UEM EDGENTA

A member of **UEM Group**

EMPOWERED BY SCIENCE
INSPIRED BY HUMANS

ORCHESTRATING INNOVATION

ANNUAL REPORT 2019

The cover of our Annual Report this year symbolises our theme of Orchestrating Innovation, reflecting the innovative solutions our businesses are anchored on.

It displays our abstract expression on how we are continuously driven to engineer quality, smarter solutions. These solutions have been enabled by harnessing technology to provide world-class, tailored services for our clients, in order to deliver sustainable growth.

Laying the foundation for this is our Edgenta Way, which is our promise to go above and beyond in delivering world-class standards, whether we are creating opportunities, generating assets or providing services and solutions. We pride ourselves in pushing boundaries, challenging the status quo and breaking conventions to harmonise state-of-the art technologies and innovation in all our different operations, establishing us as the leading Asset Management & Infrastructure Solutions company in the region.

Thank You, Shareholders

It has been five years since we became UEM Edgenta. In our journey since then, we have together established the company as the region's leading Asset Management & Infrastructure Solutions provider today, and we thank you for your confidence and loyalty as esteemed shareholders. Our results in 2019 powers our endurance to continue delivering sustainable growth and we hope you will continue with us on our journey in the years to come. We look forward to seeing you at the 57th Annual General Meeting.

Edgenta Way

Bespoke **Tech-Enabled Solutions**

UEM Edgenta's technology-enabled solutions are built on the innovative mindsets and capabilities of our people, that drive our operational excellence initiatives. We pioneer scalable solutions to future-proof and positively impact our operations and the business of our clients, to meet their growing needs.

Edgenta Way

Excellence in **Health, Safety, Security and Environment**

Safety is a non-negotiable priority at UEM Edgenta. Our safety practitioners continue to spearhead efforts to ensure our stakeholders always operate within the highest standards of safety. Among the workforce, our mantra of 'think safe, work safe and be safe', resonates across the different businesses in our aim to achieve Goal Zero.

SUPERSONIC
tempo

Edgenta Way

Quality Assurance

The Edgenta Way supports us to deliver quality outcomes and exceed stakeholder expectations in the course of delivering our responsibilities and solutions. At UEM Edgenta, we build trust with our clients to create impact and better results, providing assurance and peace of mind to our clients.

Energy Consultancy

Consultation services based on conventional procurement methods

- Energy Assessment
- Independent Measurement & Verification
- Independent Technology Assessment
- Building Energy Simulation
- Renewable Energy System Design & Commissioning

Energy Monitoring & Management System

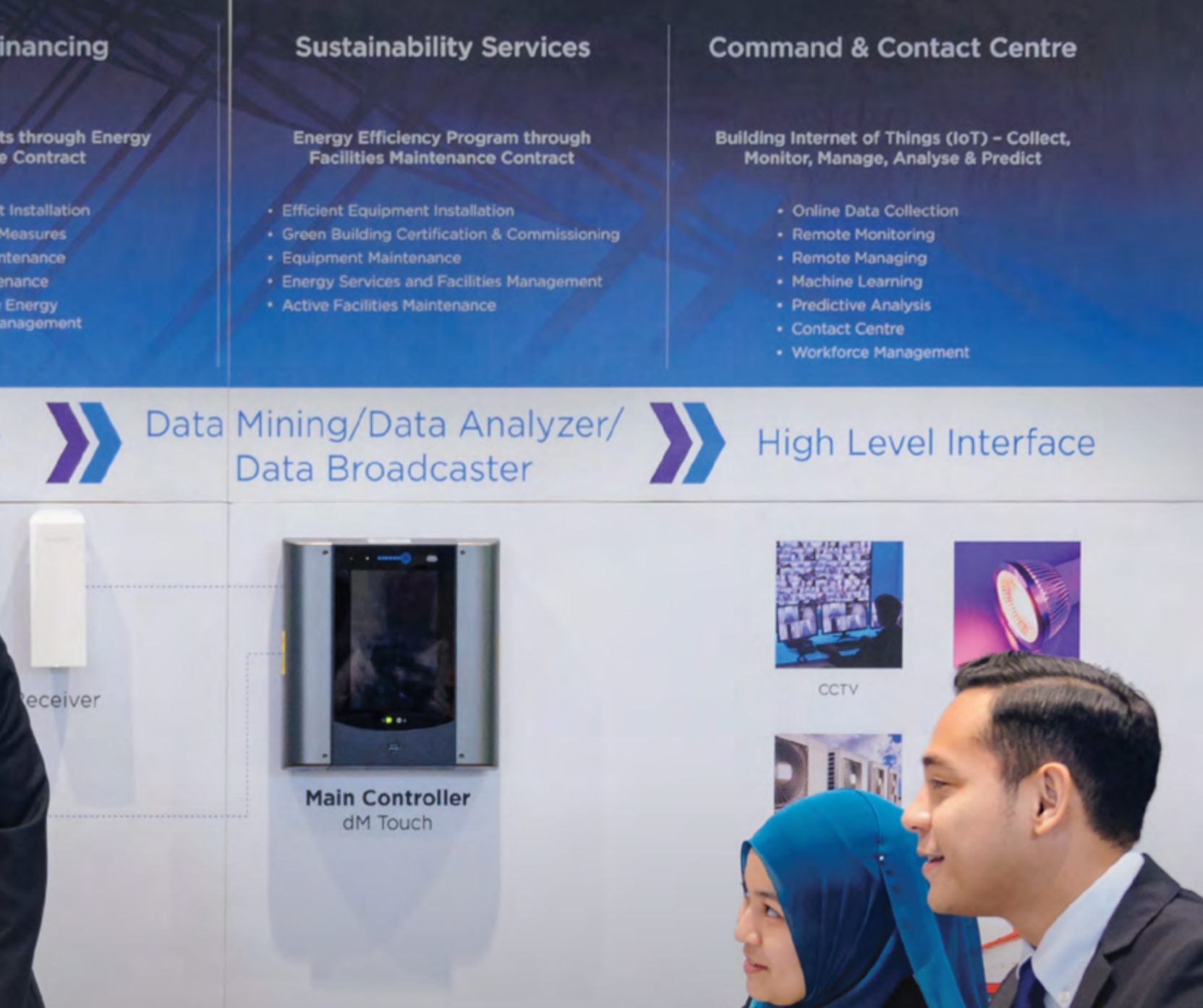
Comprehensive monitoring and management system

- Energy Audit
- Energy Saving Measures
- ISO 50001 Compliance
- Sustainable Energy Monitoring System
- Active Facilities Maintenance
- Registered Electrical Energy Manager (REEM)

Energy F

Financing of projec Performanc

- New Equipmen
- Energy Saving
- Equipment Mai
- Facilities Mainte
- Comprehensive Monitoring & M



Edgenta Way

Certified Standards

We established the Edgenta Academy to institutionalise standards in the Asset Management & Infrastructure Solutions sector. Our partnership with leading accrediting organisations will spur immense capacity and capabilities among our workforce and steer the industries to greater heights.

Edgenta of the Future

The vision of UEM Edgenta's future will be built on our people's innovative mindset and culture to pioneer new technology-based solutions. We are driven to engineer a path which will allow us to leapfrog and create the right impact in realising global triple-bottom line goals for tomorrow's generation, on the back of sustainable corporate values and practices.

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.

Values

We are an enterprising entity that embraces teamwork, integrity and passion with a focus on success.

Enterprising

We are creative, resourceful and take calculated risk on all initiatives. We take full ownership and accountability.

Teamwork

We trust, respect, complement and support each other. We demand from each other to be better.

Integrity

We ensure high safety standards and practices. We practice the highest ethical standards in everything we do.

Passion

We love what we do and we put our heart and soul into it. We go beyond the call of duty to deliver our best.

Success

We continuously learn and celebrate our achievements. We win, together.

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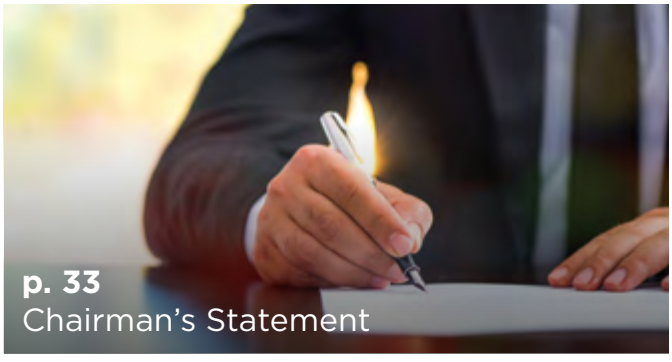

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GROUP DIRECTORY

This annual report is available on the website at uemedgenta.com

To contact us, please refer to page 23 for Corporate Information and on the inside back cover for Group Directory

Scan this QR Code to download our Annual Report 2019

About this Report

At UEM Edgenta Berhad ("UEM Edgenta"), we are proud to continue our journey in Integrated Reporting with our third Integrated Annual Report this year. In recognising long-term investors' need for transparency and accountability, this report presents detailed insights into our Group's performance in 2019 and outlook for 2020. As we seek to provide a comprehensive view of our business, this report covers our financial and non-financial performance, strategies, initiatives and outcomes to communicate the sustainable value we deliver to all our stakeholders. We have also applied global best practices in preparing this report to ensure fair and complete reporting of our performance, governance and prospects.

NAVIGATION ICONS

This Integrated Annual Report discusses how we create value through our four strategies and six strategic focus areas. For ease of reference in reading this report, our disclosures on each strategic focus area are represented by navigational icons as follows:

FOUR STRATEGIES

- Disrupting our delivery model
- Broaden income streams
- Deepen our competencies
- Develop total solutions capabilities

SIX STRATEGIC FOCUS AREAS

- Operational Excellence
- Client Solutions
- Organisational Excellence
- Technology & Innovation
- Health, Safety, Security and Environment ("HSSE")
- Stakeholder Management & Communications

This report should be read together with additional disclosures for our stakeholders, which we have made available online. These include consolidated and separate financial statements. Unless otherwise indicated, the content of this report includes data and activities of UEM Edgenta and our subsidiaries ("Group") from 1 January 2019 to 31 December 2019.

SCOPE AND BOUNDARY

	Corporate Section	Financial Section
Contents	- Detailed disclosures on UEM Edgenta Group, our business strategies and sustainability performance based on the issues identified as material to the Group and our stakeholders - Provides a comprehensive assessment of the Group's performance for 2019 and outlook for 2020	- Provides the full set of the Group and Company's audited financial statements
Regulations Complied	- Companies Act 2016 - Bursa Malaysia Main Market Listing Requirements - Malaysian Code on Corporate Governance 2017 - Adopts Bursa Malaysia's Sustainability Reporting Guide & Toolkits - Guided by the International Integrated Reporting Council's framework for integrated reporting and the Global Reporting Initiative's Standards for Sustainability Reporting	- Bursa Malaysia Securities Berhad Main Market Listing Requirements - Malaysian Financial Reporting Standards ("MFRS") - International Financial Reporting Standards ("IFRS") - Requirements of the Companies Act 2016 in Malaysia

FORWARD-LOOKING STATEMENTS

This report may contain expressed or implied forward-looking statements, which the Group expects or believes in good faith and on a reasonable basis. However, such forward-looking statements are subject to risks, uncertainties and other factors which could materially affect actual results and cause these to differ from the future results expressed, projected or implied in the forward-looking statements.

These risks include, but are not limited to, currency fluctuations, commodity price volatility, an increase in production costs, political and operational risks in each of the countries the Group is present, legal and regulatory risks.

The Group does not provide guarantees or warranties on the certainty of the forward-looking statements and is not obligated to publicly revise the statements to reflect actual circumstances after this report is published, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

Online Version: This report and additional information on UEM Edgenta is available online at our corporate website, uemedgenta.com

Feedback: We look forward to receiving and responding to any feedback on this report from our stakeholders. Please channel your feedback or query to:

Head, Corporate Communications
Level 16, Menara UEM
Tower 1, Avenue 7
The Horizon, Bangsar South City
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel: 03-2725 6688 Fax: 03-2711 8057
E-mail: communications@edgenta.com

2019 Key Highlights

KEY FINANCIAL HIGHLIGHTS

RM2,411.2 million
Revenue
▲ 10.5% year-on-year

RM188.0 million
Profit After Tax
▲ 23.4% year-on-year

RM245.0 million
Profit Before Tax
▲ 23.4% year-on-year

RM325.1 million
Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA")
▲ 22.0% year-on-year

21.9 sen
Earnings Per Share
▲ 23.0% year-on-year

RM116.4 million
Dividend To Shareholders
Total dividend declared of 14 sen per share for FY2019, representing a yield of 5.4% based on share price as at 26 February 2020

Asset Management

Healthcare Support

- All 32 government hospitals we manage in Northern Peninsular Malaysia have received 1 or 2-star ratings by ASEAN Energy Management Scheme ("AEMAS") / Energy Management Gold Standard ("EMGS")
- 4-STAR award for Excellent Hospital Support Services - Company Performance Assessment by Ministry of Health ("MoH") Malaysia
- Rebranding of Healthcare Support (Commercial) division entities in Malaysia and Taiwan to Edgenta UEMS

Property & Facility Solutions

- Recertification of Prime Minister's Office to GBI Platinum Rating
- Successfully facilitated the certification of PETRONAS Twin Towers and Tune Hotel to GBI Gold Rating
- Participated in the International Greentech & Eco Products Exhibition and Conference Malaysia ("IGEM") 2019

Infrastructure Solutions

Infrastructure Services

- Entered into a Memorandum of Understanding ("MoU") with the Malaysian Highway Authority ("MHA") and the Construction Industry Development Board Malaysia ("CIDB") to explore potential collaboration opportunities in raising highway maintenance standards, underscoring our industry leadership in HSSE
- Deployed mechanised vehicles in highway maintenance operations for grass cutting and road sweeping works

Asset Consultancy

- Incorporated Opus Consultants (Sarawak) Sdn. Bhd. ("OCS") and established a new office in Kuching, Sarawak in July 2019
- Collaboration with Jabatan Kerja Raya ("JKR") Sarawak on pavement research and innovation

RM2,912.8 million
Total Assets
▲ 1.2% year-on-year

RM1.89
Net Assets Per Share
▲ 4.6% year-on-year

11.8%
Return on Equity
▲ From 9.6% as at FY2018

0.33 x
Gross Gearing Ratio
RM101.9 million
Net Cash Position

RM621.0 million
Total Cash, Bank Balances, Deposits and Short Term Investments
▲ 2.9% year-on-year

RM1,572.0 million
Shareholders' Funds
▲ 4.6% year-on-year

Key Awards & Recognition

- Facilities Management Company of the Year 2019 from Frost & Sullivan Asia Pacific for the fifth consecutive year
- Enhanced Clean Mark Accreditation Scheme (Gold) Award from the National Environment Agency of Singapore for the fifth consecutive year
- UEM Edgenta honoured with an award from Microsoft in the transformation achievement category in 2019
- 5-Star Rating and Top 10 Team Award by Malaysia Productivity Corporation
- Gold Award at the Malaysia Productivity Corporation Regional Team Excellence ("RTEx") Convention
- Merit Certificate for Annual Report 2018 at the National Annual Corporate Reports ("NACRA") Awards 2019
- First Prize at the Singapore Healthcare Management 2019 Congress Poster Competition by SingHealth
- Malaysia Best Employer Brand Award at the World Human Resource Development Congress 2019
- BrandLaureate Awards: Most Valuable Brand Award 2018-2019 in Integrated Asset Solutions
- Silver Award at the Malaysian Society for Occupational Safety & Health ("MSOSH") Occupational Safety & Health ("OSH") Awards
- Silver Award at the Mini Team Excellence ("MTex") Convention by Malaysian Productivity Corporation

Key Contracts Secured in 2019

- Provision of Hospital Support Services to MoH Singapore's restructured hospitals worth up to RM944 million
- Energy Performance Contracts ("EPC") at MoH Malaysia hospitals
- Replacement Through Maintenance for up to six years at four MoH Malaysia hospitals
- Blood Bank Information System at MoH Malaysia's blood banks and hospitals

- EPC carried out at Proton's Centre of Excellence at the Sime UEP Industrial Park and the Tanjung Malim manufacturing plant
- Integrated Facility Management contract for Menara Bumiputera-Commerce, for Pelaburan Hartanah Berhad
- Facility management for additional wasl Group sites in Dubai
- Architecture and Green Design & Build works for Hyundai-Sime Darby Motors

- Maintenance and asset management for Cikampek - Palimanan Highway, Indonesia in partnership with Astra Group
- 1st productisation of RAMS technology solution in the Infrastructure sector for Sarawak State Roads
- Upgrade of Sewerage Treatment Plants along the North-South Expressway over three years
- Award for LPT2 Pavement Structural Overlay ("PSO") works, first award of its kind in that network

