing operations  | (4,140)        | (4,766)        | -              | -              |
| - discontinued operation   | (6,078)        | (2,642)        | -              | -              |
| Bad debts written off  | 3,028          | 1,606          | -              | -              |
| - continuing operations  | -              | 322            | -              | -              |
| - discontinued operation   | 3,028          | 1,284          | -              | -              |
| Impairment loss on goodwill (Note 16)                              | -              | 106,914        | -              | -              |
| - continuing operations  | -              | -              | -              | -              |
| - discontinued operation   | -              | 106,914        | -              | -              |
| Impairment loss on investment in subsidiary<br>(Note 17(c))        | -              | -              | 111,857        | -              |
| Impairment loss on investment in joint ventures<br>(Note 18(a))    | -              | 3,910          | -              | -              |
| - continuing operations  | -              | -              | -              | -              |
| - discontinued operation   | -              | 3,910          | -              | -              |
| Net foreign exchange loss:   |                |                |                |                |
| - realised   | 2,141          | -              | -              | -              |
| - unrealised   | 1,739          | 126            | -              | -              |
| Fair value loss/(gain) on derivative financial<br>instruments      | 4,228          | 4,147          | 4,459          | 3,859          |
| - continuing operations  | 4,459          | 3,859          | 4,459          | 3,859          |
| - discontinued operation   | (231)          | 288            | -              | -              |

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 8. EMPLOYEE BENEFITS EXPENSE

|   | Group            |                | Company        |                |
|---|------------------|----------------|----------------|----------------|
|   | 2017<br>RM'000   | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| Wages and salaries  | <b>1,211,466</b> | 962,324        | <b>31,104</b>  | 38,801         |
| Contributions to statutory Employees<br>Provident Fund ("EPF")      | <b>97,478</b>    | 78,270         | <b>4,400</b>   | 3,695          |
| Social security contributions                                       | <b>2,675</b>     | 2,464          | <b>246</b>     | 205            |
| Defined retirement benefit obligations (Note 25)                    | <b>273</b>       | 267            | -              | -              |
| Decrease in liability for defined benefit pension<br>plan (Note 26) | <b>(1,252)</b>   | (866)          | -              | -              |
| Employees' service entitlements (Note 27(b))                        | <b>2,257</b>     | 3,289          | -              | -              |
| Staff rationalisation cost via mutual separation<br>scheme          | -                | 161            | -              | -              |
| Other benefits  | <b>90,626</b>    | 110,061        | <b>9,023</b>   | 3,285          |
| Total employee benefits recognised in profit or<br>loss (Note 7)    | <b>1,403,523</b> | 1,155,970      | <b>44,773</b>  | 45,986         |

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration excluding benefits-in-kind amounting to RM1.9 million (2016: RM1.6 million) and RM1.9 million (2016: RM1.6 million) respectively as further disclosed in Note 9.

## 9. DIRECTORS' REMUNERATION

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| <b>Directors of the Company</b>   |                |                |                |                |
| Executive:  |                |                |                |                |
| Salaries and other emoluments   | 1,027          | 885            | 1,027          | 885            |
| Bonus   | 619            | 485            | 619            | 485            |
| Contributions to defined contribution plans                                     | 234            | 208            | 234            | 208            |
| Allowances  | 60             | 60             | 60             | 60             |
| Benefits-in-kind  | 53             | 32             | 53             | 32             |
|   | <b>1,993</b>   | 1,670          | <b>1,993</b>   | 1,670          |
| Non-Executive:  |                |                |                |                |
| Fees  | 1,182          | 1,484          | 961            | 914            |
| Benefits-in-kind  | 45             | 38             | 45             | 38             |
|   | <b>1,227</b>   | 1,522          | <b>1,006</b>   | 952            |
| Total   | <b>3,220</b>   | 3,192          | <b>2,999</b>   | 2,622          |
| <b>Total excluding benefits-in-kind</b>   | <b>3,122</b>   | 3,122          | <b>2,901</b>   | 2,552          |
| <b>Analysis excluding benefits-in-kind:</b>                                     |                |                |                |                |
| Total executive directors' remuneration excluding benefits-in-kind (Note 8)     | 1,940          | 1,638          | 1,940          | 1,638          |
| Total non-executive directors' remuneration excluding benefits-in-kind (Note 7) | 1,182          | 1,484          | 961            | 914            |
| Total directors' remuneration excluding benefits-in-kind                        | <b>3,122</b>   | 3,122          | <b>2,901</b>   | 2,552          |

The number of directors of the Company whose total remunerations during the year fell within the following bands is analysed below:

|                           | No. of Directors |      |
|---------------------------|------------------|------|
|                           | 2017             | 2016 |
| Executive directors:      |                  |      |
| RM1,650,001 - RM1,700,000 | -                | 1    |
| RM1,950,001 - RM2,000,000 | 1                | -    |
| Non-executive directors:  |                  |      |
| Below RM50,000            | 2                | 1    |
| RM50,001 - RM100,000      | 1                | 1    |
| RM100,001 - RM150,000     | 3                | 3    |
| RM150,001 - RM200,000     | 1                | 1    |
| RM200,001 - RM250,000     | -                | 1    |
| RM250,001 - RM300,000     | 2                | 1    |
| RM400,001 - RM450,000     | -                | 1    |

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**

For the year ended 31 December 2017

**10. INCOME TAX EXPENSE/(BENEFIT)**Major components of income tax expense

Major components of income tax expense for the years ended 31 December 2017 and 2016 are:

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| <b><u>Income statements</u></b>  |                |                |                |                |
| Current income tax:  |                |                |                |                |
| - Malaysian income tax   | <b>43,131</b>  | 46,825         | -              | 125            |
| - Foreign tax  | <b>10,828</b>  | 2,397          | -              | -              |
|  | <b>53,959</b>  | 49,222         | -              | 125            |
| Over provision of income tax in prior years:   |                |                |                |                |
| - Malaysian income tax   | <b>(3,542)</b> | (3,071)        | <b>(125)</b>   | -              |
| - Foreign tax  | <b>(1,294)</b> | (1,160)        | -              | -              |
|  | <b>(4,836)</b> | (4,231)        | <b>(125)</b>   | -              |
|  | <b>49,123</b>  | 44,991         | <b>(125)</b>   | 125            |
| Deferred tax:  |                |                |                |                |
| - Relating to origination and reversal of temporary differences                      | <b>(2,881)</b> | 2,953          | -              | -              |
| - Relating to changes in tax rates   | -              | (174)          | -              | -              |
| - Over provision in prior years  | <b>(83)</b>    | (7,776)        | -              | -              |
|  | <b>(2,964)</b> | (4,997)        | -              | -              |
| Income tax from continuing operations  | <b>46,159</b>  | 39,994         | <b>(125)</b>   | 125            |
| Income tax from discontinued operation (Note 17(a))                                  | <b>33,701</b>  | 25,722         | -              | -              |
| Income tax recognised in profit or loss  | <b>79,860</b>  | 65,716         | <b>(125)</b>   | 125            |
| <b><u>Statements of other comprehensive income</u></b>                               |                |                |                |                |
| Deferred tax related to items recognised during the year (Note 31):                  |                |                |                |                |
| - Remeasurement loss on Retirement Benefit Scheme and Defined Benefit Pension Scheme | <b>(14)</b>    | (13)           | -              | -              |
| - Discontinued operation   | <b>6,934</b>   | (3,017)        | -              | -              |
|  | <b>6,920</b>   | (3,030)        | -              | -              |

**10. INCOME TAX EXPENSE/(BENEFIT) (CONT'D.)**

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2016: 24%) of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. Profits derived from overseas branch operations are not subject to Malaysian tax.

Reconciliation between tax expense and accounting profits

A reconciliation of income tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2017 and 2016 are as follows:

|   | <b>2017</b>    | <b>2016</b>   |
|---|----------------|---------------|
|   | <b>RM'000</b>  | <b>RM'000</b> |
| <b>Group</b>  |                |               |
| Profit/(loss) before tax:   |                |               |
| - continuing operations   | <b>172,922</b> | 181,491       |
| - discontinued operation (Note 17(a))   | <b>68,425</b>  | (67,694)      |
|   | <b>241,347</b> | 113,797       |
| Less: Zakat   | <b>(1,636)</b> | (1,509)       |
|   | <b>239,711</b> | 112,288       |
| Taxation at Malaysian statutory tax rate of 24% (2016: 24%)                         | <b>57,531</b>  | 26,949        |
| Tax effect on share of profit of joint ventures                                     | <b>(713)</b>   | (272)         |
| Tax effect on share of profit of associates   | <b>(4,717)</b> | (3,674)       |
| Income not subject to tax   | <b>(6,745)</b> | (3,477)       |
| Foreign income not subject to tax   | <b>(276)</b>   | (215)         |
| Non-deductible expenses   | <b>34,979</b>  | 52,277        |
| Different tax rates in other countries  | <b>(568)</b>   | (2,453)       |
| Effect of changes in tax rates on deferred tax                                      | -              | (174)         |
| Effect of exempt income under investment tax allowance                              | <b>(108)</b>   | -             |
| Utilisation of previously unrecognised tax losses and unabsorbed capital allowances | -              | (271)         |
| Deferred tax assets not recognised during the year                                  |                |               |
| - Malaysian subsidiaries  | <b>3,034</b>   | 983           |
| - Foreign operations  | <b>4,958</b>   | 7,851         |
| Utilisation of group tax relief   | <b>(3,500)</b> | -             |
| Overprovision of deferred tax in prior years  | <b>(27)</b>    | (7,030)       |
| Overprovision of income tax expense in prior years                                  | <b>(3,988)</b> | (4,778)       |
| Income tax expense recognised in income statements                                  | <b>79,860</b>  | 65,716        |

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**

For the year ended 31 December 2017

**10. INCOME TAX EXPENSE/(BENEFIT) (CONT'D.)**Reconciliation between tax expense and accounting profits (cont'd.)

A reconciliation of income tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2017 and 2016 are as follows: (cont'd.)

|   | <b>2017</b>     | <b>2016</b>   |
|---|-----------------|---------------|
|   | <b>RM'000</b>   | <b>RM'000</b> |
| <b>Company</b>  |                 |               |
| Profit before tax   | <b>1,099</b>    | 226,982       |
| Less: Zakat   | -               | (475)         |
|   | <b>1,099</b>    | 226,507       |
| Taxation at Malaysian statutory tax rate of 24% (2016: 24%) | <b>264</b>      | 54,362        |
| Non-deductible expenses                                     | <b>42,648</b>   | 8,365         |
| Income not subject to tax                                   | <b>(42,912)</b> | (62,602)      |
| Overprovision of income tax in prior year                   | <b>(125)</b>    | -             |
| Income tax expense recognised in income statements          | <b>(125)</b>    | 125           |

**11. EARNINGS PER SHARE**

Basic earnings per share amounts are calculated by dividing profit for the year attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year held by the Company.

|  | <b>Group</b>                         |                                      |
|--|--------------------------------------|--------------------------------------|
|  | <b>2017<br/>RM'000</b>               | <b>2016<br/>RM'000</b>               |
| Profit/(loss) attributable to owners of the parent:      |                                      |                                      |
| - from continuing operations                             | <b>124,613</b>                       | 138,938                              |
| - from discontinued operation                            | <b>293,574</b>                       | (58,882)                             |
| <b>Total profit attributable to owners of the parent</b> | <b>418,187</b>                       | 80,056                               |
|  |                                      |                                      |
|  | <b>Number<br/>of Shares<br/>'000</b> | <b>Number<br/>of Shares<br/>'000</b> |
| Weighted average number of ordinary shares in issue      | <b>831,624</b>                       | 826,821                              |
|  |                                      |                                      |
|  | <b>Group</b>                         |                                      |
|  | <b>2017<br/>Sen</b>                  | <b>2016<br/>Sen</b>                  |
| Basic earnings per share for:                            |                                      |                                      |
| - from continuing operations                             | <b>15.0</b>                          | 16.8                                 |
| - from discontinued operation                            | <b>35.3</b>                          | (7.1)                                |
| Basic earnings per share                                 | <b>50.3</b>                          | 9.7                                  |

There are no potential ordinary shares outstanding as at 31 December 2017. As such, the diluted earnings per share of the Group is equivalent to the basic earnings per share.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 12. DIVIDENDS

|  | Group and Company |                |                                  |             |
|--|-------------------|----------------|----------------------------------|-------------|
|  | Amount            |                | Net Dividends per Ordinary Share |             |
|  | 2017<br>RM'000    | 2016<br>RM'000 | 2017<br>Sen                      | 2016<br>Sen |
| <b>Recognised during the financial year:</b>   |                   |                |                                  |             |
| Single tier interim dividend for 2015:   |                   |                |                                  |             |
| 15.00 sen on 813,501,053 ordinary shares declared on 29 February 2016 and paid on 31 March 2016  | -                 | 122,025        | -                                | 15.00       |
| Single tier final dividend for 2016:   |                   |                |                                  |             |
| 7.00 sen on 831,624,030 ordinary shares declared on 25 April 2017 and paid on 21 June 2017       | <b>58,214</b>     | -              | <b>7.00</b>                      | -           |
| Single tier interim dividend for 2017:   |                   |                |                                  |             |
| 8.00 sen on 831,624,030 ordinary shares declared on 22 August 2017 and paid on 20 September 2017 | <b>66,530</b>     | -              | <b>8.00</b>                      | -           |
|  | <b>124,744</b>    | 122,025        | <b>15.00</b>                     | 15.00       |

The Board of Directors has declared a single tier special dividend of 18.00 sen per ordinary share, on 831,624,030 ordinary shares, amounting to RM149,692,325 in respect of the financial year ended 31 December 2017, to be paid on 18 April 2018. The entitlement date is 2 April 2018.

In addition, for the financial year ended 31 December 2017, the Directors have declared a single tier second interim dividend of 5.00 sen per ordinary share, on 831,624,030 ordinary shares, amounting to RM41,581,202, to be paid on 17 May 2018. The entitlement date is 7 May 2018.

The Directors do not recommend the payment of any final dividend in respect of the current financial year.

**13. PROPERTY, PLANT AND EQUIPMENT**

|   | Freehold<br>land<br>RM'000 | Leasehold<br>land<br>RM'000 | Buildings<br>RM'000 | Plant,<br>machinery,<br>equipment,<br>furniture,<br>fittings, office<br>equipment,<br>motor<br>vehicles and<br>computers<br>RM'000 | Capital<br>work-in-<br>progress<br>RM'000 | Total<br>RM'000 |
|---|----------------------------|-----------------------------|---------------------|--|---|-----------------|
| <b>Group</b>  |                            |                             |                     |  |   |                 |
| <b>At 31 December 2017</b>                              |                            |                             |                     |  |   |                 |
| <b>Cost</b>   |                            |                             |                     |  |   |                 |
| At 1 January 2017                                       | 2,368                      | 7,417                       | 19,717              | 634,645  | 12,226                                    | 676,373         |
| Additions   | -                          | -                           | -                   | 71,095   | 39,779                                    | 110,874         |
| Disposals   | (417)                      | -                           | (865)               | (24,526)   | -   | (25,808)        |
| Written off (Note 7)                                    | -                          | -                           | -                   | (34,823)   | (1,998)                                   | (36,821)        |
| Reclassification  | -                          | -                           | -                   | 8,416  | (8,416)                                   | -               |
| Disposal of a subsidiary (Note 17(a))                   | (765)                      | -                           | (2,570)             | (197,573)  | -   | (200,908)       |
| Exchange differences                                    | (26)                       | -                           | (58)                | (17,074)   | -   | (17,158)        |
| At 31 December 2017                                     | 1,160                      | 7,417                       | 16,224              | 440,160  | 41,591                                    | 506,552         |
| <b>Accumulated depreciation and<br/>impairment loss</b> |                            |                             |                     |  |   |                 |
| At 1 January 2017                                       | -                          | 135                         | 2,289               | 446,180  | -   | 448,604         |
| Charge for the year (Note 7)                            | -                          | 74                          | 395                 | 59,247   | -   | 59,716          |
| Disposals   | -                          | -                           | (241)               | (24,105)   | -   | (24,346)        |
| Written off (Note 7)                                    | -                          | -                           | -                   | (34,605)   | -   | (34,605)        |
| Disposal of a subsidiary (Note 17(a))                   | -                          | -                           | (956)               | (124,105)  | -   | (125,061)       |
| Exchange differences                                    | -                          | -                           | (21)                | (11,182)   | -   | (11,203)        |
| At 31 December 2017                                     | -                          | 209                         | 1,466               | 311,430  | -   | 313,105         |
| <b>Net carrying amount</b>                              |                            |                             |                     |  |   |                 |
| At 31 December 2017                                     | 1,160                      | 7,208                       | 14,758              | 128,730  | 41,591                                    | 193,447         |

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**

For the year ended 31 December 2017

**13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)**

|   | Freehold<br>land<br>RM'000 | Leasehold<br>land<br>RM'000 | Buildings<br>RM'000 | Plant,<br>machinery,<br>equipment,<br>furniture,<br>fittings, office<br>equipment,<br>motor<br>vehicles and<br>computers<br>RM'000 | Capital<br>work-in-<br>progress<br>RM'000 | Total<br>RM'000 |
|---|----------------------------|-----------------------------|---------------------|--|---|-----------------|
| <b>Group (cont'd.)</b>                              |                            |                             |                     |  |   |                 |
| <b>At 31 December 2016</b>                          |                            |                             |                     |  |   |                 |
| <b>Cost</b>   |                            |                             |                     |  |   |                 |
| At 1 January 2016                                   | 2,288                      | 7,417                       | 20,034              | 583,428  | 7,048                                     | 620,215         |
| Additions   | -                          | -                           | -                   | 59,592   | 5,650                                     | 65,242          |
| Acquisition of subsidiaries                         | -                          | -                           | -                   | 24,997   | -   | 24,997          |
| Disposals   | -                          | -                           | -                   | (28,914)   | -   | (28,914)        |
| Written off (Note 7)                                | -                          | -                           | -                   | (16,720)   | -   | (16,720)        |
| Reclassification                                    | -                          | -                           | -                   | 472  | (472)                                     | -               |
| Exchange differences                                | 80                         | -                           | (317)               | 11,790   | -   | 11,553          |
| At 31 December 2016                                 | 2,368                      | 7,417                       | 19,717              | 634,645  | 12,226                                    | 676,373         |
| <b>Accumulated depreciation and impairment loss</b> |                            |                             |                     |  |   |                 |
| At 1 January 2016                                   | -                          | 127                         | 1,885               | 405,169  | -   | 407,181         |
| Charge for the year (Note 7)                        | -                          | 8                           | 468                 | 58,775   | -   | 59,251          |
| Acquisition of subsidiaries                         | -                          | -                           | -                   | 18,006   | -   | 18,006          |
| Disposals   | -                          | -                           | -                   | (26,928)   | -   | (26,928)        |
| Written off (Note 7)                                | -                          | -                           | -                   | (16,700)   | -   | (16,700)        |
| Exchange differences                                | -                          | -                           | (64)                | 7,858  | -   | 7,794           |
| At 31 December 2016                                 | -                          | 135                         | 2,289               | 446,180  | -   | 448,604         |
| <b>Net carrying amount</b>                          |                            |                             |                     |  |   |                 |
| At 31 December 2016                                 | 2,368                      | 7,282                       | 17,428              | 188,465  | 12,226                                    | 227,769         |

**13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)**

|  | Leasehold<br>land<br>RM'000 | Buildings<br>RM'000 | Equipment,<br>furniture,<br>fittings, office<br>equipment,<br>motor<br>vehicles and<br>computers<br>RM'000 | Capital<br>work-in-<br>progress<br>RM'000 | Total<br>RM'000 |
|--|-----------------------------|---------------------|--|---|-----------------|
| <b>Company</b>   |                             |                     |  |   |                 |
| <b>At 31 December 2017</b>                               |                             |                     |  |   |                 |
| <b>Cost</b>  |                             |                     |  |   |                 |
| At 1 January 2017  | 9,823                       | 15,611              | 10,296   | 565                                       | 36,295          |
| Additions  | -                           | -                   | 5,001  | -   | 5,001           |
| Reclassification   | -                           | -                   | 565  | (565)                                     | -               |
| At 31 December 2017                                      | 9,823                       | 15,611              | 15,862   | -   | 41,296          |
| <b>Accumulated depreciation and impairment loss</b>      |                             |                     |  |   |                 |
| At 1 January 2017  | 1,058                       | 1,848               | 4,602  | -   | 7,508           |
| Charge for the year (Note 7)                             | 105                         | 312                 | 2,137  | -   | 2,554           |
| At 31 December 2017                                      | 1,163                       | 2,160               | 6,739  | -   | 10,062          |
| <b>Net carrying amount</b>                               | <b>8,660</b>                | <b>13,451</b>       | <b>9,123</b>   | <b>-</b>                                  | <b>31,234</b>   |
| <b>At 31 December 2016</b>                               |                             |                     |  |   |                 |
| <b>Cost</b>  |                             |                     |  |   |                 |
| At 1 January 2016  | 9,823                       | 15,611              | 5,398  | 472                                       | 31,304          |
| Additions  | -                           | -                   | 4,426  | 565                                       | 4,991           |
| Reclassification   | -                           | -                   | 472  | (472)                                     | -               |
| At 31 December 2016                                      | 9,823                       | 15,611              | 10,296   | 565                                       | 36,295          |
| <b>Accumulated depreciation and impairment loss</b>      |                             |                     |  |   |                 |
| At 1 January 2016  | 105                         | 821                 | 3,551  | -   | 4,477           |
| Charge for the year (Note 7)                             | 105                         | 312                 | 1,051  | -   | 1,468           |
| Impairment loss recognised in profit or loss<br>(Note 7) | 848                         | 715                 | -  | -   | 1,563           |
| At 31 December 2016                                      | 1,058                       | 1,848               | 4,602  | -   | 7,508           |
| <b>Net carrying amount</b>                               | <b>8,765</b>                | <b>13,763</b>       | <b>5,694</b>   | <b>565</b>                                | <b>28,787</b>   |

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

- (a) The net carrying amount of property, plant and equipment of the Group charged to a bank for banking facilities (Note 28(f)) are as follows:

|                     | <b>Group</b>                 |                              |
|---------------------|------------------------------|------------------------------|
|                     | <b>2017</b><br><b>RM'000</b> | <b>2016</b><br><b>RM'000</b> |
| Plant and equipment | <b>69,356</b>                | 59,826                       |

- (b) Net carrying amounts of plant and equipment held under finance lease arrangement are as follows:

|           | <b>Group</b>                 |                              |
|-----------|------------------------------|------------------------------|
|           | <b>2017</b><br><b>RM'000</b> | <b>2016</b><br><b>RM'000</b> |
| Equipment | <b>303</b>                   | 12,098                       |

Details of the terms and conditions of the finance lease arrangement is disclosed in Note 29.

- (c) During the year, the Group and the Company acquired property, plant and equipment by ways of:

|                            | <b>Group</b>                 |                              | <b>Company</b>               |                              |
|----------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
|                            | <b>2017</b><br><b>RM'000</b> | <b>2016</b><br><b>RM'000</b> | <b>2017</b><br><b>RM'000</b> | <b>2016</b><br><b>RM'000</b> |
| Cash payment               | <b>102,170</b>               | 53,568                       | <b>5,001</b>                 | 4,991                        |
| Finance lease arrangements | <b>3,801</b>                 | 6,688                        | -                            | -                            |
| Other payables             | <b>4,903</b>                 | 4,986                        | -                            | -                            |
|                            | <b>110,874</b>               | 65,242                       | <b>5,001</b>                 | 4,991                        |

- (d) In previous year, an impairment loss of RM1.6 million was made, arising from the write down of certain property, plant and equipment of the Company to their recoverable amounts. The recoverable amounts of these property, plant and equipment of RM24.1 million were determined based on their market values by independent valuers. The impairment loss was recognised in the income statement of the Company.

## 14. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

### (a) Land held for property development

|  | Land<br>RM'000 | Development<br>expenditure<br>RM'000 | Total<br>RM'000 |
|--|----------------|--------------------------------------|-----------------|
| <b>Group</b>   |                |                                      |                 |
| <b>At cost</b>   |                |                                      |                 |
| At 1 January 2016/31 December 2016/31 December 2017    | 830            | 6,674                                | 7,504           |
| <b>Accumulated impairment</b>                          |                |                                      |                 |
| At 1 January 2016/31 December 2016                     | 353            | 6,036                                | 6,389           |
| Impairment loss recognised in profit and loss (Note 7) | -              | 638                                  | 638             |
| At 31 December 2017                                    | 353            | 6,674                                | 7,027           |
| <b>Carrying amount at 31 December 2017</b>             | <b>477</b>     | <b>-</b>                             | <b>477</b>      |
| <b>Carrying amount at 31 December 2016</b>             | <b>477</b>     | <b>638</b>                           | <b>1,115</b>    |

### (b) Property development costs

|  | Land<br>RM'000 | Development<br>expenditure<br>RM'000 | Total<br>RM'000 |
|--|----------------|--------------------------------------|-----------------|
| <b>Group</b>   |                |                                      |                 |
| <b>At 31 December 2017</b>                             |                |                                      |                 |
| <b>Cumulative property development costs</b>           |                |                                      |                 |
| At 1 January 2017                                      | 18,500         | 151,089                              | 169,589         |
| Costs incurred during the year                         | -              | 6,262                                | 6,262           |
| Reversal of completed projects                         | (18,500)       | (157,351)                            | (175,851)       |
| At 31 December 2017                                    | -              | -                                    | -               |
| <b>Cumulative costs recognised in income statement</b> |                |                                      |                 |
| At 1 January 2017                                      | (4,351)        | (36,931)                             | (41,282)        |
| (Recognised)/reversal during the year (Note 4)         | (7)            | 72                                   | 65              |
| Reversal of completed projects                         | 18,500         | 157,351                              | 175,851         |
| Unsold units transferred to inventories                | (14,142)       | (120,492)                            | (134,634)       |
| At 31 December 2017                                    | -              | -                                    | -               |
| <b>Property development costs at 31 December 2017</b>  | <b>-</b>       | <b>-</b>                             | <b>-</b>        |

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**

For the year ended 31 December 2017

**14. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONT'D.)****(b) Property development costs (cont'd.)**

|  | Land<br>RM'000 | Development<br>expenditure<br>RM'000 | Total<br>RM'000 |
|--|----------------|--------------------------------------|-----------------|
| <b>Group (cont'd.)</b>                                 |                |                                      |                 |
| <b>At 31 December 2016</b>                             |                |                                      |                 |
| <b>Cumulative property development costs</b>           |                |                                      |                 |
| At 1 January 2016                                      | 18,500         | 71,141                               | 89,641          |
| Costs incurred during the year                         | -              | 79,948                               | 79,948          |
| At 31 December 2016                                    | 18,500         | 151,089                              | 169,589         |
| <b>Cumulative costs recognised in income statement</b> |                |                                      |                 |
| At 1 January 2016                                      | (1,948)        | (16,359)                             | (18,307)        |
| Recognised during the year (Note 4)                    | (2,403)        | (20,572)                             | (22,975)        |
| At 31 December 2016                                    | (4,351)        | (36,931)                             | (41,282)        |
| <b>Property development costs at 31 December 2016</b>  | <b>14,149</b>  | <b>114,158</b>                       | <b>128,307</b>  |

**15. PREPAID LAND LEASE PAYMENTS**

|   | Group          |                |
|---|----------------|----------------|
|   | 2017<br>RM'000 | 2016<br>RM'000 |
| <b>Cost</b>                                       |                |                |
| At 1 January/31 December                          | <b>4,320</b>   | 4,320          |
| <b>Accumulated amortisation</b>                   |                |                |
| At 1 January                                      | <b>1,170</b>   | 1,083          |
| Amortisation for the year (Note 7)                | <b>87</b>      | 87             |
| At 31 December                                    | <b>1,257</b>   | 1,170          |
| <b>Net carrying amount</b>                        | <b>3,063</b>   | 3,150          |
| <b>Amount to be amortised</b>                     |                |                |
| Not later than one year                           | <b>87</b>      | 87             |
| Later than one year but not later than five years | <b>348</b>     | 348            |
| Later than five years                             | <b>2,628</b>   | 2,715          |

Leasehold land with an aggregate carrying value of RM2.2 million (2016: RM2.3 million) are pledged as securities for banking facilities (Note 28(f)).

## 16. INTANGIBLE ASSETS

|  | Goodwill<br>RM'000<br>Note a | Customer<br>contract<br>RM'000<br>Note b | Customer<br>relationships<br>RM'000<br>Note b | Software<br>and other<br>development<br>cost<br>RM'000<br>Note c | Total<br>RM'000 |
|--|------------------------------|--|---|--|-----------------|
| <b>Group</b>                                   |                              |  |   |  |                 |
| <b>Cost</b>                                    |                              |  |   |  |                 |
| <b>At 1 January 2016</b>                       | 495,487                      | -  | 4,630   | 57,820   | 557,937         |
| Additions                                      | -                            | -  | -   | 4,559  | 4,559           |
| Acquisition of subsidiaries                    | 399,324                      | 33,996                                   | 177,102                                       | 4,830  | 615,252         |
| Disposal                                       | -                            | -  | -   | (590)  | (590)           |
| Exchange difference                            | 6,477                        | -  | 161   | 2,247  | 8,885           |
| <b>At 31 December 2016</b>                     | 901,288                      | 33,996                                   | 181,893                                       | 68,866   | 1,186,043       |
| Additions                                      | -                            | -  | -   | 18,102   | 18,102          |
| Disposal                                       | -                            | -  | -   | (4,668)  | (4,668)         |
| Written off                                    | -                            | -  | -   | (181)  | (181)           |
| Disposal of a subsidiary (Note 17(a))          | (347,145)                    | -  | (4,639)                                       | (35,027)   | (386,811)       |
| Exchange difference                            | (20,495)                     | -  | (3,879)                                       | (2,746)  | (27,120)        |
| <b>At 31 December 2017</b>                     | 533,648                      | 33,996                                   | 173,375                                       | 44,346   | 785,365         |
| <b>Accumulated amortisation and impairment</b> |                              |  |   |  |                 |
| At 1 January 2016                              | 54,019                       | -  | 1,156   | 49,316   | 104,491         |
| Amortisation during the year (Note 7)          | -                            | 1,645                                    | 1,718   | 4,905  | 8,268           |
| Acquisition of subsidiaries                    | -                            | -  | -   | 784  | 784             |
| Impairment loss (Note 7)                       | 106,914                      | -  | -   | -  | 106,914         |
| Disposal                                       | -                            | -  | -   | (590)  | (590)           |
| Exchange difference                            | -                            | -  | 73  | 1,575  | 1,648           |
| <b>At 31 December 2016</b>                     | 160,933                      | 1,645                                    | 2,947   | 55,990   | 221,515         |
| Amortisation during the year (Note 7)          | -                            | 2,193                                    | 19,179  | 5,654  | 27,026          |
| Disposal                                       | -                            | -  | -   | (4,668)  | (4,668)         |
| Written off                                    | -                            | -  | -   | (181)  | (181)           |
| Disposal of a subsidiary (Note 17(a))          | (155,770)                    | -  | (2,430)                                       | (27,042)   | (185,242)       |
| Exchange difference                            | (5,163)                      | -  | (583)   | (1,750)  | (7,496)         |
| <b>At 31 December 2017</b>                     | -                            | 3,838                                    | 19,113  | 28,003   | 50,954          |
| <b>Net carrying amount</b>                     |                              |  |   |  |                 |
| <b>At 31 December 2017</b>                     | 533,648                      | 30,158                                   | 154,262                                       | 16,343   | 734,411         |
| <b>At 31 December 2016</b>                     | 740,355                      | 32,351                                   | 178,946                                       | 12,876   | 964,528         |

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 16. INTANGIBLE ASSETS (CONT'D.)

|                                    | <b>Software<br/>RM'000</b> |
|------------------------------------|----------------------------|
| <b>Company</b>                     |                            |
| <b>Cost</b>                        |                            |
| At 1 January 2016                  | 457                        |
| Additions                          | 4                          |
| At 31 December 2016                | 461                        |
| At 1 January 2017                  | 461                        |
| Additions                          | 210                        |
| At 31 December 2017                | 671                        |
| <b>Accumulated amortisation</b>    |                            |
| At 1 January 2016                  | 438                        |
| Amortisation for the year (Note 7) | 11                         |
| At 31 December 2016                | 449                        |
| At 1 January 2017                  | 449                        |
| Amortisation for the year (Note 7) | 55                         |
| At 31 December 2017                | 504                        |
| <b>Net carrying amount</b>         |                            |
| At 31 December 2017                | 167                        |
| At 31 December 2016                | 12                         |

**16. INTANGIBLE ASSETS (CONT'D.)****(a) Goodwill****Impairment testing of goodwill**

Goodwill is allocated and monitored by management across the following cash generating units ("CGU"):

|                                       | <b>2017</b>    | <b>2016</b>   |
|---------------------------------------|----------------|---------------|
|                                       | <b>RM'000</b>  | <b>RM'000</b> |
| Consultancy                           |                |               |
| New Zealand                           | -              | 36,852        |
| United Kingdom                        | -              | 40,732        |
| Canada                                | -              | 52,206        |
| Canada - Opus Stewart Weir ("OSW")    | -              | 39,081        |
| Australia                             | -              | 30,170        |
| Malaysia                              | <b>38,636</b>  | 38,636        |
| Services                              |                |               |
| Edgenta Mediserve Sdn. Bhd. ("EMS")   | <b>26,982</b>  | 26,982        |
| KFM Holdings Sdn. Bhd. ("KFM")        | <b>49,600</b>  | 49,600        |
| UEMS Group:                           |                |               |
| - Malaysia                            | <b>63,449</b>  | -             |
| - Singapore                           | <b>267,923</b> | -             |
| - Taiwan                              | <b>10,686</b>  | -             |
| Edgenta PROPEL Berhad                 | <b>76,372</b>  | 76,372        |
| Provisional goodwill (Note 17(d)(vi)) | -              | 349,724       |
|                                       | <b>533,648</b> | 740,355       |

Goodwill is tested for impairment on an annual basis by comparing the carrying amount of the CGU with their respective recoverable amounts, which is based on value in use. The value in use is determined by discounting future cash flows over a period of five years including a terminal value. The future cash flows are based on management's future business plan, which is the best estimate of immediate future performance.