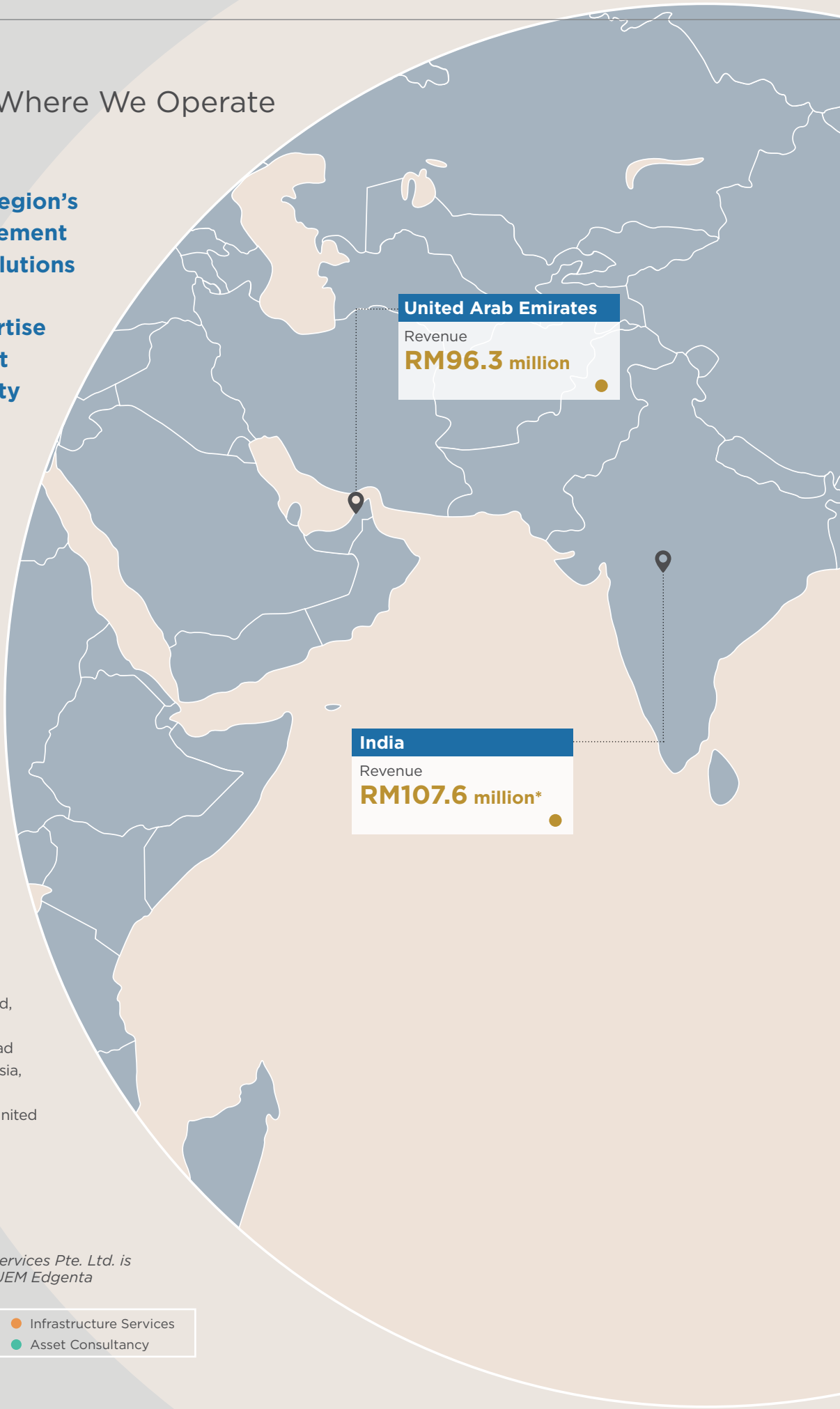
- Project management consultancy for Coastal Road Network and Second Trunk Roads (Phase 1 & 2)
- Asset Condition Survey for MRT Line 1
- Operational & Maintenance Consultancy for Yangon Expressway, Myanmar

Who We Are & Where We Operate

UEM Edgenta is the region's leading Asset Management and Infrastructure Solutions company. We have established our expertise in Healthcare Support and Property & Facility Solutions together with Infrastructure Services covering, but not limited to, Expressways and Rail, including project management & engineering design capabilities via Asset Consultancy.

This has enabled us to offer a complete suite of services throughout the asset lifecycle, including consultancy, procurement & construction planning, operations & maintenance, as well as optimisation, rehabilitation and upgrades.

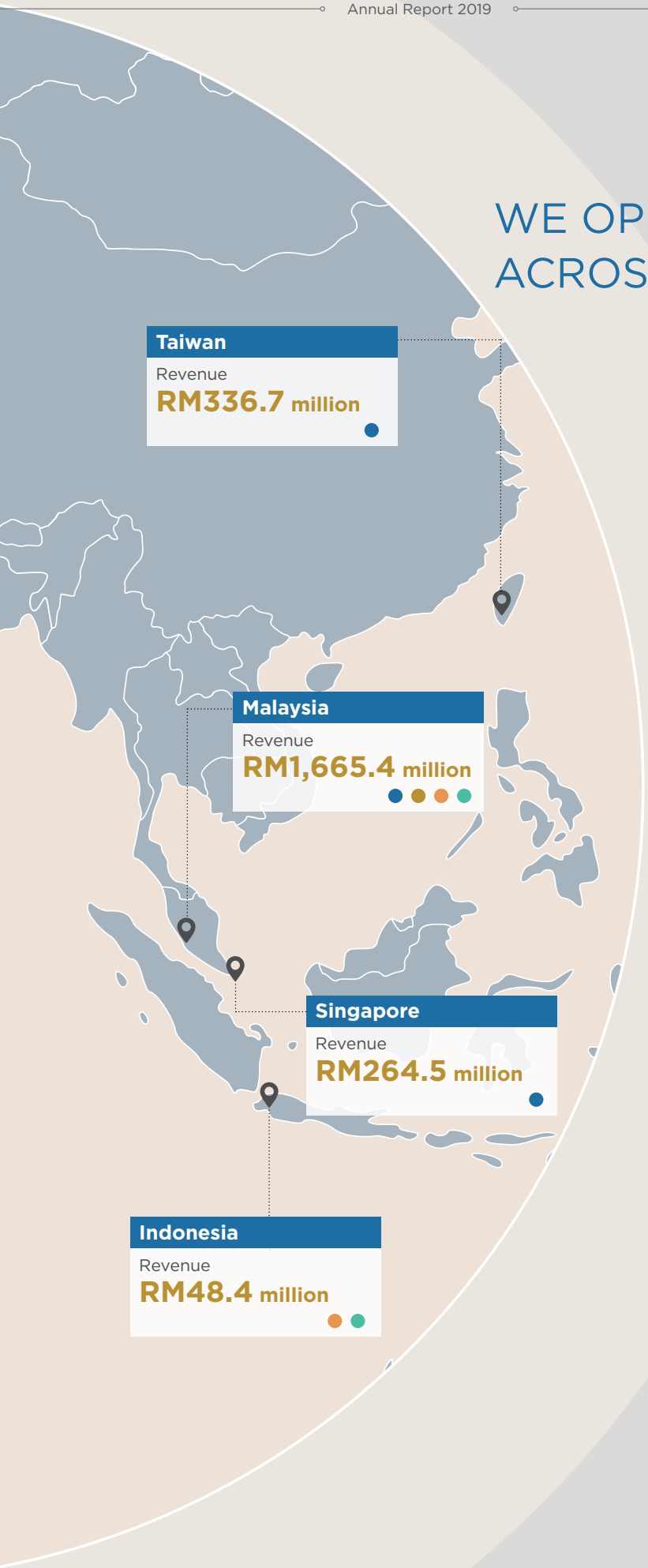
A subsidiary of UEM Group Berhad, we are listed on the Main Market of Bursa Malaysia Securities Berhad (KLSE: EDGENTA). Beyond Malaysia, we are also present in Singapore, Indonesia, Taiwan, India and the United Arab Emirates.



* *Faber Sindoori Management Services Pte. Ltd. is accounted as an associate of UEM Edgenta*

- Healthcare Support
- Infrastructure Services
- Property & Facility Solutions
- Asset Consultancy

WE OPERATE IN **6 COUNTRIES** ACROSS THE REGION



Market Capitalisation of
RM2.0 billion
As at 28 February 2020

FY2019 Shareholders' Funds of
RM1.6 billion

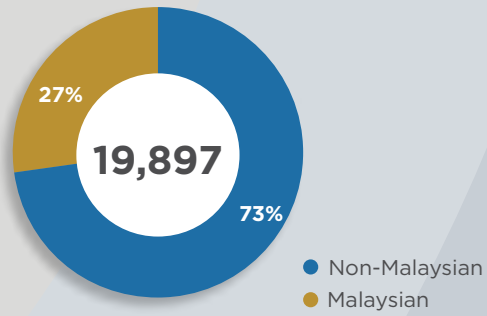
Listed on the Main Market of
BURSA MALAYSIA
Securities Berhad Since 2 January 1964

Combined Experience of more than
80 Years
in Asset Management & Infrastructure Solutions

One of the Region's Largest Asset Management & Infrastructure Solutions Entities with FY2019 Group Assets of
RM2.9 billion

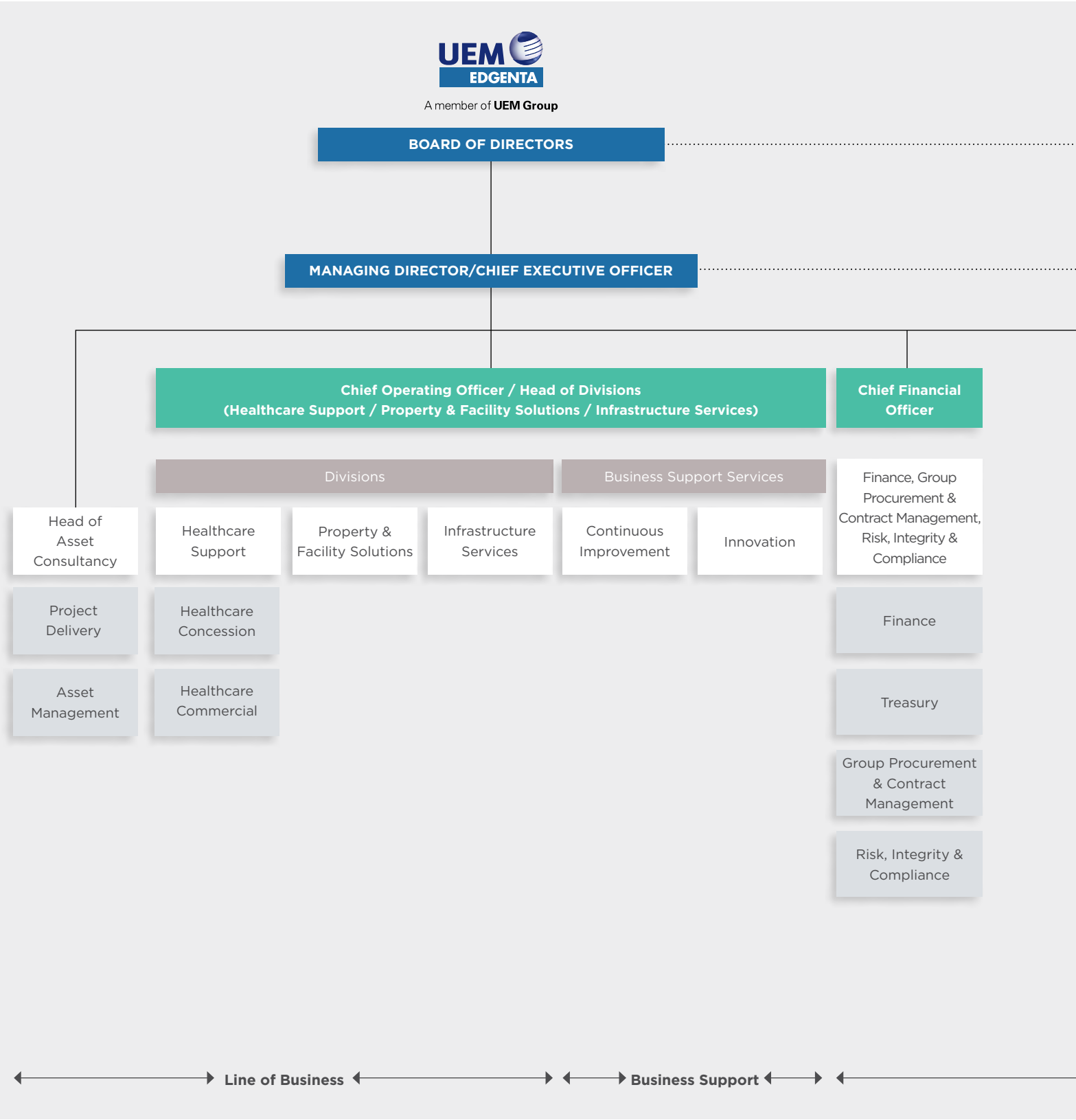
TOTAL NUMBER OF EMPLOYEES

serving our customers
as at 31 December 2019

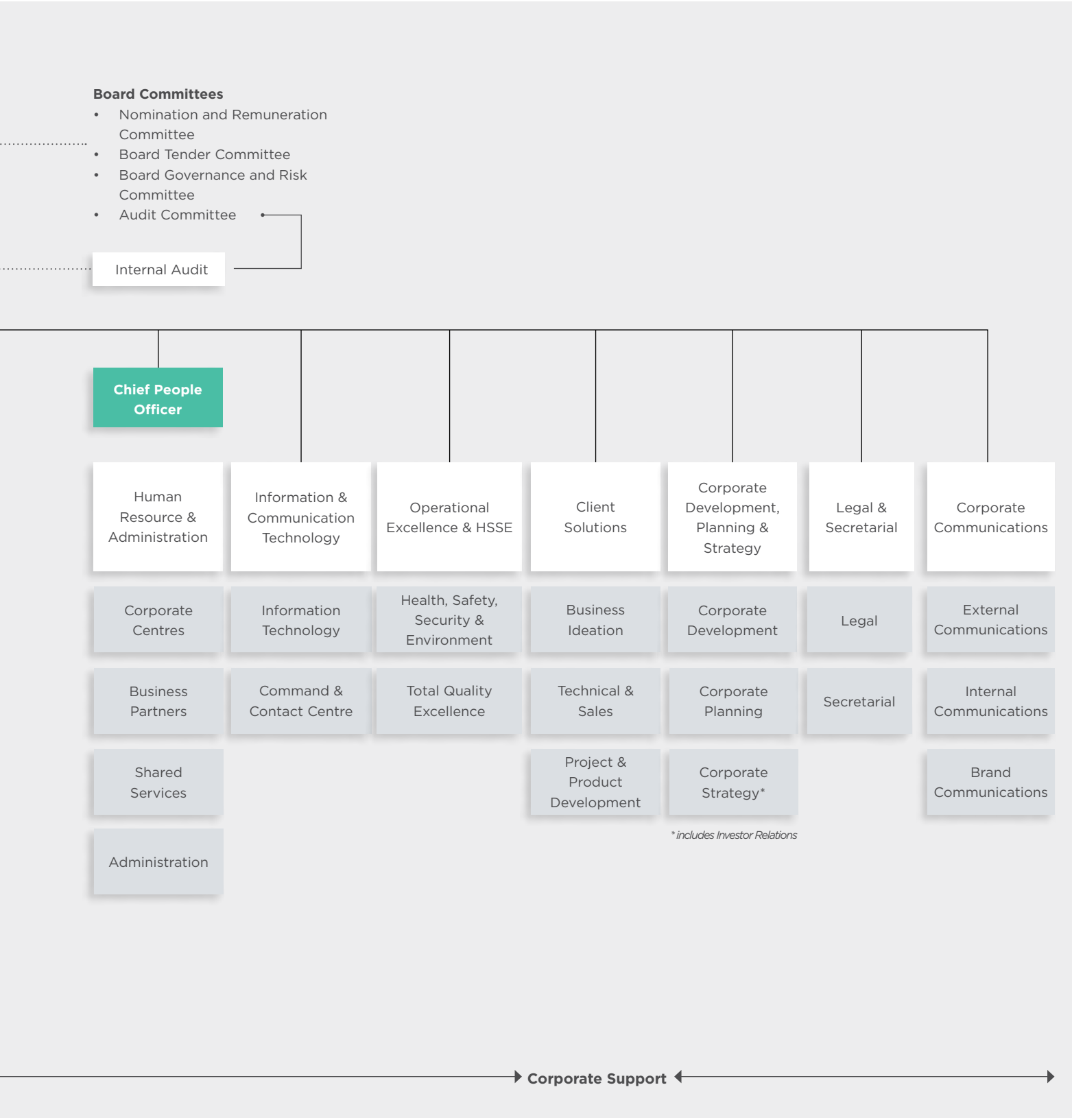


Organisation Structure

As at 31 March 2020

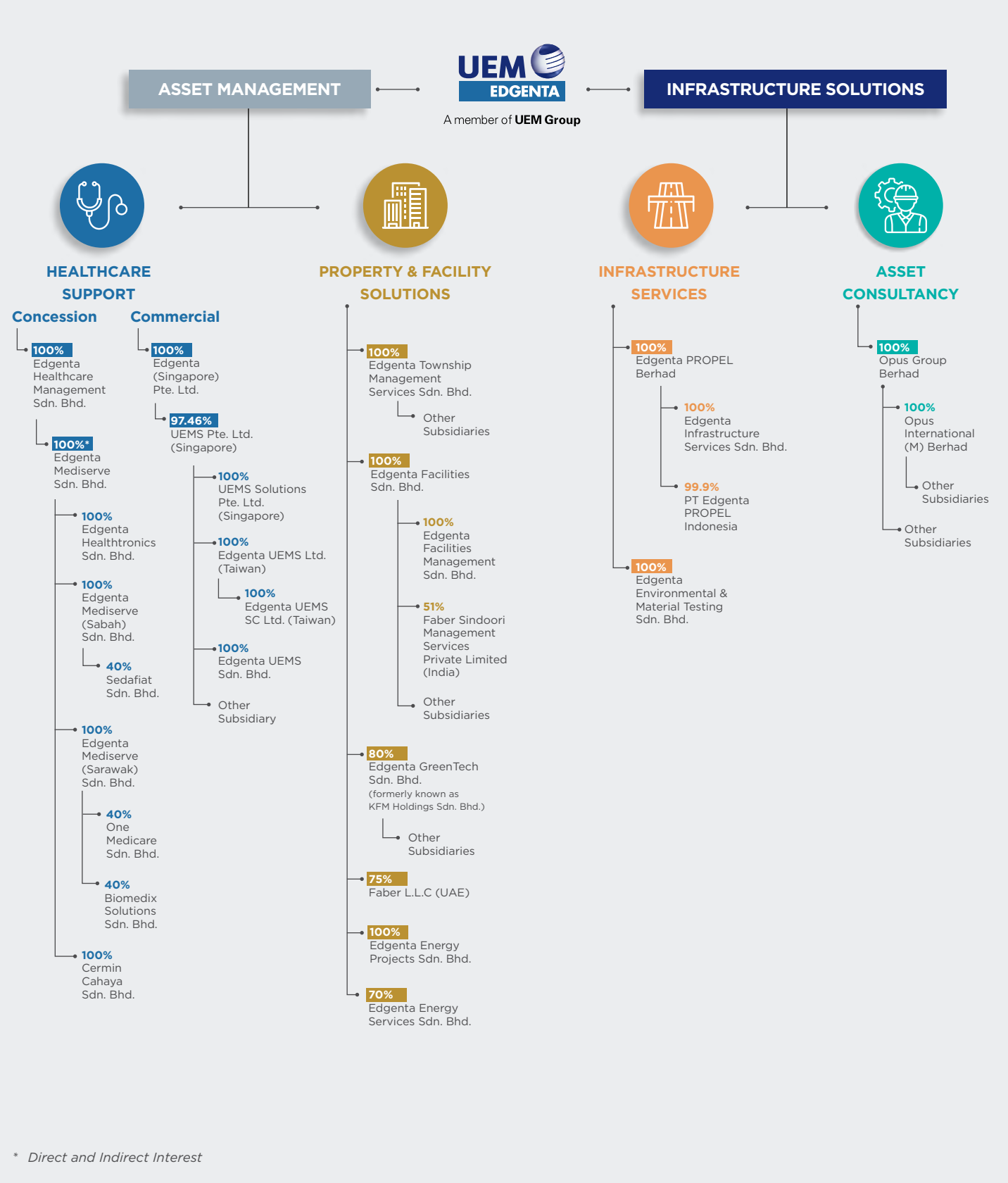


Organisation Structure



Corporate Structure

As at 31 March 2020



* *Direct and Indirect Interest*

Corporate Information

AUDIT COMMITTEE
Effective from 1 January 2020

Robert Tan Bun Poo
Chairman

Elakumari Kantilal
Member

Emily Kok
Member

NOMINATION AND REMUNERATION COMMITTEE

Rowina Ghazali Seth
Chairman
(Re-designated on 31 March 2020)

Dato' Mohd Izani Ghani
Member
(Appointed on 22 October 2019)

Dato' George Stewart LaBrooy
Member
(Appointed on 31 March 2020)

Dr. Saman @ Saimy Ismail
Member
(Demised on 29 April 2019)

Dato' Noorazman Abd Aziz
Member
(Relinquished membership on 22 October 2019)

Juniwati Rahmat Hussin
Chairman
(Resigned on 31 March 2020)

BOARD TENDER COMMITTEE

Elakumari Kantilal
Chairman

Robert Tan Bun Poo
Member
(Appointed on 31 March 2020)

Emily Kok
Member

Dato' George Stewart LaBrooy
Member
(Resigned on 31 March 2020)

BOARD GOVERNANCE AND RISK COMMITTEE
Effective from 1 January 2020

Dato' George Stewart LaBrooy
Chairman

Tan Sri Dr. Azmil Khalid
Member

Dato' Noorazman Abd Aziz
Member

Rowina Ghazali Seth
Member

BOARD OF DIRECTORS

TAN SRI DR. AZMIL KHALID
Independent Non-Executive Chairman
(Appointed on 24 May 2019)

DATO' AZMIR MERICAN DATO' AZMI MERICAN
Managing Director/Chief Executive Officer

DATO' MOHD IZANI GHANI
Non-Independent Non-Executive Director
(Appointed on 22 October 2019)

DATO' NOORAZMAN ABD AZIZ
Non-Independent Non-Executive Director

ROBERT TAN BUN POO
Independent Non-Executive Director

ELAKUMARI KANTILAL
Non-Independent Non-Executive Director

DATO' GEORGE STEWART LABROOY
Independent Non-Executive Director

EMILY KOK
Independent Non-Executive Director

ROWINA GHAZALI SETH
Independent Non-Executive Director

SHAHAZWAN HARRIS
Alternate Director to
DATO' NOORAZMAN ABD AZIZ
Non-Independent Non-Executive Director
(Resigned on 28 February 2019)

DR. SAMAN @ SAIMY ISMAIL
Independent Non-Executive Director
(Demised on 29 April 2019)

DATUK SERI AMIR HAMZAH AZIZAN
Non-Independent
Non-Executive Chairman
(Retired on 15 May 2019)

JUNIWATI RAHMAT HUSSIN
Independent Non-Executive Director
(Resigned on 31 March 2020)

COMPANY SECRETARY

Chiew Siew Yuen
SSM PC No.: 201908001259
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

BOARDROOM SHARE REGISTRARS SDN. BHD.
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Tel : +603 7890 4700
Fax : +603 7890 4670

PRINCIPAL BANKERS

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

PRINCIPAL SOLICITORS

Christopher & Lee Ong
Sanjay Mohan
Lee Hishammuddin Allen & Gledhill
Rahman Rohaida
Wiyono & Partners

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name / Code : EDGENTA/1368
Stock Sector : Industrial Products & Services

Our Business Divisions

KEY OFFERINGS AND CORE SECTORS

Our Asset Management segment covers Healthcare Support and Property & Facility Solutions, while we provide Infrastructure Services and Asset Consultancy under our Infrastructure Solutions segment.

		INNOVATIVE OPERATIONAL SOLUTIONS	VALUE-ADDED SERVICES
ASSET MANAGEMENT	**Healthcare Support** Partnering for a better healthcare experience	• Integrated Facilities Management • Civil, Mechanical & Electrical System Maintenance • Integrated Building Management System • IoT Technology Development & Deployment • Building Condition Assessment & Survey • *UE*Track™ • Biomedical Equipment Asset Total Solutions ("BEATS") • Toilet Demand Inspection System ("TDIS") • Smart Connect • Road Asset Management System ("RAMS")	• Biomedical Engineering Maintenance Services ("BEMS") • Facilities Engineering Maintenance Services ("FEMS") • Healthcare Waste Management Services ("HWMS") • Linen & Laundry Services ("LLS") • Housekeeping / Cleansing Services ("HKS / CLS") • Portering Services ("PTR") • Operations Central Workshop ("OCW") • Sustainability programme
ASSET MANAGEMENT	**Property & Facility Solutions** Enhancing asset value, optimising asset performance		• Development Advisory • Design & Build • Energy Engineering • Smart Facilities Management • Digitalisation Management • Sanitation and Disinfection Treatment
INFRASTRUCTURE SOLUTIONS	**Infrastructure Services** Ensuring reliability, safety and comfort for users		• Network Maintenance and Asset Management Services • Environmental Material Testing and Monitoring • Pavement Products and Services • Traffic and Safety Management
INFRASTRUCTURE SOLUTIONS	**Asset Consultancy** Delivering with distinction	• Asset Consultancy & Management (Asset Lifecycle) • Project Advisory, Planning & Management • Engineering Design & Consultancy • Research & Development	**Project Management** • Value Management • Project Planning • Procurement and Contract Administration • Design and Construction Management **Engineering and Technical** • Feasibility Study • Engineering Design • Site Supervision • Value Engineering **Asset Management** • Inspections and Condition Assessment • Maintenance Planning & Programme Management • Pavement Research & Solutions • Information Systems & Management

OUR SERVICE QUALITY & PERFORMANCE AT A GLANCE

Serving over **300 hospitals and clinics** across Malaysia, Singapore, Taiwan and India

Processing **18,000 tonnes of soiled linen** annually

Optimised manpower utilisation by over **20%** through our **Portering service**

Caring for more than **RM1.8 billion worth of FEMS assets**

Incinerating **6,900 metric tonnes of clinical waste** annually

Maintaining over **3.6 million sqm² of cleanable area** daily

Preserving the lifespan of **more than 50,000 BEMS assets** worth over RM3 billion

More than **two decades** of experience in Facilities Management

>RM55 million Energy bill savings 2017-2019

Our Energy Efficient Solutions **reduce electricity consumption by 27%**

Achieved **GBI Certifications** for **10** Green Buildings through our Energy Efficient Solutions

Managing over **300** buildings in Malaysia and the United Arab Emirates

>RM100 million Total capex spending on energy projects to date

More than **30 years** of experience in highway maintenance

Track record is evident in the network management and maintenance of over **3,100 km** of expressways in Malaysia and Indonesia

Involved in **expressways, state roads, airports, plantations, ports and rail**

Providing **Integrated Infrastructure Services** of Pavement Rehabilitation, Network Maintenance, Traffic & Safety Management and Utilities Relocation Services, and Environment & Material Testing Services

Delivered projects valued at more than **RM100 billion over 3 decades**

Over 30 years of experience in highways and roads, airports, urban transit and built environment and other key infrastructure projects

Providing total lifecycle management for over **1,171 km** of toll expressways

Expertise in 3 sectors:

- **Highways & bridges**
- **Built environment**
- **Rail**

Services:

- **Project Management & Value Engineering**
- **Asset Management Consultancy**
- **Engineering & Technical Consultancy**

Our Technology Solutions

We pride ourselves in providing value-added services across our Asset Management and Infrastructure Solutions offerings by leveraging on proprietary technology which have been developed in-house. As an organisation with an eye on the future, we value the role of technology-enabled solutions not only to achieve operational excellence internally, but also to improve service delivery to our clients. This also allows us to adopt a holistic and sustainable approach to address challenges throughout the asset lifecycle and support our drive towards becoming a technology company focused on healthcare and infrastructure.

Our approach to technology and innovation is also in line with the Industrial Revolution 4.0 ("IR 4.0") to ensure we always stay ahead of the curve. Our technology and innovation initiatives are further anchored on Health, Safety, Security & Environment ("HSSE") to ensure the well-being of all employees, clients, asset users, external vendors, contractors and sub-contractors. Please refer to our Sustainability Statement on pages 64 - 83 of this Report.

The following discloses our approach and capabilities in technology and innovation. For further details on how we have made these solutions work for our organisation and our customers, please refer to the Operational Review section on pages 55 - 63 of this Report.

TRANSFORMING WORK THROUGH AUTOMATION AND MECHANISATION

By introducing machinery and robots to automate and mechanise our work, we are able to work smarter, at lower costs with reduced dependency on manpower, as well as minimal exposure to health and safety risks.

In our Healthcare Support division, we have invested in floor scrubbers that automate the cleaning process using intelligent dynamic mapping and obstacle & collision avoidance technology effectively reducing the need for a headcount to operate. We have increased sensorisation through the use of Radio Frequency Identification ("RFID") tags which are attached to all linen at five sites (four hospitals and a laundry plant) that automates the counting and tracking of linen, resulting in zero loss.

We have also installed asset monitoring sensors and Global Positioning System ("GPS") trackers that enables us to track the performance of chillers and ambulances throughout the hospitals under our care. These smart equipment automatically generates data which flows into the Smart FM (facility management) dashboard allowing for predictive, condition-based maintenance through an Internet of Things ("IoT") architecture.

In Infrastructure Services, we have mobilised a fleet of mechanised expressway maintenance vehicles such as road sweepers, MULAG hydraulic arm grass cutter, remote slope lawn mowers, traffic management vehicles and safety vehicles. These technology assets have drastically reduced the need to perform manual work and exposure to dangers and hazards on the road. Using drone technology and digital data by mapping out the rock slope for a part of the Bukit Lanjan interchange, we have a successful proof-of-concept on a critical slope inspection programme to monitor slope movement and to improve safety conditions of inspectors.

EMBRACING RESEARCH AND TESTING

We recognise the value of research and testing to produce technology solutions which elevate the industry standards. We have an established Pavement Research Centre that develops new asphalt mixes and innovative techniques and pavement design. We aim to offer full pavement lifecycle solutions – to plan, design, build and maintain through partnerships with authorities, developers, or undertaking pavement works from main contractors. Our Environmental Material Testing Lab offers material testing services, as well as conducts assessments of pavement conditions. On the Healthcare Support front, we have also set up an Operations Central Workshop to test, calibrate and repair biomedical equipment in the Northern region of Peninsular Malaysia.

POWERING SOLUTIONS THROUGH PLATFORMS AND SYSTEMS

Our technology platforms developed in-house make up the core of our client solutions. Our use of these systems have also made us an early adopter of Artificial Intelligence ("AI") and machine learning on the back of cloud computing, strengthening our ability to provide better services to customers through real-time data and performance assessment.

*UE*Track™

UETRACK™ AN EDGENTA SOLUTION

Our *UE*Track™ platform employed by our Healthcare Support division, enables mobile resource optimisation through a web portal, as well as mobile and tablet applications. The platform supports housekeeping, portering, facilities management, customer feedback and other services, enhancing productivity through automation of work processes. It has also allowed us to realise cost efficiencies and improve customer satisfaction but more importantly to power our efficiency and daily operations for the convenience of over 10,000 of our employees in the region.

2,000 Portering jobs daily per hospital

> 60,000 Laundry and linen RFID trackers

> 6,900 Hospital FM devices measured

Edgenta Smart Connect

SMART CONNECT AN EDGENTA SOLUTION

Our Property & Facility Solutions division uses this smart facilities management solution to harness data insights and realise better value and service excellence. Using this system, we capture real-time data from air-conditioning, lighting, lift systems and other building services to enable predictive maintenance and anomaly detection. This ensures the assets under our care perform at optimised levels as we attend to them prior to any issues arising.

▼ **29%**
Reduction in labour intensity

▼ **25%**
Reduction in scheduled maintenance man-hours

▼ **20%**
Reduction in cost of managing buildings

▲ **40%**
Increase in tool-time, by reducing time spent on manual processes

Road Asset Management System ("RAMS")

RAMS AN EDGENTA SOLUTION

RAMS comprises a comprehensive and integrated enterprise system used by our Infrastructure Services division to deliver efficient and effective asset management and maintenance operation services. The system enables remote monitoring and management of work and assets with ongoing data collection to improve real-time reporting and operational efficiency.

RAMS takes in information on the entire length and assets of an expressway and has the functionality to integrate with other systems like Geographic Information System ("GIS") and provide access to various stakeholders of the asset including the asset owner, governmental authorities, consultants, surveyors, managers, mainline workers, supply chain partners and auditors. This platform coupled with the additional connectivity and availability to integrate seamlessly with other systems makes RAMS the ideal infrastructure and road asset monitoring system.

Command & Contact Centre

COMMAND & CONTACT CENTRE AN EDGENTA SOLUTION

Our Command & Contact Centre represents a significant breakthrough in integrating our technology systems and allows us to closely monitor the assets under our care. Serving as the central hub for the creation and implementation of Internet of Things ("IoT") applications in facilities management, the centre facilitates energy management, real-time monitoring with controls and building automation. It also allows for predictive maintenance and strategic building management planning.

The Command & Contact Centre houses our data repository and enables remote asset management as well as employs machine learning and predictive analysis. Additionally, it serves as our contact centre, while also providing workforce management capabilities.

The Command & Contact Centre has connected 34 properties and 32 hospitals online, as well as monitors over 1,000 km of highway and 1,100 Edgenta vehicles and tracks 213 ambulances, over 2,000 portering services in hospitals daily, 60,000 linen and 6,900 FM devices in hospitals.

SECURING OUR TECHNOLOGY SYSTEMS

In view of the need to ensure the security of our technology systems, data and infrastructure, we have put in place strict measures and contingency plans to circumvent threats. These include internal firewalls, cloud security systems and building security features to ensure our assets are protected at all times. For further details on our approach to security, including cybersecurity, please refer to our Statement on Risk Management and Internal Controls, as well as our Key Risks and Opportunities section on pages 119 - 129 and 51 - 54 of this Report.

Our Business Model

CAPITALS	INPUTS
Intellectual Capital Our collective technical skillsets, industry-wide expertise, technological and innovative methods, as well as our research and development	**Leadership & Expertise** • Combined experience of more than 80 years in Asset Management and Infrastructure Solutions, in which we are a home-grown champion in Malaysia, with a regional presence in five other countries
Financial Capital The pool of finances that is available for our organisation to use, obtained funds generated from our operations or investments and financing	**Finance** • Strong financial position with RM2.91 billion of total assets and net assets of RM1.89 per share • Healthy cash and bank balances (including deposits and short term investments) of RM621.0 million and gross gearing ratio of 0.33 times
Manufactured Capital The physical, material and technological objects that are available to our organisation for use in the provision of our services	**Technology and infrastructure** • In-house developed technology platforms with our Command & Contact Centre as the hub of our regional operations • Pavement Research Centre • Edgenta Academy • Environmental Material Testing Lab • Automated & Mechanised assets • Real-time sensors, Radio Frequency Identification Technology ("RFID") trackers and Inspection Drones • Operations Central Workshop
Social and Relationship Resource The institutions and relationships within and between our communities, key stakeholders and other networks, and the ability to share information to enhance individual and collective well-being	**Sustainable relationships with stakeholders** • Clients, partners, employees, government and regulators, industry and business associations, supply chain partners, communities, shareholders and investors
Human Capital The competencies, capabilities and experience of our workforce	**High-performing workforce** • A well-experienced and competent leadership team supported by a highly skilled workforce at all levels with extensive experience • Diverse talent pool of close to 20,000 employees across six countries
Natural Capital The renewable and non-renewable environmental resources which support the provision of our services	**Natural resources** • Energy used to run our operations and technology systems, as well as water consumed in our buildings

OUR SIX CAPITALS

VALUE CREATION PROCESS

SIX STRATEGIC FOCUS AREAS

- **Operational Excellence**
- **Organisational Excellence**
- **Health, Safety, Security & Environment ("HSSE")**
- **Client Solutions**
- **Technology & Innovation**
- **Stakeholder Management & Communications**

THREE VALUES WHICH DEFINE US:

- **Purpose Driven:**
  - Assurance and Peace of Mind as our value proposition to clients
  - Edgenta Way as the industry standard
- **Powered by Technology:**
  - Platforms, systems & processes
  - Technology and innovation as a company culture
- **Sustainability:**
  - Sustainability as a hallmark of industry leadership & corporate citizenry
  - Leadership by example - Triple Bottom-Line goals (people, planet & profit)

OUTPUTS

Financial Output

- RM188.0 million PAT for FY2019
- 11.8% Return on Equity for FY2019
- Dividend declared of 14 sen per share for FY2019, representing a yield of 5.4% based on share price as at 26 February 2020

World-class services

- Offering a suite of services and solutions in Healthcare Support, Property & Facility Solutions, Infrastructure Services and Asset Consultancy
- Value-added services which meet international standards and certifications

People

- Skilled and motivated workforce
- Committed to deliver efficient and high-quality services

OUTCOMES

Delivering sustainable value

- Financial growth and attractive value
- Resilient and defensive stock
- Track record of shareholder returns and yield
- More than RM850 million in dividends paid to shareholders from 2014 to 2019

Building a sustainable, value-added business

- Partnerships with suppliers and business partners to unleash operational efficiency
- Caring for our subcontractors' well-being through HSSE
- Vendor development programme to promote the growth of innovative and competitive SMEs and entrepreneurs
- Energy efficient solutions to minimise carbon emissions

Nation-building and community outreach

- Supporting the Malaysian economy through job creation, tax payments, dividends and economic activity
- Philanthropic contributions to underserved communities
- Support of education initiatives to develop future-ready, technologically-advanced talents
- CSR initiatives in communities
- Zakat funds distributed under *Asnaf- Miskin, Fisabililah* and *Al-Gharimin* benefiting 1,718 recipients

Employee well-being and growth

- Emphasis on health and safety of frontline staff
- Continuous career development through capability-building and learning & development programmes

Key Relationships

We value the role our stakeholders play in helping to build our organisation's long-term value. To this end, we conduct regular formal and informal engagements with both internal and external stakeholders across multiple platforms. These engagements are aimed at gaining insight into their needs and concerns. Our Management then deliberates on these perspectives, which are also presented to the Board, to enable us to develop effective strategies for our business.