For Services - EMS, the value in use is determined by discounting cash flows covering a ten-year period over the concession period.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 16. INTANGIBLE ASSETS (CONT'D.)

#### (a) Goodwill (cont'd.)

##### Key assumptions used in value-in-use calculation

The discount rates applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flows beyond the projection period are as follows:

|                       | Projection<br>period<br>Years | Discount rate |           | Terminal growth rate |           |
|-----------------------|-------------------------------|---------------|-----------|----------------------|-----------|
|                       |                               | 2017<br>%     | 2016<br>% | 2017<br>%            | 2016<br>% |
| Consultancy           |                               |               |           |                      |           |
| New Zealand           | -                             | -             | 12.1      | -                    | 1.1       |
| United Kingdom        | -                             | -             | 12.5      | -                    | 2.0       |
| Canada                | -                             | -             | 12.9      | -                    | 2.5       |
| Canada - OSW          | -                             | -             | 12.9      | -                    | 1.5       |
| Australia             | -                             | -             | 15.7      | -                    | 2.5       |
| Malaysia              | 5                             | <b>13.0</b>   | 14.0      | <b>1.0</b>           | 2.0       |
| Services              |                               |               |           |                      |           |
| EMS                   | 10                            | <b>12.0</b>   | 13.0      | *                    | *         |
| KFM                   | 5                             | <b>12.0</b>   | 13.0      | <b>1.0</b>           | 1.0       |
| UEMS Group:           |                               |               |           |                      |           |
| - Malaysia            | 5                             | <b>10.0</b>   | -         | <b>2.0</b>           | -         |
| - Singapore           | 5                             | <b>8.0</b>    | -         | <b>1.0</b>           | -         |
| - Taiwan              | 5                             | <b>8.0</b>    | -         | <b>1.0</b>           | -         |
| Edgenta PROPEL Berhad | 5                             | <b>12.0</b>   | 14.0      | <b>1.0</b>           | 2.0       |

\* Future cash flows for the integrated facilities management unit are estimated covering the concession period of ten years with no terminal values.

The calculation of the value-in-use for the CGUs are most sensitive to the following assumptions:

(i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins and average growth rate achieved in the years before the budgeted year, adjusted for market and economic conditions and internal resource efficiency.

(ii) Discount rate

The discount rates reflect the current market assessment of the risks specific to each CGU. This reflected the management's best estimate of return on capital employed required in the Group.

(iii) Terminal growth rate

Terminal growth rates used to extrapolate cash flows beyond the budget period is based on published industry research for each business.

**16. INTANGIBLE ASSETS (CONT'D.)****(a) Goodwill (cont'd.)****Impairment loss recognised in prior year**

Consultancy: Canada - OSW and Australia

Impairment losses of RM94.4 million and RM12.5 million were recognised against the carrying amount of goodwill attributable to the consultancy CGUs in Canada - OSW and Australia respectively, based on management's assessment on current and anticipated future economic environment of the Canadian and Australian market. The recoverable amounts of CGUs in Canada - OSW and Australia were RM100.3 million and RM93.9 million respectively.

**Sensitivity to change in assumption**

Management believes that no reasonable possible change in any of the above key assumptions would cause the recoverable amount of each of the CGUs to be materially lower than their respective amount, other than the UEMS-Malaysia CGU, as follows:

|  | <b>Decrease<br/>in profit<br/>before tax<br/>2017<br/>RM'000</b> |
|--|--|
| Increase in 1% of discount rate        | <b>5,048</b>   |
| Decrease in 1% of terminal growth rate | <b>3,010</b>   |

**(b) Customer contracts and relationships**

Customer contracts and relationships arose from the acquisition of KFM and AIFS group in prior year and are amortised over the range of 5 to 15 years.

**(c) Software and other development cost**

Computer software represents licences and other software assets that are not an integral part of property, plant and equipment assets. Software assets are recorded at cost and have finite useful life based on the term of the licence or other contractual basis. The cost is amortised over the estimated asset's useful life of 3 to 5 years.

Other development cost relates to the development of a framework for the application of improved processes, systems and services for servicing expressways.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 17. INVESTMENT IN SUBSIDIARIES

|                              | Company          |                |
|------------------------------|------------------|----------------|
|                              | 2017<br>RM'000   | 2016<br>RM'000 |
| Unquoted shares, at cost:    |                  |                |
| - Malaysian subsidiaries     | 2,134,211        | 2,134,211      |
| - Foreign subsidiaries       | 86,795           | 86,795         |
|                              | <b>2,221,006</b> | 2,221,006      |
| Less: Accumulated impairment | <b>(302,963)</b> | (191,106)      |
|                              | <b>1,918,043</b> | 2,029,900      |

Certain unquoted shares in subsidiaries are pledged to financial institutions for facilities granted to the Group and the Company as disclosed in Note 28(a) and (b).

Further details of the subsidiaries are disclosed in Note 44.

#### (a) Disposal of a subsidiary

On 4 December 2017, Opus International (NZ) Limited, a wholly-owned subsidiary of Opus Group Berhad, which in turn was a wholly-owned subsidiary of the Company, had completed the disposal of its entire shareholding of 90,511,615 shares in Opus International Consultants Limited ("OIC"), representing 61.2% of its total issued and paid-up share capital, for a cash consideration of NZD161.1 million (equivalent to RM463.0 million).

The comparative statement of comprehensive income and relevant notes have been re-presented to show the discontinued operation separately from continuing operations.

The results of the discontinued operation were as follows:

|  | 2017<br>RM'000 | 2016<br>RM'000 |
|--|----------------|----------------|
| Revenue  | 1,320,293      | 1,351,881      |
| Cost of sales                                    | (675,117)      | (719,577)      |
| Gross profit                                     | 645,176        | 632,304        |
| Other income                                     | 5,989          | 8,280          |
| Expenses   | (578,403)      | (588,523)      |
| Impairment losses                                | -              | (110,824)      |
| Finance costs                                    | (7,309)        | (10,344)       |
| Share of results of joint ventures               | 2,972          | 1,413          |
| Profit/(loss) before tax                         | 68,425         | (67,694)       |
| Income tax                                       | (33,701)       | (25,722)       |
| <b>Results from operating activities</b>         | <b>34,724</b>  | (93,416)       |
| <b>Gain on disposal of a subsidiary</b>          | <b>274,909</b> | -              |
| <b>Profit/(loss) from discontinued operation</b> | <b>309,633</b> | (93,416)       |

**17. INVESTMENT IN SUBSIDIARIES (CONT'D.)****(a) Disposal of a subsidiary (cont'd.)**

Cash flows attributable to discontinued operation are as follows:

|   | <b>2017</b>     | <b>2016</b>   |
|---|-----------------|---------------|
|   | <b>RM'000</b>   | <b>RM'000</b> |
| Operating cash flows                                | <b>56,665</b>   | 32,881        |
| Investing cash flows                                | <b>(5,581)</b>  | 7,619         |
| Financing cash flows                                | <b>(36,304)</b> | (116,372)     |
| <b>Total cash flows from discontinued operation</b> | <b>14,780</b>   | (75,872)      |

The value of the assets and liabilities disposed on 4 December 2017 are as follows:

|   | <b>RM'000</b>    |
|---|------------------|
| Property, plant and equipment   | <b>75,847</b>    |
| Other intangible assets   | <b>10,194</b>    |
| Goodwill  | <b>191,375</b>   |
| Deferred tax assets   | <b>30,372</b>    |
| Receivables and other assets  | <b>394,258</b>   |
| Cash, bank balances and deposits  | <b>63,005</b>    |
| Borrowings  | <b>(176,150)</b> |
| Payables and other liabilities  | <b>(261,644)</b> |
| <b>Total value of net assets disposed</b>                               | <b>327,257</b>   |
| Less: Non-controlling interest  | <b>(108,447)</b> |
| <b>Group's share of net assets disposed</b>                             | <b>218,810</b>   |
| Cummulative foreign exchange differences reclassified to profit or loss | <b>30,720</b>    |
| Consideration received, satisfied in cash                               | <b>462,999</b>   |
| <b>Gain on disposal of a subsidiary</b>                                 | <b>274,909</b>   |

The effect of the disposal on cash flows is as follows:

|  | <b>RM'000</b>   |
|--|-----------------|
| Consideration received, satisfied in cash              | <b>462,999</b>  |
| Less: Cash and cash equivalents of subsidiary disposed | <b>(58,002)</b> |
| <b>Net cash inflows from disposal of a subsidiary</b>  | <b>404,997</b>  |

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 17. INVESTMENT IN SUBSIDIARIES (CONT'D.)

#### (b) Liquidation of subsidiaries

##### (i) Members' voluntary winding-up of Asia Integrated Facility Solutions Pte. Ltd. ("AIFS") and Asia Facility Solutions Pte. Ltd. ("AFS")

On 22 November 2017, AIFS and AFS, indirect wholly-owned subsidiaries of the Company incorporated in Singapore, had been placed under members' voluntary winding-up pursuant to Section 290(1) of the Singapore Companies Act (Cap. 50). The members' voluntary winding up is expected to complete in 2018.

The voluntary winding-up of AIFS and AFS is not expected to have material effect on the earnings, gearing or net assets of the Group and Company.

#### (c) Impairment of investment in a subsidiary

During the current financial year, an impairment loss of RM111.9 million was recognised against the carrying amount of its investment in Opus Group Berhad ("OGB") to its recoverable amount. Based on management's assessment, the recoverable amount of its investment in OGB was RM890.0 million which was estimated based on the value in use of OGB.

#### (d) Prior year acquisitions

##### (i) Incorporation of Edgenta TMS Sdn. Bhd. ("Edgenta TMS")

On 12 February 2016, UEM Sunrise Edgenta TMS Sdn. Bhd. ("UEMSET"), a 70% owned subsidiary of Edgenta Township Management Services Sdn. Bhd., has subscribed for 70% equity interest in Edgenta TMS. Following the transaction, Edgenta TMS became a subsidiary of UEMSET.

##### (ii) Acquisition of KFM Holdings Sdn. Bhd. ("KFM")

On 6 April 2016, the Company acquired a total of 12,000,000 ordinary shares of RM1.00 each in KFM, representing 80% of the total issued and paid-up share capital of KFM for a total consideration of up to RM128.0 million satisfied as follows:

- i. Upfront payment of RM92.0 million upon completion of the Shares Sale Agreement as follows:
  - Cash payment of RM36.0 million; and
  - RM56.0 million from the issuance and allotment of 18,122,977 new ordinary shares of RM0.25 each in the Company at an issuance price of RM3.09 per share. The fair value of the shares on the date of issuance is RM3.57 per share.
- ii. The balance of the RM36.0 million will be disbursed over the next three financial years subject to achievement of key financial targets as follows:
  - Deferred cash payment of RM20.0 million upon achievement of targets for financial years ending 2016, 2017 and 2018, and;
  - Incremental value payment of RM16.0 million upon achievement of specific financial milestones.

**17. INVESTMENT IN SUBSIDIARIES (CONT'D.)****(d) Prior year acquisitions (cont'd.)****(ii) Acquisition of KFM Holdings Sdn. Bhd. ("KFM") (cont'd.)**

After considering the fair value of the shares issued and deferred consideration, the total purchase consideration amounted to RM125.7 million.

The fair values of the identifiable assets and liabilities of KFM and its subsidiaries at the date of acquisition were as follows:

|                                      | <b>Fair value<br/>recognised<br/>on acquisition<br/>RM'000</b> |
|--------------------------------------|--|
| Property, plant and equipment        | 1,725  |
| Investment in associates             | 392  |
| Trade and other receivables          | 195,955  |
| Cash and bank balances               | 20,334   |
| Tax recoverable                      | 1,041  |
| Deferred tax liabilities             | (11,200)   |
| Borrowings                           | (111,957)  |
| Trade and other payables             | (33,349)   |
| Net assets acquired                  | 62,941   |
| Less: Non-controlling interests      | (13,177)   |
| Group's share of net assets          | 49,764   |
| Identifiable intangible assets:      |  |
| Customer contract                    | 33,996   |
| Customer relationships               | 7,110  |
| Deferred tax liabilities             | (8,159)  |
| Less: Non-controlling interests      | (6,589)  |
|                                      | 76,122   |
| Total purchase consideration         | 125,722  |
| Goodwill on acquisition (Note 16(a)) | 49,600   |

Arising from the business combination, the Company performed a purchase price allocation exercise resulting in the recognition of intangible assets relating to customer contract and customer relationships of RM34.0 million and RM7.1 million respectively.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**

For the year ended 31 December 2017

**17. INVESTMENT IN SUBSIDIARIES (CONT'D.)****(d) Prior year acquisitions (cont'd.)****(ii) Acquisition of KFM Holdings Sdn. Bhd. ("KFM") (cont'd.)**

The purchase consideration was satisfied by:

|  | <b>RM'000</b>  |
|--|----------------|
| Cash consideration   | 36,000         |
| Fair value of 18,122,977 new ordinary shares in the Company<br>at RM3.57 per share | 64,699         |
| Deferred consideration payable (Note 30(d))  | 25,023         |
|  | <b>125,722</b> |

The effect of the acquisition on cash flows was as follows:

|  | <b>RM'000</b> |
|--|---------------|
| Purchase consideration satisfied by cash, funded through internal funds        | 36,000        |
| Cash and bank balances of subsidiaries acquired                                | 20,334        |
| Less: Bank overdraft   | (855)         |
| Less: Fixed deposits pledged   | (2,448)       |
| Cash and cash equivalents  | 17,031        |
| Net cash outflow on acquisition of the subsidiaries at the date of acquisition | <b>18,969</b> |

The effect of the acquisition on the financial results of the Group from the date of acquisition to 31 December 2016 is as follows:

|                     | <b>RM'000</b> |
|---------------------|---------------|
| Revenue             | 93,852        |
| Profit for the year | <b>14,628</b> |

**(iii) Incorporation of PT Edgenta PROPEL Indonesia ("PT EPI")**

A subsidiary of the Company, Edgenta PROPEL Berhad ("Edgenta PROPEL") had on 23 August 2016 received the approval from Ministry of Law and Human Rights of Indonesia confirming the establishment of PT Edgenta PROPEL Indonesia ("PT EPI") on 22 August 2016, as a 99.6% subsidiary of Edgenta PROPEL.

## 17. INVESTMENT IN SUBSIDIARIES (CONT'D.)

### (d) Prior year acquisitions (cont'd.)

#### (iii) Incorporation of PT Edgenta PROPEL Indonesia ("PT EPI") (cont'd.)

The authorised share capital of PT EPI is USD1.0 million divided into 1,000,000 shares of USD1.00 each and the initial paid-up capital of PT EPI is 250,000 shares having nominal value in the aggregate amount of IDR3,324.0 million or equivalent to USD0.3 million where each share having a nominal value of IDR13,296 or equivalent to USD1.00 per share. The intended principal business activities of PT EPI are providing management consultancy and advisory related to management of roads including toll roads.

#### (iv) Incorporation of Edgenta (Singapore) Pte. Ltd. ("Edgenta Singapore")

On 5 September 2016, the Company acquired 1 ordinary share of SGD1.00 representing the entire issued and paid-up share capital of Edgenta Singapore for a total cash consideration of SGD1.00. Following the transaction, Edgenta Singapore became a wholly-owned subsidiary of the Company.

Edgenta Singapore was incorporated on 30 August 2016 with intended principal activity as an investment holding company.

#### (v) Incorporation of Edgenta Energy Projects Sdn. Bhd. ("Edgenta Energy Projects")

On 1 November 2016, the Company acquired 2 ordinary shares of RM1.00 each representing the entire issued and paid-up capital of Edgenta Energy Projects for a total cash consideration of RM2.00. Following the transaction, Edgenta Energy Projects became a wholly-owned subsidiary of the Company.

Edgenta Energy Projects was incorporated on 20 October 2016 with an intended principal activity of providing energy management services and renewable energy services, through capital investment.

On 25 November 2016, Edgenta Energy Projects increased its issued and paid-up share capital from RM2.00 to RM0.8 million by way of an issue of 749,998 new ordinary shares of RM1.00 each fully paid at par value in cash.

#### (vi) Acquisition of Asia Integrated Facility Solutions Pte. Ltd. ("AIFS")

On 15 December 2016, Edgenta Singapore, a wholly-owned subsidiary of the Company completed the acquisition of the entire issued and paid-up share capital of AIFS for a total purchase consideration of SGD191.9 million (RM595.0 million). AIFS holds 100% equity interest in Asia Facility Solutions Pte. Ltd., which in turn, wholly-owned UEMS Pte. Ltd. which has operating subsidiaries in Singapore, Malaysia and Taiwan. Following the transaction, AIFS and its subsidiaries became indirect wholly-owned subsidiaries of the Company.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 17. INVESTMENT IN SUBSIDIARIES (CONT'D.)

#### (d) Prior year acquisitions (cont'd.)

##### (vi) Acquisition of Asia Integrated Facility Solutions Pte. Ltd. ("AIFS") (cont'd.)

The fair values of the identifiable assets and liabilities of AIFS and its subsidiaries at the date of acquisition were as follows:

|  | <b>Fair value<br/>recognised<br/>on acquisition<br/>RM'000</b> |
|--|--|
| Property, plant and equipment  | 5,266  |
| Intangible assets  | 147  |
| Deferred tax assets  | 971  |
| Inventories  | 1,157  |
| Trade and other receivables  | 95,117   |
| Cash and bank balances   | 83,925   |
| Borrowings   | (10,992)   |
| Trade and other payables, including provisions and defined benefit pension plans | (74,470)   |
| Net assets acquired  | 101,121  |
| Identifiable intangible assets (provisional)                                     |  |
| Customer relationships   | 169,992  |
| Software   | 3,899  |
| Deferred tax liabilities   | (29,731)   |
|  | 245,281  |
| Total purchase consideration   | 595,005  |
| Goodwill on acquisition - provisional (Note 16(a))                               | 349,724  |

In the previous financial year, the purchase price allocation for this acquisition was still incomplete as the Company was finalising its identification and measurement of all intangible assets and its allocated goodwill. The Company had up to 12 months to complete such allocation. Accordingly, on a provisional basis, the Company had recognised intangible assets relating to customer relationships and software of RM170.0 million and RM3.9 million respectively, and goodwill of RM349.7 million relating to the acquisition. The purchase price allocation for this acquisition was completed during the year with no changes to the provisional goodwill.

**17. INVESTMENT IN SUBSIDIARIES (CONT'D.)****(d) Prior year acquisitions (cont'd.)****(vi) Acquisition of Asia Integrated Facility Solutions Pte. Ltd. ("AIFS") (cont'd.)**

The purchase consideration was satisfied by:

|                    | <b>RM'000</b> |
|--------------------|---------------|
| Cash consideration | 595,005*      |

\* As at 31 December 2016, RM18.7 million of the cash consideration was yet to be settled. The amount has been settled in 2017.

The effect of the acquisition on cash flows was as follows:

|   | <b>RM'000</b>  |
|---|----------------|
| Purchase consideration satisfied by cash, funded by bank borrowings                   | 576,277        |
| Cash and cash equivalents of subsidiaries acquired                                    | 83,925         |
| <b>Net cash outflow on acquisition of the subsidiaries at the date of acquisition</b> | <b>492,352</b> |

The effect of the acquisition on the financial results of the Group from the date of acquisition to 31 December 2016 is as follows:

|                     | <b>RM'000</b> |
|---------------------|---------------|
| Revenue             | 17,558        |
| Profit for the year | 4,541         |

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**

For the year ended 31 December 2017

**17. INVESTMENT IN SUBSIDIARIES (CONT'D.)****Summarised financial information**

Summarised financial information of Opus International Consultants Limited ("OIC"), KFM and Rimbunan Melati Sdn. Bhd. ("Rimbunan Melati"), which have non-controlling interests that are material to the Group, is set out below. The summarised financial information presented below is the amount before inter-company elimination. The non-controlling interests in respect of other entities within the Group are not material to the Group.

**(i) Summarised statements of financial position**

|   | OIC*           |                | Rimbunan Melati |                | KFM            |                | Total          |                |
|---|----------------|----------------|-----------------|----------------|----------------|----------------|----------------|----------------|
|   | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000  | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| Non-current assets                              | -              | 292,792        | 1               | 3              | 139,070        | 142,985        | 139,071        | 435,780        |
| Current assets                                  | -              | 509,927        | 25,179          | 27,114         | 113,144        | 105,288        | 138,323        | 642,329        |
| <b>Total assets</b>                             | -              | 802,719        | 25,180          | 27,117         | 252,214        | 248,273        | 277,394        | 1,078,109      |
| Non-current liabilities                         | -              | 200,472        | -               | -              | 108,181        | 112,850        | 108,181        | 313,322        |
| Current liabilities                             | -              | 266,024        | 4,595           | 4,633          | 53,336         | 54,116         | 57,931         | 324,773        |
| <b>Total liabilities</b>                        | -              | 466,496        | 4,595           | 4,633          | 161,517        | 166,966        | 166,112        | 638,095        |
| Net assets                                      | -              | 336,223        | 20,585          | 22,484         | 90,697         | 81,307         | 111,282        | 440,014        |
| Equity attributable to owners<br>of the Company | -              | 207,283        | 11,322          | 12,366         | 90,697         | 65,046         | 102,019        | 284,695        |
| Non-controlling interests                       | -              | 128,940        | 9,263           | 10,118         | -**            | 16,261         | 9,263          | 155,319        |

\* OIC was disposed in the current financial year.

\*\* At each reporting date, the non-controlling interest is derecognised against the equity arising from the put option issued to the non-controlling interest as if it was acquired at that date (Note 34(a)).

**(ii) Summarised statements of comprehensive income**

|   | OIC*           |                | Rimbunan Melati |                | KFM            |                | Total          |                |
|---|----------------|----------------|-----------------|----------------|----------------|----------------|----------------|----------------|
|   | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000  | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| Revenue   | -              | 1,359,658      | -               | -              | 103,433        | 112,242        | 103,433        | 1,471,900      |
| <b>(Loss)/profit for the year,<br/>representing total<br/>comprehensive (loss)/<br/>income for the year</b> | -              | (78,312)       | (1,899)         | (5,904)        | 9,389          | 17,118         | 7,490          | (67,098)       |
| Attributable to:  |                |                |                 |                |                |                |                |                |
| - owners of the Company   | -              | (47,288)       | (855)           | (3,247)        | 7,511          | 13,694         | 6,656          | (36,841)       |
| - non-controlling interests   | -              | (31,024)       | (1,044)         | (2,657)        | 1,878          | 3,424          | 834            | (30,257)       |
| <b>Total comprehensive<br/>(loss)/income</b>  | -              | (78,312)       | (1,899)         | (5,904)        | 9,389          | 17,118         | 7,490          | (67,098)       |
| Dividend paid to non-<br>controlling interests  | -              | 10,975         | -               | -              | -              | -              | -              | 10,975         |

\* OIC was disposed in the current financial year.

**17. INVESTMENT IN SUBSIDIARIES (CONT'D.)****Summarised financial information (cont'd.)****(iii) Summarised statements of cash flows**

|   | OIC*           |                | Rimbunan Melati |                | KFM            |                | Total          |                |
|---|----------------|----------------|-----------------|----------------|----------------|----------------|----------------|----------------|
|   | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000  | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| Net cash (used in)/generated from operating activities      | -              | 41,542         | (1,628)         | (6,529)        | 14,029         | 5,516          | 12,401         | 40,529         |
| Net cash generated from/(used in) investing activities      | -              | (1,630)        | 3,833           | 2,091          | (306)          | 847            | 3,527          | 1,308          |
| Net cash used in financing activities                       | -              | (127,609)      | -               | -              | (3,748)        | (4,803)        | (3,748)        | (132,412)      |
| <b>Net increase/(decrease) in cash and cash equivalents</b> | -              | (87,697)       | 2,205           | (4,438)        | 9,975          | 1,560          | 12,180         | (90,575)       |
| Net foreign exchange differences                            | -              | 5,533          | -               | -              | 168            | 62             | 168            | 5,595          |
| <b>Cash and cash equivalents at beginning of the year</b>   | -              | 176,003        | 20,607          | 25,045         | 26,108         | 24,486         | 46,715         | 225,534        |
| <b>Cash and cash equivalents at end of the year</b>         | -              | 93,839         | 22,812          | 20,607         | 36,251         | 26,108         | 59,063         | 140,554        |

\* OIC was disposed in the current financial year.

**18. INVESTMENT IN JOINT VENTURES AND ASSOCIATES****(a) Investment in joint ventures**

|                                    | Group          |                |
|------------------------------------|----------------|----------------|
|                                    | 2017<br>RM'000 | 2016<br>RM'000 |
| Unquoted shares, at cost           | -              | 12,167         |
| Share of post-acquisition reserves | -              | (7,895)        |
|                                    | -              | 4,272          |
| Less: Accumulated impairment loss  | -              | (3,910)        |
| Exchange differences               | -              | 2,031          |
|                                    | -              | 2,393          |

The Group has effectively disposed off its investments in joint ventures held through OIC through the disposal of the subsidiary as disclosed in Note 17(a).

All joint ventures have been determined to be individually not material to the Group. Further details of the joint ventures are disclosed in Note 44.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 18. INVESTMENT IN JOINT VENTURES AND ASSOCIATES (CONT'D.)

#### (b) Investment in jointly controlled operations

The Group's interest in the joint operations are disclosed in Note 44. The Group's share of these joint operations are included as part of the Group's statement of financial position and income statement. The joint operations have been determined to be individually not material to the Group.

#### (c) Investment in associates

|                                    | Group          |                |
|------------------------------------|----------------|----------------|
|                                    | 2017<br>RM'000 | 2016<br>RM'000 |
| Unquoted shares, at cost           |                |                |
| In Malaysia                        | 6,068          | 4,792          |
| Outside Malaysia                   | 6,082          | 6,082          |
|                                    | <b>12,150</b>  | 10,874         |
| Share of post-acquisition reserves | <b>41,533</b>  | 23,609         |
| Less: Dividend received            | <b>(2,400)</b> | (1,730)        |
|                                    | <b>51,283</b>  | 32,753         |

Further details of the associates are disclosed in Note 44.

In the current financial year, Opus International (M) Berhad ("OIM") has subscribed for 21,400 ordinary shares representing 29.97% equity interest in Opus Consultants (M) Sdn. Bhd. ("OCMSB"), formerly known as Ace Vector Sdn. Bhd. ("AVSB"). The principal activity of OCMSB is providing engineering consultancy. The acquisition resulted in a gain on bargain purchase of RM1.3 million. Following the transaction, OCMSB is now an associate of OIM.

Summarised financial information of Faber Sindoori Management Services Private Limited ("Faber Sindoori"), Biomedix Solutions Sdn. Bhd. ("Biomedix"), One Medicare Sdn. Bhd. ("One Medicare") and Sedafiat Sdn. Bhd. ("Sedafiat"), that are material associates of the Group are set out below. The summarised financial information represents the amounts in the FRS financial statements of the associates and not the Group's share of those amounts.

#### (i) Summarised statements of financial position

|                          | Faber Sindoori |                | Biomedix*      |                | One Medicare   |                | Sedafiat       |                | Total          |                |
|--------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                          | 2017<br>RM'000 | 2016<br>RM'000 |
| Non-current assets       | 4,514          | 5,338          | 3,094          | -              | 7,621          | 8,345          | 18,636         | 12,485         | 33,865         | 26,168         |
| Current assets           | 43,600         | 24,572         | 28,376         | -              | 77,177         | 65,156         | 137,874        | 133,187        | 287,027        | 222,915        |
| <b>Total assets</b>      | <b>48,114</b>  | 29,910         | <b>31,470</b>  | -              | <b>84,798</b>  | 73,501         | <b>156,510</b> | 145,672        | <b>320,892</b> | 249,083        |
| Non-current liabilities  | 2,460          | 120            | -              | -              | 278            | -              | -              | -              | 2,738          | 120            |
| Current liabilities      | 13,665         | 10,423         | 9,223          | -              | 57,947         | 49,320         | 122,017        | 121,087        | 202,852        | 180,830        |
| <b>Total liabilities</b> | <b>16,125</b>  | 10,543         | <b>9,223</b>   | -              | <b>58,225</b>  | 49,320         | <b>122,017</b> | 121,087        | <b>205,590</b> | 180,950        |
| <b>Net assets</b>        | <b>31,989</b>  | 19,367         | <b>22,247</b>  | -              | <b>26,573</b>  | 24,181         | <b>34,493</b>  | 24,585         | <b>115,302</b> | 68,133         |

**18. INVESTMENT IN JOINT VENTURES AND ASSOCIATES (CONT'D.)****(c) Investment in associates (cont'd.)**

## (ii) Summarised statements of comprehensive income

|   | Faber Sindoori |                | Biomedix*      |                | One Medicare   |                | Sedafiat       |                | Total          |                |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|   | 2017<br>RM'000 | 2016<br>RM'000 |
| Revenue   | <b>100,249</b> | 73,754         | <b>46,037</b>  | -              | <b>179,531</b> | 168,483        | <b>215,571</b> | 212,053        | <b>541,388</b> | 454,290        |
| Profit before tax                                     | <b>17,843</b>  | 8,425          | <b>19,393</b>  | -              | <b>2,900</b>   | 12,610         | <b>19,570</b>  | 19,737         | <b>59,706</b>  | 40,772         |
| Profit for the year                                   | <b>12,622</b>  | 5,120          | <b>14,746</b>  | -              | <b>2,392</b>   | 9,758          | <b>15,908</b>  | 15,020         | <b>45,668</b>  | 29,898         |
| Total comprehensive income                            | <b>12,622</b>  | 5,120          | <b>14,746</b>  | -              | <b>2,392</b>   | 9,758          | <b>15,908</b>  | 15,020         | <b>45,668</b>  | 29,898         |
| Dividend received from the associates during the year | -              | 105            | -              | -              | -              | -              | <b>2,400</b>   | 1,600          | <b>2,400</b>   | 1,705          |

## (iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associates

|  | Faber Sindoori |                | Biomedix*      |                | One Medicare   |                | Sedafiat       |                | Total          |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  | 2017<br>RM'000 | 2016<br>RM'000 |
| Net assets at 1 January                                  | <b>19,367</b>  | 14,453         | <b>7,501</b>   | -              | <b>24,181</b>  | 14,423         | <b>24,585</b>  | 13,565         | <b>75,634</b>  | 42,441         |
| Profit for the year                                      | <b>12,622</b>  | 5,120          | <b>14,746</b>  | -              | <b>2,392</b>   | 9,758          | <b>15,908</b>  | 15,020         | <b>45,668</b>  | 29,898         |
| Dividend from associate                                  | -              | (206)          | -              | -              | -              | -              | <b>(6,000)</b> | (4,000)        | <b>(6,000)</b> | (4,206)        |
| Net assets at 31 December                                | <b>31,989</b>  | 19,367         | <b>22,247</b>  | -              | <b>26,573</b>  | 24,181         | <b>34,493</b>  | 24,585         | <b>115,302</b> | 68,133         |
| Interest in associates                                   | <b>51%</b>     | 51%            | <b>40%</b>     | -              | <b>40%</b>     | 40%            | <b>40%</b>     | 40%            |                |                |
| Additional investment in associate                       | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              |
| Exchange differences                                     | <b>(716)</b>   | (99)           | -              | -              | -              | -              | -              | -              | <b>(716)</b>   | (99)           |
| Carrying value of Group's interest in material associate | <b>15,598</b>  | 9,778          | <b>8,899</b>   | -              | <b>10,629</b>  | 9,672          | <b>13,797</b>  | 9,834          | <b>48,923</b>  | 29,284         |

\* No comparatives are presented as Biomedix was not a material associate to the Group in the previous financial year.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 19. OTHER INVESTMENTS

|   | <b>Group and Company</b>     |                              |
|---|------------------------------|------------------------------|
|   | <b>2017</b><br><b>RM'000</b> | <b>2016</b><br><b>RM'000</b> |
| <b>Available for sale</b>                                 |                              |                              |
| Equity instruments (unquoted shares in Malaysia), at cost | <b>1,200</b>                 | 1,200                        |
| Less: Accumulated impairment losses                       | <b>(1,200)</b>               | (1,200)                      |
| Unquoted shares, net                                      | -                            | -                            |
| Club memberships, at cost                                 | <b>272</b>                   | 272                          |
|   | <b>272</b>                   | 272                          |

### 20. INVENTORIES

|                          | <b>Group</b>                 |                              |
|--------------------------|------------------------------|------------------------------|
|                          | <b>2017</b><br><b>RM'000</b> | <b>2016</b><br><b>RM'000</b> |
| <b>Cost</b>              |                              |                              |
| Consumables              | <b>11,691</b>                | 9,805                        |
| Properties held for sale | <b>157,010</b>               | 26,728                       |
|                          | <b>168,701</b>               | 36,533                       |

During the year, the amounts of inventories recognised as expenses in cost of sales of the Group for consumables and properties held for sale were RM93.3 million and RM4.4 million (2016: RM64.9 million and RM8.6 million) respectively.