The following details the stakeholders whom we have key relationships with, the way that we communicate with them, the areas which they have identified as relevant and how we addressed these areas during the year in review.

Existing Clients and Partners

Link to Strategy:

How We Engage with Them:

Regular engagement across multiple touchpoints

- Regular & ad-hoc meetings
- Bi-annual client satisfaction surveys
- Visits to corporate office / operational sites
- Industry & technical conference
- Exhibitions & roadshows
- Annual Partners Operations Dialogue
- Website
- Annual Report
- Periodic newsletter to our clients

Key Interest, Concerns & Expectations:

- A fulfilling experience through quality services and results that optimise their assets
- Technology-enabled solutions that sustainably drive efficiency and support their growth strategy

Our Responses:

- Service-based delivery to value-based services
- Promote our Edgenta Way (Tech-enabled, HSSE focused, Quality assured and Certified) of providing services which cater to the expectations of our clients and partners
- Developed and adopted software and technology solutions, innovation, automation and mechanisation to support operations
- Addressing all queries and concerns by clients and partners
- Active participation in relevant industry associations

Government & Regulators, Industry & Business Associations

Link to Strategy:

How We Engage with Them:

- Scheduled / ad-hoc meetings
- Conferences & events
- Visits to our corporate office
- Presentation & talks at workplace
- Website
- Annual report
- Regulatory audits / inspection
- Active corporate membership in industry associations and government bodies

Key Interest, Concerns & Expectations:

- Compliance to rules and regulations, with the Group keeping them updated with various requirements
- Share, contribute and create best practices for the industry or new policies and regulations towards nation building, in alignment with local and Government agendas
- Provide thought leadership & industry contributions

Our Responses:

- Provided regular updates on compliance issues and operations towards ensuring full compliance to rules and requirements
- Maintained and updated ISO Certifications
- Periodic engagement with Government and regulatory agencies on policy matters relating to industries we serve
- Hosted key Government official visits to promote more incentives and other types of assistance to spur industry players to modernise the industry with digitalisation, automation and mechanisation technologies
- Launched the revised Code of Conduct to provide guidance and help our employees to comply with fundamental requirements and commitment to build trust in everyday business and outline ethical behaviour standards in our business activities
- Key leaders in UEM Edgenta holding key positions in MAPMA and Malaysia Chapter of Institution of Civil Engineers ("ICE") United Kingdom
- Key events participated in:
  - International Seminar & Workshop of Safer Road by Infrastructure Design & Operation
  - Association of Private Hospital of Malaysia International Healthcare Conference & Exhibition
  - 26th World Road Congress in support of JKR and Road Asset Association of Malaysia ("REAM")
  - ASEAN Health Summit
  - International Greentech & Eco Products Exhibition & Conference Malaysia 2019 ("IGEM")

Employees

Link to Strategy:

How We Engage with Them:

Consistent employee engagement via the following initiatives throughout the year:

- Periodic management staff reviews
- Internal team meetings / department meetings
- Monthly MD/CEO Messages
- Annual Management Dialogue
- Internal employee events
- Learning and development programmes for personal and professional development
- Daily / weekly internal communications / announcements via Edgenta Connect (Intranet) and social media
- Periodic forums
- Focus group discussions
- Staff induction
- Annual individual performance review
- Employee engagement survey
- Volunteering and CSR programmes

Key Interest, Concerns & Expectations:

- Continuous employer-employee engagement / relations
- Updates on business strategies and operational performance
- Providing a safe & conducive working environment
- Providing fair and competitive remuneration and benefits
- Clear, timely and effective communications channels
- Effective talent & welfare management to achieve career progression
- Work-life balance

Our Responses:

- Annual Management Dialogue organised to clearly communicate company's business direction, strategy and targets to the senior and middle management who are the movers and shakers across all businesses
- Edgenta Academy website launched in Q4 2019 to institutionalise industry standards, processes, competencies through structured trainings, capabilities assessment & certification programme
- As part of Digital Revolution ("DR"): Human Capital Management ("HCM") System implemented to empower employees to access their benefits 24/7, with some functions available on mobile
  - Employee Self Service ("ESS") and Manager Self Service ("MSS") went live in October 2019
  - To ensure all employees benefit from the DR initiative, 88 internal trainers conducted 201 sessions company-wide with a total outreach of 75% involving 3,182 employees
  - The HCM frees the HR team from manual HR functions, enabling them to provide industry knowledge & business advisory to business divisions and employees
- 11,204 employees were trained with technical skills as the main training focus in 2019; other trainings include soft skills, leadership, quality and HSSE
- Launched the Frontline Supervisor Development Programme 2.0 and trained 251 staff from the Infrastructure Services division to enhance leadership and competencies to uphold safety quality towards achieving our "Goal Zero" target
- Launched the Accelerated Leadership Programme ("ALP") for the Healthcare Support division, piloting the programme for 25 Executives
- Improved performance evaluation through Performance Management System, Pay for Performance and Individual Development Plan
- Conducted team-building sessions to improve organisational agility, boost teamwork performance and foster innovation and creativity
- Improved Employee Engagement Survey with an overall score of 74%, 6% higher from 2017. This places UEM Edgenta as one of the top-quartile companies within the Government-Linked Company ("GLC") and Malaysian Norm 2017 / 2018 companies
- Promoting work-life balance via 90 Days Maternity Leave, 3 days Paternity Leave, festive events, Sports & Recreation Club activities, as well as volunteering / participation in corporate responsibility activities

Supply Chain Partners

Link to Strategy:

How We Engage with Them:

- Vendor development programme workshops
- Periodic vendor performance reviews, planned audits & site visits
- Annual Partners Operations Dialogue
- Code of Conduct for business partners

Key Interest, Concerns & Expectations:

- Fair treatment
- Responsible sourcing
- Safe and conducive operation sites
- Anti-corruption

Our Responses:

- Conducted the Vendor Development Programme to support Bumiputera entrepreneurs
- Continuing engagements on safety and periodic checks on compliance with regulations and relevant laws and codes
- Launched our Code of Conduct for Business Partners to uphold compliance and integrity among supply chain partners and held Integrity Day to amplify integrity and openness in doing business
- Whistleblowing reporting channel, policies procedures to address collusion and to promote integrity & good governance
- Zero tolerance for corrupt practices

Community

Link to Strategy:

How We Engage with Them:
- Meetings & engagements to collaborate on events / projects
- Site visits
- Volunteering and CSR programmes

Key Interest, Concerns & Expectations:
- Community engagements through donations & sponsorships
- Zakat funds contribution & disbursement

Our Responses:
- Identified specific United Nations Sustainable Development Goals ("SDGs") relevant with our business strategies to improve our sustainability aspirations
- Continued and expanded philanthropic activities during festive seasons
- Continued and improved engagements in education: sponsored the "Equinox Metropolitan" team from the Pusat GENIUS@Pintar Negara to participate in the World Robot Olympiad 2019
- SK Tan Sri P. Ramlee CSR Programme – refurbishment works & corporate responsibility activities
- Contributions towards corporate social responsibility projects
- Zakat funds distributed under *Asnaf-Miskin, Fisabililah* and *Al-Gharimin* benefiting 1,718 recipients

Shareholders & Investors

Link to Strategy:

How We Engage with Them:
- Annual General Meeting
- Extraordinary General Meeting
- Analyst reports
- Quarterly financial announcements
- Print, online & social media
- Half-yearly analyst & media briefings
- Investor relations corporate website
- Media releases / statements
- One-to-one meeting at investors' request

Key Interest, Concerns & Expectations:
- Consistent and concise financial performance for all businesses
- Transparency and disclosure of financial information for better understanding of the Company's strategies
- Disciplined mitigations towards Economic, Environmental & Social ("EES") risks & impact

Our Responses:
- Detailed and transparent updates through ongoing half-yearly analyst and media briefings
- Improving Annual Report content and delivery to ensure transparent and accurate reporting of the Group's performance and activities
- Hosting visits by key stakeholders & investors

Media

Link to Strategy:

How We Engage with Them:
- Media releases / statements
- Media briefings
- Press conferences
- Interviews
- Social media channels

Key Interest, Concerns & Expectations:
- Timely, accurate and transparent update on company's strategies, financial performance financials and corporate development

Our Responses:
- 20 media releases in 2019
- Six media briefings conducted in 2019
- Daily monitoring of print, online and social media news
- Sponsoring media-related events such as Malam Wartawan Malaysia
- Media training for Key Senior Management team

Chairman's Statement

Dear Shareholders,

I am pleased to present my first Statement as Chairman since assuming this role on 24 May 2019. During the year in review, UEM Edgenta continued to demonstrate its value as a company with long-term growth prospects as well as a resilient financial position, and businesses that are defensive against short-term volatility.

All these have and will continue to enable us to deliver returns to our shareholders, clients and other stakeholders.

Tan Sri Dr. Azmil Khalid
Independent Non-Executive Chairman

RESILIENT AGAINST HEADWINDS

Against a challenging operating environment weighed down by uncertainty and a soft economy, we recorded double-digit growth in both revenue and Profit After Tax ("PAT"), which rose 10.5% and 23.4% to RM2.4 billion and RM188.0 million, respectively. Revenue growth was recorded across all our divisions, driven by new contracts and overall stable margins, contributing to the improved profit. For further details on our financial performance, please refer to the CFO's Review and Operational Review on pages 40 – 41 and 55 - 63 of this Report.

We are prepared to rise to the occasion and are geared towards our next phase of growth.

The commendable results were achieved amidst volatility in the highway concession sector in Malaysia. Discussions on ownership of the PLUS North-South Expressway, which we maintain and accounts for an important portion of our work-in-hand, caused delays in some planned activities. The Government eventually announced a reduction in toll rates by 18% starting 1 February 2020 and this will remain fixed for the remaining of the concession which has been extended to 2058.

In a wider context, we have seen the emergence of industry megatrends in healthcare and infrastructure sectors which will significantly impact the market landscape. Please refer to Our Market Landscape on page 49 of this Report. These developments pose both new challenges and opportunities for our service offerings and delivery.

Towards the end of 2019, we also saw the emergence of the novel coronavirus ("COVID-19") outbreak which has since gripped the world in a global pandemic. This situation remains fluid, but the consensus is that the already fragile global economy will take a turn for the worse.

Notwithstanding, given our resilient financial position, we are well-positioned to weather short-term uncertainties and are geared towards our vision of building "Edgenta of the Future", representing a technology company which focuses on healthcare and infrastructure.

REDEFINING OUR FUTURE

In establishing our Edgenta of the Future vision, we undertook a strategic review in FY2019, with a view to future-proof our business over the longer-term. This has led to us looking for new areas of growth in a world where traditional or incumbent business models are facing disruption.

Given that we have built significant capabilities that have set us apart as an Asset Management and Infrastructure Solutions company, the clear pathway for our next phase of growth was to move beyond technology as an enabler of our own operations, to offering our clients value-added and innovative solutions to complement our existing service offerings to them.

Earnings Per Share
21.9 sen

Dividend Payout Ratio
64%

Total Shareholder Returns have exceeded the FBM KLCI by
44.0%

These included the productisation of existing technology platforms which we have developed over the years as well as the development of new digital solutions, for which we have made progress in 2019, as highlighted in our MD/CEO's Statement on pages 36 and 39 of this Report.

FOCUSED ON VALUE CREATION

Our Edgenta of the Future vision is also anchored on maintaining the positive trajectory of our financial performance. In addition to our commendable financial results recorded in FY2019, our shares demonstrated its value as a defensive stock and in delivering yield. On 30 September 2019, our shares reached a high of RM3.52 for the year.

Over the years, we have performed and improved our performance to provide consistent shareholder returns. In FY2019, we registered basic Earnings Per Share ("EPS") of 21.9 sen and declared a dividend of 14.0 sen for FY2019, representing a 64% dividend payout ratio. This is in line with our revised dividend policy to distribute between 50% and 80% of Profit After Tax and Non-Controlling Interests ("PATANCI"), which we announced in 2018.

For FY2019, the resulting dividend yield of 5.4% based on share price as at 26 February 2020 and since FY2014, we have distributed more than RM850 million in dividends. Over the past five years (1 January 2015 to 28 February 2020), our Total Shareholder Returns have exceeded the FBM KLCI by approximately 44.0%. This value is testament to the initial underlying rationale of unlocking the value from the merger of Faber Group Berhad ("Faber"), Projek Penyelenggaraan Lebuhraya Berhad ("PROPEL") and Opus Group Berhad ("Opus") in 2014, which formed the basis of our existence as UEM Edgenta today.

Since then, we have demonstrated our position as a trusted partner which provides value-added solutions that are fit-for-purpose and relevant to our clients' needs, paving the way for the resilience and sustainability of our business.

Our efforts and approach have also received continued acknowledgement through multiple awards. For further information on our awards and recognition for FY2019, I invite you to read the Key Highlights section on pages 16 - 17 of this Report.

CORPORATE CITIZENRY

As a company, we have identified three core values which will shape our identity going forward: Purpose Driven, Powered by Technology and Sustainability. Please refer to the Group Strategy section on pages 47 - 48 of this Report.

As one of our core values, we have identified Sustainability as a hallmark of industry leadership. This will be fundamental in driving business practices and operations where performance will be measured on the achievement of the triple bottom-line of People, Planet and Profit.

The first focus area comprises stakeholder capitalism, under which we identify as an organisation with a social purpose and a strong corporate social responsibility ("CSR") base. This is key in reinforcing our industry leadership and corporate citizenry, as well as in moving towards our triple bottom-line targets.

Second, we are committed to preventing harm to the environment. This will be achieved by putting in place our strategy on sustainability, as well as setting and measuring our targets towards being carbon neutral.

Our investor relations positioning represents another focus area for sustainability. We view sustainability as a gateway which enables us to leverage on better access to capital, such as 'green' sukuk and exposure to a new class of investors such as Environmental, Social and Corporate Governance ("ESG") funds.

To achieve this, we will undertake measures to enhance our sustainability positioning, such as through improved reporting according to international standards, as with our continued journey into Integrated Reporting following the International Integrated Reporting Council's ("IIRC") framework. We will also look towards gaining admission into ESG indices such as the FTSE4Good Bursa Malaysia Index.

Finally, to build our track record of sustainable businesses, we have also

implemented several Energy Performance Contracts for Ministry of Health ("MoH") Malaysia hospitals and several industrial clients to achieve energy efficiency and cost savings whilst decreasing carbon emissions. We will continue to drive sustainability and ingrain it as the way we conduct our business towards minimising climate change.

COMMITTED TO GOVERNANCE

As a responsible corporate citizen, we remain committed to upholding the requirements of good corporate governance. This has been underscored by our signing of the Corruption-Free Pledge with the Malaysian Anti-Corruption Commission ("MACC") during our Integrity Day 2019. The pledge reinforces our Board and Management's values and corruption-free stand, setting a clear leadership tone that we will not compromise on corruption.

Furthermore, we have put in place the adequate procedures in preparation of the Guidelines on Adequate Procedures pursuant to subsection (5) of Section 17A of the Malaysian Anti-Corruption Commission Act 2009, which will take effect from 1 June 2020. We have firmly adopted the principles of the Guidelines to minimise the occurrence of corrupt practices relating to the Group's business activities.

For further information on our governance activities, please refer to our Corporate Governance Overview Statement and Statement on Risk Management and Internal Control on pages 102 - 117 and 119 – 129 of this Report.

In the year ahead, we will place emphasis on growing our presence as a technology-driven company anchored on the Edgenta Way.

ENGAGING OUR STAKEHOLDERS

Stakeholder engagement forms one component of our strategy and during the year, we hosted several engagements with the Government through Ministerial visits by the Ministers of Works and Energy, Science, Technology, Environment and Climate Change, as well as Deputy Ministers of Finance and Health to our headquarters and / or site operations, as well as visits held in conjunction with our sponsorship of local and international conferences and exhibitions. Three key events were the 26th World Road Congress in Abu Dhabi, United Arab Emirates, the 10th International Greentech & Eco Products Exhibition and Conference Malaysia ("IGEM 2019") and the ASEAN Health Summit in Kuala Lumpur.