**21. TRADE AND OTHER RECEIVABLES**

|                                       | <b>Group</b>    |               |
|---------------------------------------|-----------------|---------------|
|                                       | <b>2017</b>     | <b>2016</b>   |
|                                       | <b>RM'000</b>   | <b>RM'000</b> |
| <b>Current</b>                        |                 |               |
| <b>Trade receivables (Nota a)</b>     |                 |               |
| Third parties                         | <b>409,003</b>  | 515,295       |
| Related companies                     | <b>187,914</b>  | 193,847       |
| Associates                            | <b>8,557</b>    | 43,358        |
|                                       | <b>605,474</b>  | 752,500       |
| Less: Allowance for impairment:       |                 |               |
| Third parties                         | <b>(41,768)</b> | (48,770)      |
| Related companies                     | <b>(707)</b>    | (627)         |
|                                       | <b>(42,475)</b> | (49,397)      |
| Retention receivables:                |                 |               |
| Third parties                         | <b>18,649</b>   | 19,278        |
| Related companies                     | <b>18,126</b>   | 13,148        |
|                                       | <b>36,775</b>   | 32,426        |
| Trade receivables, net                | <b>599,774</b>  | 735,529       |
| <b>Concession receivable (Note d)</b> | <b>22,600</b>   | 22,600        |
| <b>Other receivables (Note c)</b>     |                 |               |
| Amounts due from related parties:     |                 |               |
| Associates                            | <b>684</b>      | 3,478         |
| Holding company                       | -               | 2             |
| Related companies                     | <b>351</b>      | 41            |
| Joint ventures                        | -               | 11,539        |
|                                       | <b>1,035</b>    | 15,060        |
| Deposits                              | <b>14,985</b>   | 15,775        |
| Sundry receivables                    | <b>62,604</b>   | 76,138        |
|                                       | <b>78,624</b>   | 106,973       |
| Less: Allowance for impairment:       |                 |               |
| Sundry receivables                    | <b>(2,997)</b>  | (2,751)       |
| Related companies                     | <b>(9)</b>      | -             |
|                                       | <b>(3,006)</b>  | (2,751)       |
| Other receivables, net                | <b>75,618</b>   | 104,222       |

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**

For the year ended 31 December 2017

**21. TRADE AND OTHER RECEIVABLES (CONT'D.)**

|                                       | Group          |                |
|---------------------------------------|----------------|----------------|
|                                       | 2017<br>RM'000 | 2016<br>RM'000 |
| <b>Current (cont'd.)</b>              |                |                |
| <b>Other current assets</b>           |                |                |
| Accrued billings:                     |                |                |
| Consultancy                           | 17,984         | 142,182        |
| Services                              |                |                |
| - Infrastructure                      | 220,525        | 160,674        |
| - Real estate                         | 19,659         | 29,346         |
| Solutions                             | 272            | -              |
| Property development                  | 3,123          | 22,256         |
| Tax recoverable                       | 22,505         | 29,468         |
| Prepayments                           | 10,794         | 8,407          |
| Others                                | 1,701          | 1,701          |
|                                       | <b>296,563</b> | 394,034        |
| <b>Total</b>                          | <b>994,555</b> | 1,256,385      |
| <b>Non-current</b>                    |                |                |
| <b>Trade receivables (Note b)</b>     |                |                |
| Third parties                         | 27,114         | 30,007         |
| Less: Allowance for impairment        | (27,114)       | (30,007)       |
|                                       | -              | -              |
| Retention receivables:                |                |                |
| Third parties                         | 6,791          | 4,532          |
| Related companies                     | 3,340          | 6,886          |
| Trade receivables, net                | <b>10,131</b>  | 11,418         |
| <b>Concession receivable (Note d)</b> | <b>131,605</b> | 130,267        |
| <b>Total</b>                          | <b>141,736</b> | 141,685        |

**21. TRADE AND OTHER RECEIVABLES (CONT'D.)**

|                                   | <b>Company</b>         |                        |
|-----------------------------------|------------------------|------------------------|
|                                   | <b>2017<br/>RM'000</b> | <b>2016<br/>RM'000</b> |
| <b>Current</b>                    |                        |                        |
| <b>Other receivables (Note c)</b> |                        |                        |
| Amounts due from subsidiaries     | <b>94,411</b>          | 18,998                 |
| Deposits                          | <b>1,768</b>           | 609                    |
| Sundry receivables                | <b>2,106</b>           | 1,383                  |
|                                   | <b>98,285</b>          | 20,990                 |
| Less: Allowance for impairment:   |                        |                        |
| Sundry receivables                | <b>(216)</b>           | (216)                  |
| Subsidiaries                      | <b>(18,088)</b>        | (18,088)               |
|                                   | <b>(18,304)</b>        | (18,304)               |
| Other receivables, net            | <b>79,981</b>          | 2,686                  |
| <b>Other current assets</b>       |                        |                        |
| Tax recoverable                   | <b>451</b>             | 220                    |
| Prepayments                       | <b>-</b>               | 92                     |
|                                   | <b>451</b>             | 312                    |
| <b>Total</b>                      | <b>80,432</b>          | 2,998                  |
| <b>Non-current</b>                |                        |                        |
| Loan to a subsidiary (Note c)     | <b>92,841</b>          | 338,813                |

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 21. TRADE AND OTHER RECEIVABLES (CONT'D.)

Movements in allowance for impairment accounts:

|                                 | Group           |                | Company        |                |
|---------------------------------|-----------------|----------------|----------------|----------------|
|                                 | 2017<br>RM'000  | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| At 1 January                    | <b>82,155</b>   | 79,623         | <b>18,304</b>  | 18,304         |
| Charge for the year (Note 7)    | <b>15,499</b>   | 8,583          | -              | -              |
| Acquisition of subsidiaries     | -               | 1,447          | -              | -              |
| Reversal of impairment (Note 7) | <b>(10,218)</b> | (7,408)        | -              | -              |
| Written off                     | <b>(3,025)</b>  | (1,537)        | -              | -              |
| Disposal of a subsidiary        | <b>(8,868)</b>  | -              | -              | -              |
| Exchange differences            | <b>(2,948)</b>  | 1,447          | -              | -              |
| At 31 December                  | <b>72,595</b>   | 82,155         | <b>18,304</b>  | 18,304         |

#### (a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2016: 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

#### Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

|  | Group          |                |
|--|----------------|----------------|
|  | 2017<br>RM'000 | 2016<br>RM'000 |
| Neither past due nor impaired                                      | <b>255,100</b> | 365,003        |
| 1 to 30 days past due from the credit terms but not impaired       | <b>114,844</b> | 138,099        |
| 31 to 60 days past due from the credit terms but not impaired      | <b>55,462</b>  | 81,036         |
| 61 to 90 days past due from the credit terms but not impaired      | <b>36,293</b>  | 80,212         |
| 91 to 120 days past due from the credit terms but not impaired     | <b>31,495</b>  | 14,391         |
| More than 121 days past due from the credit terms but not impaired | <b>116,711</b> | 68,206         |
|  | <b>354,805</b> | 381,944        |
| Impaired   | <b>69,589</b>  | 79,404         |
|  | <b>679,494</b> | 826,351        |

**21. TRADE AND OTHER RECEIVABLES (CONT'D.)****(a) Trade receivables (cont'd.)**Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. At the reporting date, approximately 32% (2016: 14%) of the Group's trade receivables arose from current receivable balances with a related company, while approximately 30% (2016: 9%) of the Group's trade receivables arose from current receivable balances with Ministry of Health ("MOH").

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due from the credit terms but not impaired

The Group has trade receivables amounting to RM354.8 million (2016: RM381.9 million) that are past due from the credit terms at the reporting date but not impaired.

These receivables are unsecured. Based on past experience, the management believes that no allowance for impairment is necessary as these debtors are generally slower in their repayment and the Group is still in active trade with these customers.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date are as follows:

|                                | <b>Individually impaired</b> |               |
|--------------------------------|------------------------------|---------------|
|                                | <b>2017</b>                  | <b>2016</b>   |
|                                | <b>RM'000</b>                | <b>RM'000</b> |
| Trade receivables              |                              |               |
| - nominal amounts              | <b>69,589</b>                | 79,404        |
| Less: Allowance for impairment | <b>(69,589)</b>              | (79,404)      |
|                                | -                            | -             |

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 21. TRADE AND OTHER RECEIVABLES (CONT'D.)

#### (b) Trade receivables (non-current)

Included in the Group's non-current trade receivables is an amount due from a debtor of a foreign subsidiary, which is non-interest bearing, unsecured and is to be paid in cash. The movement of the amount is as follows:

|  | 2017<br>RM'000 | 2016<br>RM'000 |
|--|----------------|----------------|
| Amount due from a debtor of a foreign subsidiary |                |                |
| At 1 January                                     | 30,007         | 28,785         |
| Exchange difference                              | (2,893)        | 1,222          |
| At 31 December                                   | 27,114         | 30,007         |
| Less: Allowance for impairment                   |                |                |
| At 1 January                                     | (30,007)       | (28,785)       |
| Exchange difference                              | 2,893          | (1,222)        |
| At 31 December                                   | (27,114)       | (30,007)       |
| Net debt   | -              | -              |

#### (c) Other receivables

##### Amounts due from related parties

Amounts due from related parties are non-trade related, non-interest bearing and repayable on demand other than the loans to joint ventures in the previous financial year of RM11.5 million, which bore interest at rates ranging from 4.51% to 5.67% per annum. All related parties receivables are unsecured and are to be settled in cash.

##### Other receivables that are impaired

At the reporting date, the Group and the Company have provided an allowance of RM3.0 million (2016: RM2.8 million) and RM0.2 million (2016: RM0.2 million) respectively. These mainly relate to balances due from third parties which have been long outstanding.

Further details on related party transactions are disclosed in Note 39.

##### Loan to a subsidiary

The loan to a subsidiary is subordinated to the subsidiary's borrowing from a financial institution until the borrowing is fully repaid as disclosed in Note 28(b).

During the financial year, the subsidiary made an early partial settlement of the loan, resulting in a gain of RM71.6 million to the Company from the remeasurement of the remaining loan to the subsidiary.

#### (d) Concession receivable

This is in relation to a concession arrangement in which the Group provides retro-fitting works and upgrades of infrastructure to turn existing buildings into green buildings, and thereafter to maintain these infrastructure for a period of 16 years. These amounts are to be repaid over the remaining period of the concession. These amounts are also pledged as security for the borrowing obtained for this concession as disclosed in Note 28.

**22. SHORT TERM INVESTMENTS**

|  | <b>Group</b>   |               |
|--|----------------|---------------|
|  | <b>2017</b>    | <b>2016</b>   |
|  | <b>RM'000</b>  | <b>RM'000</b> |
| <b>Current</b>                                 |                |               |
| Fair value through profit or loss investments: |                |               |
| - unquoted unit trusts                         | <b>181,054</b> | 40,073        |
| - investment in Islamic funds                  | <b>2,371</b>   | 2,302         |
|  | <b>183,425</b> | 42,375        |
| Market value                                   | <b>183,425</b> | 42,375        |

Unquoted unit trusts represent investment funds invested with licensed fund managers in the funds approved by the Securities Commission. The portfolio or investments authorised by the Board of Directors comprises only deposits in both Islamic and conventional instruments with financial institutions.

**23. DERIVATIVE FINANCIAL INSTRUMENTS**

|   | <b>Group</b>  |               |
|---|---------------|---------------|
|   | <b>2017</b>   | <b>2016</b>   |
|   | <b>RM'000</b> | <b>RM'000</b> |
| <b>Derivative financial assets</b>      |               |               |
| <b>Current</b>                          |               |               |
| Forward exchange rate contract:         |               |               |
| - due within 12 months (net settled)    | -             | 491           |
| <b>Derivative financial liabilities</b> |               |               |
| <b>Current</b>                          |               |               |
| Forward exchange rate contract:         |               |               |
| - due within 12 months (net settled)    | -             | (1,409)       |
| <b>Non-current</b>                      |               |               |
| Forward exchange rate contract:         |               |               |
| - due 12 to 24 months (net settled)     | -             | (1,384)       |
| Interest rate swap:                     |               |               |
| - due 12 to 24 months (net settled)     | -             | (287)         |
| Cross currency profit rate swap:        |               |               |
| - due 12 to 24 months (net settled)     | -             | (3,859)       |
|   | -             | (5,530)       |

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**

For the year ended 31 December 2017

**23. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D.)**

|   | <b>Company</b>               |                              |
|---|------------------------------|------------------------------|
|   | <b>2017</b><br><b>RM'000</b> | <b>2016</b><br><b>RM'000</b> |
| <b>Derivative financial liabilities</b> |                              |                              |
| <b>Non-current</b>                      |                              |                              |
| Cross currency profit rate swap:        |                              |                              |
| - due 12 to 24 months (net settled)     | -                            | (3,859)                      |

The number of derivative financial instrument contracts entered by the Company and a subsidiary of the Group, Opus International Consultants (UK) Ltd. as at the reporting date and previous financial year were as follows:

|                                 | <b>2017</b>                    |   | <b>2016</b>                    |   |
|---------------------------------|--------------------------------|---|--------------------------------|---|
|                                 | <b>Number of<br/>contracts</b> | <b>Notional<br/>principal<br/>amount<br/>RM'000</b> | <b>Number of<br/>contracts</b> | <b>Notional<br/>principal<br/>amount<br/>RM'000</b> |
| <b>Group</b>                    |                                |   |                                |   |
| Forward exchange rate contract  | -                              | -   | 18                             | 160,874   |
| Interest rate swap              | -                              | -   | 1                              | 14,905  |
| Cross currency profit rate swap | -                              | -   | 1                              | 210,649   |
|                                 | -                              | -   | 20                             | 386,428   |
| <b>Company</b>                  |                                |   |                                |   |
| Cross currency profit rate swap | -                              | -   | 1                              | 210,649   |

The Group used loans as a hedge of its exposure to foreign exchange risk on its investments in foreign subsidiaries. Refer to Note 41(c) for more details.

The method and assumptions applied in determining the fair values of derivatives are disclosed in Note 41(f).

**24. CASH, BANK BALANCES AND DEPOSITS**

|                                | Group          |                | Company        |                |
|--------------------------------|----------------|----------------|----------------|----------------|
|                                | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| Cash in hand and at banks      | <b>200,091</b> | 245,017        | <b>4,912</b>   | 5,417          |
| Deposits with:                 |                |                |                |                |
| - licensed banks               | <b>309,131</b> | 334,993        | <b>82,365</b>  | 80,724         |
| - other financial institutions | <b>10,860</b>  | 60,000         | -              | -              |
|                                | <b>520,082</b> | 640,010        | <b>87,277</b>  | 86,141         |

- (a) Included in cash at bank of the Group are amounts of RM13.9 million (2016: RM55.1 million) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and Section 8A of the Housing Development Account (Control and Licensing) Sabah Act, 1978 and are restricted for use in other operations.
- (b) Deposits with licensed banks of the Group amounting to RM14.8 million (2016: RM16.0 million) are on lien for bank guarantee facilities granted to certain subsidiaries. As at 31 December 2017, the subsidiaries have utilised guarantee facilities amounting to RM12.1 million (2016: RM13.7 million).
- (c) Deposits with licensed banks amounting to RM15.5 million (2016: RM4.8 million) are pledged to secure certain facilities granted to the Group.
- (d) Deposits with licensed banks of the Group amounting to RM0.9 million (2016: RM77.1 million) are pledged as securities for bank borrowing granted to a foreign subsidiary.

Other information on financial risks of cash, bank balances and deposits are disclosed in Note 41.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 25. RETIREMENT BENEFIT OBLIGATIONS

The Group operates an unfunded, defined benefit Retirement Benefit Scheme ("the Scheme") for its eligible employees. The Scheme is closed to new employees. Under the Scheme, eligible employees are entitled to retirement benefits on attainment of the retirement age of 60 (2016: 60), on medical incapacity or on death. The present value of defined benefit obligation was based on the actuarial valuation report by independent actuary dated 26 January 2016.

The details of the net employee benefits liability are as follows:

|  | Group          |                |
|--|----------------|----------------|
|  | 2017<br>RM'000 | 2016<br>RM'000 |
| Present value of the defined benefit obligations ("PVDBO") |                |                |
| At 1 January   | 4,118          | 4,040          |
| Defined benefit obligations (Note 8)                       | 273            | 267            |
| Actuarial gain   | (58)           | (54)           |
| Contributions paid   | (203)          | (135)          |
| At 31 December   | 4,130          | 4,118          |
| <b>Analysis of funded and unfunded PVDBO</b>               |                |                |
| PVDBO from plans that are wholly unfunded                  | 4,130          | 4,118          |
| Analysed as:   |                |                |
| Current  | 430            | 261            |
| Non-current:   |                |                |
| Later than 1 year but not later than 2 years               | 643            | 430            |
| Later than 2 years   | 3,057          | 3,427          |
|  | 3,700          | 3,857          |
|  | 4,130          | 4,118          |

The details of net employee benefits expense recognised in income statement are as follows:

|  | Group          |                |
|--|----------------|----------------|
|  | 2017<br>RM'000 | 2016<br>RM'000 |
| Current service costs                  | 64             | 61             |
| Interest cost                          | 209            | 206            |
| Net employee benefits expense (Note 8) | 273            | 267            |

**25. RETIREMENT BENEFIT OBLIGATIONS (CONT'D.)****Total amount recognised in statement of comprehensive income**

|  | <b>Group</b>           |                        |
|--|------------------------|------------------------|
|  | <b>2017<br/>RM'000</b> | <b>2016<br/>RM'000</b> |
| Cumulative amount of actuarial loss recognised in statement of comprehensive income: |                        |                        |
| At 1 January   | <b>768</b>             | 822                    |
| Actuarial gain recognised in other comprehensive income                              | <b>(58)</b>            | (54)                   |
| At 31 December   | <b>710</b>             | 768                    |
| Historical experience adjustments:   |                        |                        |
| PVDBO  | <b>4,130</b>           | 4,118                  |
| Experience adjustment (value)  | <b>(58)</b>            | (54)                   |
| Experience adjustment (% of PVDBO)   | <b>-1%</b>             | -1%                    |

**Principal actuarial assumptions used:**

|                                   | <b>2017<br/>%</b> | <b>2016<br/>%</b> |
|-----------------------------------|-------------------|-------------------|
| Discount rate                     | <b>5.25</b>       | 5.25              |
| Expected rate of salary increases | <b>6.00</b>       | 6.00              |

Assumptions regarding future mortality are based on published statistics and mortality tables.

A one percentage point change in the below key assumptions would have the following effects:

|   | <b>Increase/(decrease) in PVDBO</b> |                        |
|---|-------------------------------------|------------------------|
|   | <b>2017<br/>RM'000</b>              | <b>2016<br/>RM'000</b> |
| <b><u>Discount rate</u></b>                               |                                     |                        |
| Increase in one percentage point on discount rate         | <b>(162)</b>                        | (186)                  |
| Decrease in one percentage point on discount rate         | <b>174</b>                          | 201                    |
| <b><u>Salary increment rate</u></b>                       |                                     |                        |
| Increase in one percentage point on salary increment rate | <b>604</b>                          | 546                    |
| Decrease in one percentage point on salary increment rate | <b>(549)</b>                        | (497)                  |

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 26. DEFINED BENEFIT PENSION PLAN

Defined benefit pension plan relates to separate pension plans provided by two subsidiaries of the Company, Opus International Consultants (UK) Ltd. and UEMS Solutions Ltd.

#### (a) Opus International Consultants (UK) Ltd.

The defined benefit pension fund ("Fund") is closed to new employees. The assets of the Fund are held in a legally separate fund from the reporting entity and the Fund exists solely to pay or fund employee benefits. The assets are funded by both the employer and employees. The Fund purchases an annuity at the time of an employee becoming entitled to a pension. The Fund is valued on an annual basis by independent actuary, taking into account gains and losses.

The schemes assets are invested in a Group Pension Contract insured with Clerical Medical. Other than the decision to remain invested in the Group Pension Contract, the trustees and Group do not have control over asset allocation.

The subsidiary has been disposed during the year as disclosed in Note 17(a), hence the Fund ceased to be part of the Group's liabilities on the disposal date.

#### (b) UEMS Solutions Ltd. ("UEMS Taiwan")

UEMS Taiwan has a retirement plan covering all its regular employees who opted for defined benefits plan. Benefits under the plan are based on the length of service and estimated base pay at the time of retirement. The pension assets and liabilities are valued on annual basis by independent actuary, taking into account gains and losses.

The plan assets, comprising cash and cash equivalents, are deposited with the Bank of Taiwan and are managed by the government of Taiwan. The plan assets do not have quoted market prices in active market.

Amount recognised in the income statement and statement of comprehensive income:

|  | <b>Group</b>   |               |
|--|----------------|---------------|
|  | <b>2017</b>    | <b>2016</b>   |
|  | <b>RM'000</b>  | <b>RM'000</b> |
| Current service cost                                 | <b>448</b>     | 294           |
| Interest cost on benefit obligation                  | <b>1,122</b>   | 1,203         |
| Administration cost                                  | <b>172</b>     | 170           |
| Expected return on plan assets                       | <b>(977)</b>   | (1,183)       |
| Employer's contribution                              | <b>(2,017)</b> | (1,347)       |
| Interest income                                      | -              | (3)           |
| Total included in employee benefits expense (Note 8) | <b>(1,252)</b> | (866)         |
| Net actuarial loss recognised for the year           | <b>1,023</b>   | 5,370         |
|  | <b>(229)</b>   | 4,504         |

**26. DEFINED BENEFIT PENSION PLAN (CONT'D.)**

Amount recognised in statement of financial position:

|   | <b>Group</b>  |               |
|---|---------------|---------------|
|   | <b>2017</b>   | <b>2016</b>   |
|   | <b>RM'000</b> | <b>RM'000</b> |
| Present value of defined benefit obligation | <b>2,286</b>  | 41,727        |
| Fair value of plan assets                   | <b>(382)</b>  | (35,186)      |
| Defined benefit obligation                  | <b>1,904</b>  | 6,541         |

Changes in present value of defined benefit obligation:

|                             | <b>Group</b>    |               |
|-----------------------------|-----------------|---------------|
|                             | <b>2017</b>     | <b>2016</b>   |
|                             | <b>RM'000</b>   | <b>RM'000</b> |
| At 1 January                | <b>41,727</b>   | 39,374        |
| Acquisition of subsidiaries | -               | 2,780         |
| Current service cost        | <b>448</b>      | 294           |
| Interest cost               | <b>1,122</b>    | 1,203         |
| Employees' contribution     | <b>49</b>       | 46            |
| Benefit paid                | <b>(2,144)</b>  | (1,547)       |
| Actuarial loss              | <b>1,382</b>    | 4,519         |
| Disposal of a subsidiary    | <b>(39,736)</b> | -             |
| Exchange differences        | <b>(562)</b>    | (4,942)       |
| At 31 December              | <b>2,286</b>    | 41,727        |

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 26. DEFINED BENEFIT PENSION PLAN (CONT'D.)

Changes in fair value of plan assets:

|                             | Group          |                |
|-----------------------------|----------------|----------------|
|                             | 2017<br>RM'000 | 2016<br>RM'000 |
| At 1 January                | (35,186)       | (39,502)       |
| Acquisition of subsidiaries | -              | (638)          |
| Expected return             | (977)          | (1,183)        |
| Employer's contribution     | (2,017)        | (1,347)        |
| Employees' contribution     | (49)           | (46)           |
| Benefit paid                | 2,144          | 1,547          |
| Actuarial (gain)/loss       | (359)          | 851            |
| Administration costs        | 172            | 170            |
| Interest income             | -              | (3)            |
| Disposal of a subsidiary    | 35,395         | -              |
| Exchange differences        | 495            | 4,965          |
| At 31 December              | (382)          | (35,186)       |

The principal assumptions used in determining defined benefit obligation of the Group are shown below:

|                        | Group |      |
|------------------------|-------|------|
|                        | 2017  | 2016 |
| Discount rate          | 1.4%  | 2.1% |
| Salary escalation      | 3.0%  | 3.4% |
| Retail price inflation | -     | 3.4% |

**26. DEFINED BENEFIT PENSION PLAN (CONT'D.)**

Actual return on plan assets:

|  | <b>Group</b>   |               |
|--|----------------|---------------|
|  | <b>2017</b>    | <b>2016</b>   |
|  | <b>RM'000</b>  | <b>RM'000</b> |
| Actual return of plan assets                                       | <b>(1,336)</b> | (332)         |
| Less: expected return on plan assets                               | <b>977</b>     | 1,183         |
| Actuarial (gain)/loss recognised in the other comprehensive income | <b>(359)</b>   | 851           |

A quantitative sensitivity analysis for significant assumptions as at 31 December 2017 and 2016 are as shown below:

| <b>Sensitivity Level</b> | <b>Increase in one percentage</b> |               | <b>Decrease in one percentage</b> |               |
|--------------------------|-----------------------------------|---------------|-----------------------------------|---------------|
|                          | <b>2017</b>                       | <b>2016</b>   | <b>2017</b>                       | <b>2016</b>   |
|                          | <b>RM'000</b>                     | <b>RM'000</b> | <b>RM'000</b>                     | <b>RM'000</b> |
| <b>Assumptions</b>       |                                   |               |                                   |               |
| Discount rate            | <b>(293)</b>                      | (1,381)       | <b>293</b>                        | 1,381         |
| Retail price index       | -                                 | 273           | -                                 | (273)         |
| Salary increase          | <b>287</b>                        | 867           | <b>(287)</b>                      | (867)         |

The sensitivity analysis above has been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The average duration of the defined benefit obligation at the end of the reporting period is 12 years (2016: 18 years).

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 27. PROVISIONS

|  | Group          |                |
|--|----------------|----------------|
|  | 2017<br>RM'000 | 2016<br>RM'000 |
| Current:   |                |                |
| Provision for professional indemnity claims (Note a) | -              | 3,654          |
| Provision for employee service entitlements (Note b) | -              | 10,071         |
| Provision for late delivery charges (Note c)         | -              | 2,525          |
| Provision for long term incentive plan (Note d)      | <b>1,784</b>   | 1,335          |
|  | <b>1,784</b>   | 17,585         |
| Non-current:   |                |                |
| Provision for employee service entitlements (Note b) | <b>1,395</b>   | 17,272         |
| Total  | <b>3,179</b>   | 34,857         |

|   | Company        |                |
|---|----------------|----------------|
|   | 2017<br>RM'000 | 2016<br>RM'000 |
| Current:  |                |                |
| Provision for long term incentive plan (Note d) | <b>200</b>     | 300            |

#### (a) Provision for professional indemnity claims

|  | Group          |                |
|--|----------------|----------------|
|  | 2017<br>RM'000 | 2016<br>RM'000 |
| At 1 January                             | <b>3,654</b>   | 4,048          |
| Charged to the income statement (Note 7) | <b>371</b>     | 963            |
| Payments made                            | <b>(1,724)</b> | (1,414)        |
| Disposal of a subsidiary                 | <b>(2,127)</b> | -              |
| Exchange differences                     | <b>(174)</b>   | 57             |
| At 31 December                           | -              | 3,654          |

The provision for professional indemnity claim was an assessed amount relating to a number of claims the Group may be required to pay over and above its insurance cover.

**27. PROVISIONS (CONT'D.)****(b) Provision for employee service entitlements**

|  | <b>Group</b>    |               |
|--|-----------------|---------------|
|  | <b>2017</b>     | <b>2016</b>   |
|  | <b>RM'000</b>   | <b>RM'000</b> |
| At 1 January                             | <b>27,343</b>   | 29,255        |
| Charged to the income statement (Note 8) | <b>2,257</b>    | 3,289         |
| Acquisition of subsidiaries              | -               | 701           |
| Payments made                            | <b>(3,238)</b>  | (7,250)       |
| Disposal of a subsidiary                 | <b>(22,941)</b> | -             |
| Exchange differences                     | <b>(2,026)</b>  | 1,348         |
| At 31 December                           | <b>1,395</b>    | 27,343        |

Provision for employee service entitlements comprises provisions for retirement leave entitlements in respect of eligible employees. The provisions are in respect of both vested and unvested entitlements, and are made by reference to independent actuarial valuations. The timing of such payments depends on when vesting occurs and the subsequent retirement date of the eligible employees.

**(c) Provision for late delivery charges**

|  | <b>Group</b>   |               |
|--|----------------|---------------|
|  | <b>2017</b>    | <b>2016</b>   |
|  | <b>RM'000</b>  | <b>RM'000</b> |
| At 1 January                             | <b>2,525</b>   | 1,632         |
| Charged to the income statement (Note 7) | -              | 893           |
| Settled during the year                  | <b>(2,525)</b> | -             |
| At 31 December                           | -              | 2,525         |

Provision for late delivery charges was in respect of a property development project undertaken by a subsidiary. The provision is recognised for expected liquidation damages claims payable to the purchasers based on terms of the applicable sale and purchase agreements.

**(d) Provision for long term incentive plan ("LTIP")**

The Company and some of its subsidiaries grant the Shadow Share Option Scheme, i.e. LTIP, to eligible employees, as part of the remuneration package, whereby the employees will be entitled to future cash payments subject to meeting the pre-determined financial performance and value growth targets of the Group over a specific performance vesting period.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**

For the year ended 31 December 2017

**28. BORROWINGS**

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| <b>Current borrowings</b>                                   |                |                |                |                |
| Secured:  |                |                |                |                |
| Commodity Murabahah Term Financing-i<br>("CMTF-i") (Note a) | -              | 20,550         | -              | 20,550         |
| Murabahah Term Facility (Note b)                            | <b>28,155</b>  | 132,232        | -              | 103,535        |
| Term loans (Note c)   | <b>35,803</b>  | 17,837         | -              | -              |
| Finance leases (Note 29)                                    | <b>1,074</b>   | 6,636          | -              | -              |
| Revolving credit (Note d)                                   | -              | 1,433          | -              | -              |
|   | <b>65,032</b>  | 178,688        | -              | 124,085        |
| Unsecured:  |                |                |                |                |
| Islamic Commercial Papers (Note e)                          | <b>49,964</b>  | -              | <b>49,964</b>  | -              |
| Islamic Medium Term Notes (Note e)                          | <b>2,226</b>   | -              | <b>2,226</b>   | -              |
| Bank overdrafts (Note c)                                    | -              | 29,889         | -              | -              |
| Revolving credit (Note d)                                   | -              | 20,000         | -              | -              |
| Total short term borrowings                                 | <b>117,222</b> | 228,577        | <b>52,190</b>  | 124,085        |
| <b>Non-current borrowings</b>                               |                |                |                |                |
| Secured:  |                |                |                |                |
| CMTF-i (Note a)   | -              | 40,000         | -              | 40,000         |
| Murabahah Term Facility (Note b)                            | <b>100,939</b> | 443,690        | -              | 311,703        |
| Term loans (Note c)   | <b>88,933</b>  | 96,249         | -              | -              |
| Finance leases (Note 29)                                    | <b>3,166</b>   | 11,485         | -              | -              |
|   | <b>193,038</b> | 591,424        | -              | 351,703        |
| Unsecured:  |                |                |                |                |
| Islamic Medium Term Notes (Note e)                          | <b>249,501</b> | -              | <b>249,501</b> | -              |
| Term loans (Note c)   | -              | 169,698        | -              | -              |
| Total long term borrowings                                  | <b>442,539</b> | 761,122        | <b>249,501</b> | 351,703        |

**28. BORROWINGS (CONT'D.)**

|                                    | Group          |                | Company        |                |
|------------------------------------|----------------|----------------|----------------|----------------|
|                                    | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| <b>Total borrowings</b>            |                |                |                |                |
| Secured:                           |                |                |                |                |
| CMTF-i (Note a)                    | -              | 60,550         | -              | 60,550         |
| Murabahah Term Facility (Note b)   | <b>129,094</b> | 575,922        | -              | 415,238        |
| Term loans (Note c)                | <b>124,736</b> | 114,086        | -              | -              |
| Finance leases (Note 29)           | <b>4,240</b>   | 18,121         | -              | -              |
| Revolving credit (Note d)          | -              | 1,433          | -              | -              |
|                                    | <b>258,070</b> | 770,112        | -              | 475,788        |
| Unsecured:                         |                |                |                |                |
| Islamic Commercial Papers (Note e) | <b>49,964</b>  | -              | <b>49,964</b>  | -              |
| Islamic Medium Term Notes (Note e) | <b>251,727</b> | -              | <b>251,727</b> | -              |
| Term loans (Note c)                | -              | 169,698        | -              | -              |
| Bank overdrafts (Note c)           | -              | 29,889         | -              | -              |
| Revolving credit (Note d)          | -              | 20,000         | -              | -              |
| Total borrowings                   | <b>559,761</b> | 989,699        | <b>301,691</b> | 475,788        |

The maturity profile of the loans and borrowings are as follows:

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| On demand or within one year            | <b>117,222</b> | 228,577        | <b>52,190</b>  | 124,085        |
| More than 1 year and less than 2 years  | <b>41,012</b>  | 187,981        | -              | 144,274        |
| More than 2 years and less than 5 years | <b>348,474</b> | 509,588        | <b>249,501</b> | 207,429        |
| More than 5 years                       | <b>53,053</b>  | 63,553         | -              | -              |
|   | <b>442,539</b> | 761,122        | <b>249,501</b> | 351,703        |
|   | <b>559,761</b> | 989,699        | <b>301,691</b> | 475,788        |

**(a) Commodity Murabahah Term Financing-i ("CMTF-i")**

On 17 October 2014, the Company obtained a CMTF-i facility of RM100.0 million to part finance the purchase consideration for the acquisition of Edgenta PROPEL.

The facility was secured by 21,012,000 units of shariah compliant Edgenta PROPEL's shares and was repayable by way of 10 equal semi-annual payments, or until full settlement of the financing from the date of the first drawdown on 29 October 2014. Interest was serviced semi-annually in arrears at the end of each profit period of 6 months.

This facility has been fully settled during the year.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 28. BORROWINGS (CONT'D.)