Additionally, we continued to play our part in giving back to society through CSR programmes in collaboration with Pusat GENIUS@Pintar Negara, Universiti Kebangsaan Malaysia and various charities and schools. At the 2019/2020 CFA Institute Malaysia Research Challenge, an annual competition for university students to compete in the global arena, our Company participated as the subject company of research where members of our management addressed queries and guided students to assist with their preparation for the competition.

Further details on our stakeholder engagement activities are available in our Key Relationships on pages 30 - 32 of this Report.

MOVING FORWARD

As an organisation with a strong focus on Health, Safety, Security and Environment ("HSSE"), we will march forth to champion our enhanced 2019 HSSE theme of "Comply" with "Comply with Quality" in 2020. Additionally, in the year ahead we will place emphasis on growing our presence as a technology-driven company anchored on the Edgenta Way, which sets the standards of how we approach our work towards achieving organisational and operational excellence.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, allow me to take this opportunity to express our sadness over the passing of Dr. Saman @ Saimy Ismail, an Independent Non-Executive Director and Chairman of Edgenta Mediserve Sdn Bhd, on 29 April 2019. Appointed on 9 May 2013, Allahyarham Dr. Saimy had been a key figure on our Board leading our Company with his expertise in the healthcare industry for the past six years. We mourn his loss and are indebted to him for his contributions.

The Board would like to convey our special thanks to Dato' Seri Amir Hamzah Azizan, who served as Non-Independent Non-Executive Chairman for three years until his retirement on 15 May 2019. As his successor, I am especially grateful for his role in steering UEM Edgenta to its position today.

We would also like to welcome Dato' Mohd Izani Ghani who was appointed on 22 October 2019 as Non-Independent Non-Executive Director. I am confident that his appointment will bring significant contributions to our Board's effectiveness.

Effective 21 April 2020, we will see the departure of Dato' Azmir Merican from his role as our Managing Director/Chief Executive Officer. Dato' Azmir has been a key figurehead in the growth of UEM Edgenta since the merger of Faber, PROPEL and Opus, paving the way for our Edgenta of the Future. He leaves behind a strong management team which is well-placed to execute strategies and plans towards realising our vision for the Company, and we thank him for his valuable contributions and wish him the best in his future endeavours.

I wish to thank my colleagues on the Board of Directors, as well as our major shareholders, UEM Group Berhad and Khazanah Nasional Berhad, for their cooperation and guidance during the start of my tenure of Chairman. I am also grateful to our clients, investors, regulatory authorities and Government agencies, members of the media and our supply chain partners for their continued support. Last but not least, I would like to extend my appreciation to all employees of UEM Edgenta who are instrumental in driving our business and operations.

Finally, I would like to express my gratitude to you, our valued shareholders, for your continued trust and belief in us. I am confident that with your support and the plans we have put in place, UEM Edgenta will continue to harness and deliver value for all our stakeholders.

TAN SRI DR. AZMIL KHALID
Independent Non-Executive Chairman

MD/CEO's Statement

For the year 2019, I am pleased to note that UEM Edgenta registered a solid performance despite a slower economy and a more volatile operating environment domestically.

We were able to navigate through these conditions by staying true to our focus, disciplined execution, driving operational excellence and leveraging on technology to do more with less. Our people no doubt understood what it takes and delivered results to make the difference.

Revenue

RM2,411.2 million

▲ **10.5%**
year-on-year

Earnings Before Interest, Tax, Depreciation and Amortisation

RM325.1 million

▲ **22.0%**
year-on-year

Profit After Tax

RM188.0 million

▲ **23.4%**
year-on-year

Dato' Azmir Merican
Managing Director/Chief Executive Officer

All our businesses registered growth in FY2019, the Company's revenue rose to RM2.4 billion, recording a 10.5% growth or a RM228.6 million increase. Profit After Tax was at RM188 million recording a growth of 23.4% an increase of RM35.6 million.

Overall, I am pleased that the Company was able to register another strong growth for FY2019, a result which could only be achieved by the hard work of our people and support from our clients for the past years as we execute our business strategies to make our growth a sustainable success.

THE UEM EDGENTA JOURNEY

The UEM Edgenta of today represents a culmination of several corporate transactions which took place between 2014 to 2017. These then set the step for transformation and organic growth through diversification of our business beyond traditional contracts, regional expansion into Singapore, Indonesia and Taiwan, reducing our exposure to low growth markets and using technology, IT, mechanisation and sustainability to power the transformation thinking.

Since the creation of UEM Edgenta in 2014, the Company embarked on an ambitious programme to set itself as a clear industry leader in Asset Management and Infrastructure Solutions. Today, we are proud that our leadership position is not only acknowledged in Malaysia, but beyond, and our market position and multiple awards reflect this.

Since then, we have nurtured the evolution of our businesses. Previously disparate, we are now focused on Asset Management and Infrastructure Solutions with a balanced portfolio of concession and commercial contracts, regional presence and involvement in marque projects across our sectors.

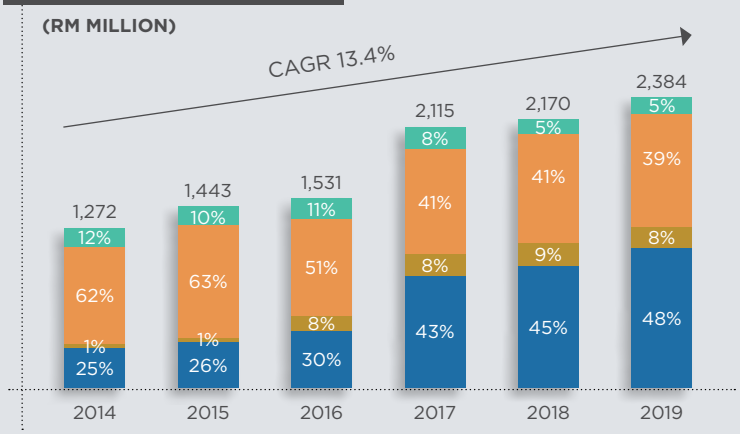
To anchor our growth, we have inculcated operational and organisational excellence initiatives, as well as technological and HSSE leadership, and best practices from other industries. This has not only benefited our organisation, but also transformed and elevated the industries we operate in.

Following these efforts undertaken throughout the years, we have registered a compounded annual growth rate ("CAGR") of 13.4% in our core revenue from RM1.27 billion in 2014 to RM2.38 billion in 2019, while core PAT has risen at a CAGR of 13.2% from RM101.0 million to RM188.0 million during the same period.

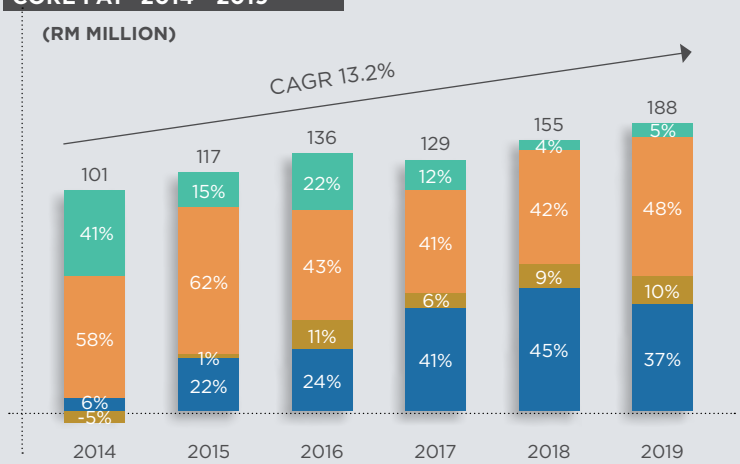
As highlighted in our Chairman's Statement on pages 33 - 35 of this Report, the

journey we embarked on in 2014 has borne fruit, evidenced by more than RM850.0 million in dividends paid out from 2014 to 2019 enjoyed by shareholders.

CORE REVENUE* 2014 - 2019



CORE PAT* 2014 - 2019



- Healthcare Support
- Infrastructure Services
- Property & Facility Solutions
- Asset Consultancy

* *Excludes Opus International Consultants, East Malaysia Healthcare Support Concession and Property Development.*

BUSINESS OVERVIEW

UEM Edgenta has, over the years, built an agile and resilient business with clear focus areas. In 2019, the Healthcare Support business in Singapore successfully secured contracts worth close to RM944 million to provide Hospital Support Services at the Ministry of Health ("MoH") Singapore's restructured hospitals. Apart from that, the Singapore business also managed to obtain a visitor management services contract, which will be provided to the Singapore General Hospital. The division also received the Enhanced Clean Mark accreditation from the National Environment Agency of Singapore in recognition of our high cleaning standards and services in delivering sustainable, value-added results.

In Malaysia, we have rolled out energy management programmes including Energy Performance Contracting ("EPC"), which has resulted in energy cost savings of RM55.0 million between 2017 and 2019; out of which RM41.0 million was generated for MoH Malaysia's hospitals. Furthermore, we have also supported the MoH Malaysia with a new Replacement Through Maintenance programme for hospital equipment, as well as the development and maintenance of the Blood Bank Information System ("BBIS") project which is a comprehensive system that covers vein-to-vein functionalities in Transfusion Service across MoH Malaysia's blood banks and hospitals. At present, MoH Malaysia has deployed the system at 22 transfusion centres including National Blood Centres nationwide.

Following our previous consolidation, during the year in review, we continued with our rebranding and repositioning exercise initiated at the end of 2018. In 2019, we undertook the rebranding of UEMS Malaysia to Edgenta UEMS and UEMS Taiwan to Edgenta UEMS Taiwan, efforts aimed at simplifying and streamlining the UEM Edgenta brand across the business.

We also changed the name of KFM Holdings Sdn. Bhd. to Edgenta GreenTech Sdn. Bhd., serving as one of the key business units for our Property & Facility Solutions ("PFS") division. To strengthen our brand positioning initiatives and deepen stakeholder engagement efforts, we launched our new corporate website in November 2019 which projects our current values and beliefs, as well as our corporate profile and service offerings.

Through our PFS division, we also carried out facility management for additional wasl Group sites in Dubai, as well as secured an Integrated Facility Management contract for Menara Bumiputera-Commerce for Pelaburan Hartanah Berhad, bringing our coverage of CIMB Group buildings to nine. We also carried out an EPC project at Proton's Centre of Excellence at the Sime UEP Industrial Park and the Tanjung Malim manufacturing plant.

Our Infrastructure Services division also secured significant contracts during the year. These include a three-year maintenance and asset management contract for the Cikampek-Palimanan Highway in Indonesia, which we will undertake in partnership with Astra Group. The contract is for a period of three years with an option to extend for two years.

Additionally, the division achieved a major milestone with its first productisation of our Road Asset Management System ("RAMS") technology, which we first developed in-house for our own use and is now commercialised for Sarawak State Roads via working with a strategic local partner.

In our Asset Consultancy division, we were appointed as the project management consultant for the Sarawak Coastal Road Network and Second Trunk Roads, as well as to undertake a condition survey on the rail assets of MRT Corp's MRT Line 1.

An exciting development which is poised to make a big impact in the near future is the monetising of our investment in technology and IT. For every area of our business, we are able to offer software-driven solutions to drive efficiency and provide useful intelligence. These solutions range from efficient-based hospital-related solutions such as *UE*Track™, asset monitoring sensors on equipment such as chillers, ambulances and hospital

linen, to infrastructure-based solutions such as RAMS and drone inspections. For our PFS business, we have productised our solutions into three different service levels such as Smart Connect, Smart Connect Plus and Smart Connect Advance.

Being a service provider to essential and core industries, it is imperative that our Company is in pursuit of 'Best-In-Class Operations'. Under this banner, we will uphold our focus in Operational Excellence where the Innovation Garage is to tackle high-impact problem statements, while Continuous Improvement / LEAN principles are built into process improvement programmes. Supporting this, our Company will embark on a new contracting strategy moving from a conventional, input-based model towards an outcome-driven one, with efficiency-based elements.

We strive to achieve top line growth by defending our existing stable revenue base.

To standardise and institutionalise knowledge and improve service delivery, we have launched the Edgenta Academy which will focus not only on training our own employees but that of our service partners too. Under a new initiative to elevate the capabilities of our service partners and contractors, the Edgenta Academy will evaluate and rate these companies according to predetermined technical and commercial criteria and based on the assigned rating, develop a programme to train and upgrade their knowledge. This serves not only to ensure our partners have the necessary capabilities but also the opportunity to upskill and modernise themselves. We hope to develop competent and capable service partners who can take on more complex work as well as invest in mechanisation and technology. This is part of our programme to develop the industry and the players within the value chain.

DEVELOPMENT OF THE EDGENTA WAY

The Edgenta Way was developed to show how we work in the organisation. The four key differentiators of the Edgenta Way are being Technology-Enabled, HSSE Focused, Quality Assured and having Certified Standards, which will be our promise to our clients on how we approach our work and deliver our services. We have endeavoured to inculcate the Edgenta Way throughout all facets of our business.

OUR COMMITMENT TO HSSE

Health, Safety, Security and Environment ("HSSE") is a critical and priority area within the organisation and with our partners. In FY2019, we continued this improvement journey in driving safety culture into every aspect of our business and operations, reviewing systems and processes, supported by a team of dedicated HSSE personnel. We further enhanced our approach by collaborating with key stakeholders such as the Malaysian Institute of Road Safety (MIROS) and innovation-focused teams, implementing several safety-driven automation and mechanisation initiatives this year. My management team and I continue to learn from our safety incidents which will only serve to strengthen our resolve and make our work zones safer for our frontline workers.

OUR COMMITMENT TO TECHNOLOGY AND INNOVATION

Technology and Innovation is part of the Edgenta Way and is being embedded as part of our culture and thinking. We have led the adoption and use of technology across all our businesses to enhance our product offerings, applied mechanisation, automation and digitalisation widely within our services while embracing data analytics, cloud computing, machine learning and artificial intelligence, as well as the use of mobile devices and tablets to deliver on our services. Building on this, we have partnered with technology providers and startups to produce commercially viable solutions, with digital healthcare and online e-commerce platforms.

Innovation has become fundamental for us with disruptions rife around us. Thus, in order to promote innovation within the organisation, a permanent 'garage' has been set-up as an agile decision-making space, which enables ideas to be tested, solutions to be prototyped, and pushed out for scale-up. The garage functions as a funnel and repository for ideas and eventually becomes an enabler by employing a dare-to-fail approach, spurring our employees to take risks and encouraging innovative ideas to flourish towards the modernisation of our services. Therein lies, our approach towards embedding innovation as a culture within our organisation.

DELIVERING ON OUR STRATEGIC OBJECTIVES

In FY2019, we reviewed and refined our strategies into four which are Disrupting Our Delivery Model, Deepening Our Competencies, Broadening Income Streams and Developing Total Solutions Capabilities. The Company will continue to remain guided by these growth strategies, supported by our six strategic focus areas of Operational Excellence; Organisational Excellence; HSSE; Client Solutions; Technology and Innovation; and Stakeholder Management and Communications that has carried us through the years.

Via these strategic initiatives to guide our efforts, we strive to achieve top-line growth by defending our existing stable revenue base from our long-term contracts and track record of high renewal rates, pursue organic growth by building a healthy pipeline of projects, exploring opportunities for expansion regionally and promoting cross-selling internally between business divisions.

I invite you to read further details on our performance against our strategic objectives in the Group Strategy, Operational Review and Sustainability Statement on pages 47 - 48, 55 - 63 and 64 - 83 of this Report.

LEADERSHIP BENCH

During the course of the year, we strengthened our leadership bench with the appointments of En. Razman Ismail as Chief People Officer, who has joined us in October 2019, and Dr. Nik Fawaz Nik Abdul Aziz as Head of Healthcare Support (Concession) and Managing Director of Edgenta Mediserve Sdn Bhd ("EMSB") to succeed En. Ahmad Zamri Said. We also welcomed Mr. Kenny Lim as the Head of PFS division, as well as the recent appointment of En. Shariman Yusuf Mohamed Zain as Head of Infrastructure Services and Managing Director of Edgenta PROPEL Berhad.

MOVING FORWARD 2020 AND BEYOND

We are bracing for a difficult period in 2020 which reached unprecedented proportions. The start of 2020 has been tumultuous, whereby tough macroeconomic conditions, as well as the swift spread of the COVID-19 virus and its unfolding ramifications across the globe, may yet bring the world to its knees during the year.

In the face of this unprecedented event and the yet to be ascertained impact on the global economy, financial markets and people across the globe in general, it is inevitable to foresee tough economic conditions with the main challenge of how to kick-start the economy going forward and to restore industries and workforce productivity.

UEM Edgenta takes its position as a responsible corporate citizen seriously and will work with our clients, regulators, policymakers, service partners and contractors to contribute our resources and ideas to support the industry and its players.

In April 2020, given our focus on our expertise in biomedical equipment and healthcare technology, UEM Edgenta donated 30 units of mobile ventilators, 30 units of patient monitoring systems, as well as enabled a cloud-based healthcare information system to the MoH Malaysia for pandemic management, in support of the Malaysian Government's effort in combating the growing COVID-19 pandemic.

Over the years our businesses have proven to be resilient and agile to adjust to changes in the market. As a company in stable and defensive markets with attractive yield, I am confident we will weather this storm and come out strong. Given our healthy balance sheet and sound financial position, the timing will be right to look at possible opportunities to build up on new areas especially technology-related fields.

Our continued efforts in technology and innovation, which have already proven worthy of commercialisation, place us in good stead to preserve our sustainability over the long-term. Please refer to Our Technology Solutions on pages 26 - 27 of this Report for further details.

ACKNOWLEDGEMENTS

It was with great sorrow we saw the passing of Dr. Saman @ Saimy Ismail, an Independent Non-Executive Director of the Company. Dr Saimy was also the Chairman of EMSB, in which he served the Company from 9 May 2013. We are grateful for his contribution and time with us and extend our condolences to his wife Pn. Rosnah Mohd Yusof, children and family.

I would also like to thank key members of the management team who have moved on or retired, namely En. Shahazwan Harris, Chief Strategy & Transformation Officer; En. Ahmad Zamri Said, Head of Healthcare Support (Concession) whose career spanned 22 years with our Company; Mr. Chin Chi Haw, who spent his career serving Opus in various capacities and later led Edgenta PROPEL Berhad as its Executive Director and Mr. Alastair McCracken, our previous Head of Property & Facility Solutions who resigned in June 2019.

I would like to take this opportunity to thank Datuk Seri Amir Hamzah Azizan, for his invaluable contribution and guidance as our Chairman from 29 August 2016 until his retirement on 15 May 2019 and wish him the very best in his role as President/Chief Executive Officer of Tenaga Nasional Berhad. We welcomed Tan Sri Dr. Azmil Khalid as our new Chairman on 24 May 2019, who brings with him a wealth of experience in this industry as an accomplished entrepreneur. We also welcomed Dato' Mohd Izani Ghani as a new Board member effective 22 October 2019 and am sure he will bring much value to the Company.

It has been my privilege and honour to have served as the first Managing Director/Chief Executive Officer of UEM Edgenta, after the merger of the legacy companies of Faber Group Berhad, Projek Penyelenggaraan Lebuhraya Berhad or PROPEL, and Opus Group Berhad. While many mergers and acquisitions do not reach its intended objectives, I feel that UEM Edgenta's success was built around a good post-acquisition programme which aligned the entire workforce, from the Board of Directors, to senior management and all employees. In short, we were determined to create a successful organisation in this process and shaped the DNA of UEM Edgenta.

My sincere gratitude and appreciation to the entire Board of Directors who have guided me through the years and allowed me to carry out my duties with support and encouragement. I would like to thank our major shareholders, UEM Group Berhad and Khazanah Nasional Berhad, for their stewardship. I would also like to express my appreciation to all our other shareholders for their continued trust in us.

Additionally, I would like to extend my gratitude to our local and regional clients, our many supply chain partners, shareholders and the Government for their support and contributions to our ecosystem.

My final word of thanks is reserved for each and every employee of UEM Edgenta, management and staff who have made this Company special, as without their belief, support and dedication, we would not have scaled the heights which we have reached today. Throughout my tenure, I have met many talented and extraordinary colleagues, I am humbled by your continuous dedication to our vision and the important service we deliver. I am certain you will rise above any challenge and make use of the opportunities in realising the Edgenta of the Future, as well as ensure the Company's continued leadership in Asset Management and Infrastructure Solutions.

DATO' AZMIR MERICAN
Managing Director/Chief Executive Officer

CFO's Review

UEM Edgenta registered a 'green' report card in FY2019, achieving double-digit growth in revenue of 10.5% to RM2.4 billion following topline growth across all our businesses.

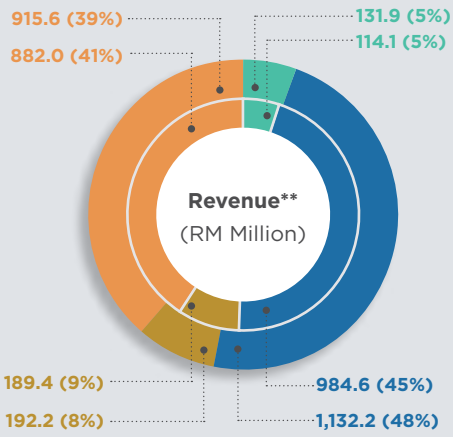
This was contributed by new hospital support services contracts secured in Taiwan and Singapore, a higher volume of road maintenance works in Malaysia and Indonesia, as well as project management consultancy contracts in East Malaysia. Subsequently, EBITDA and PAT rose by 22.0% and 23.4% to reach RM325.1 million and RM188.0 million, respectively, due to operational efficiency initiatives. Our earnings and profitability for the year were also contributed by receipt of the final payment settlement from our Abu Dhabi project, as well as higher profit from our associate companies.

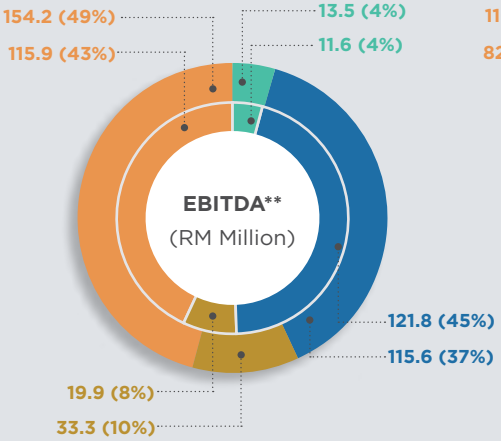
MUHAMMAD NOOR BIN ABD AZIZ @ HASHIM
Chief Financial Officer

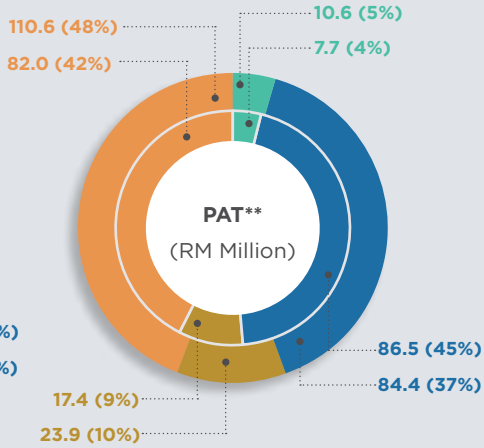
Our Healthcare Support and Infrastructure Services divisions remained the largest contributors and consistent engines for our growth story. Healthcare Support contributed to 48% and 37% of full-year revenue and PAT respectively, while Infrastructure Services division contributed to 39% and 48% of total revenue and PAT respectively. For further details on the segmental performances of our Healthcare Support, Property & Facility Solutions, Infrastructure Services and Asset Consultancy divisions, please refer to the Operational Review on pages 55 - 63 of this Report.

Overall, our businesses also demonstrated stability against challenges such as uncertainty over infrastructure mega projects following Malaysia's 2018 General Election and delays in some planned initiatives for our PLUS highway maintenance contract due to questions over its business and ownership structure.

We also saw a more competitive market as the Government moved towards open tenders from direct and indirect negotiations. Nonetheless, we were able to keep our financials intact and even stay ahead of our competitors in delivering consistent results with optimum costs and anchored on our high HSSE awareness, underscoring the value and sustainability we assure our stakeholders of.







● Healthcare Support ● Property & Facility Solutions ● Infrastructure Services ● Asset Consultancy

** Excludes property development, final settlement from Abu Dhabi project, intercompany revenue and others.

FINANCIAL POSITION REMAINS ROBUST

Improved collections from customers and an increase in net operating cash flow allowed us to maintain a healthy financial position during the year in review.

Our balance sheet showed ample room to leverage on for growth, with total assets rising 1.2% year-on-year to RM2.91 billion and net assets per share growing 4.6% to RM1.89 per share. While total liabilities decreased by 2.4% to RM1.33 billion, we have reduced our gross gearing ratio to 0.33 times from 0.35 times in the previous year.

Total equity increased 4.5% to RM1.58 billion and we will continue to focus on improving our working capital management and optimising our capital structure. As at the financial year ended 31 December 2019, our total cash, bank balances, deposits and short term investments stood at RM621.0 million. Additionally, our net cash position improved to RM101.9 million in FY2019 from RM71.0 million in the previous year.

With our low gearing and healthy cash balance, we are well positioned to weather short-term volatility and deploy for growth, where required.

Given our robust financial position, we are pleased to deliver continued returns to our shareholders, with return on equity rising to 11.8% from 9.6% in FY2018 and a dividend payout of 14 sen, representing a dividend payout ratio of 64%.

RM1.89	0.33 X	RM101.9 million	11.8 %
Net Assets per Share	Gross Gearing Ratio	Net Cash Position	ROE*
▲ 4.6%		▲ 43.5%	▲ from 9.6% for FY2018

Figures in RM mil unless other wise stated	2019 RM'mil	2018 RM'mil	Increase / (Decrease) RM'mil	%
Summary of Statement of Financial Position				
Total Assets	**2,912.8**	**2,877.7**	**35.1**	**1.2**
Property, plant and equipment	212.0	185.0	27.0	14.6
Right-of-use assets	30.9	-	30.9	100.0
Intangible assets	734.3	731.9	2.4	0.3
Inventories	133.8	156.8	(23.0)	(14.7)
Trade and other receivables	672.7	896.6	(223.9)	(25.0)
Contract-related assets	379.9	199.8	180.1	90.1
Short-term investment	62.5	107.2	(44.7)	(41.7)
Cash, bank balances and deposits	558.5	496.3	62.2	12.5
Total Liabilities	**1,328.4**	**1,360.9**	**(32.5)**	**(2.4)**
Borrowings	519.1	532.5	(13.4)	(2.5)
Trade and other payables	673.6	744.8	(71.2)	(9.6)
Lease liabilities	30.3	-	30.3	100.0
Contract liabilities	21.1	14.4	6.7	46.5
Total Equity	**1,584.4**	**1,516.8**	**67.6**	**4.5**
Shareholders' fund	1,572.0	1,502.3	69.7	4.6
Non-controlling interest	12.4	14.5	(2.1)	(14.5)
Net Asset per share	1.89	1.81	0.08	4.6
Gross Gearing Ratio	0.33	0.35	(0.02)	(6.7)
Net Cash Position	101.9	71.0	30.9	43.5

* *PATANCI / Average (Opening + Closing Shareholders' Fund)*

MOVING FORWARD

For the year ahead, we expect the Healthcare Support division's Malaysia projects to register revenue growth from the scaling up of value-added services at MoH hospitals and the development of more digital healthcare solutions, as well as expansion into private hospitals. Regionally, the division will focus on operationalising and optimising new contracts secured, in particular the contracts won from MoH Singapore.

In our Property & Facility Solutions division, revenue will be driven by the scaling up of Energy Performance Contracts and efforts to champion the industry in the green / sustainability and industrial space. Additionally, we will pursue selective focus on projects undertaken within the highly competitive facility management sector in Malaysia, targeting industrial and high-value commercial sectors.

Revenue in our Infrastructure Services and Asset Consultancy divisions will be anchored on our expansion in East Malaysia and Indonesia, as well as the provision of infrastructure solutions such as RAMS and the use of our Pavement Research Centre.

To improve margins and profitability, we will continue to focus on operational efficiency through process improvement and operational excellence initiatives, including Innovation Garage and LEAN programmes. We will also implement tighter cost controls and leverage on technology to enable efficiencies.

Specifically, we expect to implement Enterprise Resource Planning ("ERP") on three core support functions: Finance, Human Capital Management and Procurement in the second quarter of 2020. ERP will facilitate us in streamlining financial information and processes across our companies, improve spending and strategic sourcing analysis, as well as cost control and increase visibility into spending.

It will also increase efficiency through supplier enablement, integrate project and financial information and improve human resource analysis for better decision-making.

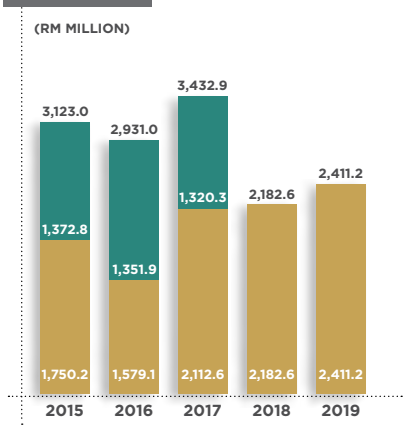
Additional finance initiatives to be focused on for the year 2020 include improving collections from customers and cost optimisation to maintain our strong cash position and strengthen our financial position.

In terms of earnings prospects, our orderbook remains healthy with RM13.2 billion worth of work-in-hand as at 31 December 2019, with our long-term contracts providing a base for expansion and visibility for revenue recognition.

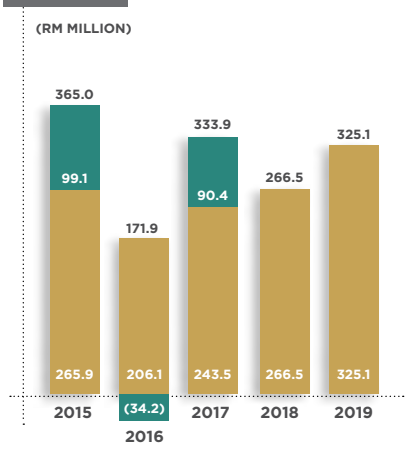
MUHAMMAD NOOR BIN ABD AZIZ @ HASHIM
Chief Financial Officer

Key Performance Indicators
Five-Year Group Financial Highlights

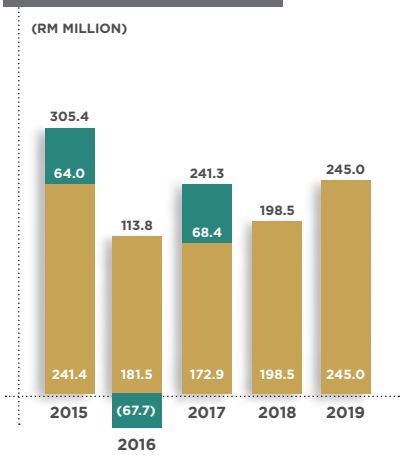
REVENUE



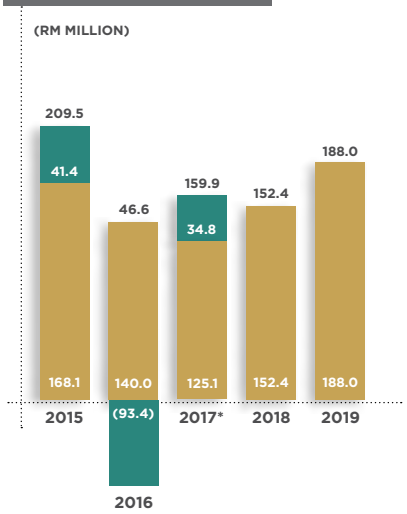
EBITDA



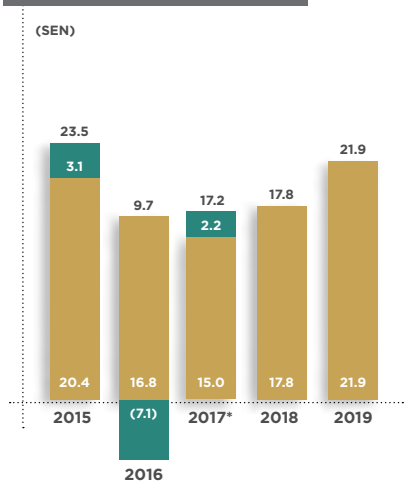
PROFIT BEFORE TAX



PROFIT AFTER TAX



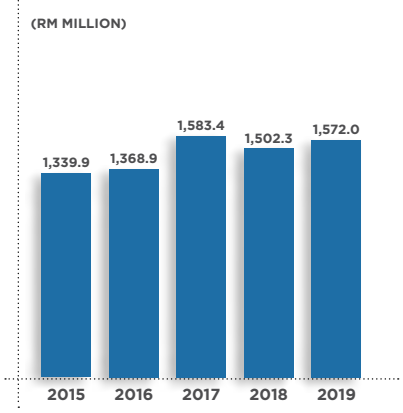
EARNINGS PER SHARE



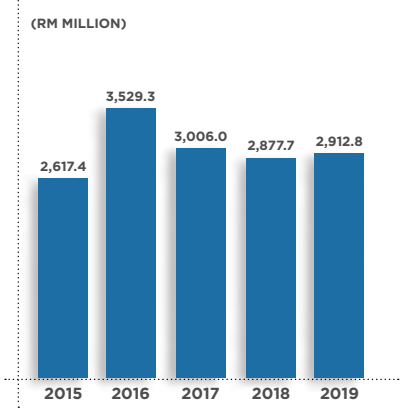
Legend

- Discontinued operations
- * *Excluding one-off gain on disposal of Opus International Consultants Limited ("OIC") in 2017 of RM274.9 million.*

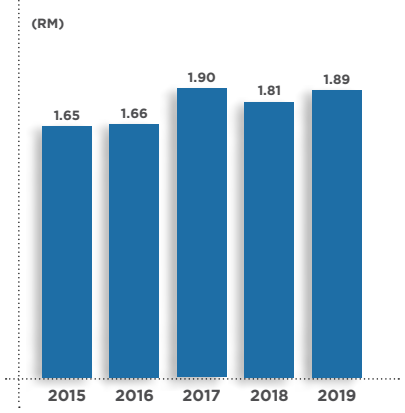
SHAREHOLDER'S FUNDS



TOTAL ASSETS



NET ASSETS PER SHARE



Key Performance Indicators
Five-Year Group Financial Summary

The Board and General Management Committee monitor a range of financial key performance indicators (KPIs), reported on a monthly and quarterly basis, to measure performance over time.