#### (b) Murabahah Term Facility

On 1 December 2016, the Company and its subsidiary, Edgenta Singapore obtained Murabahah Term Facility of RM415.2 million (SGD134.6 million) ("Facility A") and RM160.7 million (SGD52.4 million) ("Facility B") to finance the acquisition of AIFS. As part of the term of Facility A, the Company had entered into a cross currency profit rate swap as further disclosed in Note 41(c).

The profits charged on the borrowing are repayable on quarterly basis, while the principals are repayable on annual basis, for the period of 3 years for Facility A and 5 years for Facility B, from the date of the first drawdown on 15 December 2016.

The weighted average effective profit rate of facility at the reporting date was Nil (2016: 2.82%) per annum for Facility A and 3.61% (2016: 3.32%) per annum for Facility B.

The Facilities A and B are secured by:

- (i) Equitable mortgage over all securities and shares of Edgenta Singapore and its subsidiaries;
- (ii) Debenture creating registered fixed and floating charges over all present and future assets of AIFS and its subsidiaries;
- (iii) Charge over the Designated Accounts of the Company;
- (iv) Assignment of AIFS's rights, title, interest and benefits under the Sales and Purchase Agreement dated 26 September 2016 ("SPA");
- (v) Cash security equivalent to 20% of the purchase consideration under SPA (whereby the monies set aside for the Standby Letter of Credit ("SBLC") facility shall be taken into consideration and counted towards this amount upon expiry of the SBLC or upon cancellation of the SBLC; whichever is earlier);
- (vi) Charge over the Designated Accounts of each customer utilising Facility B; and
- (vii) Assignment of all financing/advances provided to the Edgenta Singapore, AIFS and its subsidiaries.

During the year, the Group and the Company have made repayment for the full settlement for Facility A and partial settlement of RM30.2 million (SGD9.8 million) for Facility B.

#### (c) Term loans

##### (i) Secured term loans

Secured term loans bear interests which range from 1.90% to 7.30% per annum (2016: 1.90% to 7.30% per annum).

The term loans are secured by:

- (i) Master Facilities Agreement;
- (ii) Memorandum of Deposit;
- (iii) Debenture on first party legal charge on machinery and equipment financed by the bank;
- (iv) First fixed and floating charge over all other present and future assets of a subsidiary of the Company;
- (v) Corporate guarantee by a subsidiary of the Company;
- (vi) Joint and several guarantee by the directors of a subsidiary; and
- (vii) Assignment of all rights, title, interest and benefits of a subsidiary of the Company under the concession agreement.

## 28. BORROWINGS (CONT'D.)

### (c) Term loans (cont'd.)

#### (ii) Unsecured term loans and bank overdrafts

The multi-currency bank overdrafts and term loans were obtained from various entities of HSBC and ANZ Banking Group. All bank overdrafts and term loans were unsecured and subject to a deed of negative pledge.

The weighted average interest rate on the bank overdrafts and term loans in the previous financial year was 3.03% per annum.

Interest was paid on monthly, quarterly or semi-annual basis in arrears. The principal is repayable at the maturity date of the facility.

Following the disposal of OIC as disclosed in Note 17(a), there were no outstanding balances as at reporting date.

### (d) Revolving credit facility

#### (i) Secured

The revolving credit was secured by:

- (i) Placement of fixed deposits; and
- (ii) Corporate guarantee by subsidiaries of the Company.

The weighted average interest rate on the revolving credit in the previous financial year was 4.58% per annum.

#### (ii) Unsecured

The weighted average interest rate on the revolving credit in the previous financial year was 4.58% per annum.

### (e) Islamic Commercial Papers ("ICPs") and Islamic Medium Term Notes ("IMTNs")

The Company had established the ICPs and IMTNs under an Islamic Commercial Papers Programme and Islamic Medium Term Notes Programme respectively, which have a combined aggregate limit of up to RM1,000.0 million in nominal value and a sub limit of RM300.0 million in nominal value for the ICP Programme under the Shariah Principle of Murabahah via a Tawarruq Arrangement.

On 26 April 2017, the Company completed the issuance of the following:

- (a) RM50.0 million in nominal value of ICPs with a tenure of 12 months; and
- (b) RM250.0 million in nominal value of IMTNs with a tenure of 5 years.

The proceeds raised from the ICPs and IMTNs are to be utilised by the Company for its Shariah-compliant general corporate purposes.

The effective profit rates for ICPs and IMTNs at the reporting date are 4.33% and 4.85% respectively.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 28. BORROWINGS (CONT'D.)

#### (f) Syndicated banking facilities (secured)

A subsidiary of the Group has Syndicated Banking Facilities which comprise revolving credits, bank guarantees and combined trade facilities.

The Syndicated Banking Facilities are secured by a Debenture and a Deed of Assignment of Proceeds dated 27 December 1996 by way of the following:

- (i) A first fixed charge over all sums paid or may from time to time become due and payable to the subsidiary ("the Proceeds") by the Government of Malaysia pursuant to the Concession Agreement dated 28 October 1996, all its uncalled capital, its present and future goodwill, patents, trademarks, licences and concessions and all its present and future plant, equipment and machinery, motor vehicles and furniture and fittings; and
- (ii) A first floating charge over all the present and future lands undertakings and other properties and assets of the subsidiary both movable and immovable, not otherwise charged in (f)(i) above.

#### Reconciliation of liabilities arising from financing activities

|                                       | Borrowings            |                   |                 |
|---------------------------------------|-----------------------|-------------------|-----------------|
|                                       | Non-current<br>RM'000 | Current<br>RM'000 | Total<br>RM'000 |
| <b>Group</b>                          |                       |                   |                 |
| <b>At 1 January 2017</b>              | <b>761,122</b>        | <b>228,577</b>    | <b>989,699</b>  |
| Cash flows                            |                       |                   |                 |
| Drawdown of borrowings                | 281,218               | 87,389            | 368,607         |
| Repayment of borrowings               | (417,201)             | (169,460)         | (586,661)       |
| Repayment of finance lease            | -                     | (6,493)           | (6,493)         |
| Interest paid                         | -                     | (41,834)          | (41,834)        |
| Non-cash changes:                     |                       |                   |                 |
| Transaction costs capitalised         | 1,727                 | -                 | 1,727           |
| Disposal of a subsidiary (Note 17(a)) | (144,064)             | (32,086)          | (176,150)       |
| Reclassification and other changes    | (40,263)              | 51,129            | 10,866          |
| <b>At 31 December 2017</b>            | <b>442,539</b>        | <b>117,222</b>    | <b>559,761</b>  |

Included in the other changes are the effects of foreign currency translations and accrued but not yet paid interest on interest-bearing loans and borrowings. The Group classifies interest paid as cash flows from operating activities.

**29. FINANCE LEASES**

|  | <b>Group</b>           |                        |
|--|------------------------|------------------------|
|  | <b>2017<br/>RM'000</b> | <b>2016<br/>RM'000</b> |
| <b>Future minimum lease payments:</b>                          |                        |                        |
| Not later than 1 year  | <b>1,382</b>           | 7,266                  |
| Later than 1 year and not later than 2 years                   | <b>1,351</b>           | 8,230                  |
| Later than 2 years and not later than 5 years                  | <b>2,171</b>           | 4,270                  |
| Total future minimum lease payments                            | <b>4,904</b>           | 19,766                 |
| Less: Future finance charges                                   | <b>(664)</b>           | (1,645)                |
| Present value of finance lease liabilities                     | <b>4,240</b>           | 18,121                 |
| <b>Analysis of present value of finance lease liabilities:</b> |                        |                        |
| Not later than 1 year  | <b>1,074</b>           | 6,636                  |
| Later than 1 year and not later than 2 years                   | <b>1,140</b>           | 7,613                  |
| Later than 2 years and not later than 5 years                  | <b>2,026</b>           | 3,872                  |
|  | <b>4,240</b>           | 18,121                 |
| Less: Amount due within 12 months (Note 28)                    | <b>(1,074)</b>         | (6,636)                |
| Amount due after 12 months (Note 28)                           | <b>3,166</b>           | 11,485                 |

The Group obtains finance leases for various items of computer equipment and surveying equipment (see Note 13). These lease contracts expire within one to five years. The leases have terms of renewal, purchase options and escalation clauses. These terms are at the option of the specific entity that holds the lease.

These obligations are secured by a charge over the leased assets (Note 13). Other information on financial risks of finance lease are disclosed in Note 41.

The finance leases bear interest at rates ranging from 2.5% to 4.7% (2016: 3.4% to 4.4%) per annum.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 30. TRADE AND OTHER PAYABLES

|   | Group          |                |
|---|----------------|----------------|
|   | 2017<br>RM'000 | 2016<br>RM'000 |
| <b>Current</b>                          |                |                |
| <b>Trade payables (Note a)</b>          |                |                |
| Third parties                           | 256,829        | 250,129        |
| Accrued costs                           | 70,122         | 78,665         |
| Retention payables (Note b):            |                |                |
| Services:                               |                |                |
| - Infrastructure                        | 35,129         | 28,898         |
| - Real estate                           | 1,603          | 3,513          |
| Property development                    | 7,458          | 7,364          |
| Due to related companies (Note c)       | 20,556         | 1,571          |
|   | <b>391,697</b> | 370,140        |
| <b>Other payables</b>                   |                |                |
| Employee costs payable                  | 99,212         | 150,834        |
| Accruals                                | 87,666         | 103,629        |
| Refundable deposits                     | 176            | 237            |
| Sundry payables                         | 97,875         | 118,996        |
| Deferred consideration payable (Note d) | 8,606          | 3,193          |
| Due to holding company (Note c)         | 18,060         | 6,670          |
| Due to related companies (Note c)       | 5,804          | 5,810          |
|   | <b>317,399</b> | 389,369        |
| <b>Other current liability</b>          |                |                |
| Billing in advance                      | 11,179         | 72,353         |
| <b>Total</b>                            | <b>720,275</b> | 831,862        |

**30. TRADE AND OTHER PAYABLES (CONT'D.)**

|   | <b>Group</b>  |               |
|---|---------------|---------------|
|   | <b>2017</b>   | <b>2016</b>   |
|   | <b>RM'000</b> | <b>RM'000</b> |
| <b>Non-current</b>                      |               |               |
| <b>Trade payables (Note a)</b>          |               |               |
| Retention payables (Note b):            |               |               |
| Services:                               |               |               |
| - Infrastructure                        | <b>1,219</b>  | 6,071         |
| Property development                    | <b>2,312</b>  | 2,312         |
|   | <b>3,531</b>  | 8,383         |
| <b>Other payables</b>                   |               |               |
| Sundry payables                         | <b>38,410</b> | 120           |
| Deferred consideration payable (Note d) | <b>9,331</b>  | 21,830        |
|   | <b>47,741</b> | 21,950        |
| <b>Total</b>                            | <b>51,272</b> | 30,333        |
| <b>Company</b>                          |               |               |
|   | <b>2017</b>   | <b>2016</b>   |
|   | <b>RM'000</b> | <b>RM'000</b> |
| <b>Current</b>                          |               |               |
| <b>Other payables</b>                   |               |               |
| Accruals                                | <b>13,064</b> | 17,716        |
| Sundry payables                         | <b>4,162</b>  | 1,731         |
| Due to holding company (Note c)         | <b>17,948</b> | 2,751         |
| Due to related companies (Note c)       | <b>20,780</b> | 1,751         |
| Deferred consideration payable (Note d) | <b>8,606</b>  | 3,193         |
| <b>Total</b>                            | <b>64,560</b> | 27,142        |
| <b>Non-current</b>                      |               |               |
| <b>Other payables</b>                   |               |               |
| Deferred consideration payable (Note d) | <b>9,331</b>  | 21,830        |

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 30. TRADE AND OTHER PAYABLES (CONT'D.)

#### (a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days (2016: 30 to 90 days).

#### (b) Retention payables

Retention payables are unsecured, interest-free and are expected to be paid within the terms of the relevant contracts.

#### (c) Amounts due to holding and related companies

Related companies refer to companies within the UEM group of companies.

Amounts due to holding and related companies are non-interest bearing and are repayable on demand. The amounts are unsecured and are to be settled in cash.

Further details on related party transactions are disclosed in Note 39.

#### (d) Deferred consideration payable

|  | <b>Group and Company</b> |               |
|--|--------------------------|---------------|
|  | <b>2017</b>              | <b>2016</b>   |
|  | <b>RM'000</b>            | <b>RM'000</b> |
| At 1 January   | <b>25,023</b>            | -             |
| Acquisition of subsidiaries                                      | -                        | 25,023        |
| Accretion of interest on deferred consideration payable (Note 6) | <b>2,120</b>             | -             |
| Reversal of deferred consideration payable (Note 5)              | <b>(5,806)</b>           | -             |
| Payment  | <b>(3,400)</b>           | -             |
| At 31 December   | <b>17,937</b>            | 25,023        |

Deferred consideration payable as at current reporting date arose from the acquisition of KFM group in prior year, which is contingent on certain integration criteria being met.

**31. DEFERRED TAX**

|  | Group          |                |
|--|----------------|----------------|
|  | 2017<br>RM'000 | 2016<br>RM'000 |
| At 1 January                                       | 8              | (41,336)       |
| Recognised in profit or loss                       | 3,164          | (4,985)        |
| Recognised in other comprehensive income (Note 10) | (6,920)        | 3,030          |
| Acquisition of subsidiaries                        | -              | 48,119         |
| Disposal of a subsidiary (Note 17(a))              | 30,372         | -              |
| Exchange differences                               | 7,861          | (4,820)        |
| <b>At 31 December</b>                              | <b>34,485</b>  | <b>8</b>       |
| Presented after appropriate offsetting as follows: |                |                |
| Deferred tax assets                                | (14,523)       | (51,573)       |
| Deferred tax liabilities                           | 49,008         | 51,581         |
|  | <b>34,485</b>  | <b>8</b>       |

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

**Deferred tax assets of the Group:**

|   | Provisions<br>and others<br>RM'000 | Unused tax<br>losses and<br>other tax<br>credits<br>RM'000 | Total<br>RM'000 |
|---|------------------------------------|--|-----------------|
| At 1 January 2017                           | (51,009)                           | (10,561)   | (61,570)        |
| Recognised in profit or loss                | (3,492)                            | 7,505  | 4,013           |
| Recognised in other comprehensive income    | (6,920)                            | -  | (6,920)         |
| Disposal of a subsidiary                    | 28,927                             | 2,419  | 31,346          |
| Exchange differences                        | 9,182                              | (377)  | 8,805           |
|   | <b>(23,312)</b>                    | <b>(1,014)</b>   | <b>(24,326)</b> |
| Less: Set off with deferred tax liabilities |                                    |  | <b>9,803</b>    |
| <b>At 31 December 2017</b>                  |                                    |  | <b>(14,523)</b> |
| At 1 January 2016                           | (44,071)                           | (13,694)   | (57,765)        |
| Recognised in profit or loss                | (3,655)                            | 3,391  | (264)           |
| Recognised in other comprehensive income    | 3,030                              | -  | 3,030           |
| Acquisition of subsidiaries                 | (971)                              | (650)  | (1,621)         |
| Exchange differences                        | (5,342)                            | 392  | (4,950)         |
|   | (51,009)                           | (10,561)   | (61,570)        |
| Less: Set off with deferred tax liabilities |                                    |  | 9,997           |
| <b>At 31 December 2016</b>                  |                                    |  | <b>(51,573)</b> |

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**

For the year ended 31 December 2017

**31. DEFERRED TAX (CONT'D.)**

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows: (cont'd.)

**Deferred tax liabilities of the Group:**

|  | <b>Property,<br/>plant and<br/>equipment<br/>RM'000</b> | <b>Intangible<br/>assets<br/>RM'000</b> | <b>Concession<br/>receivable<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|--|---|---|---|-------------------------|
| At 1 January 2017                      | <b>6,329</b>  | <b>37,890</b>                           | <b>17,359</b>                               | <b>61,578</b>           |
| Recognised in profit or loss           | <b>2,300</b>  | <b>(3,149)</b>                          | -   | <b>(849)</b>            |
| Disposal of a subsidiary               | <b>(974)</b>  | -                                       | -   | <b>(974)</b>            |
| Exchange differences                   | <b>(379)</b>  | <b>(565)</b>                            | -   | <b>(944)</b>            |
|  | <b>7,276</b>  | <b>34,176</b>                           | <b>17,359</b>                               | <b>58,811</b>           |
| Less: Set off with deferred tax assets |   |   |   | <b>(9,803)</b>          |
| At 31 December 2017                    |   |   |   | <b>49,008</b>           |
| At 1 January 2016                      | 16,429  | -                                       | -   | 16,429                  |
| Recognised in profit or loss           | (4,710)   | -                                       | (11)  | (4,721)                 |
| Acquisition of subsidiaries            | (5,520)   | 37,890                                  | 17,370                                      | 49,740                  |
| Exchange differences                   | 130   | -                                       | -   | 130                     |
|  | <b>6,329</b>  | <b>37,890</b>                           | <b>17,359</b>                               | <b>61,578</b>           |
| Less: Set off with deferred tax assets |   |   |   | <b>(9,997)</b>          |
| At 31 December 2016                    |   |   |   | <b>51,581</b>           |

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

**31. DEFERRED TAX (CONT'D.)**

Deferred tax assets have not been recognised in respect of the following items:

**Malaysian Companies**

|                               | <b>Group</b>  |               |
|-------------------------------|---------------|---------------|
|                               | <b>2017</b>   | <b>2016</b>   |
|                               | <b>RM'000</b> | <b>RM'000</b> |
| Unused tax losses             | <b>33,608</b> | 22,307        |
| Unabsorbed capital allowances | <b>358</b>    | 181           |
| Others                        | <b>3,107</b>  | 1,946         |
|                               | <b>37,073</b> | 24,434        |
| Deferred tax of 24%           | <b>8,898</b>  | 5,864         |

Unused tax losses

At the reporting date, the Group has tax losses of approximately RM33.6 million (2016: RM22.3 million) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia is subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority.

The use of tax losses of subsidiaries in other countries is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate.

Unrecognised temporary differences relating to investments in subsidiaries and associates

At the reporting date, no deferred tax liabilities have been recognised that would be payable on the undistributed profits of subsidiaries and associates of the Group. The Group has determined that these undistributed profits will not be distributed in the foreseeable future.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 32. SHARE CAPITAL AND SHARE PREMIUM

|   | Number of ordinary shares |              | Amount         |                |
|---|---------------------------|--------------|----------------|----------------|
|   | 2017<br>'000              | 2016<br>'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| <b>Group and Company</b>                                |                           |              |                |                |
| <b>Issued and fully paid up</b>                         |                           |              |                |                |
| At 1 January  | 831,624                   | 813,501      | 207,906        | 203,375        |
| Issued for acquisition of a subsidiary (Note 17(d)(ii)) | -                         | 18,123       | -              | 4,531          |
| Transition to no par value regime                       | -                         | -            | 60,168         | -              |
| 31 December   | 831,624                   | 831,624      | 268,074        | 207,906        |
| <b>Share premium</b>                                    |                           |              |                |                |
| At 1 January  |                           |              | 60,168         | -              |
| Issued for acquisition of a subsidiary (Note 17(d)(ii)) |                           |              | -              | 60,168         |
| Transition to no par value regime                       |                           |              | (60,168)       | -              |
| 31 December   |                           |              | -              | 60,168         |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

#### No par value regime

The Companies Act 2016 ("Act"), which came into effect on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of Section 74 of the Act, use the amount standing to the credit of its share premium account of RM60.2 million for purposes as set out in Section 618(3) of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

### 33. CAPITAL AND OTHER MERGER RESERVE

The acquisitions of Opus Group Berhad ("Opus") and Edgenta PROPEL Berhad in prior years, which was accounted for using the pooling of interest method, gave rise to the following at acquisition date:

#### (a) Capital reserve

This reserve represents the excess of issue price of the Company's shares over the par value in accordance with Section 60(4)(a) of the Companies Act, 1965. This reserve had been partially set off against the merger deficit reserve in prior year for the purpose of presentation in the financial statements of the Group.

#### (b) Other merger reserve

This reserve represents the excess of fair value of the Company's shares at the acquisition date over the issue price. This reserve had been fully set off against the merger deficit reserve for the purpose of presentation in the financial statements of the Group.

### 34. OTHER RESERVES

|   | Put option<br>reserve<br>RM'000<br>(Note a) | Statutory<br>reserve<br>RM'000<br>(Note b) | Foreign<br>currency<br>translation<br>reserve<br>RM'000<br>(Note c) | Other<br>reserve<br>RM'000<br>(Note d) | Total<br>RM'000 |
|---|---|--|---|--|-----------------|
| <b>Group</b>  |   |  |   |  |                 |
| <b>At 1 January 2016</b>  | -   | 279  | 59,817  | 9,163                                  | 69,259          |
| Foreign currency translation                                    | -   | -  | 8,890   | -                                      | 8,890           |
| <b>At 31 December 2016</b>                                      | -   | 279  | 68,707  | 9,163                                  | 78,149          |
| Foreign currency translation                                    | -   | -  | (76,317)  | -                                      | (76,317)        |
| Put option granted to non-controlling interests of a subsidiary | (14,635)                                    | -  | -   | -                                      | (14,635)        |
| <b>At 31 December 2017</b>                                      | (14,635)                                    | 279  | (7,610)   | 9,163                                  | (12,803)        |

#### (a) Put option reserve

This relates to the put option issued to the non-controlling interests over the shares of a subsidiary of the Group. For the purpose of presentation in the financial statements, the put option reserve is shown net of the related non-controlling interests at each reporting date as if it was acquired at that date. The unexercised put option will expire on 31 March 2022.

#### (b) Statutory reserve

In accordance with the United Arab Emirates ("UAE") Commercial Companies Law, 10% of profit for each year from a Limited Liability Company incorporated in the UAE is transferred to a legal reserve until such time as the reserve equalled 50% of the paid-up capital. Faber L.L.C. ("FLLC") has resolved to discontinue such annual transfers since the reserve has equalled to 50% of its share capital. This reserve is not available for distribution except as stipulated by UAE law.

#### (c) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

#### (d) Other reserve

Other reserve arose from the redemption of redeemable preference shares in the prior years by a subsidiary.

### 35. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings under the single tier system.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 36. OPERATING LEASE COMMITMENTS

The Group has entered into non-cancellable operating lease agreements for the use of premises and certain plant and machineries. These leases have an average tenure of between 3 and 5 years with no renewal or purchase option included in the contracts.

The Group also leases various plant and machinery under cancellable operating lease agreements. The Group is required to give a six-month notice for the termination of those agreements.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| Future minimum rental payable of premises:             |                |                |                |                |
| Not later than 1 year                                  | <b>13,301</b>  | 70,802         | <b>849</b>     | 4,866          |
| Later than 1 year and not later than 2 years           | <b>11,805</b>  | 64,453         | <b>849</b>     | 5,138          |
| Later than 2 years and not later than 5 years          | <b>10,488</b>  | 127,869        | -              | 5,022          |
| More than 5 years                                      | -              | 134,482        | -              | -              |
|  | <b>35,594</b>  | 397,606        | <b>1,698</b>   | 15,026         |
| Future minimum rental payable of equipment and others: |                |                |                |                |
| Not later than 1 year                                  | <b>997</b>     | 13,766         | <b>76</b>      | 57             |
| Later than 1 year and not later than 2 years           | <b>1,210</b>   | 8,827          | <b>47</b>      | 57             |
| Later than 2 years and not later than 5 years          | <b>1,184</b>   | 7,337          | <b>39</b>      | 109            |
| More than 5 years                                      | -              | 16             | -              | -              |
|  | <b>3,391</b>   | 29,946         | <b>162</b>     | 223            |

### 37. CAPITAL COMMITMENTS

|   | Group          |                |
|---|----------------|----------------|
|   | 2017<br>RM'000 | 2016<br>RM'000 |
| Capital expenditure                       |                |                |
| Approved and contracted for:              |                |                |
| Purchase of property, plant and equipment | <b>75,302</b>  | 75,818         |
| Approved but not contracted for:          |                |                |
| Purchase of property, plant and equipment | <b>44,177</b>  | 41,621         |

**38. PERFORMANCE BONDS AND GUARANTEES**

|   | Group          |                |
|---|----------------|----------------|
|   | 2017<br>RM'000 | 2016<br>RM'000 |
| <b>Secured:</b>   |                |                |
| Performance bond extended to Government of Malaysia in respect of security for the due performance of the Hospital Support Services Concession Agreement dated 28 October 1996 (Note 28(f)) | <b>16,334</b>  | 16,618         |
| Performance bond to Western Region Municipality of Abu Dhabi for Facilities Management Services in Abu Dhabi  | <b>10,932</b>  | 12,099         |
| Other bank performance bonds and letter of credit   | -              | 14,626         |
| Bank guarantee issued to authorities  | <b>1,692</b>   | 1,716          |
| Bank guarantees and performance bonds issued to others  | <b>33,752</b>  | 35,591         |
| <b>Total</b>  | <b>62,710</b>  | 80,650         |
| <b>Unsecured:</b>   |                |                |
| Bank guarantees extended to third parties - trade related   | <b>61,802</b>  | 62,455         |
| Performance bond extended to third parties - trade related  | <b>25,495</b>  | 28,216         |
| Retention guarantee extended to third parties - trade related   | <b>8,940</b>   | 9,894          |
|   | <b>96,237</b>  | 100,565        |

As at the reporting date, no values are ascribed on these guarantees provided by the Group for the purpose described above as the Directors regard the value of the credit enhancement provided by these guarantees as minimal and the probability of default, based on historical track records of the parties receiving the guarantees are not probable.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 39. RELATED PARTY DISCLOSURES

#### (a) Sale and purchase of goods and services

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following significant transactions at terms agreed between the related parties during the financial year:

|  | Group            |                | Company         |                |
|--|------------------|----------------|-----------------|----------------|
|  | 2017<br>RM'000   | 2016<br>RM'000 | 2017<br>RM'000  | 2016<br>RM'000 |
| <b>Income received/receivable from</b>                 |                  |                |                 |                |
| Management fees from subsidiaries                      | -                | -              | <b>(45,558)</b> | (32,220)       |
| Asset consultancy services fees received from:         |                  |                |                 |                |
| - immediate holding company                            | <b>(8,586)</b>   | (2,149)        | -               | -              |
| - related companies                                    | <b>(52,178)</b>  | (64,798)       | -               | -              |
| - joint ventures                                       | <b>(167,604)</b> | (115,210)      | -               | -              |
| Infrastructure maintenance fees received from:         |                  |                |                 |                |
| - immediate holding company                            | <b>(1,137)</b>   | -              | -               | -              |
| - related companies                                    | <b>(791,397)</b> | (663,828)      | -               | -              |
| Facilities management fees received from:              |                  |                |                 |                |
| - immediate holding company                            | <b>(131)</b>     | -              | -               | -              |
| - related companies                                    | <b>(70,110)</b>  | (25,291)       | -               | -              |
| - associates   | <b>(46,653)</b>  | (41,339)       | -               | -              |
| Other service fees received from:                      |                  |                |                 |                |
| - related companies                                    | -                | (2,448)        | -               | -              |
| License and commission fees received from an associate | <b>(1,455)</b>   | (1,173)        | -               | -              |
| <b>Expenses paid/payable to</b>                        |                  |                |                 |                |
| Management fee expense to immediate holding company    | <b>3,400</b>     | 793            | <b>3,400</b>    | 207            |
| Rendering of services by:                              |                  |                |                 |                |
| - immediate holding company                            | <b>11,300</b>    | 11,247         | <b>876</b>      | 653            |
| - related companies                                    | <b>14,037</b>    | 19,576         | <b>501</b>      | -              |
| - non-controlling shareholder of a subsidiary          | <b>3,419</b>     | 3,836          | -               | -              |
| - associates   | -                | 132            | -               | -              |
| Rental paid to:  |                  |                |                 |                |
| - related company                                      | <b>6,007</b>     | 6,961          | <b>857</b>      | 1,738          |

**39. RELATED PARTY DISCLOSURES (CONT'D.)****(a) Sale and purchase of goods and services (cont'd.)**

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following significant transactions at terms agreed between the related parties during the financial year: (cont'd.)

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| <b>Others</b>  |                |                |                |                |
| Deferred consideration paid to non-controlling shareholder of a subsidiary | 3,400          | -              | 3,400          | -              |
| Repayment from joint ventures  | -              | (3,511)        | -              | -              |

All other significant intercompany transactions have been disclosed in Noted 21 and 30.

**(b) Compensation of key management personnel**

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly including any directors.

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| Salaries and other emoluments               | 13,524         | 8,314          | 3,130          | 3,009          |
| Contributions to defined contribution plans | 787            | 679            | 348            | 455            |
|   | 14,311         | 8,993          | 3,478          | 3,464          |

Included in total key management personnel compensation are:

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| Directors' remuneration excluding benefits-in-kind (Note 9) | 3,122          | 3,122          | 2,901          | 2,552          |

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 40. FINANCIAL INSTRUMENTS

#### Classification of financial instruments

The principal accounting policies in Note 2.4 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis:

| 2017<br>Group                              | Fair value<br>through<br>profit or<br>loss<br>RM'000 | Loans and<br>receivables<br>RM'000                   | Available-<br>for-sale<br>RM'000                           | Total<br>RM'000  |
|--|--|--|--|------------------|
| <b>Assets</b>                              |  |  |  |                  |
| Other investments (Note 19)                | -  | -  | 272  | 272              |
| Trade receivables, net (Note 21)           | -  | 609,905  | -  | 609,905          |
| Concession receivable (Note 21)            | -  | 154,205  | -  | 154,205          |
| Other receivables, net (Note 21)           | -  | 75,618   | -  | 75,618           |
| Cash, bank balances and deposits (Note 24) | -  | 520,082  | -  | 520,082          |
| Short term investments (Note 22)           | 183,425  | -  | -  | 183,425          |
| <b>Total financial assets</b>              | <b>183,425</b>                                       | <b>1,359,810</b>                                     | <b>272</b>   | <b>1,543,507</b> |
| Total non-financial assets                 |  |  |  | <b>1,462,468</b> |
| Total assets                               |  |  |  | <b>3,005,975</b> |
|  |  | Fair value<br>through<br>profit or<br>loss<br>RM'000 | Financial<br>liabilities at<br>amortised<br>cost<br>RM'000 | Total<br>RM'000  |
| <b>Liabilities</b>                         |  |  |  |                  |
| Trade payables (Note 30)                   |  | -  | 395,228  | 395,228          |
| Other payables (Note 30)                   |  | 17,937   | 347,203  | 365,140          |
| Borrowings (Note 28)                       |  | -  | 559,761  | 559,761          |
| <b>Total financial liabilities</b>         |  | <b>17,937</b>  | <b>1,302,192</b>   | <b>1,320,129</b> |
| Total non-financial liabilities            |  |  |  | <b>84,014</b>    |
| Total liabilities                          |  |  |  | <b>1,404,143</b> |

**40. FINANCIAL INSTRUMENTS (CONT'D.)**

Classification of financial instruments (cont'd.)

| <b>2016<br/>Group</b>                      | <b>Fair value<br/>through<br/>profit or<br/>loss<br/>RM'000</b> | <b>Loans and<br/>receivables<br/>RM'000</b>                     | <b>Available-<br/>for-sale<br/>RM'000</b>                             | <b>Total<br/>RM'000</b> |
|--|---|---|---|-------------------------|
| <b>Assets</b>                              |   |   |   |                         |
| Other investments (Note 19)                | -   | -   | 272   | 272                     |
| Trade receivables, net (Note 21)           | -   | 746,947   | -   | 746,947                 |
| Concession receivable (Note 21)            | -   | 152,867   | -   | 152,867                 |
| Other receivables, net (Note 21)           | -   | 104,222   | -   | 104,222                 |
| Cash, bank balances and deposits (Note 24) | -   | 640,010   | -   | 640,010                 |
| Short term investments (Note 22)           | 42,375  | -   | -   | 42,375                  |
| Derivative financial instruments (Note 23) | 491   | -   | -   | 491                     |
| <b>Total financial assets</b>              | <b>42,866</b>   | <b>1,644,046</b>  | <b>272</b>  | <b>1,687,184</b>        |
| Total non-financial assets                 |   |   |   | 1,842,155               |
| Total assets                               |   |   |   | 3,529,339               |
|  |   | <b>Fair value<br/>through<br/>profit or<br/>loss<br/>RM'000</b> | <b>Financial<br/>liabilities at<br/>amortised<br/>cost<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
| <b>Liabilities</b>                         |   |   |   |                         |
| Trade payables (Note 30)                   |   | -   | 378,523   | 378,523                 |
| Other payables (Note 30)                   |   | 25,023  | 386,296   | 411,319                 |
| Derivative financial instruments (Note 23) |   | 6,939   | -   | 6,939                   |
| Borrowings (Note 28)                       |   | -   | 989,699   | 989,699                 |
| <b>Total financial liabilities</b>         |   | <b>31,962</b>   | <b>1,754,518</b>  | <b>1,786,480</b>        |
| Total non-financial liabilities            |   |   |   | 205,066                 |
| Total liabilities                          |   |   |   | 1,991,546               |

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 40. FINANCIAL INSTRUMENTS (CONT'D.)