STATEMENTS OF FINANCIAL POSITION

In RM Million	2015	2016	2017	2018	2019
ASSETS					
Non-current assets	770.1	1,425.2	1,139.2	1,143.3	**1,229.9**
Current assets	1,847.3	2,104.1	1,866.8	1,731.3	**1,682.9**
Assets held for sale	–	–	–	3.1	**-**
TOTAL ASSETS	2,617.4	3,529.3	3,006.0	2,877.7	**2,912.8**
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	203.4	207.9	268.1	268.1	**268.1**
Share premium	–	60.2	–	–	**-**
Reserves	383.1	392.0	301.1	312.8	**317.2**
Retained earnings	753.4	708.8	1,014.2	921.4	**986.7**
	1,339.9	1,368.9	1,583.4	1,502.3	**1,572.0**
Non-controlling interests	188.2	168.9	18.5	14.5	**12.4**
Total equity	1,528.1	1,537.8	1,601.9	1,516.8	**1,584.4**
Non-current liabilities	361.2	876.2	549.8	468.2	**443.4**
Current liabilities	728.1	1,115.3	854.3	892.7	**885.0**
Total liabilities	1,089.3	1,991.5	1,404.1	1,360.9	**1,328.4**
TOTAL EQUITY AND LIABILITIES	2,617.4	3,529.3	3,006.0	2,877.7	**2,912.8**
Net assets per share attributable to owners of the parent (RM)	1.65	1.66	1.90	1.81	**1.89**
Net tangible assets per share (RM)	1.09	0.49	1.03	0.93	**1.01**
Current ratio (times)	2.5	1.9	2.2	1.9	**1.9**
Liquidity ratio (times)	0.8	0.6	0.6	0.6	**0.6**
Gearing ratio (times)	0.2	0.6	0.3	0.3	**0.3**

INCOME STATEMENTS

In RM Million	2015	2016	2017	2018	2019
REVENUE					
– continuing operations	1,750.2	1,579.1	2,112.6	2,182.6	**2,411.2**
– discontinued operation	1,372.8	1,351.9	1,320.3	–	**-**
TOTAL REVENUE	3,123.0	2,931.0	3,432.9	2,182.6	**2,411.2**
EBITDA					
– continuing operations	265.9	206.1	243.5	266.5	**325.1**
– discontinued operation	99.1	(34.2)	90.4	–	**-**
TOTAL EBITDA	365.0	171.9	333.9	266.5	**325.1**

Key Performance Indicators
Five-Year Group Financial Summary

INCOME STATEMENTS (CONT'D)

In RM Million	2015	2016	2017	2018	2019
PROFIT BEFORE TAX					
– continuing operations	241.4	181.5	172.9	198.5	**245.0**
– discontinued operation	64.0	(67.7)	68.4	–	**-**
TOTAL PROFIT BEFORE TAX	305.4	113.8	241.3	198.5	**245.0**
PROFIT AFTER TAX					
– continuing operations	168.1	140.0	125.1	152.4	**188.0**
– discontinued operation	41.4	(93.4)	34.8	–	**-**
Sub-total	209.5	46.6	159.9	152.4	**188.0**
– gain on disposal of OIC	–	–	274.9	–	**-**
TOTAL PROFIT AFTER TAX	209.5	46.6	434.8	152.4	**188.0**
Attributable to:					
Owners of the parent (PATANCI)					
– continuing operations	166.2	139.0	124.6	148.4	**181.8**
– discontinued operation	25.0	(58.9)	18.7	–	**-**
Sub-total	191.2	80.1	143.3	148.4	**181.8**
– gain on disposal of OIC	–	–	274.9	–	**-**
Total PATANCI	191.2	80.1	418.2	148.4	**181.8**
Non-controlling interests	18.3	(33.5)	16.6	4.0	**6.2**
	209.5	46.6	434.8	152.4	**188.0**
EARNINGS PER SHARE (SEN)					
– continuing operations	20.4	16.8	15.0	17.8	**21.9**
– discontinued operation	3.1	(7.1)	2.2	–	**-**
Sub-total	23.5	9.7	17.2	17.8	**21.9**
– gain on disposal of OIC	–	–	33.1	–	**-**
	23.5	9.7	50.3	17.8	**21.9**
Dividend per share – gross (sen)	15	7	31	14	**14**
For continuing operations:					
Earnings before interest, taxation, depreciation and amortisation as a percentage of revenue (%)	15	13	12	12	**13**
Profit before tax as a percentage of revenue (%)	14	11	8	9	**10**
Profit before tax as a percentage of total equity at year end (%)	16	12	11	13	**15**

2019 Group Quarterly Performance

Statement of profit and loss for the financial year ended 31 December 2019 - Simplified

	Qtr 1 RM'000	Qtr 2 RM'000	Qtr 3 RM'000	Qtr 4 RM'000	Total RM'000
Revenue	515,876	595,418	587,637	712,264	**2,411,195**
Gross profit	99,920	113,024	90,371	163,492	**466,807**
Other income	8,850	6,261	9,822	41,502	**66,435**
Operating expenses	(60,326)	(71,500)	(73,945)	(76,070)	**(281,841)**
Earnings before interest, tax, depreciation and amortisation (EBITDA)	65,196	65,669	48,743	145,498	**325,106**
Profit before tax	46,036	46,756	25,902	126,255	**244,949**
Profit after tax	33,475	34,650	17,277	102,638	**188,040**
Profit attributable to owners of the parent	32,664	34,356	17,275	97,487	**181,782**
Earning per share (sen)	3.9	4.1	2.1	11.8	**21.9**

Revenue by segment

	Qtr 1 RM'000	Qtr 2 RM'000	Qtr 3 RM'000	Qtr 4 RM'000	Total RM'000
Healthcare Support	270,910	277,421	275,001	308,883	**1,132,215**
Property & Facility Solutions	37,679	45,689	53,812	55,035	**192,215**
Infrastructure Services	172,261	217,128	228,025	298,195	**915,609**
Asset Consultancy	34,997	29,553	29,967	37,403	**131,920**
Others*	29	25,627	832	12,748	**39,236**
	515,876	595,418	587,637	712,264	**2,411,195**

EBITDA by segment

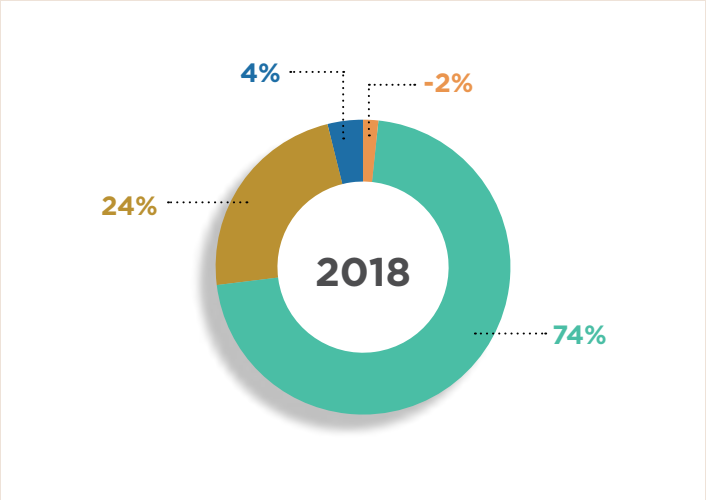
	Qtr 1 RM'000	Qtr 2 RM'000	Qtr 3 RM'000	Qtr 4 RM'000	Total RM'000
Healthcare Support	37,817	33,094	24,512	20,207	**115,630**
Property & Facility Solutions	8,286	4,229	4,356	16,383	**33,254**
Infrastructure Services	23,262	29,350	22,271	79,291	**154,174**
Asset Consultancy	2,038	6,249	(929)	6,184	**13,542**
Others*	(6,207)	(7,253)	(1,467)	23,433	**8,506**
	65,196	65,669	48,743	145,498	**325,106**

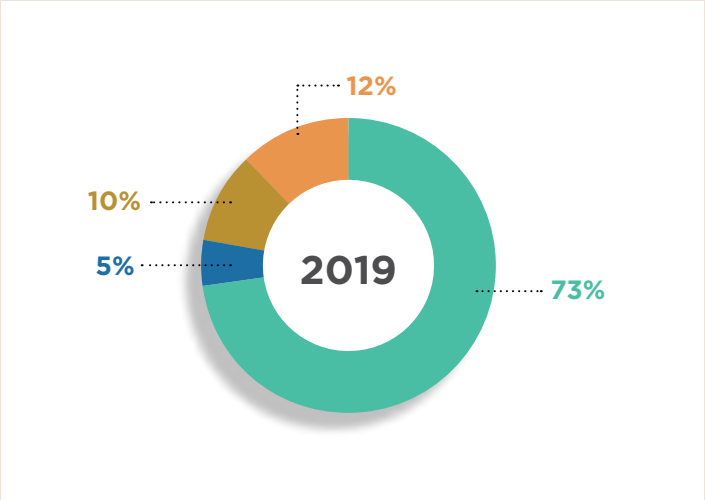
* *Others comprise Property Development, Faber LLC, corporate costs and elimination items.*

Group Statement of Value Added

In RM Million	2018	2019
VALUE ADDED		
Continuing operations		
Revenue	2,183	**2,411**
Other income	40	**60**
Interest income	10	**6**
Operating expenses	(1,206)	**(1,300)**
Finance cost	(28)	**(28)**
Share of profit of associates and joint ventures	17	**22**
VALUE ADDED AVAILABLE FOR DISTRIBUTION	1,016	**1,171**
DISTRIBUTION		
To Employees		
Employee cost	751	**857**
To Government		
Taxation	43	**54**
To Shareholders		
Dividend	241	**116**
Non-controlling interests	4	**6**
Retained for reinvestment and future growth		
Depreciation and amortisation	67	**72**
Retained earnings	(90)	**66**
TOTAL DISTRIBUTED	1,016	**1,171**

Distribution of Value Added





● Employee Cost ● Taxation ● Dividend & Non-controlling Interest ● Depreciation, Amortisation & Retained Earnings

Group Strategy

OUR VISION
An Asset Management and
Infrastructure Solutions company with a vision of
"Optimising Assets to Improve Lives"

Our long-term strategy is geared towards building Edgenta of the Future, representing a technology company which focuses on healthcare and infrastructure.

To achieve this goal, we have identified **four strategies** which are tied to our delivery model, the competencies and capabilities we need, and the income streams which we generate.

01 Delivery Model

Disrupting Our Delivery Model
- Tech-driven Delivery model

02 Competencies

Deepen Our Competencies
- Contractor management
- HSSE leadership
- Research and development; and productisation

03 Capabilities

Develop Total Solutions Capabilities
- Design to delivery capabilities
- Funding solutions / capital advisory
- Work with network of technical and financial partners

04 Income Streams

Broaden Income Streams
- Adjacent sectors
- New geographies
- Broader client base

Our strategies are supported by **six strategic focus areas,** which make up the tactical initiatives we undertake and use to measure our progress towards achieving our vision.

- Operational Excellence
- Client Solutions
- Health, Safety, Security and Environment
- Organisational Excellence
- Technology & Innovation
- Stakeholder Management & Communications

We have also identified the **three values** which define who we are as an organisation in carrying out our business:

Purpose Driven
- Assurance and Peace of Mind as our value proposition to clients
- Edgenta Way as the industry standard

Edgenta Way

Powered by Technology
- Platforms, systems & processes
- Technology and innovation as a company culture

Sustainability
- Sustainability as a hallmark of industry leadership & corporate citizenry
- Leadership by example – Triple Bottom-Line goals (People, Planet and Profit)

Group Strategy

During the year in review, we recorded the following achievements towards our strategic focus areas:

Progress in 2019

Strategic Focus Area	Achievements
Operational Excellence *Please refer to Operational Review on pages 55 - 63 of this Report.*	• Recorded year-on-year growth in Revenue (+10.5%) , EBITDA (+22.0%) and PAT (+23.4%) for 2019 results • Implemented Continuous Improvement ("CI") & LEAN methodologies and techniques throughout the operations of business divisions, where employees have been certified up to Yellow Belt and trained up to Green Belt • Opening of new offices in Jakarta, Indonesia and Kuching, Sarawak • Realised RM29.1 million operational savings from LEAN programmes and Innovation Garage initiatives under Operational Excellence
Organisational Excellence *Please refer to our Sustainability Statement on pages 64 - 83 in this Report.*	• Invested RM6.0 million in capability development, training 11,477 employees over 16,969 training days • 6% improvement in our Employee Engagement Survey results to 74%. This has put UEM Edgenta as one of the top-quartile companies within the Government-Linked Company ("GLC") and Malaysian Norm 2017 / 2018 companies • Fully operationalised the Human Resources module of our ERP System • Launched Edgenta Academy, the Centre of Excellence for technical learning in the industry and to build talent pipeline • Implementation of Performance-Based Incentive Schemes to instil high performance culture and financial accountability
HSSE *Please refer to our Sustainability Statement on pages 64 - 83 in this Report*	• Silver Award at the Malaysian Society for Occupational Safety & Health ("MSOSH") - Occupational Safety & Health Awards • Executed an agreement with the Malaysian Highway Authority ("MHA") and the Construction Industry Development Board Malaysia ("CIDB") to set highway maintenance, demonstrating our leadership in HSSE • Conducted Safety Day event across operational sites locally and internationally to promote awareness on safety culture
Client Solutions *Please refer to Operational Review on pages 55 - 63 of this Report.*	• New key contracts secured: - Healthcare Support - Energy Performance Contracts for MoH Malaysia hospitals; Replacement Through Maintenance for four MoH Malaysia hospitals, mega-tender of MoH Singapore's restructured hospitals, Blood Bank Information System at MoH Malaysia's blood banks and hospitals - Property & Facility Solutions – Additional facility management for wasl group sites in Dubai, United Arab Emirates and Architecture and Green Design & Build works for Sime Darby Motors - Infrastructure Services - Maintenance and asset management for Cikampek-Palimanan Highway, Indonesia, in partnership with Astra Group, Road Asset Management System ("RAMS") for the Sarawak State Roads and upgrade of Sewerage Treatment Plants ("STPs") along the North-South Expressway - Asset Consultancy - Project management consultancy for the Sarawak Coastal Road Network and Second Trunk Roads (Phases 1 & 2)
Technology & Innovation *Please refer to Our Technology Solutions and Operational Review on pages 26 - 27 and 55 - 63 of this Report.*	• Launched mechanised vehicles for highway maintenance operations • First productisation of RAMS for Sarawak State Roads • Increased adoption of technology at additional MoH Malaysia hospitals: *UE*Track™ at 8 more hospitals, RFID Linen Tracking across 5 sites and started with Active FM dashboard monitoring which uses predictive, condition-based and Internet of Things ("IoT") technology coupled with Infra-red Thermography ("IrT"), Vibration Analysis and Drones at four hospitals • Rolled out optimisation of existing 24-hour Regional Helpdesk Centre operations for all 32 hospitals we manage in the Northern region of Peninsular Malaysia • Installed Ambulance Monitoring Systems in 213 ambulances
Stakeholder Management & Communications *Please refer to Investor Relations on pages 114 - 117 of this Report.*	• Facilities Management Company of the Year 2019 from Frost & Sullivan Asia Pacific for 5th year running • Merit Certificate for Annual Report 2018 at the National Annual Corporate Reports Awards ("NACRA") 2019 • BrandLaureate Awards: Most Valuable Brand Award 2018-2019 in Integrated Asset Solutions • Launched new UEM Edgenta corporate website and Edgenta Connect portal for staff • Held Integrity Day event to reaffirm our commitment against corruption with guests from MACC • Hosted various visits and tours to governmental stakeholders and foreign delegates for greater engagement and to promote further collaboration with our Company. Most notably a visit from JKR Sarawak and the Ministry of Infrastructure and Port Development Sarawak was planned in conjunction with the signing of an MoU to set up a pavement research centre to propel pavement research and innovation initiatives • Increased visibility via participation in several industry-related external events, including, International Greentech & Eco Products Exhibition & Conference Malaysia 2019, ASEAN Health Summit and the 26th World Road Congress • Participated as the subject company for 2019/2020 CFA Institute Malaysia Research Challenge

Our Market Landscape

Economic and operating conditions remained challenging in 2019, as geopolitical tensions and Brexit weighed on the global economy while the domestic economy continued to see uncertainty due to the change in Government in 2018. Malaysia recorded GDP growth of 4.3% during the year, slower than 4.7% in 2018. Growth was driven by private consumption and investment, and was also impacted by supply disruptions in the commodities sector.

UEM Edgenta remained largely resilient against this backdrop, as evidenced by the continued award of new projects across all our businesses. Please refer to our Operational Review on page 55 - 63 or this Report. Further reporting on our economic and operating conditions is also available in our Chairman's Statement on pages 33 - 35, MD/CEO's Statement on pages 36 - 39 and CFO's Review on pages 40 - 41 of this Report.

Across our market landscape, we have also seen the emergence of industry megatrends which will impact our businesses and influence the services we deliver. As discussed below, these comprise technology disruptions, changing behavioural patterns as well as healthcare and infrastructure trends.

TECHNOLOGY DISRUPTIONS

As the world has rapidly become entrenched in the mobile and digital era, the market we operate has become heavily influenced by technology disruptions which impact all industries, from agriculture to financial services.

This has accelerated the time-to-market for products and services, while also providing organisations with the agility to review and revise their strategies to adapt with new norms. The development of 5G technology has also raised considerations on its impact on our operating environment going forward.

In view of this, we will continuously enhance and develop innovative technology solutions to add value to all our businesses, achieve operational excellence and benchmark the industry to the highest standards, showcasing our leadership in the sectors we are in.

CHANGING BEHAVIOURAL TRENDS

The consumer market is currently dominated by two distinctive generations: Millennials born between 1980 and 1996, and Generation Z born between 1997 and the 2010s. Despite some similarities, the two generations display distinct attitudes towards key behaviours, such as spending and ideals.

These could be driven by the differing economic landscapes the generations grew up in, with millennials brought up during an economic boom and Generation Z growing up during a recession. Against this backdrop, we have observed the emergence of a generation that is purpose-driven to work. At the same time, the acceleration of climate-related events has created growing consciousness and demands on climate change and sustainability.

To this end, we will build on our capabilities in green, sustainability-led solutions in providing energy efficiency initiatives in the buildings we manage. This will see us scaling up our Energy Performance Contracting solutions, where our services have contributed to reducing carbon emissions.

HEALTHCARE TRENDS

We see three key trends impacting the Healthcare sector. These consist of ageing populations, with more people aged 65 and older than those less than five years old in 2020. Additionally, data has shown an increase of chronic diseases such as arthritis, cardiovascular, cancer and diabetes. The prevalence of these non-communicable diseases, largely attributed to lifestyles, has shifted the focus on treatment from administering cures to prevention and wellness.

Technological advancements have opened up solutions in the areas of genomics, microbiomics, synthetic biology and quantum computing & sensing. This takes healthcare beyond hospitals and provides potential for cutting-edge, value-added healthcare services.

As discussed previously, technology and innovation have added value across industries. In the healthcare sector, advancements in areas including wearable devices, robotics, mobile survey, virtual and augmented reality, digital health and Big Data will continue to influence the provision of care.