Classification of financial instruments (cont'd.)

| <b>2017<br/>Company</b>                    | <b>Loans and<br/>receivables<br/>RM'000</b>                     | <b>Available-<br/>for-sale<br/>RM'000</b>                             | <b>Total<br/>RM'000</b> |
|--|---|---|-------------------------|
| <b>Assets</b>                              |   |   |                         |
| Other investments (Note 19)                | -   | 272   | 272                     |
| Other receivables, net (Note 21)           | 172,822   | -   | 172,822                 |
| Cash, bank balances and deposits (Note 24) | 87,277  | -   | 87,277                  |
| <b>Total financial assets</b>              | <b>260,099</b>  | <b>272</b>  | <b>260,371</b>          |
| Total non-financial assets                 |   |   | 1,949,895               |
| Total assets                               |   |   | 2,210,266               |
|  | <b>Fair value<br/>through<br/>profit or<br/>loss<br/>RM'000</b> | <b>Financial<br/>liabilities at<br/>amortised<br/>cost<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
| <b>Liabilities</b>                         |   |   |                         |
| Other payables (Note 30)                   | 17,937  | 55,954  | 73,891                  |
| Borrowings (Note 28)                       | -   | 301,691   | 301,691                 |
| <b>Total financial liabilities</b>         | <b>17,937</b>   | <b>357,645</b>  | <b>375,582</b>          |
| Total non-financial liabilities            |   |   | 200                     |
| Total liabilities                          |   |   | 375,782                 |

**40. FINANCIAL INSTRUMENTS (CONT'D.)**

Classification of financial instruments (cont'd.)

| <b>2016<br/>Company</b>                    | <b>Loans and<br/>receivables<br/>RM'000</b>                     | <b>Available-<br/>for-sale<br/>RM'000</b>                             | <b>Total<br/>RM'000</b> |
|--|---|---|-------------------------|
| <b>Assets</b>                              |   |   |                         |
| Other investments (Note 19)                | -   | 272   | 272                     |
| Other receivables, net (Note 21)           | 341,499   | -   | 341,499                 |
| Cash, bank balances and deposits (Note 24) | 86,141  | -   | 86,141                  |
| <b>Total financial assets</b>              | <b>427,640</b>  | <b>272</b>  | <b>427,912</b>          |
| Total non-financial assets                 |   |   | 2,059,011               |
| Total assets                               |   |   | <b>2,486,923</b>        |
|  | <b>Fair value<br/>through<br/>profit or<br/>loss<br/>RM'000</b> | <b>Financial<br/>liabilities at<br/>amortised<br/>cost<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
| <b>Liabilities</b>                         |   |   |                         |
| Other payables (Note 30)                   | 25,023  | 23,949  | 48,972                  |
| Borrowings (Note 28)                       | -   | 475,788   | 475,788                 |
| Derivative financial instruments (Note 23) | 3,859   | -   | 3,859                   |
| <b>Total financial liabilities</b>         | <b>28,882</b>   | <b>499,737</b>  | <b>528,619</b>          |
| Total non-financial liabilities            |   |   | 300                     |
| Total liabilities                          |   |   | <b>528,919</b>          |

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk, interest rate risk and market price risk.

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

#### (a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and bank balances, derivatives and non-current investments), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group controls its credit risk by the application of credit approvals, limits and monitoring procedures. Credit evaluations are performed on all customers requiring credit over a certain amount and strictly limiting the Group's associations to business partners with high credit worthiness. Trade receivables are monitored on an ongoing basis.

The Group's receivables are monitored on an ongoing basis and the status of major receivables are reported to the Board of Directors.

#### Exposure to credit risk

At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

## 41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

### (a) Credit risk (cont'd.)

#### Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's net trade receivables at the reporting date are as follows:

|                      | 2017           |            | 2016           |            |
|----------------------|----------------|------------|----------------|------------|
|                      | RM'000         | % of total | RM'000         | % of total |
| <b>By country:</b>   |                |            |                |            |
| Malaysia             | <b>490,230</b> | 81         | <b>433,437</b> | 58         |
| India                | <b>217</b>     | -          | <b>217</b>     | -          |
| United Arab Emirates | <b>29,482</b>  | 5          | <b>30,110</b>  | 4          |
| Indonesia            | <b>8,460</b>   | 1          | <b>9,398</b>   | 1          |
| New Zealand          | -              | -          | <b>117,720</b> | 16         |
| Australia            | -              | -          | <b>26,490</b>  | 4          |
| United Kingdom       | -              | -          | <b>22,258</b>  | 3          |
| Canada               | -              | -          | <b>34,419</b>  | 5          |
| Fiji                 | -              | -          | <b>7,876</b>   | 1          |
| Singapore            | <b>37,221</b>  | 6          | <b>31,741</b>  | 4          |
| Taiwan               | <b>44,295</b>  | 7          | <b>33,281</b>  | 4          |
|                      | <b>609,905</b> | 100        | <b>746,947</b> | 100        |

At the reporting date:

- The Group's ten largest customers account for approximately 64% (2016: 45%) of total trade receivables. Majority of these customers are government, quasi-government agency and government linked organisations.

#### Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 21. Deposits with banks and other financial institutions are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

#### Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 21.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

#### (b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

#### Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

|  | On demand<br>or within<br>one year<br>RM'000 | One to<br>five years<br>RM'000 | More than<br>five years<br>RM'000 | Total<br>RM'000 |
|--|--|--------------------------------|-----------------------------------|-----------------|
| <b>2017</b>                              |  |                                |                                   |                 |
| <b>Group</b>                             |  |                                |                                   |                 |
| <b>Financial liabilities:</b>            |  |                                |                                   |                 |
| Trade and other payables (Note 30)       | 720,275                                      | 51,272                         | -                                 | 771,547         |
| Loans and borrowings:                    |  |                                |                                   |                 |
| - Murabahah Term Facility                | 33,303                                       | 112,522                        | -                                 | 145,825         |
| - ICPs                                   | 50,000                                       | -                              | -                                 | 50,000          |
| - IMTNs                                  | 12,125                                       | 292,421                        | -                                 | 304,546         |
| - Term loans                             | 42,540                                       | 56,184                         | 63,750                            | 162,474         |
| - Finance leases                         | 1,382  | 3,522                          | -                                 | 4,904           |
| Total undiscounted financial liabilities | 859,625                                      | 515,921                        | 63,750                            | 1,439,296       |
| <b>2017</b>                              |  |                                |                                   |                 |
| <b>Company</b>                           |  |                                |                                   |                 |
| <b>Financial liabilities:</b>            |  |                                |                                   |                 |
| Other payables (Note 30)                 | 64,560                                       | 9,331                          | -                                 | 73,891          |
| Loans and borrowings:                    |  |                                |                                   |                 |
| - ICPs                                   | 50,000                                       | -                              | -                                 | 50,000          |
| - IMTNs                                  | 12,125                                       | 292,421                        | -                                 | 304,546         |
| Total undiscounted financial liabilities | 126,685                                      | 301,752                        | -                                 | 428,437         |

**41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)****(b) Liquidity risk (cont'd.)****Analysis of financial instruments by remaining contractual maturities (cont'd.)**

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations. (cont'd.)

|   | <b>On demand<br/>or within<br/>one year<br/>RM'000</b> | <b>One to<br/>five years<br/>RM'000</b> | <b>More than<br/>five years<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|---|--|---|--|-------------------------|
| <b>2016</b>                                     |  |   |  |                         |
| <b>Group</b>                                    |  |   |  |                         |
| <b>Financial liabilities:</b>                   |  |   |  |                         |
| Trade and other payables (Note 30)              | 831,862  | 30,333                                  | -  | 862,195                 |
| Loans and borrowings:                           |  |   |  |                         |
| - CMTF-i  | 22,830   | 42,574                                  | -  | 65,404                  |
| - Murabahah Term Facility                       | 150,685  | 471,739                                 | -  | 622,424                 |
| - Term loans                                    | 28,822   | 274,487                                 | 34,233                                     | 337,542                 |
| - Finance leases                                | 7,266  | 12,500                                  | -  | 19,766                  |
| - Revolving credits (Note 28)                   | 21,433   | -                                       | -  | 21,433                  |
| - Bank overdrafts (Note 28)                     | 29,889   | -                                       | -  | 29,889                  |
| <b>Total undiscounted financial liabilities</b> | <b>1,092,787</b>                                       | <b>831,633</b>                          | <b>34,233</b>                              | <b>1,958,653</b>        |
| <b>2016</b>                                     |  |   |  |                         |
| <b>Company</b>                                  |  |   |  |                         |
| <b>Financial liabilities:</b>                   |  |   |  |                         |
| Other payables (Note 30)                        | 27,142   | 21,830                                  | -  | 48,972                  |
| Loans and borrowings:                           |  |   |  |                         |
| - CMTF-i  | 22,830   | 42,574                                  | -  | 65,404                  |
| - Murabahah Term Facility                       | 116,060  | 327,020                                 | -  | 443,080                 |
| <b>Total undiscounted financial liabilities</b> | <b>166,032</b>   | <b>391,424</b>                          | <b>-</b>                                   | <b>557,456</b>          |

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

#### (c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities. The foreign currencies in which these transactions are denominated are mainly New Zealand Dollar, Canadian Dollar, Australian Dollar, and British Pound.

As a result of the significant investments in New Zealand, Australia, United Kingdom, Canada, Singapore and Taiwan, the Group's statement of financial position is affected by the movements in the respective functional currencies of the investees against the Ringgit Malaysia.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the investments are located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

As and when the Group undertakes significant transactions denominated in foreign currencies, with continuing exposure over the applicable periods of settlement, the Group evaluates its exposure and the necessity to hedge such exposure, as well as the availability and cost of such hedging instruments.

During the previous year, as part of the term of the Murabahah Term Facility (Note 28(b)), the Company entered into a cross currency profit rate swap agreement with a financial institution. The notional amount of this swap was RM210.6 million and is used to hedge the Company's exposure to changes in foreign currency of the loan secured under the Facility. During the year, the Group partly settled the Murabahah Term Facility. Consequently, the cross currency profit rate swap agreement is uplifted.

#### Hedges of net investments in foreign operations

The Group adopts hedge accounting for net investments in foreign operations. During the year, the Group hedged investments in the United Kingdom, Canada, United States and Australia.

Net investment hedges are hedges of the Group's exposure to foreign currency risk associated with foreign operations. The Group has designated a portion of bank borrowings in the same currency as the foreign operations and forward exchange rate contracts, as hedges of the net investment in those operations. Gains and losses arising on the effective portion of the hedge are recognised directly in other comprehensive income within the Statement of Comprehensive Income. Any gains or losses arising on the ineffective portion are recognised directly in the Income Statement.

## 41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

### (c) Foreign currency risk (cont'd.)

#### Hedges of net investments in foreign operations (cont'd.)

On loss of control or disposal of foreign operation, the cumulative value of any such gains or losses recognised in other comprehensive income is transferred to the Income Statement.

The hedges were effective throughout 2017 and there was no ineffectiveness recognised in the Income Statement (2016: Nil).

|                                       | <b>2017</b>   | <b>2016</b>   |
|---------------------------------------|---------------|---------------|
|                                       | <b>RM'000</b> | <b>RM'000</b> |
| Bank borrowings designated as hedges: |               |               |
| Short term bank borrowings            | -             | 29,889        |
| Long term bank borrowings             | -             | 169,698       |

The Group also holds cash and cash equivalents and bank overdrafts denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances are as follows:

|                                   | <b>Functional currency of<br/>Group Companies</b> |               |
|-----------------------------------|---|---------------|
|                                   | <b>2017</b>                                       | <b>2016</b>   |
|                                   | <b>RM'000</b>                                     | <b>RM'000</b> |
| United Arab Emirates Dirham (AED) | <b>98</b>   | 158           |
| Australian Dollar (AUD)           | -   | (9,305)       |
| British Pound (GBP)               | -   | (12,306)      |
| Euro Dollar (EURO)                | -   | (87)          |
| United States Dollar (USD)        | -   | (1,327)       |
| Canadian Dollar (CAD)             | -   | (6,805)       |
| Indonesian Rupiah (IDR)           | <b>7,940</b>                                      | 8,058         |
| Singapore Dollar (SGD)            | <b>1,463</b>                                      | 2,996         |
|                                   | <b>9,501</b>                                      | (18,618)      |

#### Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit after tax to a reasonably possible change in the following exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

#### (c) Foreign currency risk (cont'd.)

Sensitivity analysis for foreign currency risk (cont'd.)

|                                       | Group          |                |
|---------------------------------------|----------------|----------------|
|                                       | 2017<br>RM'000 | 2016<br>RM'000 |
| AED/RM - strengthened 10% (2016: 4%)  | 10             | 6              |
| AUD/RM - strengthened Nil (2016: 3%)  | -              | (279)          |
| GBP/RM - strengthened Nil (2016: 13%) | -              | (1,600)        |
| EURO/RM - strengthened Nil (2016: 1%) | -              | (1)            |
| USD/RM - strengthened Nil (2016: 4%)  | -              | (53)           |
| CAD/RM - strengthened Nil (2016: 7%)  | -              | (476)          |
| IDR/RM - strengthened 10% (2016: 1%)  | 794            | 81             |
| SGD/RM - strengthened 2% (2016: 2%)   | 29             | 60             |

#### (d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits or occasionally, in short term commercial papers.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

##### Interest Rate Swap Contracts

The Group enters into interest rate swap contracts where it agrees to exchange interest rate cash flows, either from a fixed rate to a floating rate (or vice versa) on a specified notional principal amount. The objective is to protect the Group from the possibility of material losses from interest rate fluctuation.

##### Sensitivity analysis for interest rate risk

A sensitivity analysis had been performed to determine the sensitivity of the Group's profit net of tax to a reasonably possible change in the interest rate at the reporting date. This analysis assumes that all other variables, in particular foreign currency rate, remain constant. Based on the analysis, there is no material impact to the Group's profit net of tax.

**41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)****(d) Interest rate risk (cont'd.)**

The following tables set out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the reporting date and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk:

| <b>At 31 December 2017</b>                                    | <b>Note</b> | <b>WAEIR<br/>%</b> | <b>Within<br/>1 year<br/>RM'000</b> | <b>1-2 years<br/>RM'000</b> | <b>2-5 years<br/>RM'000</b> | <b>&gt;5 years<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|---|-------------|--------------------|-------------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------|
| <b>Group</b>  |             |                    |                                     |                             |                             |                               |                         |
| <b>Fixed rate</b>   |             |                    |                                     |                             |                             |                               |                         |
| Deposits with licensed banks and other financial institutions | 24          | 2.88               | 319,991                             | -                           | -                           | -                             | 319,991                 |
| ICPs  | 28          | 4.33               | (49,964)                            | -                           | -                           | -                             | (49,964)                |
| IMTNs   | 28          | 4.85               | -                                   | -                           | (251,727)                   | -                             | (251,727)               |
| Finance leases  | 29          | 2.70               | (1,074)                             | (1,140)                     | (2,026)                     | -                             | (4,240)                 |
| <b>Floating rate</b>  |             |                    |                                     |                             |                             |                               |                         |
| Murabahah Term Facility                                       | 28          | 3.61               | (28,155)                            | (31,422)                    | (69,517)                    | -                             | (129,094)               |
| Term loans  | 28          | 6.06               | (35,803)                            | (8,450)                     | (26,688)                    | (53,795)                      | (124,736)               |
| <b>Company</b>  |             |                    |                                     |                             |                             |                               |                         |
| <b>Fixed rate</b>   |             |                    |                                     |                             |                             |                               |                         |
| Deposits with licensed banks and other financial institutions | 24          | 3.03               | 82,365                              | -                           | -                           | -                             | 82,365                  |
| ICPs  | 28          | 4.33               | (49,964)                            | -                           | -                           | -                             | (49,964)                |
| IMTNs   | 28          | 4.85               | -                                   | -                           | (251,727)                   | -                             | (251,727)               |

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**

For the year ended 31 December 2017

**41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)****(d) Interest rate risk (cont'd.)**

| <b>At 31 December 2016</b>                                    | <b>Note</b> | <b>WAEIR<br/>%</b> | <b>Within<br/>1 year<br/>RM'000</b> | <b>1-2 years<br/>RM'000</b> | <b>2-5 years<br/>RM'000</b> | <b>&gt;5 years<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|---|-------------|--------------------|-------------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------|
| <b>Group</b>  |             |                    |                                     |                             |                             |                               |                         |
| <b>Fixed rate</b>   |             |                    |                                     |                             |                             |                               |                         |
| Deposits with licensed banks and other financial institutions | 24          | 3.40               | 394,993                             | -                           | -                           | -                             | 394,993                 |
| Finance leases  | 29          | 4.14               | (6,636)                             | (7,613)                     | (3,872)                     | -                             | (18,121)                |
| CMTF-i  | 28          | 5.15               | (20,550)                            | -                           | -                           | -                             | (20,550)                |
| <b>Floating rate</b>  |             |                    |                                     |                             |                             |                               |                         |
| Murabahah Term Facility                                       | 28          | 2.96               | (132,232)                           | (153,060)                   | (290,630)                   | -                             | (575,922)               |
| Term loans  | 28          | 4.40               | (17,837)                            | (7,309)                     | (195,085)                   | (63,553)                      | (283,784)               |
| Bank overdraft  | 28          | 4.36               | (29,889)                            | -                           | -                           | -                             | (29,889)                |
| CMTF-i  | 28          | 5.15               | -                                   | (20,000)                    | (20,000)                    | -                             | (40,000)                |
| Revolving credit  | 28          | 4.79               | (21,433)                            | -                           | -                           | -                             | (21,433)                |
| <b>Company</b>  |             |                    |                                     |                             |                             |                               |                         |
| <b>Fixed rate</b>   |             |                    |                                     |                             |                             |                               |                         |
| Deposits with licensed banks and other financial institutions | 24          | 3.07               | 80,724                              | -                           | -                           | -                             | 80,724                  |
| CMTF-i  | 28          | 5.15               | (20,550)                            | -                           | -                           | -                             | (20,550)                |
| <b>Floating rate</b>  |             |                    |                                     |                             |                             |                               |                         |
| Murabahah Term Facility                                       | 28          | 2.82               | (103,535)                           | (124,274)                   | (187,429)                   | -                             | (415,238)               |
| CMTF-i  | 28          | 5.15               | -                                   | (20,000)                    | (20,000)                    | -                             | (40,000)                |

Interest on financial instruments subject to floating interest rates is contractually repriced at intervals of less than 12 months. Interest on financial instruments at fixed rates are fixed until the maturity of the instruments. The other financial instruments of the Group and of the Company that are not included in the above tables are not subject to interest rate risks.

**(e) Market price risk**

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is not exposed to equity price risk arising from its investment in quoted equity instruments.

**41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)****(f) Fair value****Financial instruments that are not measured at fair value and whose carrying amounts are reasonable approximation of fair value**

Included in these classes of financial instruments are certain financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

|                                  | <b>Note</b> |
|----------------------------------|-------------|
| Trade and other receivables      | 21          |
| Cash, bank balances and deposits | 24          |
| Borrowings                       | 28          |
| Trade and other payables         | 30          |

The carrying amounts of these financial assets and financial liabilities are reasonable approximation of fair values due either to the short-term nature or insignificant impact of discounting or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

**Determination of fair value**

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

|  | <b>Quoted<br/>prices<br/>in active<br/>markets<br/>Level 1<br/>RM'000</b> | <b>Significant<br/>observable<br/>inputs<br/>Level 2<br/>RM'000</b> | <b>Significant<br/>unobservable<br/>inputs<br/>Level 3<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|--|---|---|---|-------------------------|
| <b>Group<br/>2017</b>                      |   |   |   |                         |
| <b>Assets measured at fair value:</b>      |   |   |   |                         |
| Short term investments*                    | -   | <b>183,425</b>  | -   | <b>183,425</b>          |
| <b>Group<br/>2016</b>                      |   |   |   |                         |
| <b>Assets measured at fair value:</b>      |   |   |   |                         |
| Short term investments**                   | -   | 42,375  | -   | 42,375                  |
| Derivative financial instruments**         | -   | 491   | -   | 491                     |
|  | -   | 42,866  | -   | 42,866                  |
| <b>Liabilities measured at fair value:</b> |   |   |   |                         |
| Derivative financial instruments**         | -   | 6,939   | -   | 6,939                   |

\* The valuation date of these financial instruments is 31 December 2017.

\*\* The valuation date of these financial instruments is 31 December 2016.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

#### (f) Fair value (cont'd.)

##### Determination of fair value (cont'd.)

There have been no transfers between levels during the period.

The following methods and assumptions were used to estimate the fair values:

- Derivative financial instruments are valued using valuation techniques with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves of the underlying assets and liabilities.
- Short term investments are valued based on currently available deposits with similar terms and maturities.

### 42. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group also aims to maintain a capital structure that has an appropriate cost of capital available to the Group.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2017 and 31 December 2016.

The Group manages capital by reference to the debt to asset ratio. The Group's debt to asset ratio is as follows:

|                         | Group            |                | Company          |                |
|-------------------------|------------------|----------------|------------------|----------------|
|                         | 2017<br>RM'000   | 2016<br>RM'000 | 2017<br>RM'000   | 2016<br>RM'000 |
| Bank overdrafts         | -                | 29,889         | -                | -              |
| CMTF-i                  | -                | 60,550         | -                | 60,550         |
| Murabahah Term Facility | <b>129,094</b>   | 575,922        | -                | 415,238        |
| Term loans              | <b>124,736</b>   | 283,784        | -                | -              |
| Finance leases          | <b>4,240</b>     | 18,121         | -                | -              |
| Revolving credit        | -                | 21,433         | -                | -              |
| ICPs                    | <b>49,964</b>    | -              | <b>49,964</b>    | -              |
| IMTNs                   | <b>251,727</b>   | -              | <b>251,727</b>   | -              |
| <b>Total debt</b>       | <b>559,761</b>   | 989,699        | <b>301,691</b>   | 475,788        |
| Total assets            | <b>3,005,975</b> | 3,529,339      | <b>2,210,266</b> | 2,486,923      |
| Debt to asset ratio     | <b>19%</b>       | 28%            | <b>14%</b>       | 19%            |

## 43. SEGMENT INFORMATION

### (a) Business unit segments

For management purposes, the Group is organised into business units based on their products and services, and reflect the Group's offerings across different sectors as follows:

- (i) The consultancy segment relates to advisory and planning, engineering design and consultancy, property and community consultancy, research and development, procurement and construction planning, project and construction management, and asset and facilities management.
- (ii) The services segment provide integrated facilities management and engineering contracting services for a range of assets and building types specialising in expressways and roads to urban transit, institutional to retail, offices to hospitals, educational institutions as well as residential properties and townships. The services cover operations, maintenance (hard and soft services), rehabilitation and upgrading works at different phases of the asset life cycle.

The services segment is further focused into three main sectors as follows:

- Healthcare
  - Infrastructure
  - Real Estate
- (iii) The solutions segment offer solutions that are Green, Smart and Connected for the built environment, such as energy savings solutions, pavement solutions, geotechnical solutions, structural solutions and environmental solutions, through advanced and innovative technology offerings to achieve energy savings via efficient energy management and optimisation of the asset's energy performance while lowering carbon footprint.
  - (iv) The property segment is in the business of developing residential properties.
  - (v) The other segment is largely Group-level corporate services and investment holdings.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 43. SEGMENT INFORMATION (CONT'D.)

#### (b) Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers. The Group's business segments operate in ten geographical areas:

- (i) Malaysia - the operations in this area are principally integrated facilities management, consultancy services, infrastructure maintenance, geotechnical investigation, instrumentation, pavement condition assessment works, township management, property development and investment holding.
- (ii) New Zealand - the operation in this area are principally consultancy services which include asset management services, property management and asset maintenance services.
- (iii) Canada - the operation in this area are principally consultancy services for land surveying, engineering and environmental consultancy.
- (iv) Australia - the operations in this area are principally consultancy services for engineering, rail infrastructure, survey and road infrastructure.
- (v) United Kingdom - the operations in this area are principally consultancy services for roads, survey, civil and building.
- (vi) Indonesia - the operations in this area are principally consultancy services and road infrastructure.
- (vii) Middle East - the operation in this area are principally integrated facilities management and asset management consultancy services.
- (viii) Singapore - the operations in this area are principally integrated facilities management.
- (ix) Taiwan - the operations in this area are principally integrated facilities management.
- (x) India - the operations in this area are principally integrated facilities management.

## 43. SEGMENT INFORMATION (CONT'D.)

|                                    | Note | Continuing operations |                      |                          |                       |                |                      | Discontinued operation | Elimination      | Group            |                       |
|------------------------------------|------|-----------------------|----------------------|--------------------------|-----------------------|----------------|----------------------|------------------------|------------------|------------------|-----------------------|
|                                    |      | Consultancy           | Services             |                          |                       | Solutions      | Property development | Others                 |                  |                  |                       |
|                                    |      | RM'000                | Healthcare<br>RM'000 | Infrastructure<br>RM'000 | Real estate<br>RM'000 | RM'000         | RM'000               | RM'000                 |                  |                  | Consultancy<br>RM'000 |
| <b>At 31 December 2017</b>         |      |                       |                      |                          |                       |                |                      |                        |                  |                  |                       |
| <b>Revenue</b>                     |      |                       |                      |                          |                       |                |                      |                        |                  |                  |                       |
| External revenue                   |      | 180,935               | 912,346              | 862,273                  | 158,362               | 717            | 6,133                | -                      | 1,320,293        | -                | 3,441,059             |
| Inter-segment revenue              | A    | 8,779                 | 605                  | 36,763                   | 5,777                 | 9,231          | -                    | 299,670                | -                | (360,825)        | -                     |
| <b>Total revenue</b>               |      | <b>189,714</b>        | <b>912,951</b>       | <b>899,036</b>           | <b>164,139</b>        | <b>9,948</b>   | <b>6,133</b>         | <b>299,670</b>         | <b>1,320,293</b> | <b>(360,825)</b> | <b>3,441,059</b>      |
| EBITDA*                            |      | 33,220                | 107,799              | 117,312                  | 23,650                | (4,515)        | (3,430)              | 56,900                 | 90,403           | (87,438)         | 333,901               |
| Depreciation and amortisation      |      | (1,422)               | (23,787)             | (12,551)                 | (1,029)               | (603)          | (795)                | (21,038)               | (22,125)         | (3,479)          | (86,829)              |
| <b>EBIT**</b>                      |      | <b>31,798</b>         | <b>84,012</b>        | <b>104,761</b>           | <b>22,621</b>         | <b>(5,118)</b> | <b>(4,225)</b>       | <b>35,862</b>          | <b>68,278</b>    | <b>(90,917)</b>  | <b>247,072</b>        |
| <b>Results</b>                     |      |                       |                      |                          |                       |                |                      |                        |                  |                  |                       |
| Segment results                    |      | 32,504                | 86,026               | 106,295                  | 23,285                | (5,095)        | (3,433)              | 180,083                | 72,762           | (217,871)        | 274,556               |
| Finance costs                      |      | (27)                  | (645)                | (500)                    | (8,026)               | (164)          | (12)                 | (110,911)              | (7,309)          | 71,760           | (55,834)              |
| Share of results of associates     |      | 715                   | 13,046               | -                        | 5,892                 | -              | -                    | -                      | -                | -                | 19,653                |
| Share of results of joint ventures |      | -                     | -                    | -                        | -                     | -              | -                    | -                      | 2,972            | -                | 2,972                 |
| Profit/(loss) before tax           |      | 33,192                | 98,427               | 105,795                  | 21,151                | (5,259)        | (3,445)              | 69,172                 | 68,425           | (146,111)        | 241,347               |
| Zakat                              |      | (443)                 | (994)                | -                        | (199)                 | -              | -                    | -                      | -                | -                | (1,636)               |
| Income tax expense                 |      | (8,401)               | (16,685)             | (23,339)                 | (4,551)               | (10)           | (474)                | 125                    | (33,701)         | 7,176            | (79,860)              |
| Profit/(loss) after tax            |      | 24,348                | 80,748               | 82,456                   | 16,401                | (5,269)        | (3,919)              | 69,297                 | 34,724           | (138,935)        | 159,851               |
| <b>Assets</b>                      |      |                       |                      |                          |                       |                |                      |                        |                  |                  |                       |
| Segment assets                     | B    | 684,143               | 722,419              | 665,865                  | 324,738               | 12,402         | 246,039              | 838,483                | -                | (488,114)        | 3,005,975             |
| <b>Liabilities</b>                 |      |                       |                      |                          |                       |                |                      |                        |                  |                  |                       |
| Segment liabilities                | B    | 74,060                | 301,057              | 336,193                  | 224,785               | 15,999         | 49,581               | 951,902                | -                | (549,434)        | 1,404,143             |

\* Earnings before interest, taxes, depreciation and amortisation.

\*\* Earnings before interest and taxes.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 43. SEGMENT INFORMATION (CONT'D.)

|  | Note | Continuing operations |                      |                          |                       |           |                      | Discontinued operation | Elimination | Group |             |
|--|------|-----------------------|----------------------|--------------------------|-----------------------|-----------|----------------------|------------------------|-------------|-------|-------------|
|  |      | Consultancy           | Services             |                          |                       | Solutions | Property development | Others                 |             |       | Consultancy |
|  |      | RM'000                | Healthcare<br>RM'000 | Infrastructure<br>RM'000 | Real estate<br>RM'000 | RM'000    | RM'000               | RM'000                 |             |       | RM'000      |
| <b>At 31 December 2017</b>   |      |                       |                      |                          |                       |           |                      |                        |             |       |             |
| <b>(cont'd.)</b>   |      |                       |                      |                          |                       |           |                      |                        |             |       |             |
| <b>Other segment information</b>   |      |                       |                      |                          |                       |           |                      |                        |             |       |             |
| Capital expenditure  | C    | 679                   | 65,932               | 28,848                   | 2,954                 | 6,395     | -                    | 5,211                  | 18,957      | -     | 128,976     |
| Investments in associates  |      | 1,991                 | 33,332               | -                        | 15,960                | -         | -                    | -                      | -           | -     | 51,283      |
| Interest income from fixed deposit   |      | (682)                 | (1,749)              | (1,043)                  | (383)                 | (22)      | (141)                | (6,760)                | (3,906)     | 197   | (14,489)    |
| Accretion of interest on concession receivable                                   |      | -                     | -                    | -                        | (18,830)              | -         | -                    | -                      | -           | -     | (18,830)    |
| Dividend income  |      | (768)                 | -                    | -                        | -                     | -         | (19)                 | -                      | -           | -     | (787)       |
| Depreciation (Note 7)  |      | 1,088                 | 23,562               | 12,332                   | 1,018                 | 603       | 155                  | 2,556                  | 18,538      | (136) | 59,716      |
| Amortisation (Note 7)  | D    | 334                   | 225                  | 219                      | 11                    | -         | 640                  | 18,482                 | 3,587       | 3,615 | 27,113      |
| Non-cash expenses/(income) other than impairment, depreciation, and amortisation | E    | 284                   | 2,369                | (552)                    | 2,751                 | -         | (9)                  | (5,808)                | 4,280       | -     | 3,315       |

## 43. SEGMENT INFORMATION (CONT'D.)

|                                    | Note | Continuing operations |                      |                          |                       |                     |                                   | Discontinued operation |                       | Elimination      | Group<br>RM'000  |
|------------------------------------|------|-----------------------|----------------------|--------------------------|-----------------------|---------------------|-----------------------------------|------------------------|-----------------------|------------------|------------------|
|                                    |      | Consultancy<br>RM'000 | Services             |                          |                       | Solutions<br>RM'000 | Property<br>development<br>RM'000 | Others<br>RM'000       | Consultancy<br>RM'000 |                  |                  |
|                                    |      |                       | Healthcare<br>RM'000 | Infrastructure<br>RM'000 | Real estate<br>RM'000 |                     |                                   |                        |                       |                  |                  |
| <b>At 31 December 2016</b>         |      |                       |                      |                          |                       |                     |                                   |                        |                       |                  |                  |
| <b>Revenue</b>                     |      |                       |                      |                          |                       |                     |                                   |                        |                       |                  |                  |
| External revenue                   |      | 163,108               | 460,820              | 781,655                  | 125,500               | 306                 | 47,704                            | -                      | 1,351,881             | -                | 2,930,974        |
| Inter-segment revenue              | A    | 713                   | 17,136               | 40,540                   | 4,123                 | 4,696               | -                                 | 293,063                | -                     | (360,271)        | -                |
| <b>Total revenue</b>               |      | <b>163,821</b>        | <b>477,956</b>       | <b>822,195</b>           | <b>129,623</b>        | <b>5,002</b>        | <b>47,704</b>                     | <b>293,063</b>         | <b>1,351,881</b>      | <b>(360,271)</b> | <b>2,930,974</b> |
| EBITDA*                            |      | 49,076                | 69,975               | 111,275                  | 25,409                | (13)                | 7,434                             | 229,063                | (34,232)              | (286,100)        | 171,887          |
| Depreciation and amortisation      |      | (1,623)               | (20,234)             | (10,422)                 | (578)                 | -                   | (173)                             | (1,520)                | (30,481)              | (2,575)          | (67,606)         |
| <b>EBIT**</b>                      |      | <b>47,453</b>         | <b>49,741</b>        | <b>100,853</b>           | <b>24,831</b>         | <b>(13)</b>         | <b>7,261</b>                      | <b>227,543</b>         | <b>(64,713)</b>       | <b>(288,675)</b> | <b>104,281</b>   |
| <b>Results</b>                     |      |                       |                      |                          |                       |                     |                                   |                        |                       |                  |                  |
| Segment results                    |      | 49,752                | 51,830               | 102,858                  | 25,282                | 5                   | 8,657                             | 228,886                | 52,061                | (289,088)        | 230,243          |
| Impairment losses                  |      | -                     | -                    | -                        | -                     | -                   | -                                 | -                      | (110,824)             | -                | (110,824)        |
| Finance costs                      |      | (20)                  | (73)                 | (825)                    | (6,762)               | -                   | (15)                              | (4,518)                | (10,344)              | 493              | (22,064)         |
| Share of results of associates     |      | -                     | 12,692               | -                        | 2,618                 | -                   | -                                 | -                      | -                     | -                | 15,310           |
| Share of results of joint ventures |      | (281)                 | -                    | -                        | -                     | -                   | -                                 | -                      | 1,413                 | -                | 1,132            |
| <b>Profit/(loss) before tax</b>    |      | <b>49,451</b>         | <b>64,449</b>        | <b>102,033</b>           | <b>21,138</b>         | <b>5</b>            | <b>8,642</b>                      | <b>224,368</b>         | <b>(67,694)</b>       | <b>(288,595)</b> | <b>113,797</b>   |
| Zakat                              |      | -                     | (715)                | (319)                    | -                     | -                   | -                                 | (475)                  | -                     | -                | (1,509)          |
| Income tax expense                 |      | (8,637)               | (2,288)              | (23,054)                 | (1,983)               | (117)               | (4,479)                           | 169                    | (25,722)              | 395              | (65,716)         |
| <b>Profit/(loss) after tax</b>     |      | <b>40,814</b>         | <b>61,446</b>        | <b>78,660</b>            | <b>19,155</b>         | <b>(112)</b>        | <b>4,163</b>                      | <b>224,062</b>         | <b>(93,416)</b>       | <b>(288,200)</b> | <b>46,572</b>    |
| <b>Assets</b>                      |      |                       |                      |                          |                       |                     |                                   |                        |                       |                  |                  |
| Segment assets                     | B    | 991,944               | 594,114              | 560,574                  | 307,489               | 7,123               | 283,018                           | 1,276,391              | -                     | (491,314)        | 3,529,339        |
| <b>Liabilities</b>                 |      |                       |                      |                          |                       |                     |                                   |                        |                       |                  |                  |
| Segment liabilities                | B    | 533,246               | 239,855              | 250,340                  | 223,529               | 5,451               | 60,040                            | 1,180,360              | -                     | (501,275)        | 1,991,546        |

\* Earnings before interest, taxes, depreciation and amortisation.

\*\* Earnings before interest and taxes.

The comparative segment information has been represented based on streamlined business segmentation during the current financial year.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 43. SEGMENT INFORMATION (CONT'D.)

|  | Note | Continuing operations |                      |                          |                       |           |                      | Discontinued operation | Elimination | Group   |             |
|--|------|-----------------------|----------------------|--------------------------|-----------------------|-----------|----------------------|------------------------|-------------|---------|-------------|
|  |      | Consultancy           | Services             |                          |                       | Solutions | Property development | Others                 |             |         | Consultancy |
|  |      | RM'000                | Healthcare<br>RM'000 | Infrastructure<br>RM'000 | Real estate<br>RM'000 | RM'000    | RM'000               | RM'000                 |             |         | RM'000      |
| <b>At 31 December 2016</b>   |      |                       |                      |                          |                       |           |                      |                        |             |         |             |
| <b>(cont'd.)</b>   |      |                       |                      |                          |                       |           |                      |                        |             |         |             |
| <b>Other segment information</b>   |      |                       |                      |                          |                       |           |                      |                        |             |         |             |
| Capital expenditure  | C    | 27,924                | 28,048               | 8,243                    | 591                   | -         | -                    | 4,995                  | -           | -       | 69,801      |
| Investments in associates  |      | -                     | 22,687               | -                        | 10,066                | -         | -                    | -                      | -           | -       | 32,753      |
| Investments in joint ventures  |      | 2,393                 | -                    | -                        | -                     | -         | -                    | -                      | -           | -       | 2,393       |
| Interest income from fixed deposit   |      | (1,692)               | (2,042)              | (1,219)                  | (46)                  | (14)      | (1,381)              | (1,349)                | (5,808)     | 497     | (13,054)    |
| Accretion of interest on concession receivable                                   |      | -                     | -                    | -                        | (14,436)              | -         | -                    | -                      | -           | -       | (14,436)    |
| Dividend income  |      | (2,321)               | -                    | (285)                    | -                     | -         | (33)                 | -                      | -           | -       | (2,639)     |
| Impairment loss on goodwill (Note 16)  |      | -                     | -                    | -                        | -                     | -         | -                    | -                      | 106,914     | -       | 106,914     |
| Impairment loss in joint venture (Note 18 (a))                                   |      | -                     | -                    | -                        | -                     | -         | -                    | -                      | 3,910       | -       | 3,910       |
| Impairment of property, plant and equipment (Note 13)                            |      | -                     | -                    | -                        | -                     | -         | -                    | 1,563                  | -           | (1,563) | -           |
| Depreciation (Note 7)  |      | 1,326                 | 20,142               | 10,237                   | 570                   | -         | 167                  | 1,356                  | 25,453      | -       | 59,251      |
| Amortisation (Note 7)  | D    | 271                   | 132                  | 186                      | 9                     | -         | 7                    | 12                     | 5,027       | 2,711   | 8,355       |
| Non-cash expenses/(income) other than impairment, depreciation, and amortisation | E    | (1,043)               | (213)                | (1,591)                  | (295)                 | -         | 870                  | -                      | 6,205       | -       | 3,933       |

The comparative segment information has been represented based on streamlined business segmentation during the financial year.

**43. SEGMENT INFORMATION (CONT'D.)**

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment revenues are eliminated on consolidation.

B The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

|                      | <b>2017<br/>RM'000</b> | <b>2016<br/>RM'000</b> |
|----------------------|------------------------|------------------------|
| Inter-segment assets | <b>(488,114)</b>       | (491,314)              |

The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

|                           | <b>2017<br/>RM'000</b> | <b>2016<br/>RM'000</b> |
|---------------------------|------------------------|------------------------|
| Inter-segment liabilities | <b>(549,434)</b>       | (501,275)              |

C Capital expenditure consist of:

|   | <b>2017<br/>RM'000</b> | <b>2016<br/>RM'000</b> |
|---|------------------------|------------------------|
| Property, plant and equipment                         | <b>110,874</b>         | 65,242                 |
| Intangible assets - software & other development cost | <b>18,102</b>          | 4,559                  |
|   | <b>128,976</b>         | 69,801                 |

D Amortisation consist of:

|                             | <b>2017<br/>RM'000</b> | <b>2016<br/>RM'000</b> |
|-----------------------------|------------------------|------------------------|
| Prepaid land lease payments | <b>87</b>              | 87                     |
| Intangible assets           | <b>27,026</b>          | 8,268                  |
|                             | <b>27,113</b>          | 8,355                  |

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2017

### 43. SEGMENT INFORMATION (CONT'D.)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements (cont'd.)

E Other material non-cash expenses/(income) consist of the following items as presented in the respective notes to the financial statements:

|   | Note | 2017<br>RM'000 | 2016<br>RM'000 |
|---|------|----------------|----------------|
| Fair value gain on:   |      |                |                |
| - short term investments  | 5    | (48)           | (292)          |
| Reversal of deferred consideration arising from acquisition of subsidiary | 5    | (5,806)        | -              |
| Net gain on disposal of plant and equipment                               | 7    | (2,000)        | (699)          |
| Provision for professional indemnity claims                               | 7    | 371            | 963            |
| Provision for late delivery charges                                       | 7    | -              | 893            |
| Property, plant and equipment written off                                 | 7    | 2,216          | 20             |
| Impairment on financial assets:   |      |                |                |
| - Trade and other receivables   | 7    | 15,499         | 8,583          |
| Reversal of impairment on financial assets:                               |      |                |                |
| - Trade and other receivables   | 7    | (10,218)       | (7,408)        |
| Bad debts written off   | 7    | 3,028          | 1,606          |
| Defined retirement benefit obligations                                    | 8    | 273            | 267            |
|   |      | <b>3,315</b>   | <b>3,933</b>   |

#### Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

|                      | Revenue          |                  |
|----------------------|------------------|------------------|
|                      | 2017<br>RM'000   | 2016<br>RM'000   |
| Malaysia             | 1,614,351        | 1,519,238        |
| United Arab Emirates | 55,680           | 39,107           |
| New Zealand          | 829,536          | 805,328          |
| Australia            | 124,769          | 138,299          |
| Canada               | 206,245          | 228,958          |
| United Kingdom       | 159,743          | 179,297          |
| Indonesia            | 40,664           | 5,096            |
| Singapore            | 241,878          | 7,403            |
| Taiwan               | 168,193          | 8,248            |
| Consolidated         | <b>3,441,059</b> | <b>2,930,974</b> |

**43. SEGMENT INFORMATION (CONT'D.)**Geographical information (cont'd.)

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows: (cont'd.)

|                      | <b>Non-current assets</b> |               |
|----------------------|---------------------------|---------------|
|                      | <b>2017</b>               | <b>2016</b>   |
|                      | <b>RM'000</b>             | <b>RM'000</b> |
| Malaysia             | <b>464,375</b>            | 419,513       |
| United Arab Emirates | <b>3,172</b>              | 564           |
| India                | <b>15,598</b>             | 7,061         |
| New Zealand          | -                         | 88,132        |
| Australia            | -                         | 38,117        |
| Canada               | -                         | 106,227       |
| United Kingdom       | -                         | 43,743        |
| Indonesia            | <b>99</b>                 | -             |
| Singapore            | <b>497,750</b>            | 526,586       |
| Taiwan               | <b>1,959</b>              | 2,037         |
| Consolidated         | <b>982,953</b>            | 1,231,980     |

Non-current assets information presented above consist of the followings items as presented in the consolidated statement of financial position:

|                                    | <b>2017</b>    | <b>2016</b>   |
|------------------------------------|----------------|---------------|
|                                    | <b>RM'000</b>  | <b>RM'000</b> |
| Property, plant and equipment      | <b>193,447</b> | 227,769       |
| Land held for property development | <b>477</b>     | 1,115         |
| Prepaid land lease payments        | <b>3,063</b>   | 3,150         |
| Intangible assets                  | <b>734,411</b> | 964,528       |
| Investment in joint ventures       | -              | 2,393         |
| Investment in associates           | <b>51,283</b>  | 32,753        |
| Other investments                  | <b>272</b>     | 272           |
|                                    | <b>982,953</b> | 1,231,980     |

Information about major customers

Revenue from two (2016: two) major customers amounted to RM746.6 million and RM370.3 million (2016: RM616.0 million and RM408.1million) respectively, arising from services rendered in the Infrastructure Services and Healthcare Services segment.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**

For the year ended 31 December 2017

**44. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES**

Details of subsidiaries, joint ventures and associates are as follows:

| Name of Companies                                  | Country of incorporation | Issued and paid-up share capital RM | Effective proportion of ownership interest |        | Principal activities   |
|--|--------------------------|-------------------------------------|--|--------|--|
|  |                          |                                     | 2017 %                                     | 2016 % |  |
| <b>Subsidiary of the Company:</b>                  |                          |                                     |  |        |  |
| Faber Hotels Holdings Sdn. Bhd.                    | Malaysia                 | 95,279,551                          | <b>100</b>                                 | 100    | Investment holding   |
| Faber Development Holdings Sdn. Bhd.               | Malaysia                 | 28,260,006                          | <b>100</b>                                 | 100    | Investment holding   |
| Edgenta Facilities Sdn. Bhd.                       | Malaysia                 | 200,000                             | <b>100</b>                                 | 100    | Investment holding and provision of integrated facilities management services  |
| Edgenta Healthcare Management Sdn. Bhd.            | Malaysia                 | 2                                   | <b>100</b>                                 | 100    | Investment holding   |
| Renown Alliance Sdn. Bhd.                          | Malaysia                 | 2                                   | -  | 100    | Dissolved in current year  |
| Edgenta PROPEL Berhad                              | Malaysia                 | 70,000,000                          | <b>100</b>                                 | 100    | Maintenance and repair of civil, mechanical and electrical works on roads, infrastructure and expressways and industrial cleaning services |
| Opus Group Berhad                                  | Malaysia                 | 89,822,472                          | <b>100</b>                                 | 100    | Investment holding   |
| Faber L.L.C. (b)                                   | Emirates of Dubai        | AED600,000                          | <b>75</b>                                  | 75     | Facilities management services in United Arab Emirates   |
| Sate Yaki Sdn. Bhd.                                | Malaysia                 | 5,000,000                           | <b>60</b>                                  | 60     | In liquidation   |
| Edgenta Environmental & Material Testing Sdn. Bhd. | Malaysia                 | 1,000,000                           | <b>100</b>                                 | 100    | Geotechnical investigation, instrumentation and pavement condition assessment works  |
| Edgenta Energy Services Sdn. Bhd.                  | Malaysia                 | 1,000,000                           | <b>70</b>                                  | 70     | Energy performance management services   |
| Edgenta Township Management Services Sdn. Bhd.     | Malaysia                 | 2,730,000                           | <b>100</b>                                 | 100    | Investment holding and management of real estate   |
| KFM Holdings Sdn. Bhd.                             | Malaysia                 | 15,000,000                          | <b>80</b>                                  | 80     | Cleaning contractors, improvers and other related activities   |
| Edgenta Energy Projects Sdn. Bhd.                  | Malaysia                 | 750,000                             | <b>100</b>                                 | 100    | Providing energy management services and renewable energy services through capital investments   |
| Edgenta (Singapore) Pte. Ltd.                      | Singapore                | SGD1                                | <b>100</b>                                 | 100    | Investment holding   |

#### 44. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONT'D.)

Details of subsidiaries, joint ventures and associates are as follows: (cont'd.)

| Name of Companies   | Country of incorporation | Issued and paid-up share capital RM | Effective proportion of ownership interest |        | Principal activities                                     |
|---|--------------------------|-------------------------------------|--|--------|--|
|   |                          |                                     | 2017 %                                     | 2016 % |  |
| <b>Subsidiary of Edgenta Healthcare Management Sdn. Bhd.:</b> |                          |                                     |  |        |  |
| Edgenta Mediserve Sdn. Bhd. (c)                               | Malaysia                 | 43,170,010                          | 100  | 100    | Provision of hospital support services                   |
| <b>Subsidiary of Edgenta Mediserve Sdn. Bhd.:</b>             |                          |                                     |  |        |  |
| Edgenta Healthtronics Sdn. Bhd.                               | Malaysia                 | 3,000,000                           | 100  | 100    | Provision of biomedical 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             |
| <b>Associate of Edgenta Mediserve (Sabah) Sdn. Bhd.:</b>      |                          |                                     |  |        |  |
| Sedafiat Sdn. Bhd. (b)  | Malaysia                 | 5,000,000                           | 40   | 40     | Provision of hospital support services                   |
| <b>Associate of Edgenta Mediserve (Sarawak) Sdn. Bhd.:</b>    |                          |                                     |  |        |  |
| 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   | 40     | Provision of biomedical engineering maintenance services |
| <b>Subsidiary of Faber Development Holdings Sdn. Bhd.:</b>    |                          |                                     |  |        |  |
| 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                                     |

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**

For the year ended 31 December 2017

**44. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONT'D.)**

Details of subsidiaries, joint ventures and associates are as follows: (cont'd.)

| Name of Companies  | Country of incorporation | Issued and paid-up share capital RM | Effective proportion of ownership interest |        | Principal activities   |
|--|--------------------------|-------------------------------------|--|--------|--|
|  |                          |                                     | 2017 %                                     | 2016 % |  |
| <b>Subsidiary of Faber Development Holdings Sdn. Bhd.: (cont'd.)</b> |                          |                                     |  |        |  |
| Faber Heights Management Sdn. Bhd.                                   | Malaysia                 | 2                                   | 100  | 100    | Property management  |
| Country View Development Sdn. Bhd.                                   | Malaysia                 | 11,200,000                          | 100  | 100    | Property development and provision of facilities management services |
| <b>Subsidiary of Edgenta Facilities Sdn. Bhd.:</b>                   |                          |                                     |  |        |  |
| Edgenta Facilities Management Sdn. Bhd.                              | Malaysia                 | 1,000,000                           | 100  | 100    | Facilities management services                                       |
| Faber Star Facilities Management Limited (b)                         | India                    | Rs3,57,10,770                       | 100  | 100    | Facilities management in India                                       |
| General Field Sdn. Bhd.  | Malaysia                 | 2                                   | 100  | 100    | Provision of energy performance management services                  |
| <b>Associate of Edgenta Facilities Sdn. Bhd.:</b>                    |                          |                                     |  |        |  |
| Faber Sindoori Management Services Private Limited (b)               | India                    | Rs9,23,780                          | 51   | 51     | Facilities management in India                                       |
| <b>Subsidiary of Edgenta PROPEL Berhad:</b>                          |                          |                                     |  |        |  |
| Aquatrans Sdn. Bhd.  | Malaysia                 | 100,000                             | 100  | 100    | Undertaking of water projects  |
| PT Edgenta PROPEL Indonesia  | Indonesia                | US\$250,000                         | 99.6                                       | 99.6   | Providing road management consultancy and advisory services          |
| <b>Jointly Controlled Operation of Edgenta PROPEL Berhad:</b>        |                          |                                     |  |        |  |
| Edgenta Propel-NRC JO  | Not applicable           | -                                   | 55   | 55     | Providing highway maintenance services                               |
| <b>Subsidiary of Opus Group Berhad:</b>                              |                          |                                     |  |        |  |
| Builders Credit & Leasing Sdn. Bhd.                                  | Malaysia                 | 600,000                             | 100  | 100    | Investment holding   |
| International Business Link, Inc. (a)                                | British Virgin Islands   | US\$1                               | 100  | 100    | Investment holding   |

#### 44. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONT'D.)

Details of subsidiaries, joint ventures and associates are as follows: (cont'd.)

| Name of Companies   | Country of incorporation    | Issued and paid-up share capital RM | Effective proportion of ownership interest |        | Principal activities   |
|---|-----------------------------|-------------------------------------|--|--------|--|
|   |                             |                                     | 2017 %                                     | 2016 % |  |
| <b>Subsidiary of Opus Group Berhad: (cont'd.)</b>                           |                             |                                     |  |        |  |
| Opus International (NZ) Limited (a)   | New Zealand                 | NZD200                              | 100  | 100    | Investment holding   |
| Opus International (M) Berhad   | Malaysia                    | 15,000,000                          | 100  | 100    | Management of the planning, design and construction of infrastructure projects and provision of facilities management services |
| <b>Subsidiary of Opus International (M) Berhad:</b>                         |                             |                                     |  |        |  |
| Opus Management Sdn. Bhd.   | Malaysia                    | 1,000,000                           | 100  | 100    | Dormant  |
| Pengurusan Lantas Berhad  | Malaysia                    | 5,000,000                           | 100  | 100    | Dormant  |
| Pengurusan LRT Sdn. Bhd.  | Malaysia                    | 5,000,000                           | 100  | 100    | Dormant  |
| Opus International India Pte. Ltd. (b)                                      | India                       | Rs4,60,000                          | 100  | 100    | Provision of asset development and asset management services   |
| Opus Consultants DMCC (a)(e)  | United Arab Emirates        | AED100,000                          | -  | 81     | Engineering consultancy services   |
| Opus Al-Dauliyah L.L.C. (a)(e)(f)   | The Kingdom of Saudi Arabia | SAR500,000                          | 100  | 81     | Engineering consultancy services   |
| <b>Joint Venture of Opus International (M) Berhad:</b>                      |                             |                                     |  |        |  |
| Opus Middle East L.L.C. (a)(e)  | United Arab Emirates        | -                                   | -  | 39     | Professional engineering services  |
| <b>Associate of Opus International (M) Berhad:</b>                          |                             |                                     |  |        |  |
| Opus Consultants (M) Sdn. Bhd. (formerly known as Ace Vector Sdn. Bhd.) (b) | Malaysia                    | 71,400                              | 30   | -      | Engineering consultancy  |

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**

For the year ended 31 December 2017

**44. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONT'D.)**

Details of subsidiaries, joint ventures and associates are as follows: (cont'd.)

| Name of Companies  | Country of incorporation | Issued and paid-up share capital RM | Effective proportion of ownership interest |        | Principal activities  |
|--|--------------------------|-------------------------------------|--|--------|---|
|  |                          |                                     | 2017 %                                     | 2016 % |   |
| <b>Subsidiary of Opus International (NZ) Limited:</b>        |                          |                                     |  |        |   |
| Opus International Consultants Limited (a)                   | New Zealand              | NZD54,784,556                       | -  | 61     | Multidisciplinary infrastructure consultancy providing asset development and asset management solutions |
| <b>Subsidiary of Opus International Consultants Limited:</b> |                          |                                     |  |        |   |
| Opus International Consultants (Canada) Limited (a)          | Canada                   | CAD800                              | -  | 61     | Engineering consultancy services  |
| Opus International Consultants Sdn. Bhd.                     | Malaysia                 | 300,000                             | -  | 61     | Technical consultancy services  |
| Opus International Consultants (OPC) Limited (a)             | New Zealand              | Not called/paid up                  | -  | 61     | Consultancy services  |
| Opus International Pty Limited (a)                           | Australia                | A\$10,000                           | -  | 61     | Investment holding  |
| Opus International Consultants Holdings (UK) Limited (a)     | United Kingdom           | GBP20,120,000                       | -  | 61     | Investment holding  |
| Opus International Consultants Inc. (a)                      | United States of America | US\$10                              | -  | 61     | Engineering consultancy services  |
| Opus Stewart Weir Limited (a)                                | Canada                   | CAD33,103,036                       | -  | 61     | Land surveying, engineering and environmental consultancy   |
| Opus International Consultants (Samoa) Limited (a)           | Samoa                    | Nil                                 | -  | 61     | Engineering consultancy services  |
| Opus International Consultants (Fiji) Limited (a)            | Fiji                     | NZ\$2                               | -  | 61     | Engineering consultancy services  |
| Opus International North American Principals Inc. P.S. (a)   | United States of America | Nil                                 | -  | 61     | Engineering consultancy services  |

#### 44. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONT'D.)

Details of subsidiaries, joint ventures and associates are as follows: (cont'd.)

| Name of Companies  | Country of incorporation | Issued and paid-up share capital RM | Effective proportion of ownership interest |        | Principal activities                       |
|--|--------------------------|-------------------------------------|--|--------|--|
|  |                          |                                     | 2017 %                                     | 2016 % |  |
| <b>Joint Venture of Opus International Consultants Limited:</b>                |                          |                                     |  |        |  |
| Total Bridge Services (a) (d)  | New Zealand              | -                                   | -  | 15     | Providing engineering services             |
| Marlborough Roads (a) (d)  | New Zealand              | -                                   | -  | 15     | Providing engineering services             |
| Capital Journeys (a) (d)   | Not applicable           | -                                   | -  | 15     | Providing engineering services             |
| Jacobs Opus Huntly JV (a) (d)  | Not applicable           | -                                   | -  | 31     | Providing engineering services             |
| <b>Jointly Controlled Operation of Opus International Consultants Limited:</b> |                          |                                     |  |        |  |
| Hertfordshire County Council Joint Operation (a)                               | Not applicable           | -                                   | -  | 31     | Providing road network management services |
| Bay of Plenty West One Network Maintenance Contract (a)                        | Not applicable           | -                                   | -  | 31     | Engineering consultancy services           |
| Central Waikato Network Outcomes Contract (a)                                  | Not applicable           | -                                   | -  | 31     | Engineering consultancy services           |
| <b>Subsidiary of Opus International Consultants Holdings (UK) Limited:</b>     |                          |                                     |  |        |  |
| Opus International Consultants (UK) Ltd (a)                                    | United Kingdom           | GBP7,200,000                        | -  | 61     | Engineering consultancy services           |
| Opus International Consultants (Projects) Limited (a)                          | United Kingdom           | GBP217,100                          | -  | 61     | Engineering consultancy services           |
| Tower Surveys Limited (a)  | United Kingdom           | GBP100                              | -  | 61     | Survey consultancy work                    |
| <b>Subsidiary of Opus Stewart Weir Ltd:</b>                                    |                          |                                     |  |        |  |
| Steward Weir Wood Buffalo Holdings Ltd (a)                                     | Canada                   | CAD100                              | -  | 61     | Investment holding                         |
| Steward Weir Consulting Inc (a)  | Canada                   | CAD100                              | -  | 61     | Surveying services                         |
| USW Gamma Industrial Services Ltd. (a)   | Canada                   | CAD2                                | -  | 61     | Survey consulting                          |

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**

For the year ended 31 December 2017

**44. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONT'D.)**

Details of subsidiaries, joint ventures and associates are as follows: (cont'd.)

| Name of Companies  | Country of incorporation | Issued and paid-up share capital RM | Effective proportion of ownership interest |        | Principal activities                                  |
|--|--------------------------|-------------------------------------|--|--------|---|
|  |                          |                                     | 2017 %                                     | 2016 % |   |
| <b>Subsidiary of Opus Stewart Weir Ltd: (cont'd.)</b>                  |                          |                                     |  |        |   |
| USW Surveys Limited (a)  | Canada                   | CAD10                               | -  | 61     | Dormant   |
| Opus Stewart Weir (BC) Limited (a) (d)                                 | Canada                   | CAD100                              | -  | 61     | Surveying services                                    |
| <b>Joint Venture of Opus Stewart Weir Ltd:</b>                         |                          |                                     |  |        |   |
| Athabaskan Resources Company Limited Partnership (a)                   | Canada                   | CAD100                              | -  | 31     | Providing engineering services and surveying services |
| <b>Subsidiary of Opus International Consultants Sdn. Bhd.:</b>         |                          |                                     |  |        |   |
| Kejuruteraan Opus Sdn. Bhd.  | Malaysia                 | 2                                   | -  | 61     | Dormant   |
| <b>Subsidiary of Opus International Pty Limited:</b>                   |                          |                                     |  |        |   |
| Opus International Consultants (Australia) Pty Limited (a) (d)         | Australia                | AUD2,134                            | -  | 61     | Engineering consultancy services                      |
| Opus International Consultants (PCA) Pty Limited (a)                   | Australia                | Not called/<br>paid up              | -  | 61     | Road infrastructure consultancy                       |
| <b>Subsidiary of Opus International Consultants (PCA) Pty Limited:</b> |                          |                                     |  |        |   |
| Opus International Consultants (NSW) Pty Limited (a)                   | Australia                | AUD1,174.94                         | -  | 61     | Engineering consultancy services                      |
| <b>Subsidiary of Edgenta Township Management Services Sdn. Bhd.:</b>   |                          |                                     |  |        |   |
| UEM Sunrise Edgenta TMS Sdn. Bhd.                                      | Malaysia                 | 3,900,000                           | <b>70</b>                                  | 70     | Investment holding & management of real estate        |
| <b>Subsidiary of UEM Sunrise Edgenta TMS Sdn. Bhd.:</b>                |                          |                                     |  |        |   |
| Edgenta TMS Sdn. Bhd.  | Malaysia                 | 5,500,000                           | <b>49</b>                                  | 49     | Management of real estate                             |

#### 44. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONT'D.)

Details of subsidiaries, joint ventures and associates are as follows: (cont'd.)

| Name of Companies                                   | Country of incorporation | Issued and paid-up share capital RM | Effective proportion of ownership interest |        | Principal activities  |
|---|--------------------------|-------------------------------------|--|--------|---|
|   |                          |                                     | 2017 %                                     | 2016 % |   |
| <b>Subsidiary of KFM Holdings Sdn. Bhd.:</b>        |                          |                                     |  |        |   |
| Operon Consulting Sdn. Bhd.                         | Malaysia                 | 1,128,260                           | <b>56</b>                                  | 56     | Assets management consultancy services  |
| KFM Energy Services Sdn. Bhd.                       | Malaysia                 | 2,000,000                           | <b>80</b>                                  | 80     | Provision of consultancy & other services relating to conservation and renewable energy                                   |
| KFM Projects Sdn. Bhd.                              | Malaysia                 | 100,000                             | <b>80</b>                                  | 80     | Project management consulting services  |
| KFM Solutions Sdn. Bhd.                             | Malaysia                 | 100,000                             | <b>80</b>                                  | 80     | Consultancy services in the green, smart and connected urban ecology and integrated facility management services          |
| KFM Systems Sdn. Bhd.                               | Malaysia                 | 100,000                             | <b>80</b>                                  | 80     | Consultancy and contractors for building management systems for the built environment                                     |
| Veridis PPP One Sdn. Bhd.                           | Malaysia                 | 275,000                             | <b>80</b>                                  | 80     | Concession holder specialising in retro-fitting works of building utilising green technology                              |
| Operon Middle East Limited (a)                      | British Virgin Island    | USD1,503,200                        | <b>80</b>                                  | 80     | Facilities management and building cleaning services  |
| Operon Malaysia Sdn. Bhd.                           | Malaysia                 | 100,000                             | <b>80</b>                                  | 80     | Provision of supervising officer for activities related to Green Technology and other solutions for the built environment |
| KFM Middle East Limited (b)                         | British Virgin Island    | USD1,000                            | <b>56</b>                                  | 56     | Dormant   |
| <b>Associate of Operon Consulting Sdn. Bhd.:</b>    |                          |                                     |  |        |   |
| Operon Asset Advisory Sdn. Bhd. (b)                 | Malaysia                 | 10,000                              | <b>27</b>                                  | 27     | Asset management consulting services  |
| <b>Subsidiary of Edgenta (Singapore) Pte. Ltd.:</b> |                          |                                     |  |        |   |
| Asia Integrated Facility Solutions Pte. Ltd. (b)    | Singapore                | SGD22,946,304                       | <b>100</b>                                 | 100    | In members' liquidation   |

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**

For the year ended 31 December 2017

**44. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONT'D.)**

Details of subsidiaries, joint ventures and associates are as follows: (cont'd.)

| Name of Companies  | Country of incorporation | Issued and paid-up share capital RM | Effective proportion of ownership interest |        | Principal activities  |
|--|--------------------------|-------------------------------------|--|--------|---|
|  |                          |                                     | 2017 %                                     | 2016 % |   |
| <b>Subsidiary of Asia Integrated Facility Solutions Pte. Ltd.:</b> |                          |                                     |  |        |   |
| Asia Facility Solutions Pte. Ltd. (b)                              | Singapore                | SGD22,946,304                       | <b>100</b>                                 | 100    | In members' liquidation   |
| <b>Subsidiary of Asia Facility Solutions Pte. Ltd.:</b>            |                          |                                     |  |        |   |
| UEMS Pte. Ltd. (a)   | Singapore                | SGD8,300,000                        | <b>97.5</b>                                | 100    | Investment holding  |
| <b>Subsidiary of UEMS Pte. Ltd.:</b>                               |                          |                                     |  |        |   |
| UEMS Solutions Pte. Ltd (a)  | Singapore                | SGD2,000,000                        | <b>97.5</b>                                | 100    | Provision of facility management services   |
| UEMS Solutions Sdn. Bhd.   | Malaysia                 | 3,000,000                           | <b>97.5</b>                                | 100    | Provision of facility management services   |
| UEMS Solutions Ltd. (a)  | Taiwan                   | TWD25,000,000                       | <b>97.5</b>                                | 100    | Provision of facility management services   |
| ServiceMaster Hong Kong Limited (a)                                | Hong Kong                | HKD20,036,000                       | <b>97.5</b>                                | 100    | Dormant   |
| <b>Subsidiary of UEMS Solutions Ltd.:</b>                          |                          |                                     |  |        |   |
| UEMS ServiceCorp Ltd. (a)  | Taiwan                   | TWD5,000,000                        | <b>97.5</b>                                | 100    | Provision of cleaning and consulting services for business enterprises, buildings and home service to individuals |

(a) Audited by member firms of Ernst &amp; Young Global in respective countries

(b) Audited by firms other than Ernst &amp; Young

(c) Edgenta Mediserve Sdn. Bhd. is 43% owned by UEM Edgenta Berhad and 57% owned by Edgenta Healthcare Management Sdn. Bhd.

(d) Financial year ended other than 31 December

(e) The effective ownership interest had changed due to a joint venture dissolution agreement between Opus International (M) Berhad and Opus International Consultants Limited

(f) Opus Al-Dauliyah L.L.C. is 95% owned by Opus International (M) Berhad and 5% owned by Opus Management Sdn. Bhd.

#### 45. SIGNIFICANT EVENTS

- (a) On 26 April 2017, the Group and the Company have completed the issuances of RM50.0 million in nominal value of Islamic Commercial Papers (“ICPs”) and RM250.0 million in nominal value of Islamic Medium Term Notes (“IMTNs”) under the ICP Programme and IMTN Programme respectively, which have a combined aggregate limit of up to RM1,000.0 million in nominal value and a sub-limit of RM300.0 million in nominal value for the ICP programme under the Shariah Principle of Murabahah via a Tawarruq Arrangement.

Details of the ICPs and IMTNs are disclosed in Note 28(e) to the financial statements.

- (b) On 22 November 2017, Asia Integrated Facility Solutions Pte Ltd (“AIFS”) and Asia Facility Solutions Pte Ltd (“AFS”), indirect wholly-owned subsidiaries of the Company, had been placed under members’ voluntary winding-up pursuant to Section 290(1) of the Singapore Companies Act (Cap. 50) on 22 November 2017.

The voluntary winding-up of AIFS and AFS does not have material effect on the earnings, gearing or net assets of the Group for the financial year ended 31 December 2017.

- (c) On 4 December 2017, Opus International (NZ) Limited, a wholly-owned subsidiary of Opus Group Berhad, which in turn was a wholly-owned subsidiary of the Company, has completed the disposal of its entire shareholding of 90,511,615 shares in Opus International Consultants Limited (“OIC”), representing 61.2% of its total issued and paid-up share capital, for a cash consideration of NZD161.1 million (RM463.0 million) .

Subsequent to the disposal, OIC ceases to be a subsidiary of the Company. The effects of the disposal to the financial statements of the Group and the Company are disclosed in Note 17(a).

# ANALYSIS OF SHAREHOLDINGS

As at 7 March 2018

## SHARE CAPITAL

The total number of issued shares stands at 831,624,030 ordinary shares, with voting right of one (1) vote per ordinary share held.

## DISTRIBUTION SCHEDULE FOR ORDINARY SHARES

| Size of Shareholdings     | No. of Shareholders | %             | Total Shareholdings | %             |
|---------------------------|---------------------|---------------|---------------------|---------------|
| Less than 100             | 1,105               | 7.64          | 36,860              | 0.00          |
| 100 - 1,000               | 10,174              | 70.32         | 3,596,962           | 0.43          |
| 1,001 - 10,000            | 2,663               | 18.41         | 9,778,055           | 1.18          |
| 10,001 - 100,000          | 399                 | 2.76          | 11,727,262          | 1.41          |
| 100,001 - 41,581,200 (*)  | 124                 | 0.86          | 195,960,723         | 23.57         |
| 41,581,201 and above (**) | 2                   | 0.01          | 610,524,168         | 73.41         |
| <b>Total</b>              | <b>14,467</b>       | <b>100.00</b> | <b>831,624,030</b>  | <b>100.00</b> |

### Notes:

\* Less than 5% of issued holdings.

\*\* 5% and above of issued holdings.

## 30 LARGEST SHAREHOLDERS AS PER RECORD OF DEPOSITORS

As at 7 March 2018

| No. | Name of Shareholders   | No. of Shares Held | % of Issued Shares |
|-----|--|--------------------|--------------------|
| 1   | UEM GROUP BERHAD   | 566,772,268        | 68.15              |
| 2   | LEMBAGA TABUNG HAJI  | 43,751,900         | 5.26               |
| 3   | AMANAHRAYA TRUSTEES BERHAD<br>PUBLIC ITTIKAL SEQUEL FUND   | 17,025,200         | 2.05               |
| 4   | AMANAHRAYA TRUSTEES BERHAD<br>PUBLIC SMALLCAP FUND   | 14,731,900         | 1.77               |
| 5   | AMSEC NOMINEES (TEMPATAN) SDN BHD<br>MTRUSTEE BERHAD FOR CIMB ISLAMIC DALI EQUITY GROWTH FUND (UT-CIMB-DALI) | 11,650,900         | 1.40               |
| 6   | UEM GROUP BERHAD   | 8,195,657          | 0.99               |
| 7   | MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD<br>GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (DR)         | 8,061,400          | 0.97               |
| 8   | CITIGROUP NOMINEES (TEMPATAN) SDN BHD<br>EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)                          | 7,195,600          | 0.87               |
| 9   | CITIGROUP NOMINEES (TEMPATAN) SDN BHD<br>EXEMPT AN FOR AIA BHD   | 6,973,600          | 0.84               |
| 10  | AMANAHRAYA TRUSTEES BERHAD<br>PUBLIC ISLAMIC OPTIMAL GROWTH FUND   | 6,536,800          | 0.79               |
| 11  | MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD<br>GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 3)      | 5,560,900          | 0.67               |

**30 LARGEST SHAREHOLDERS AS PER RECORD OF DEPOSITORS (CONT'D.)**

As at 7 March 2018

| No.          | Name of Shareholders  | No. of<br>Shares Held | % of<br>Issued<br>Shares |
|--------------|---|-----------------------|--------------------------|
| 12           | AMANAHRAYA TRUSTEES BERHAD<br>PUBLIC STRATEGIC SMALLCAP FUND  | 5,409,000             | 0.65                     |
| 13           | TOKIO MARINE LIFE INSURANCE MALAYSIA BHD<br>AS BENEFICIAL OWNER (PF)  | 5,184,500             | 0.62                     |
| 14           | AMANAHRAYA TRUSTEES BERHAD<br>PUBLIC ISLAMIC TREASURES GROWTH FUND  | 5,106,500             | 0.61                     |
| 15           | AFFIN HWANG NOMINEES (ASING) SDN BHD<br>DBS VICKERS SECS (S) PTE LTD FOR TAN JU HONG  | 4,541,900             | 0.55                     |
| 16           | CITIGROUP NOMINEES (ASING) SDN BHD<br>EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)                         | 3,849,183             | 0.46                     |
| 17           | MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD<br>GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LPF)                       | 3,547,300             | 0.43                     |
| 18           | CITIGROUP NOMINEES (TEMPATAN) SDN BHD<br>KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (CIMB EQUITIES)                            | 3,381,100             | 0.41                     |
| 19           | AMANAHRAYA TRUSTEES BERHAD<br>PUBLIC SECTOR SELECT FUND   | 3,106,800             | 0.37                     |
| 20           | MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD<br>GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)                     | 3,099,900             | 0.37                     |
| 21           | AMANAHRAYA TRUSTEES BERHAD<br>PUBLIC INDEX FUND   | 3,054,800             | 0.37                     |
| 22           | CIMSEC NOMINEES (TEMPATAN) SDN BHD<br>CIMB FOR NUROLAMIN BIN ABAS (PB)  | 2,922,654             | 0.35                     |
| 23           | CITIGROUP NOMINEES (ASING) SDN BHD<br>CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES  | 2,702,400             | 0.32                     |
| 24           | CITIGROUP NOMINEES (ASING) SDN BHD<br>CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT<br>DIMENSIONS GROUP INC | 2,685,700             | 0.32                     |
| 25           | CIMSEC NOMINEES (TEMPATAN) SDN BHD<br>CIMB FOR FARDAN BIN ABDUL MAJEED (PB)   | 2,346,923             | 0.28                     |
| 26           | HSBC NOMINEES (TEMPATAN) SDN BHD<br>HSBC (M) TRUSTEE BHD FOR CIMB ISLAMIC DALI EQUITY THEME FUND                            | 2,218,400             | 0.27                     |
| 27           | AMANAHRAYA TRUSTEES BERHAD<br>PB ISLAMIC EQUITY FUND  | 2,131,800             | 0.26                     |
| 28           | CITIGROUP NOMINEES (TEMPATAN) SDN BHD<br>EMPLOYEES PROVIDENT FUND BOARD (ARIM)  | 2,070,000             | 0.25                     |
| 29           | HSBC NOMINEES (TEMPATAN) SDN BHD<br>HSBC (M) TRUSTEE BHD FOR PERTUBUHAN KESELAMATAN SOSIAL (CIMB-P 6939-404)                | 1,984,000             | 0.24                     |
| 30           | MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD<br>GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LEEF)                      | 1,950,100             | 0.23                     |
| <b>TOTAL</b> |   | <b>757,749,085</b>    | <b>91.12</b>             |

## ANALYSIS OF SHAREHOLDINGS (CONT'D.)

### SUBSTANTIAL SHAREHOLDERS

#### As per the Register of Substantial Shareholders

As at 7 March 2018

| Name of Substantial Shareholders      | Direct Interest |       | Indirect Interest |       |
|---------------------------------------|-----------------|-------|-------------------|-------|
|                                       | No. of Shares   | %     | No. of Shares     | %     |
| UEM Group Berhad                      | 574,967,925     | 69.14 | -                 | -     |
| Khazanah Nasional Berhad <sup>#</sup> | -               | -     | 574,967,925       | 69.14 |
| Lembaga Tabung Haji                   | 46,425,400      | 5.58  | -                 | -     |

**Note:**

<sup>#</sup> Deemed interested pursuant to Section 8(4) of the Companies Act 2016.

### DIRECTORS' INTERESTS IN THE COMPANY AND ITS RELATED CORPORATIONS

As at 7 March 2018

#### Directors' Interests in Ordinary Shares of UEM Edgenta Berhad

| Name of Directors            | Direct Interest |   | Indirect Interest |   |
|------------------------------|-----------------|---|-------------------|---|
|                              | No. of Shares   | % | No. of Shares     | % |
| Amir Hamzah Azizan           | 30,000          | @ | -                 | - |
| Dato' Azmir Merican          | 40,000          | @ | -                 | - |
| Dato' Izzaddin Idris         | -               | - | -                 | - |
| Robert Tan Bun Poo           | -               | - | -                 | - |
| Dr. Saman @ Saimy Ismail     | -               | - | -                 | - |
| Elakumari Kantilal           | -               | - | -                 | - |
| Juniwati Rahmat Hussin       | -               | - | -                 | - |
| Dato' George Stewart LaBrooy | -               | - | -                 | - |

**Note:**

@ Less than 0.01%.

## PROPERTIES HELD BY THE GROUP

| Location and Address   | Description of Properties   | Approx. Land Area | Gross Built-Up Area (Sq. Meters) | Existing Use                                     | Land Tenure (Expiry Date) | Building Approx. Age (Years) | Net Book Value as at 31.12.2017 (RM'000) | Last Date of Revaluation or If None; Date of Acquisition |
|--|---|-------------------|----------------------------------|--|---------------------------|------------------------------|--|--|
| <b>CORPORATE</b>   |   |                   |                                  |  |                           |                              |  |  |
| <b>UEM Edgenta Berhad</b>  |   |                   |                                  |  |                           |                              |  |  |
| Lot 30 & 46 Armada Villa No. 6, Jalan 109F Taman Danau Desa 58100 Kuala Lumpur                                 | Two units of three-storey bungalows   | 0.49 acres        | 1,207                            | Corporate facilities                             | Leasehold (31.8.2108)     | 5                            | 7,805                                    | 16.12.2016   |
| Lot 32, 33 & 33A Prima Villa No. 2, Jalan 109F Taman Danau Desa 58100 Kuala Lumpur                             | Three units of four-storey link villas  | 0.24 acres        | 1,617                            | Corporate facilities                             | Leasehold (6.1.2109)      | 4                            | 8,472                                    | 16.12.2016   |
| <b>HEALTHCARE SERVICES</b>   |   |                   |                                  |  |                           |                              |  |  |
| <b>Edgenta Mediserve Sdn Bhd</b>   |   |                   |                                  |  |                           |                              |  |  |
| Lot No. 65 Kamunting Raya Industrial Estate Kamunting, Perak   | Incineration plant with double-storey administration block plus laundry plant | 5.87 acres        | 23,760                           | Incinerator for clinical waste and laundry plant | Leasehold (7.12.2097)     | 22                           | 1,044                                    | 31.12.2017   |
| Lot No. 37 Kuala Ketil Industrial Estate Mukim of Tawar District of Baling, Kedah                              | Laundry plant with 2-storey administration block and ancillary facilities     | 2.24 acres        | 9,058                            | Laundry plant                                    | Leasehold (26.3.2056)     | 15                           | 795                                      | 31.12.2017   |
| Lot No. 131 (CL215359890) & Lot No. 132 (CL215359907) SEDCO Industrial Estate Lok Kawi, Sabah                  | Incineration plant with single-storey detached factory with mezzanine office  | 0.51 acres        | 2,066                            | Incinerator for clinical waste                   | Leasehold (13.12.2042)    | 13                           | 366                                      | 31.12.2015   |
| Lot 10486, Seksyen 20 Serendah Ulu Selangor Selangor Darul Ehsan   | Research and Development centre   | 1.47 acres        | 5,945                            | Research and development                         | Freehold                  | 7                            | 1,160                                    | 31.12.2017   |
| <b>Fresh Linen Services (Sabah) Sdn Bhd</b>  |   |                   |                                  |  |                           |                              |  |  |
| Lot 34-5, Industrial Zone 4 (IZ 4) Kota Kinabalu Industrial Park Kota Kinabalu, Sabah                          | Laundry plant with 2-storey office and warehouse                              | 0.96 acres        | 3,885                            | Laundry plant                                    | Leasehold (13.12.2105)    | 9                            | 858                                      | 31.12.2017   |
| <b>INFRA SERVICES</b>  |   |                   |                                  |  |                           |                              |  |  |
| <b>Edgenta Propel Berhad</b>   |   |                   |                                  |  |                           |                              |  |  |
| No. C1-16-08, Block C1 Vista Komanwel, Bukit Jalil 57700 Kuala Lumpur  | Penthouse (duplex)  | -                 | 850                              | Staff accommodation                              | Freehold                  | 5                            | 347                                      | 19.4.2013  |
| LMD Dengkil Office Kawasan Rehat dan Rawat Dengkil KM238, Arah Selatan Lebuhraya ELITE 43800 Dengkil, Selangor | Office building and warehouse storage   | -                 | 5,000                            | Logistic and machinery depot                     | Leasehold                 | 13                           | 1,838                                    | 1.5.2005   |

## PROPERTIES HELD BY THE GROUP (CONT'D.)

| Location and Address  | Description of Properties  | Approx. Land Area | Gross Built-Up Area (Sq. Meters) | Existing Use                 | Land Tenure (Expiry Date)                     | Building Approx. Age (Years) | Net Book Value as at 31.12.2017 (RM'000) | Last Date of Revaluation or If None; Date of Acquisition |
|---|--|-------------------|----------------------------------|------------------------------|---|------------------------------|--|--|
| <b>ENVIRONMENTAL &amp; MATERIAL TESTING SERVICES</b>  |  |                   |                                  |                              |   |                              |  |  |
| <b>Edgenta Environmental &amp; Material Testing</b>   |  |                   |                                  |                              |   |                              |  |  |
| Suite 4801-1-05, Block 4801<br>CBD Perdana, Jalan Perdana<br>63000 Putrajaya, Selangor      | Office building  | -                 | 175                              | Office lot                   | Freehold                                      | 8                            | 306                                      | 7.12.2015  |
| No. 3 & No. 5, Jalan P18<br>Kawasan Perindustrian MIEL<br>43650 Bandar Baru Bangi, Selangor | Two adjoining units of one and half-storey semi detached factory | 0.83 acres        | 1,303                            | Laboratory & office building | Leasehold (29.9.2086)                         | 28                           | 2,447                                    | 7.12.2015  |
| <b>PROPERTY DEVELOPMENT</b>   |  |                   |                                  |                              |   |                              |  |  |
| <b>Country View Development Sdn Bhd</b>   |  |                   |                                  |                              |   |                              |  |  |
| CL015027237 and CL015395196<br>Kota Kinabalu, Sabah   | Vacant land for development                                      | 7.72 acres        | -                                | Vacant land                  | Leasehold 999 years (2.12.2920 and 20.8.2925) | -                            | 477                                      | 2013   |

## RECURRENT RELATED PARTY TRANSACTIONS

The shareholders of UEM Edgenta Berhad ("UEM Edgenta" or "the Company") had at the 54th Annual General Meeting held on 25 May 2017 granted their approval for the Company and its subsidiary companies ("UEM Edgenta Group") to enter into recurrent related party transactions of a revenue or trading nature, which are necessary for its day-to-day operations and are in the ordinary course of business in order to comply with Paragraph 10.09 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

In accordance to Practice Note 12 of the MMLR of Bursa Securities, the details of recurrent related party transactions made during the financial year ended 31 December 2017 pursuant to the shareholders' mandate are as follows:-

| Item | Company in UEM Edgenta Group involved | Transacting Party   | Nature of relationship  | Nature of transaction   | Value incurred from 1 January 2017 to 25 May 2017 (RM) | Value incurred from 25 May 2017 to 31 December 2017 (RM) | Aggregate Value of Transactions during the financial Year (RM) |
|------|---------------------------------------|---------------------|---|---|--|--|--|
| 1    | UEM Edgenta Group                     | UEMG Group          | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>UEM Edgenta is a 69.14% subsidiary of UEMG.</p> <p>Dato' Izzaddin Idris and Amir Hamzah Azizan is a Director of UEM Edgenta and UEMG.</p> <p>Dato' Izzaddin Idris and Amir Hamzah Azizan does not have any equity interest in UEMG.</p>                       | (i) Provision of Directors and staff training and development by UEMG Group                               | 81,975   | 1,268,149  | 1,350,124  |
|      |                                       |                     |   | (ii) Provision of administrative and audit and tax services by UEMG Group                                 | 1,133,333  | 2,266,667  | 3,400,000  |
|      |                                       |                     |   | (iii) Rental of office space in Tower 1, Avenue 7, Bangsar South and ancillary facilities from UEMG Group | 1,919,012  | 4,016,019  | 5,935,031  |
|      |                                       |                     |   | (iv) Rental of archive store at Taman Desa and ancillary facilities from UEMG Group                       | 19,844   | 42,592   | 62,436   |
|      |                                       |                     |   | (v) Rental of meeting rooms in Tower 1, Avenue 7, Bangsar South ancillary facilities from UEMG Group      | 2,250  | 6,974  | 9,224  |
|      |                                       |                     |   | (v) Provision of energy monitoring system to UEMG Group at Mercu UEM                                      | -  | -  | -  |
| 2    | UEM Edgenta Group                     | PLUS Malaysia Group | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>UEM Edgenta is a 69.14% subsidiary of UEMG.</p> <p>PLUS Malaysia is a 51% subsidiary of UEMG.</p> <p>Dato' Izzaddin Idris is a Director of UEM Edgenta and PLUS Malaysia.</p> <p>Dato' Izzaddin Idris does not have any equity interest in PLUS Malaysia.</p> | Provision of facilities maintenance services to PLUS Malaysia Group                                       | 1,466,286  | 3,157,806  | 4,624,092  |

## RECURRENT RELATED PARTY TRANSACTIONS (CONT'D.)

| Item | Company in UEM Edgenta Group involved | Transacting Party | Nature of relationship   | Nature of transaction  | Value incurred from 1 January 2017 to 25 May 2017 (RM) | Value incurred from 25 May 2017 to 31 December 2017 (RM) | Aggregate Value of Transactions during the financial Year (RM) |
|------|---------------------------------------|-------------------|--|--|--|--|--|
| 3    | UEM Edgenta Group                     | UEM Sunrise Group | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>UEM Edgenta is a 69.14% subsidiary of UEMG.</p> <p>UEM Sunrise is a 66.06% subsidiary of UEMG.</p> <p>Dato' Izzaddin Idris is a Director of UEM Edgenta and UEM Sunrise.</p> <p>Dato' Izzaddin Idris does not have any equity interest in UEM Sunrise.</p> | Provision of facilities maintenance services to UEM Sunrise Group  | 2,008,745  | 4,172,970  | 6,181,715  |
|      |                                       |                   |  | Provision of integrated facilities management and estate management services by UEM Edgenta Group to UEM Sunrise Group   | 5,083,796  | 10,590,888   | 15,674,684   |
| 4    | UEM Edgenta Group                     | TM                | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>UEM Edgenta is a 69.14% subsidiary of UEMG.</p> <p>TM is a 26.2% associated company of Khazanah.</p>   | Provision of facilities maintenance services and energy management services to TM  | -  | -  | -  |
| 5    | UEM Edgenta Group                     | TARH              | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>UEM Edgenta is a 69.14% subsidiary of UEMG.</p> <p>TARH is a wholly-owned subsidiary of Khazanah.</p>  | Provision of consultancy and township management services which includes integrated facilities management (M&E, housekeeping, security, estate management, safety & health) and community management to TARH | -  | -  | -  |
| 6    | UEM Edgenta Group                     | UEM Sunrise Group | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>UEM Edgenta is a 69.14% subsidiary of UEMG.</p> <p>UEM Sunrise is a 66.06% subsidiary of UEMG.</p> <p>Dato' Izzaddin Idris is a Director of UEM Edgenta and UEM Sunrise.</p> <p>Dato' Izzaddin Idris does not have any equity interest in UEM Sunrise.</p> | Rental of office space in Imperia Tower, Iskandar Puteri, Johor from UEM Sunrise Group   | -  | 320,608  | 320,608  |
| 7    | UEM Edgenta Group                     | CIMA              | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>UEM Edgenta is a 69.14% subsidiary of UEMG.</p> <p>CIMA is a wholly-owned subsidiary of UEMG.</p> <p>Dato' Izzaddin Idris is a Director of UEM Edgenta and CIMA.</p> <p>Dato' Izzaddin Idris does not have any equity interest in CIMA.</p>                | Provision of energy management services through Energy Performance Contract at various locations to CIMA   | -  | -  | -  |

| Item | Company in UEM Edgenta Group involved              | Transacting Party   | Nature of relationship   | Nature of transaction   | Value incurred from 1 January 2017 to 25 May 2017 (RM) | Value incurred from 25 May 2017 to 31 December 2017 (RM) | Aggregate Value of Transactions during the financial Year (RM) |
|------|--|---|--|---|--|--|--|
| 8    | UEM Edgenta Group                                  | MAHB  | Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.<br>UEM Edgenta is a 69.14% subsidiary of UEMG.<br>MAHB is a 33.2% associated company of Khazanah.  | Provision of energy management services through energy performance contract to MAHB                       | -  | -  | -  |
| 9    | UEM Edgenta Group                                  | First Impact  | Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.<br>UEM Edgenta is a 69.14% subsidiary of UEMG.<br>First Impact is a wholly-owned subsidiary of UEMG.   | Provision of asset management services for office buildings of First Impact                               | 1,516,816  | 5,586,553  | 7,103,369  |
| 10   | UEM Edgenta Group's property development companies | Any Related Party who may wish to purchase properties developed by UEM Edgenta Group's property development companies | All Directors and Major Shareholders of UEM Edgenta are interested in this transaction.<br>All Directors of UEM Edgenta do not have any direct and/or indirect shareholding in UEM Edgenta.<br>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.<br>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.<br>UEM Edgenta is a 69.14% subsidiary of UEMG. | Sale of property units by UEM Edgenta Group's property development companies                              | -  | -  | -  |
| 11   | EHM  | Konsortium Prohawk Sdn Bhd  | Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.<br>EHM is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.<br>Konsortium Prohawk Sdn Bhd is a 65% subsidiary of UEMG.   | Provision of asset management services for Women & Children Hospital (WACH) to Konsortium Prohawk Sdn Bhd | -  | -  | -  |
| 12   | EMS  | Cenviro Group   | Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.<br>Cenviro is a wholly-owned subsidiary of Khazanah.<br>EMS is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.   | Provision of healthcare waste management services by Kualiti Alam   | 251,741  | 1,131,862  | 1,383,603  |

## RECURRENT RELATED PARTY TRANSACTIONS (CONT'D.)

| Item | Company in UEM Edgenta Group involved | Transacting Party | Nature of relationship  | Nature of transaction   | Value incurred from 1 January 2017 to 25 May 2017 (RM) | Value incurred from 25 May 2017 to 31 December 2017 (RM) | Aggregate Value of Transactions during the financial Year (RM) |
|------|---------------------------------------|-------------------|---|---|--|--|--|
| 13   | EMS Group                             | SMS Likas         | <p>FLS Sabah is a 60% subsidiary of EMS, which in turn is a wholly-owned subsidiary of UEM Edgenta.</p> <p>SMS Likas holds 40% of the equity interest in FLS Sabah.</p> <p>Zohari Mahur is a Director of SMS Likas and FLS Sabah.</p> <p>Zohari Mahur has a 58.33% equity interest in SMS Likas.</p>  | Provision of linen processing involving washing, drying and folding of linen, linen transportation involving transportation of linen from the plant to hospitals and vice versa, and manpower supply by SMS Likas | 1,222,227  | 2,196,904  | 3,419,131  |
| 14   | EFSB Group                            | Symphony Hills    | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>EFSB is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>Symphony Hills is a wholly-owned subsidiary of Bandar Nusajaya Development Sdn Bhd, which in turn is a wholly-owned subsidiary of UEM Land, which in turn is a wholly-owned subsidiary of UEM Sunrise, which in turn is a 66.06% subsidiary of UEMG.</p> | Provision of cleaning services at sales gallery, office and unit show houses for Symphony Hills   | -  | 213,442  | 213,442  |
| 15   | EFSB Group                            | Setia Haruman     | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>EFSB is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>Setia Haruman is a 25% associated company of UEM Land, which in turn is a wholly-owned subsidiary of UEM Sunrise, which in turn is a 66.06% subsidiary of UEMG.</p>  | Provision of facilities maintenance services to Setia Haruman   | 2,024,345  | 3,824,467  | 5,848,812  |
|      |                                       |                   |   | Rental payable on a monthly basis by EFSB Group to Setia Haruman for office space   | -  | 26,752   | 26,752   |
| 16   | EFSB Group                            | UEM Builders      | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>EFSB is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>UEM Builders is a wholly-owned subsidiary of UEMG.</p>   | Provision of cleaning services and M&E maintenance to UEM Builders  | -  | 135,566  | 135,566  |
| 17   | EFSB Group                            | UEMG              | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>EFSB is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p>   | Provision of cleaning and landscaping services for UEM Learning to UEMG   | -  | 130,641  | 130,641  |

| Item | Company in UEM Edgenta Group involved | Transacting Party                         | Nature of relationship   | Nature of transaction  | Value incurred from 1 January 2017 to 25 May 2017 (RM) | Value incurred from 25 May 2017 to 31 December 2017 (RM) | Aggregate Value of Transactions during the financial Year (RM) |
|------|---------------------------------------|---|--|--|--|--|--|
| 18   | EFSB Group                            | TERAS                                     | Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.<br>EFSB is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.<br>TERAS is a wholly-owned subsidiary of PLUS Malaysia, which in turn is a 51% subsidiary of UEMG.        | Provision of cleaning services to TERAS warehouse  | -  | -  | -  |
| 19   | EFSB Group                            | UEM Sunrise                               | Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.<br>EFSB is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.<br>UEM Sunrise is a 66.06% subsidiary of UEMG.  | Provision of cleaning services of pedestrian bridge to UEM Sunrise                         | -  | -  | -  |
|      |                                       |   |  | Provision of facilities management services for office buildings of UEM Sunrise            | -  | -  | -  |
| 20   | EFSB Group                            | CIMB Group                                | Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.<br>EFSB is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.<br>CIMB is a 27.3% associated company of Khazanah.  | Provision of facilities maintenance services to CIMB Group                                 | -  | -  | -  |
| 21   | EFSB Group                            | Malaysian Bio-XCell Sdn Bhd ("Bio-Xcell") | Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.<br>EFSB is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.<br>Bio-XCell is a 40% joint venture company of UEM Sunrise, which in turn is a 66.06% subsidiary of UEMG. | Operation and maintenance for Central Utility Facility for Biotechnology Park to Bio-Xcell | 1,397,843  | 4,163,464  | 5,561,307  |
|      |                                       |   |  | Integrated facilities management services to Bio-Xcell                                     | -  | 364,840  | 364,840  |
| 22   | EFSB Group                            | TM  | Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.<br>EFSB is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.<br>TM is a 26.2% associated company of Khazanah.  | To provide total facilities management services to TM Commercial Building for TM           | -  | -  | -  |

## RECURRENT RELATED PARTY TRANSACTIONS (CONT'D.)

| Item | Company in UEM Edgenta Group involved | Transacting Party | Nature of relationship   | Nature of transaction  | Value incurred from 1 January 2017 to 25 May 2017 (RM) | Value incurred from 25 May 2017 to 31 December 2017 (RM) | Aggregate Value of Transactions during the financial Year (RM) |
|------|---------------------------------------|-------------------|--|--|--|--|--|
| 23   | Faber Sindoori                        | PCR Investment    | <p>PCR Investments is the investment holding company of Dr. P.C. Reddy and his family members.</p> <p>Dr. P.C. Reddy and Persons Connected to him are major shareholders of ASHL with 68.52% equity interest.</p> <p>ASHL holds 49% of the equity interest in Faber Sindoori.</p> <p>Faber Sindoori is 51% owned by EFSB, which in turn is a wholly-owned subsidiary of UEM Edgenta.</p> | Payment of licensee fee for the usage of the brand name "Sindoori" to PCR Investments  | 548,553  | 906,494  | 1,455,047  |
| 24   | Edgenta PROPEL                        | UEM Construction  | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>UEM Construction is a wholly-owned subsidiary of UEM Builders, which in turn is a wholly-owned subsidiary of UEMG.</p>  | Upgrade works for Bayan Lepas Expressway for UEM Construction  | -  | -  | -  |
|      |                                       |                   |  | Provision of fourth lane widening ("FLW") civil works, mechanical, electrical and electronic ("MEE") works and street lighting and traffic management services to UEM Construction | 731,844  | 1,667,446  | 2,399,290  |
| 25   | Edgenta PROPEL                        | UEM Builders      | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>UEM Builders is a wholly-owned subsidiary of UEMG.</p>  | Pavement, civil, MEE works, utilities relocation and traffic management works for UEM Builders   | -  | -  | -  |
| 26   | Edgenta PROPEL                        | UEMG              | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p>  | Payment of nomination fee - annual amount by UEMG  | 3,333,333  | 6,666,667  | 10,000,000   |
|      |                                       |                   |  | Pavement, civil, MEE works, utilities relocation and traffic management works for UEMG   | -  | -  | -  |

| Item | Company in UEM Edgenta Group involved | Transacting Party                    | Nature of relationship  | Nature of transaction   | Value incurred from 1 January 2017 to 25 May 2017 (RM) | Value incurred from 25 May 2017 to 31 December 2017 (RM) | Aggregate Value of Transactions during the financial Year (RM) |
|------|---------------------------------------|--------------------------------------|---|---|--|--|--|
| 27   | Edgenta PROPEL                        | PLUS                                 | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>PLUS is a wholly-owned subsidiary of PLUS Malaysia, which in turn is a 51% subsidiary of UEMG.</p>   | Provision of highway operations & maintenance services to PLUS              | 6,660,569  | 24,682,873   | 31,343,442   |
|      |                                       |                                      |   | Annual pavement structural overlay ("PSO") works to PLUS                    | 15,195,001   | 41,386,227   | 56,581,228   |
|      |                                       |                                      |   | Provision of annual routine maintenance - civil and MEE works to PLUS       | 70,824,957   | 172,097,734  | 242,922,691  |
|      |                                       |                                      |   | Annual work orders - civil works commissioned by PLUS                       | 15,762,506   | 80,020,106   | 95,782,613   |
|      |                                       |                                      |   | Annual work orders - pavement works commissioned by PLUS                    | 29,897,199   | 226,415,836  | 256,313,035  |
|      |                                       |                                      |   | Repair and replacement works by PLUS  | 5,568,535  | 12,782,402   | 18,350,937   |
|      |                                       |                                      |   | Other works secured via tender from PLUS                                    | 10,816,257   | 35,376,178   | 46,192,435   |
| 28   | Edgenta PROPEL                        | TT dotCom Sdn Bhd                    | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>TT dotCom Sdn Bhd is a wholly-owned subsidiary of TdC.</p> <p>TdC is a 11.23% associated company of Khazanah.</p> <p>TdC is a 30.47% associated company of PKV, which in turn is a 30.0% associated company of Khazanah.</p> | Provision of fiber optic maintenance on highway by TT dotCom Sdn Bhd        | 336,141  | 1,065,147  | 1,401,288  |
| 29   | Edgenta PROPEL                        | TM                                   | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>TM is a 26.2% associated company of Khazanah.</p>  | Provision of infrastructure maintenance of telecommunications network by TM | -  | -  | -  |
| 30   | Edgenta PROPEL                        | PT Lintas Marga Sedaya ("PT Lintas") | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>PT Lintas is a 55% subsidiary of PEIB, which in turn is a wholly-owned subsidiary of UEMG.</p>   | Provision of maintenance services for highway to PT Lintas                  | 8,650,931  | 30,367,532   | 39,018,463   |

## RECURRENT RELATED PARTY TRANSACTIONS (CONT'D.)

| Item | Company in UEM Edgenta Group involved | Transacting Party                                      | Nature of relationship   | Nature of transaction   | Value incurred from 1 January 2017 to 25 May 2017 (RM) | Value incurred from 25 May 2017 to 31 December 2017 (RM) | Aggregate Value of Transactions during the financial Year (RM) |
|------|---------------------------------------|--|--|---|--|--|--|
| 31   | Edgenta PROPEL                        | Teras Teknologi Sdn Bhd ("TERAS")                      | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>TERAS is a wholly-owned subsidiary of PLUS Malaysia, which in turn is a 51% subsidiary of UEMG.</p>   | Provision of FLW utilities and services to TERAS  | -  | -  | -  |
| 32   | Edgenta PROPEL                        | PT Karabha Gryamandiri - PT Nusa Raya Cipta Consortium | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>PT Karabha Gryamandiri is a 55% subsidiary of UEM Construction, which in turn is a wholly-owned subsidiary of UEM Builders, which in turn is a wholly-owned subsidiary of UEMG.</p> | Contract awarded by PT Karabha Gryamandiri - PT Nusa Raya Cipta Consortium for highway pavement works | -  | 520,733  | 520,733  |
| 33   | Edgenta PROPEL                        | Kualiti Alam   | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>Kualiti Alam is a wholly-owned subsidiary of Cenviro, which in turn is a wholly-owned subsidiary of Khazanah.</p>   | Provision of waste collection services by Kualiti Alam  | -  | -  | -  |
| 34   | Edgenta PROPEL                        | Kuad   | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>Kuad is a 70% subsidiary of CIMA, which in turn is a wholly-owned subsidiary of UEMG.</p>   | Purchase of material for provision of pavement works from Kuad  | 1,619,774  | 4,778,601  | 6,398,375  |
| 35   | Edgenta PROPEL                        | Kuari Pati   | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>Kuari Pati is a wholly-owned subsidiary of CIMA, which in turn is a wholly-owned subsidiary of UEMG.</p>  | Purchases of materials for pavement works from Kuari Pati   | 2,062,209  | 3,831,964  | 5,894,173  |

| Item | Company in UEM Edgenta Group involved | Transacting Party                           | Nature of relationship   | Nature of transaction   | Value incurred from 1 January 2017 to 25 May 2017 (RM) | Value incurred from 25 May 2017 to 31 December 2017 (RM) | Aggregate Value of Transactions during the financial Year (RM) |
|------|---------------------------------------|---|--|---|--|--|--|
| 36   | Edgenta PROPEL                        | MAHB  | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>MAHB is a 33.2% associated company of Khazanah.</p>   | Provision of pavement, civil, MEE works, utilities relocation works and traffic management services for MAHB      | -  | -  | -  |
| 37   | Edgenta PROPEL                        | Fibrecomm Network (M) Sdn Bhd ("Fibrecomm") | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>Fibrecomm is a 51% subsidiary of TM and 49% associated company of TNB.</p> <p>TM is a 26.2% associated company of Khazanah and TNB is a 28.1% associated company of Khazanah.</p> | Provision of pavement, civil, MEE works, utilities relocation works and traffic management services for Fibrecomm | -  | -  | -  |
| 38   | Edgenta PROPEL                        | UEM Sunrise                                 | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>UEM Sunrise is a 66.06% subsidiary of UEMG.</p>   | Provision of pavement, MEE works, utilities relocation and traffic management works for UEM Sunrise               | -  | -  | -  |
| 39   | Edgenta PROPEL                        | UEMB-MRCB JV Sdn Bhd                        | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>UEMB-MRCB JV Sdn Bhd is a 51% subsidiary of UEM Builders, which in turn is a wholly-owned subsidiary of UEMG.</p>   | Provision of additional works in relation to road safety on FLW project to UEM Builders-MRCB JV Sdn Bhd           | -  | -  | -  |

## RECURRENT RELATED PARTY TRANSACTIONS (CONT'D.)

| Item | Company in UEM Edgenta Group involved | Transacting Party   | Nature of relationship   | Nature of transaction   | Value incurred from 1 January 2017 to 25 May 2017 (RM) | Value incurred from 25 May 2017 to 31 December 2017 (RM) | Aggregate Value of Transactions during the financial Year (RM) |
|------|---------------------------------------|---------------------|--|---|--|--|--|
| 40   | Edgenta EMT                           | PLUS Malaysia Group | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta EMT is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>PLUS Malaysia is a 51% subsidiary of UEMG.</p>         | Provision of maintenance services of the real time monitoring system to PLUS Malaysia Group                   | 379,822  | 93,180   | 473,002  |
|      |                                       |                     |  | Soil investigation works for upgrading of existing and new facilities for PLUS Malaysia Group                 | -  | -  | -  |
|      |                                       |                     |  | Proposed air quality testing at Toll Plaza along North South Expressway by Edgenta EMT to PLUS Malaysia Group | -  | -  | -  |
|      |                                       |                     |  | Proposed PSO works for expressway by Edgenta EMT to PLUS Malaysia Group                                       | -  | -  | -  |
| 41   | Edgenta EMT                           | UEM Sunrise         | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta EMT is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>UEM Sunrise is a 66.06% subsidiary of UEMG.</p>        | Proposed soil investigation works at Nusajaya for UEM Sunrise   | -  | -  | -  |
| 42   | Edgenta EMT                           | UEM Builders        | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta EMT is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>UEM Builders is a wholly-owned subsidiary of UEMG.</p> | Proposed soil investigation works at Rapid Pengerang, Johor for UEM Builders                                  | -  | -  | -  |

| Item | Company in UEM Edgenta Group involved | Transacting Party | Nature of relationship   | Nature of transaction  | Value incurred from 1 January 2017 to 25 May 2017 (RM) | Value incurred from 25 May 2017 to 31 December 2017 (RM) | Aggregate Value of Transactions during the financial Year (RM) |
|------|---------------------------------------|-------------------|--|--|--|--|--|
| 43   | Edgenta EMT                           | UEM Construction  | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta EMT is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>UEM Construction is a wholly-owned subsidiary of UEM Builders, which in turn is a wholly-owned subsidiary of UEMG.</p> | Material testing and quality assurance/quality control works for Alor Pongsu Interchange for UEM Construction                            | -  | -  | -  |
|      |                                       |                   |  | Construction and completion of viaduct guide way and other associated works for UEM Construction   | -  | -  | -  |
|      |                                       |                   |  | Design, construction and completion of Penang second bridge and repair work on highways by UEM Construction                              | -  | -  | -  |
|      |                                       |                   |  | Instrumentation works for Mass Rapid Transit projects for UEM Construction   | 9,617  | 34,119   | 43,736   |
|      |                                       |                   |  | FLW works for roadway from Shah Alam to Sungai Buloh by UEM Construction   | 1,500  | -  | 1,500  |
|      |                                       |                   |  | Proposed design and construction of expressway for UEM Construction  | -  | -  | -  |
|      |                                       |                   |  | Pavement rehabilitation and associated works for UEM Construction  | -  | -  | -  |
|      |                                       |                   |  | Alor Pongsu Interchange and Toll Plaza Phase 1 advance earthworks for UEM Construction   | -  | -  | -  |
|      |                                       |                   |  | Proposed bridge structure, instrumentation and soil investigation works for development of expressway by Edgenta EMT to UEM Construction | -  | -  | -  |
|      |                                       |                   |  | Proposed bridge structure and instrumentation for Rail Project by Edgenta EMT to UEM Construction  | -  | -  | -  |

## RECURRENT RELATED PARTY TRANSACTIONS (CONT'D.)

| Item | Company in UEM Edgenta Group involved | Transacting Party | Nature of relationship  | Nature of transaction   | Value incurred from 1 January 2017 to 25 May 2017 (RM) | Value incurred from 25 May 2017 to 31 December 2017 (RM) | Aggregate Value of Transactions during the financial Year (RM) |
|------|---------------------------------------|-------------------|---|---|--|--|--|
| 44   | Edgenta EMT                           | PLUS Malaysia     | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta EMT is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>PLUS Malaysia is a 51% subsidiary of UEMG.</p>  | Proposed slope rehab works for soil investigation to PLUS Malaysia  | -  | -  | -  |
|      |                                       |                   |   | Proposed bridge structure, instrumentation and soil investigation works for development of expressway to PLUS Malaysia              | -  | -  | -  |
| 45   | Edgenta EMT                           | CIMA              | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta EMT is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>CIMA is a wholly-owned subsidiary of UEMG.</p>  | Proposed air quality testing for CIMA   | -  | -  | -  |
| 46   | Edgenta EMT                           | UEMG              | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta EMT is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p>  | Soil investigation project for Paroi-Senawang-KLIA-Salak Tinggi (SKLIA) project for UEMG.   | -  | 912,744  | 912,744  |
| 47   | OIM                                   | PLUS Malaysia     | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>OIM is a wholly-owned subsidiary of Opus, which in turn is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>PLUS Malaysia is a 51% subsidiary of UEMG.</p>  | Provision of maintenance management & technical services for highways and bridges to PLUS Malaysia                                  | 11,427,510   | 22,855,020   | 34,282,530   |
|      |                                       |                   |   | Payment of project management fee for roadway projects by PLUS Malaysia   | 968,811  | 1,562,996  | 2,531,807  |
|      |                                       |                   |   | Development of expressway by PLUS Malaysia  | 82,710   | 4,448,097  | 4,530,807  |
|      |                                       |                   |   | Payment of proposed network maintenance fees for expressway by PLUS Malaysia  | 1,219,900  | 2,439,799  | 3,659,699  |
| 48   | OIM                                   | PT Lintas         | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>OIM is a wholly-owned subsidiary of Opus, which in turn is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>PT Lintas is a 55% subsidiary of PEIB which in turn is a wholly-owned subsidiary of UEMG.</p> | Provision of maintenance management & technical services for highways and bridges at Cikampek Palimanan highway by OIM to PT Lintas | 617,077  | 1,028,320  | 1,645,397  |

| Item | Company in UEM Edgenta Group involved | Transacting Party    | Nature of relationship   | Nature of transaction  | Value incurred from 1 January 2017 to 25 May 2017 (RM) | Value incurred from 25 May 2017 to 31 December 2017 (RM) | Aggregate Value of Transactions during the financial Year (RM) |
|------|---------------------------------------|----------------------|--|--|--|--|--|
| 49   | OIM                                   | UEMG                 | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>OIM is a wholly-owned subsidiary of Opus, which in turn is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p>   | Payment of project management fees for tender submissions by UEMG  | -  | 759,905  | 759,905  |
|      |                                       |                      |  | Payment of project management fees for slope maintenance works of an expressway by OIM to UEMG                             | -  | -  | -  |
|      |                                       |                      |  | Design and project management fees by UEMG in relation to development of overseas projects by OIM to UEMG                  | -  | -  | -  |
|      |                                       |                      |  | Development of expressway by UEMG by OIM to UEMG   | -  | 7,632,230  | 7,632,230  |
|      |                                       |                      |  | Project management fees for Feasibility Studies from UEMG.   | -  | 157,200  | 157,200  |
| 50   | OIM                                   | TNB                  | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>OIM is a wholly-owned subsidiary of Opus, which in turn is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>TNB is a 28.1% associated company of Khazanah.</p>   | To provide project management consultancy services for office building to TNB  | -  | -  | -  |
| 51   | OIM                                   | IHH Healthcare Group | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>OIM is a wholly-owned subsidiary of Opus, which in turn is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>IHH Healthcare is a 40.98% associated company of Pulau Memutik Ventures Sdn Bhd, which in turn is a wholly-owned subsidiary of Khazanah.</p> | To provide project management and engineering consultancy services for development of hospitals to IHH Healthcare          | -  | -  | -  |
| 52   | OIM                                   | MAHB                 | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>OIM is a wholly-owned subsidiary of Opus, which in turn is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>MAHB is a 33.2% associated company of Khazanah.</p>  | To provide project management and engineering design consultancy services to Aeropolis and Staff Quarters project for MAHB | -  | -  | -  |

## RECURRENT RELATED PARTY TRANSACTIONS (CONT'D.)

| Item | Company in UEM Edgenta Group involved | Transacting Party  | Nature of relationship  | Nature of transaction   | Value incurred from 1 January 2017 to 25 May 2017 (RM) | Value incurred from 25 May 2017 to 31 December 2017 (RM) | Aggregate Value of Transactions during the financial Year (RM) |
|------|---------------------------------------|--------------------|---|---|--|--|--|
| 53   | OIM                                   | MIMSB              | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>OIM is a wholly-owned subsidiary of Opus, which in turn is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>MIMSB is a 60% subsidiary of Jasmine Acres Sdn Bhd, which in turn is a 33.3% associated company of Iskandar Investment Berhad and a 66.7% subsidiary of Iskandar Ventures Sdn Bhd.</p> <p>Iskandar Ventures Sdn Bhd is a wholly-owned subsidiary of Khazanah.</p> | To provide asset management consultancy services to MIMSB   | -  | -  | -  |
| 54   | OIM                                   | UEM Sunrise        | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>OIM is a wholly-owned subsidiary of Opus, which in turn is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>UEM Sunrise is a 66.06% subsidiary of UEMG.</p>   | To provide project management consultancy services for commercial development of UEM Sunrise  | -  | -  | -  |
| 55   | OIM                                   | Putrajaya Holdings | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>OIM is a wholly-owned subsidiary of Opus, which in turn is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>Putrajaya Holdings is a 15.6% associated company of Khazanah.</p>   | To provide project management and engineering design consultancy for development of train transport system in Putrajaya to Putrajaya Holdings | -  | -  | -  |

| Item | Company in UEM Edgenta Group involved   | Transacting Party     | Nature of relationship  | Nature of transaction  | Value incurred from 1 January 2017 to 25 May 2017 (RM) | Value incurred from 25 May 2017 to 31 December 2017 (RM) | Aggregate Value of Transactions during the financial Year (RM) |
|------|---|-----------------------|---|--|--|--|--|
| 56   | Edgenta TMS                             | MIMSB Group           | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Edgenta TMS is a 70% subsidiary of UEMSET, which in turn is a 70% subsidiary of ETMSSB, which in turn is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>MIMSB is a 60% subsidiary of Jasmine Acres Sdn Bhd, which in turn is a 33.3% associated company of Iskandar Investment Berhad and a 66.7% subsidiary of Iskandar Ventures Sdn Bhd.</p> <p>Iskandar Ventures Sdn Bhd is a wholly-owned subsidiary of Khazanah.</p> <p>Dr. Tee Kim Siong is a Director of Edgenta TMS and Managing Director/Chief Executive Officer of MIMSB.</p>                                   | Provision of integrated facilities management and estate management services by Edgenta TMS to MIMSB Group | 1,202,217  | 3,753,896  | 4,956,113  |
| 57   | Edgenta Energy Services Sdn Bhd ("EES") | TM                    | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>EES is a 70% subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>TM is a 26.2% associated company of Khazanah.</p>  | Provision of energy-saving initiatives through shared saving concept for TM by EES to TM                   | -  | -  | -  |
| 58   | UEMS Malaysia                           | IMU Education Sdn Bhd | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>UEMS Malaysia is a wholly-owned subsidiary of UEMS, which in turn is a 97.46% subsidiary of AFS, which in turn is a wholly-owned subsidiary of AIFS, which in turn is a wholly-owned subsidiary of Edgenta Singapore, which in turn is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>IMU Education Sdn Bhd is a wholly-owned subsidiary of IMU Health Sdn Bhd, which in turn is a wholly-owned subsidiary of IHH Healthcare, which in turn is a 40.98% associated company of Pulau Memutik Ventures Sdn Bhd, which in turn is a wholly-owned subsidiary of Khazanah.</p> | Provision of facilities maintenance services to IMU  | 407,650  | 281,643  | 689,293  |

## RECURRENT RELATED PARTY TRANSACTIONS (CONT'D.)

| Item | Company in UEM Edgenta Group involved | Transacting Party    | Nature of relationship   | Nature of transaction   | Value incurred from 1 January 2017 to 25 May 2017 (RM) | Value incurred from 25 May 2017 to 31 December 2017 (RM) | Aggregate Value of Transactions during the financial Year (RM) |
|------|---------------------------------------|----------------------|--|---|--|--|--|
| 59   | UEMS Malaysia                         | Parkway Pantai Group | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>UEMS Malaysia is a wholly-owned subsidiary of UEMS, which in turn is a 97.46% subsidiary of AFS, which in turn is a wholly-owned subsidiary of AIFS, which in turn is a wholly-owned subsidiary of Edgenta Singapore, which in turn is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>Parkway Pantai is a wholly-owned subsidiary of Integrated Healthcare Holdings Limited, which in turn is a wholly-owned subsidiary of IHH Healthcare, which in turn is a 40.98% associated company of Pulau Memutik Ventures Sdn Bhd, which in turn is a wholly-owned subsidiary of Khazanah.</p> | Provision of facilities maintenance services to Pantai Holdings Group at various Pantai hospitals | 3,093,774  | 4,610,637  | 7,704,411  |
| 60   | UEMS Malaysia                         | Khazanah             | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>UEMS Malaysia is a wholly-owned subsidiary of UEMS, which in turn is a 97.46% subsidiary of AFS, which in turn is a wholly-owned subsidiary of AIFS, which in turn is a wholly-owned subsidiary of Edgenta Singapore, which in turn is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p>   | Provision of cleansing services at KLCC and KL Sentral to Khazanah                                | 120,847  | 183,089  | 303,936  |
| 61   | UEMS Solutions Pte Ltd                | IHH Healthcare Group | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>UEMS Solutions Pte Ltd is a wholly-owned subsidiary of UEMS, which in turn is a 97.46% subsidiary of AFS, which in turn is a wholly-owned subsidiary of AIFS, which in turn is a wholly-owned subsidiary of Edgenta Singapore, which in turn is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>IHH Healthcare is a 40.98% associated company of Pulau Memutik Ventures Sdn Bhd, which in turn is a wholly-owned subsidiary of Khazanah.</p>  | Provision of housekeeping services at various IHH Healthcare Hospitals to IHH Healthcare          | 367,463  | 607,556  | 975,019  |

| Item | Company in UEM Edgenta Group involved | Transacting Party        | Nature of relationship  | Nature of transaction  | Value incurred from 1 January 2017 to 25 May 2017 (RM) | Value incurred from 25 May 2017 to 31 December 2017 (RM) | Aggregate Value of Transactions during the financial Year (RM) |
|------|---------------------------------------|--------------------------|---|--|--|--|--|
| 62   | KFM                                   | Malaysia Airlines Berhad | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>KFM is a 80% subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>Malaysia Airlines Berhad is a wholly-owned subsidiary of Malaysia Aviation Group Berhad, which in turn is a wholly-owned subsidiary of Khazanah.</p> | Provision of facilities management services to Malaysia Airlines Berhad                    | 6,511,620  | 7,769,136  | 14,280,756   |
| 63   | KFM Energy                            | Cenviro                  | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>KFM Energy is a wholly-owned subsidiary of KFM, which in turn is a 80% subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>Cenviro is a wholly-owned subsidiary of Khazanah.</p>                                      | Consultancy for design assessment for submission to Green Building Index for Cenviro       | -  | 7,065  | 7,065  |
| 64   | KFM Energy                            | Silterra Malaysia        | <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>KFM Energy is a wholly-owned subsidiary of KFM, which in turn is a 80% subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.</p> <p>Silterra Malaysia is a wholly-owned subsidiary of Khazanah.</p>                            | Engineering, procurement, installation and commissioning for chillers to Silterra Malaysia | 420,345  | 530,328  | 950,673  |

# NOTICE OF THE 55<sup>TH</sup> ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the 55<sup>th</sup> Annual General Meeting of UEM Edgenta Berhad (“UEM Edgenta” or “the Company”) will be held at the **Banquet Hall, Menara Korporat, Persada PLUS, Persimpangan Bertingkat Subang, KM15, Lebuhraya Baru Lembah Klang, 47301 Petaling Jaya, Selangor Darul Ehsan** on **Thursday, 10 May 2018** at **10.00 a.m.** for the purpose of transacting the following businesses:-

## AGENDA

### ORDINARY BUSINESS

- To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2017 together with the Directors’ and Auditors’ reports thereon.
- To re-elect the following Directors who are retiring in accordance with Article 65 of the Company’s Constitution and being eligible, have offered themselves for re-election:-
  - Ms. Elakumari Kantilal
  - Dr. Saman @ Saimy Ismail
- To re-elect the following Directors who are retiring in accordance with Article 70 of the Company’s Constitution and being eligible, have offered themselves for re-election:-
  - Pn. Juniwati Rahmat Hussin
  - Dato’ George Stewart LaBrooy
  - Ms. Emily Kok
- To approve the Directors’ fees and the payment thereof to the Directors for the period from 1 January 2018 until the next Annual General Meeting of the Company, to be payable on a quarterly basis.
- To approve the payment of Directors’ benefits (excluding Directors’ fees) to the Non-Executive Chairman and Non-Executive Directors based on the following table of benefits and remuneration for the period from 11 May 2018 until the next Annual General Meeting of the Company:-

**Ordinary Resolution 1**

**Ordinary Resolution 2**

**Ordinary Resolution 3**

**Ordinary Resolution 4**

**Ordinary Resolution 5**

**Ordinary Resolution 6**

**Ordinary Resolution 7**

| Description  | Directors’ remuneration/<br>benefits  |
|--|---|
| Allowance will be paid to Directors for the following:-  | RM1,000 per day   |
| (i) Attending meetings with Government representatives or third parties such as consultants, bankers and advisors on behalf of the Company; or |   |
| (ii) Visiting project and/or reference sites to advise Management, the Company and/or its operating companies.                                 |   |
| Meeting allowance for ad-hoc or temporary Board Committees established for specific purposes   | (i) Chairman of Committee<br>- RM2,000 per meeting<br>(ii) Member of Committee<br>- RM1,000 per meeting |
| Car allowance for Chairman of UEM Edgenta  | RM3,400 per month   |

- To re-appoint Messrs Ernst & Young as Auditors and to authorise the Board of Directors to fix their remuneration.

**Ordinary Resolution 8**

## SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions, with or without modifications:-

7. **Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016** **Ordinary Resolution 9**

**“THAT** pursuant to Sections 75 and 76 of the Companies Act 2016 (“Act”) and subject to the approval of the relevant governmental/regulatory authorities (if any), the Directors be and are hereby authorised to allot and issue shares in the Company, from time to time, at such price, upon such terms and conditions and for such purpose and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being and **THAT** the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so issued from Bursa Malaysia Securities Berhad and **THAT** such authority shall continue to be in force until the conclusion of the next Annual General Meeting (“AGM”) of the Company after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier, unless such approval is revoked or varied by the Company at a general meeting.”

8. **Proposed Renewal of Existing Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** **Ordinary Resolution 10**

**“THAT** pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the renewal of the shareholders’ mandate for the Company and/or its subsidiaries (“UEM Edgenta Group”) to enter into recurrent related party transactions of a revenue or trading nature (“Proposed Renewal of Shareholders’ Mandate”), which are necessary for the day-to-day operations in the ordinary course of business of UEM Edgenta Group and are on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company, particulars of which are set out in Part A of Appendix I of the Circular to Shareholders dated 11 April 2018 **AND THAT** such approval shall continue to be in force until:-

- (a) the conclusion of the next AGM of the Company following this AGM at which such mandate is passed, at which time it will lapse, unless by a resolution passed at such general meeting whereby the authority is renewed;
- (b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier,

**AND FURTHER THAT** the Directors of the Company and/or any of them be and are/is (as the case may be) hereby authorised to complete and do all such acts and things (including executing all such documents under the common seal in accordance with the provisions of the Constitution of the Company, as may be required) as they may consider expedient or necessary to give full effect to the Proposed Renewal of Shareholders’ Mandate.”

## NOTICE OF THE 55<sup>TH</sup> ANNUAL GENERAL MEETING (CONT'D.)

### 9. **Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature** **Ordinary Resolution 11**

**"THAT** pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the shareholders' mandate for the Company and/or its subsidiaries ("UEM Edgenta Group") to enter into additional recurrent related party transactions of a revenue or trading nature ("Proposed New Shareholders' Mandate"), which are necessary for the day-to-day operations in the ordinary course of business of UEM Edgenta Group and are on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company, particulars which are set out in Part B of Appendix I of the Circular to Shareholders dated 11 April 2018 **AND THAT** such approval shall continue to be in force until:-

- (a) the conclusion of the next AGM of the Company following this AGM at which such mandate is passed at which time it will lapse, unless by a resolution passed at such general meeting whereby the authority is renewed;
- (b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier,

**AND FURTHER THAT** the Directors of the Company and/or any of them be and are/is (as the case may be) hereby authorised to complete and do all such acts and things (including executing all such documents under the common seal in accordance with the provisions of the Constitution of the Company, as may be required) as they may consider expedient or necessary to give full effect to the Proposed New Shareholders' Mandate."

10. To transact any other business for which due notice shall have been given.

### BY ORDER OF THE BOARD

**CHIEW SIEW YUEN** (MAICSA 7063781)  
Company Secretary

Kuala Lumpur  
11 April 2018

**NOTES:**

1. A member of the Company entitled to attend and vote at the meeting, is entitled to appoint not more than two (2) proxies to attend, speak and vote in his stead. A proxy may but need not be a member of the Company.
2. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds in the Company. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 which is exempted from compliance with the provisions of subsection 25A(1) of the Securities Industry (Central Depositories) Act 1991.
3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
4. The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his attorney duly authorised in writing and in the case of a corporation shall be given under its common seal or signed on its behalf by an attorney or officer of the corporation so authorised.
5. The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Symphony Share Registrars Sdn Bhd at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for holding the AGM or any adjournment thereof.
6. For the purpose of determining a member who shall be entitled to attend this 55<sup>th</sup> AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with the provisions under Articles 45A(b) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991 to issue a General Meeting Record of Depositors ("ROD") as at 3 May 2018. Only a depositor whose name appears on the ROD as at 3 May 2018 shall be entitled to attend this 55<sup>th</sup> AGM or appoint a proxy(ies) to attend, speak and vote on his behalf.

**Personal data privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has

obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

**TO RECEIVE THE AUDITED FINANCIAL STATEMENTS**

Agenda Item No. 1 is meant for discussion only as the provisions of Sections 248(2) and 340(1) of the Act does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item of the Agenda is not put forward for voting.

**PAYMENT OF DIRECTORS' FEES**

The Directors' fees under Agenda Item No. 4 is payable to each of the Non-Executive Directors, on a quarterly basis as follows:-

| Directors' Fees          | Non-Executive Chairman |                | Non-Executive Director |                |
|--------------------------|------------------------|----------------|------------------------|----------------|
|                          | Per Quarter (RM)       | Per Annum (RM) | Per Quarter (RM)       | Per Annum (RM) |
| Board                    | 52,500                 | 210,000        | 27,000                 | 108,000        |
| Audit and Risk Committee | 12,500                 | 50,000         | 7,500                  | 30,000         |
| Other Board Committees   | 6,250                  | 25,000         | 3,750                  | 15,000         |

**EXPLANATORY NOTES ON SPECIAL BUSINESS:-****ORDINARY RESOLUTION 9 - AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016**

The existing general mandate for the authority to allot and issue shares was approved by the shareholders of the Company at the 54<sup>th</sup> AGM held on 25 May 2017. As at the date of this notice, the Company did not issue any shares pursuant to this mandate obtained.

The proposed Ordinary Resolution 9 is a renewal of the general mandate for the authority to allot and issue shares pursuant to Sections 75 and 76 of the Act. The Ordinary Resolution 9, if passed, will empower the Directors to allot and issue up to 10% of the issued and paid up share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company.

The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s). This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares.

## NOTICE OF THE 55<sup>TH</sup> ANNUAL GENERAL MEETING (CONT'D.)

### **ORDINARY RESOLUTION 10 - PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The proposed Ordinary Resolution 10, if passed, will allow the Company and its subsidiaries to enter into recurrent related party transactions which are of a revenue or trading nature and necessary for the UEM Edgenta Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

In addition, it will eliminate the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur. This would reduce substantial administrative time and expenses associated with the convening of such meetings without compromising the corporate objectives of the Group or affecting the business opportunities available to the Group. The shareholders' mandate is subject to renewal on an annual basis.

The details on the Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature are set out in the Circular to Shareholders dated 11 April 2018, which is despatched together with the Company's 2017 Annual Report.

### **ORDINARY RESOLUTION 11 - PROPOSED NEW SHAREHOLDERS' MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

Ordinary Resolution 11 is to seek shareholder's mandate in relation to additional recurrent related party transactions to be entered into by the Company and its subsidiaries.

This resolution, if passed, will enable the Group to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

This mandate will eliminate the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur. This would reduce substantial administrative time and expenses associated with the convening of such meetings without compromising the corporate objectives of the Group or affecting the business opportunities available to the Group. The shareholders' mandate is subject to renewal on an annual basis.

The details on the Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature are set out in the Circular to Shareholders dated 11 April 2018, which is despatched together with the Company's 2017 Annual Report.

# STATEMENT ACCOMPANYING NOTICE OF THE 55<sup>TH</sup> ANNUAL GENERAL MEETING

(pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

**(a) Details of persons who are standing for election as Directors (excluding Directors standing for re-election)**

No individual is seeking election as a Director at the 55<sup>th</sup> Annual General Meeting.

**(b) A statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad**

The proposed Ordinary Resolution 9 for the general mandate for issue of securities is a renewal mandate.

As at the date of this Notice, no new shares were issued pursuant to the general mandate granted at the 54<sup>th</sup> Annual General Meeting held on 25 May 2017.

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# FORM OF PROXY

UEM EDGENTA BERHAD (5067-M)

Incorporated in Malaysia



A member of UEM Group

|  |           |           |
|--|-----------|-----------|
| Total of number of ordinary share(s) held              |           |           |
| CDS Account No.  |           |           |
| Proportion of holdings to be represented by each proxy | Proxy 1 % | Proxy 2 % |

I/We \_\_\_\_\_  
(block letters)

NRIC/Company No. \_\_\_\_\_ of \_\_\_\_\_  
(full address)

\_\_\_\_\_ being a member of UEM EDGENTA BERHAD ("the Company")

hereby appoint \_\_\_\_\_

NRIC/Passport No. \_\_\_\_\_ of \_\_\_\_\_  
(full address)

\_\_\_\_\_ and/or failing him/her, \_\_\_\_\_

NRIC/Passport No. \_\_\_\_\_ of \_\_\_\_\_  
(full address)

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the 55<sup>th</sup> Annual General Meeting of the Company to be held at the **Banquet Hall, Menara Korporat, Persada PLUS, Persimpangan Bertingkat Subang, KM15, Lebuhraya Baru Lembah Klang, 47301 Petaling Jaya, Selangor Darul Ehsan** on **Thursday, 10 May 2018** at **10.00 a.m.** or at any adjournment thereof.

*(Please indicate your vote with an "X" in the respective boxes of each resolution. If you do not do so, the proxy will vote or abstain from voting on the resolutions at his/her discretion.)*

| ORDINARY RESOLUTIONS   | NO. | FOR | AGAINST |
|--|-----|-----|---------|
| To re-elect Ms. Elakumari Kantilal who is retiring in accordance with Article 65 of the Company's Constitution   | 1   |     |         |
| To re-elect Dr. Saman @ Saimy Ismail who is retiring in accordance with Article 65 of the Company's Constitution   | 2   |     |         |
| To re-elect Pn. Juniwati Rahmat Hussin who is retiring in accordance with Article 70 of the Company's Constitution   | 3   |     |         |
| To re-elect Dato' George Stewart LaBrooy who is retiring in accordance with Article 70 of the Company's Constitution   | 4   |     |         |
| To re-elect Ms. Emily Kok who is retiring in accordance with Article 70 of the Company's Constitution  | 5   |     |         |
| To approve the payment of Directors' fees for the period from 1 January 2018 until the next Annual General Meeting of the Company, to be payable on a quarterly basis                        | 6   |     |         |
| To approve the payment of Directors' benefits to the Non-Executive Chairman and Non-Executive Directors for the period from 11 May 2018 until the next Annual General Meeting of the Company | 7   |     |         |
| To re-appoint Messrs Ernst & Young as Auditors and to authorise the Board of Directors to fix their remuneration   | 8   |     |         |
| To empower Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016  | 9   |     |         |
| To approve the Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature  | 10  |     |         |
| To approve the Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature   | 11  |     |         |

\_\_\_\_\_  
Signature of Shareholder(s)/Common Seal

Date:

Contact No.:

**NOTES:**

1. A member of the Company entitled to attend and vote at the meeting, is entitled to appoint not more than two (2) proxies to attend, speak and vote in his stead. A proxy may but need not be a member of the Company.
2. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds in the Company. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 which is exempted from compliance with the provisions of subsection 25A(1) of the Securities Industry (Central Depositories) Act 1991.
3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
4. The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his attorney duly authorised in writing and in the case of a corporation shall be given under its common seal or signed on its behalf by an attorney or officer of the corporation so authorised.
5. The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Symphony Share Registrars Sdn Bhd at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for holding the Annual General Meeting or any adjournment thereof.
6. For the purpose of determining a member who shall be entitled to attend this 55<sup>th</sup> Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with the provisions under Articles 45A(b) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991 to issue a General Meeting Record of Depositors ("ROD") as at 3 May 2018. Only a depositor whose name appears on the ROD as at 3 May 2018 shall be entitled to attend this 55<sup>th</sup> Annual General Meeting or appoint a proxy(ies) to attend, speak and vote on his behalf.

**PERSONAL DATA PRIVACY:**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 11 April 2018.

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The Share Registrar's Office  
**Symphony Share Registrars Sdn Bhd**  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

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# GROUP DIRECTORY

## CORPORATE OFFICE

### UEM Edgenta Berhad

Level 17, Menara UEM  
Tower 1, Avenue 7  
The Horizon, Bangsar South City  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel : +603 2725 6688  
Fax : +603 2725 6888  
www.uemedgenta.com

## CONSULTANCY

### Opus International (M) Berhad

Level 6, Menara UEM  
Tower 1, Avenue 7  
The Horizon, Bangsar South City  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel : +603 2725 6688  
Fax : +603 2711 8016

## SERVICES

### Edgenta Healthcare Management Sdn Bhd

Level 8, Menara UEM  
Tower 1, Avenue 7  
The Horizon, Bangsar South City  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel : +603 2725 6688  
Fax : +603 2725 7268

### Edgenta Mediserve Sdn Bhd

Level 8, Menara UEM  
Tower 1, Avenue 7  
The Horizon, Bangsar South City  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel : +603 2725 6688  
Fax : +603 2725 7268

### UEMS Pte Ltd

No. 12 Ang Mo Kio St 64  
Blk B, #03A-11  
UE Bizhub Central  
Singapore 569088  
Tel : +65 6818 3600  
Fax : +65 6818 3601  
www.uemsgroup.com/sg

### Edgenta PROPEL Berhad

Level 8, Menara UEM  
Tower 1, Avenue 7  
The Horizon, Bangsar South City  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel : +603 2725 6688  
Fax : +603 2725 7000

### Edgenta Environmental & Material Testing Sdn Bhd

No. 3, Jalan P/8  
Kawasan Perindustrian MIEL  
Seksyen 13  
43650 Bandar Baru Bangi  
Selangor Darul Ehsan  
Tel : +603 8925 9370  
Fax : +603 8925 9373

### Edgenta Facilities Sdn Bhd

Level 3, Menara UEM  
Tower 1, Avenue 7  
The Horizon, Bangsar South City  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel : +603 2725 6688  
Fax : +603 2725 6888

### KFM Holdings Sdn Bhd

Level 10, Menara UEM  
Tower 1, Avenue 7  
The Horizon, Bangsar South City  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel : +603 2725 6688  
Fax : +603 2725 8135

### Faber Sindoori Management Services Private Limited

Prince Tower, 7<sup>th</sup> Floor  
25 & 26, College Road  
Nungambakkam, Chennai 600006  
Tamilnadu, India  
Tel : +91 44 4264 9403/9404  
Fax : +91 44 4264 9405  
www.sindoorifaber.com

### Faber L.L.C.

208 and 209, 2<sup>nd</sup> Floor  
Al Nasriyah Building Baghdad Street  
Al Qusais, P.O. Box 232283  
Dubai, United Arab Emirates  
Tel : +971 4258 4561  
Fax : +971 4258 4560

### Edgenta Township Management Services Sdn Bhd

Level 2, Menara UEM  
Tower 1, Avenue 7  
The Horizon, Bangsar South City  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel : +603 2725 6688  
Fax : +603 2725 6888

### UEM Sunrise Edgenta TMS Sdn Bhd

Level 2, 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

### Edgenta TMS Sdn Bhd

Level 6, Imperia Office Tower  
Jalan Laksamana 1  
Puteri Harbour  
79250 Iskandar Puteri  
Johor Darul Takzim  
Tel : +607 533 0000

## PROPERTY DEVELOPMENT

### Faber Development Holdings Sdn Bhd

Level 3, Menara UEM  
Tower 1, Avenue 7  
The Horizon, Bangsar South City  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel : +603 2725 6688  
Fax : +603 2725 6888

## 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  
Tel : +603 2725 6688  
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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Fax : +603 2725 6888

**UEM Edgenta Berhad** (5067-M)

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