In view of these trends, our Healthcare division will continue developing value-added services for our clients and developing Digital Healthcare solutions, with projects we will focus on including our Replacement Through Maintenance programme, Blood Bank Information Systems and Energy Performance Contracting services.

INFRASTRUCTURE TRENDS

In addition to environmental concerns, the emphasis on sustainability has also led to the need for sustainable infrastructure development. In the context of our Infrastructure Services division, this has created demand for improving interconnectivity of cities through better roads and rail, which must be planned by taking into account the creation of socioeconomic benefits.

In this regard, we see continued opportunities in Sabah and Sarawak as well as Indonesia, where we are expanding our presence. Sustainable infrastructure also includes water security, which is why we are seeking more water-related projects where we can deploy our technology systems.

We will also focus on lifecycle infrastructure solutions, which we will couple with the commercialisation of our technology solutions to provide end-to-end services.

IMPACT OF THE MARKET LANDSCAPE ON OUR OPERATIONS

UEM Edgenta plans to respond to the trends impacting the healthcare sector by focusing on healthcare beyond hospitals, shifting from the B2B segment towards the B2B2C segment, increasing our digital and technology solutions, as well as driving solutions which cover the entire life span while improving quality of life for the ageing population. We will also leverage digital and technology solutions within our infrastructure segment, while focusing on addressing developments and growing demand for climate action and sustainability. We have already initiated measures to address our market landscape by leveraging on our Edgenta Way, which focuses on raising industry standards to go above and beyond in delivering value-added services. These efforts and their results are captured in our Operational Review on page 55 - 63 of this Report.

Moving forward, with the emergence of the COVID-19 as a global pandemic towards the end of 2019 and another change of Government in Malaysia in March 2020, we expect economic and business uncertainties to prevail in 2020. However, we remain confident that our financial position and ability to provide quality and value-added services will allow us to remain resilient in the face of challenges. For more information on our key risks and opportunities, and how we address them, please refer to pages 51 - 54 of this Report.

Material Issues

Material issues are the result of our process to identify, evaluate and prioritise relevant themes that can impact our value creation initiatives in the short, medium and long term.

Our activities and operations contribute to several of the 17 Sustainable Development Goals ("SDGs") from the United Nations' 2030 Agenda. Our material themes are mainly related to the following SDGs:

DEFINING THE THEMES

Elaboration of a list from the compilation of previous material themes, survey of the expectations of stakeholders, relevant issues to the FTSE4Good and Sustainability Accounting Standards Board ("SASB"), interactions with investors and themes of our sustainability framework.

EVALUATION

The relevant themes were evaluated internally by our senior management, as recommended by the International Integrated Reporting Council ("IIRC") framework, and externally, by assigning importance in two dimensions: impact on our business and relevance to stakeholders.

PRIORITISATION

Elaboration of a list from the compilation of previous material themes, survey of the expectations of stakeholders, relevant issues to the FTSE4Good and SASB, interactions with investors and themes of our sustainability framework.

Better Business

1. **Growth**
   - Operational Excellence and Technology
   - Value Creation
2. **Workplace**
   - Gender Diversity & People Development
   - Employee Engagement
   - Governance
3. **Collaborations**
   - Thought Leadership & Advancing Industry
   - Vendor Development Programme

Better Planet

1. **Climate Positive**
   - Emissions Monitoring
   - Renewable Energy
2. **Resource Efficient**
   - Energy Management
   - Reuse & Recycle
3. **Consumption**
   - Anti Single-Use Plastics
   - Waste Management

Better Lives

1. **Health and Safety**
   - "Goal Zero" Culture through HSSE Leadership
2. **Communities**
   - Philanthropy and Engagements
   - Education

Key Risks and Opportunities

The balance of effective risk management and taking advantage of all potential opportunities enables us to deliver our strategy. It is imperative that the integrity of our brand, which underpins the successful delivery of our strategy, is preserved through effective risk management.

Risk management is an integral part of all our activities. Risks are considered in conjunction with opportunities in all business decisions. We focus on the principle risks which could affect our business performance and therefore the achievement of our strategic objectives.

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 six key categories.

More on our Risk Management Frameworks and processes can be found on pages 119 - 129.

The principal risks that follow, whilst not exhaustive or in any order of priority, are those which we believe could have the greatest impact on our business. The Board regularly reviews these risks in the knowledge that currently unknown, non-existent or immaterial risks could turn out to be significant in the future, and confirms that a robust assessment has been performed.

We took cognisance of the risks, and adopted our four strategies to drive the strategic focus in mitigating the key risks. Subsequently, we deepened our mitigation efforts through our 6 strategic focus areas.

FOUR STRATEGIES

- Disrupting our delivery model
- Broaden income streams
- Deepen our competencies
- Develop total solutions capabilities

SIX STRATEGIC FOCUS AREAS

- Operational Excellence
- Client Solutions
- Organisational Excellence
- Technology & Innovation
- Health, Safety, Security and Environment ("HSSE")
- Stakeholder Management & Communications

MARKET / INDUSTRY RISK

There is a risk that we do not take advantage of, or are overtaken by changes in our industry. This could lead to loss of market share, loss of revenue and reputational damage.

Context:

- The operational nature of our business (which tends to be deprioritised as a strategic business imperative by clients / potential clients in price sensitive industries). Service commoditisation lead to competitive price.
- Challenging first half for the Malaysian infrastructure industry. We are cautiously optimistic of its prospects on the back of announcements on continuation of several key infrastructure projects by the Government.

Mitigation:

In disrupting our delivery model, we adopted a differentiated approach to drive growth, innovation and efficiency. We are leveraging on the Industrial Revolution 4.0 wave:

- Early adoption of artificial intelligence and machine learning, automation & mechanisation.
- Productisation of technology solutioning.

To broaden income streams, we are looking into:

- Cross-selling and sharing of best practices between Healthcare Support Concession and Commercial businesses.
- Securing higher quality revenue particularly in the industrial sector.
- Securing new contracts with efficiency-based elements in the expressway maintenance business and seeking further long-term growth opportunities in Malaysia and Indonesia.

OPERATIONAL RISK

Operational risk relates to the risk of losses resulting from uncertainties and hazards a company faces when it attempts to do its day-to-day business activities within the industry.

Context:

More than 80% of our employees are blue-collared workers and the working conditions – especially in healthcare, infrastructure and property management involving project construction sites, plants, hospitals, highways and high-rise buildings, among others.

Our continuing challenges are:

- Focusing on cost stewardship and service efficiency improvements to protect margins and improve cash flow.
- Manual and labour-intensive aspects of asset management.
- Inculcate a 'safety-first' mindset and to continuously monitor our working environment to ensure we comply with HSSE standards.

Mitigation:

Continuous efforts to increase efficiency in achieving operational excellence and sustainably improve our margins through:

- Optimising the margins of newly secured contracts through an outcome driven delivery model, with efficiency-based elements and performance-based incentives schemes.
- Differentiate our service offerings via in-house development of technology solutions.
- Roll-out operational initiatives, including LEAN programmes for process improvements and the Innovation Garage to tackle high-impact problem statements.

We maintain a safe and healthy work environment to protect our people, business partners and other stakeholders. To mitigate work-related HSSE risks:

- Continuously promote the "Goal Zero" aspiration to drive disciplined and consistent execution of the basics and compliance with safety standards, in line with the theme "Comply".
- Drive innovation initiatives by introducing new technology to keep our employees and users safe, through Innovation Garage.

FINANCIAL RISK

Financial risks are those which directly relate to financial controls and performance.

Context:

We are exposed to financial risks such as credit and foreign exchange fluctuation, which arises primarily from trade and other receivables.

Credit risk refers to the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligation.

Foreign exchange risk refers to the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in foreign exchange rates against Malaysian Ringgit.

Mitigation:

We control credit risk by carrying out stringent credit evaluations and monitoring procedures on customers and receivables respectively. We leverage on technology to keep track of receivables, status and prompt customers the amount due.

In mitigating foreign exchange risk, we maintain a natural hedge to the extent possible, by borrowing in the same currency as the future revenue stream to be generated from the overseas entities.

COMPLIANCE / REGULATORY RISK

Compliance / regulatory risk is exposure to legal penalties, financial forfeiture and material loss an organisation faces when it fails to act in accordance with industry laws and regulations, internal policies or prescribed best practices.

Context:

We take cognisance that our sizeable businesses are concession in nature, operating in various industries, especially Healthcare Support and Infrastructure Services that are subject to a broad range of rules and regulations.

Any adversities could result in the suspension of necessary authorisations, licences and rights. A lack of regulatory certainty impacts our operations, reputation and investment decisions.

Mitigation:

With our cross-industry experience, we are well-positioned to meet the strategic needs of our clients and value-add, even in concession businesses.

We make a concerted effort to deliver quality services to our clients with strict adherence to service level performance.

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.

To ensure work culture excellence among employees with strong morals and ethics, these are the initiatives in place:

- Setting up Integrity & Compliance Function under the requirement of Prime Minister's Directive No 1. of 2018.
- Develop and implement the policies and procedures in relation to integrity and governance (i.e. Code of Conduct, Anti-Bribery & Anti-Corruption Guide, Conflict of Interest Procedures, Compliance Framework, etc.).
- Whistleblowing reporting channel, policies and procedures.

PEOPLE RISK

Through the high-quality work of our employees, we will achieve our vision, respond to the changing needs of our stakeholders and create competitive advantage for our business. Obtaining and fostering an engaged and talented team that has the knowledge, training, skills and experience to deliver our strategic objectives is vital to our success. We must attract, integrate and retain the talent we need at all levels of the business.

Context:

People are one of our great assets and key pillars of success.

Having acquired and merged from different companies in the past, our workforce has grown more diverse. Legacy cultures and ways of working are deep rooted that could lead to lack a cohesive culture.

Mitigation:

We are establishing an Employee Value Proposition to offer the best experience for our employees in exchange for productivity and high performance. We not only hire the 'right' talent, but also retain the 'best' talent by continuously benchmarking with competitive industry practices.

A holistic people strategy and Edgenta-wide culture change programme will be undertaken to ensure the desired culture is robustly managed and sustained over time.

To build a workforce fit for the future, the Edgenta Academy is well positioned to upskill and reskill our people, equip them with new talents and knowledge.

MANAGEMENT INFORMATION SYSTEM RISK

Gaps in IT security might be caused by weak defence systems, improper maintenance, ageing applications or system overload, etc. Confidential information and financial data are kept in our technology system.

Context:

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 outcomes.

Due to growing connectivity of our systems, there is an increased risk of exposure to cyber threats, breach of information security, compromised data integrity / privacy and prolonged disruption of IT ecosystem.

Mitigation:

To maintain our competitive advantage in an era of increasing digitisation, we are embarking on a digital revolution by adopting ERP system.

We look at company-wide security planning through monitoring of critical information, security control via comprehensive IT security solutions and continuous awareness programmes.

We undertake self-assessment in identifying gaps and seek ways to improve our digital assets and user experience.

Operational Review

THE VALUE WE DELIVER

At UEM Edgenta, we are clear on the elements which set us apart in the industries we serve, having determined Assurance and Peace of Mind as our value proposition to clients. This is anchored on applying our Edgenta Way, which sets standards on how we approach our tasks and establishing distinct parameters on what we do, as the industry benchmark to provide assurance to our customers.

This assurance extends to asset owners, who can depend on us to care for their assets throughout its lifecycle. The standards and quality of outcomes we deliver to our clients also ensures continued value of the services we provide. With the assurance we provide, our clients are then able to focus on carrying out their core operations while we support their mission-critical operations and complex assets.

In providing further value to our customers, we provide scalable solutions which we also continuously improve through our operational excellence initiatives. This offers our clients the support they need to pursue their own growth and expansion activities while meeting their evolving needs.

Our Edgenta Way also assures our customers that their capital investments are safeguarded from any risk. Additionally, our solutions provide potential for customers to enhance their assets and capital investments.

With our approach to delivering value, we are recognised as trusted partners who provide value-added, technology-enabled solutions that are fit-for-purpose and relevant to our clients' needs.

Healthcare Support

Partnering for a better healthcare experience

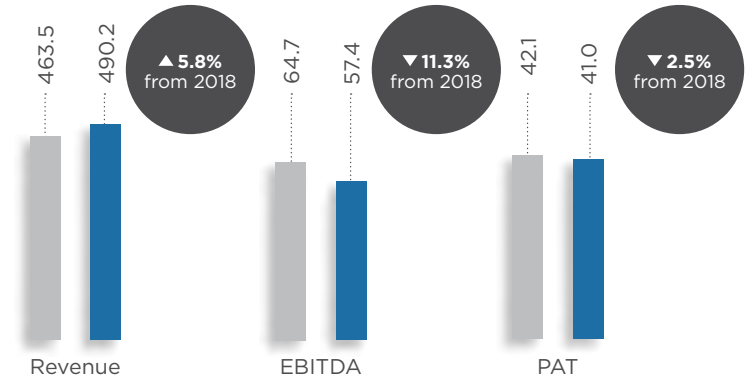
WHO WE ARE

We ensure the hospital assets and clinical facilities of our healthcare clients in the public and private sectors at more than 300 hospitals and clinics in Malaysia, Singapore, Taiwan and India are functioning at optimal levels of efficiency.

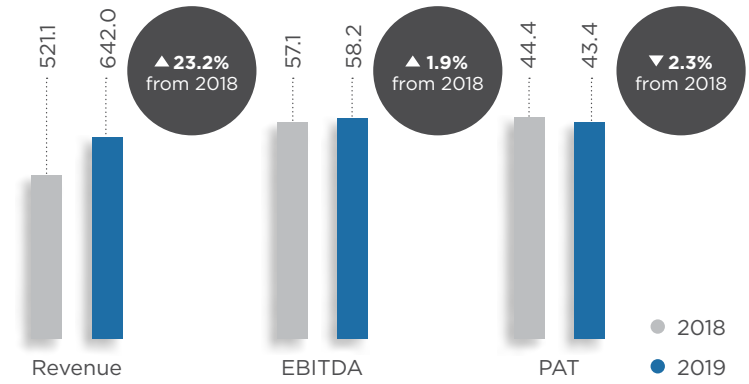
We achieve this through our non-clinical healthcare support services and technology solutions, including biomedical equipment maintenance, environmental services and integrated facilities management.

FINANCIAL PERFORMANCE (RM MILLION)

Concession



Commercial



Our Healthcare Support business registered a 15.0% year-on-year growth in revenue to RM1.13 billion in FY2019, covering both our Concession and Commercial businesses. This was a result of new contracts won, in particular the Ministry of Health Singapore's ("MoH Singapore") restructured hospitals.

Stagnant profitability for our Concession business was mainly due to unscheduled maintenance on major equipment in our Malaysian concession hospital business. For our Commercial business, despite the increase in revenue from execution of significant contacts won, the margins recorded were lower due to the competitive tendering environment.

KEY INITIATIVES AND RESULTS

Key Initiatives	Results
Expansion Into New Areas	• The Biomedical Engineering Maintenance Services ("BEMS") unit embarked on a new Replacement Through Maintenance ("RTM") project for hospital equipment at four hospitals for up to six years • Secured first contract to provide visitor management services in Singapore General Hospital • Secured an integrated facilities management ("IFM") contract with Cardiac Vascular Sentral Kuala Lumpur ("CVSKL"), marking the first comprehensive IFM contract for private hospitals in Malaysia
Operational Excellence	• Secured Energy Performance Contracts ("EPC") for six hospitals • Successfully mobilised larger scale operations for new contracts secured, amongst others such as clinic support services for nine state clinics in Penang, comprehensive IFM for CVSKL and housekeeping services at Changi General Hospital, Singapore • All 32 of the government hospitals we manage in Northern Peninsular Malaysia have received 1 or 2-star ratings by AEMAS / EMGS • Achieved the National Environment Agency of Singapore Enhanced Clean Mark Accreditation Scheme (Gold) Award for 5th consecutive year • Achieved high ratings in MoH's Company Performance Assessment and Customer Feedback Survey; the best-rated among hospital support service concession companies • Slim River Hospital, Perak awarded National Energy Award Runner-Up, Level 5 • Maintained ISO 9001:2015, ISO 13485:2016, ISO 14001:2015, OHSAS 18001:2007 and MS1722:2011 certifications for concession business operations • Maintained Integrated Management System ("IMS") certification including ISO 9001:2015, ISO 14001:2015, ISO 45001:2018; continuity management system ISO 22301:2013 for commercial business • Achieved new certification for Information Security Management System (ISO 27001:2013) for commercial business in Singapore and Taiwan • Attained bizSAFE Partner on top of the bizSAFE Level Star, an accreditation under the Workplace Safety & Health Council ("WSHC"), Singapore to promote safety standards
Organisational Excellence	• Completed full-year implementation of Healthcare Support Performance Incentive ("PI") Scheme 2.0 for Facility Heads of Services; the PI Scheme rewards Facility Heads who manage and maintain site operations effectively resulting in savings, contributing to a higher gross profit • Trained & certified 29 laundry & linen services supervisory personnel through National Occupational Skill Standard certification programme from Malaysian Skills Certification • Edgenta UEMS won the Malaysia Best Employer Brand Award at the World Human Resource Development ("HRD") Congress 2019
Technology and Innovation	• Implemented *UE*Track™ for eight additional hospitals • Installed Radio Frequency Identification ("RFID") tagging for linen management at selected hospitals in Northern Region to enhance inventory management and decision making • Expanded use of Infra-red Thermography ("IrT"), Vibration Analysis and Drones to undertake cost saving initiatives generated from automation, mechanisation and technology utilisation • Scaled up Active FM dashboard monitoring using predictive, condition-based and Internet of Things ("IoT") technology at four hospitals • Rolled out optimisation of existing 24-hour Regional Helpdesk Centre operations for 32 hospitals • Installed Ambulance Monitoring Systems in 213 ambulances

OUTLOOK AND PROSPECTS

In 2020, the Asset Management segment led by the Healthcare Support division is expected to continue delivering growth for the Company, fuelled by the increasing demand for hospital support services and the emergence of new care models beyond the traditional hospital settings.

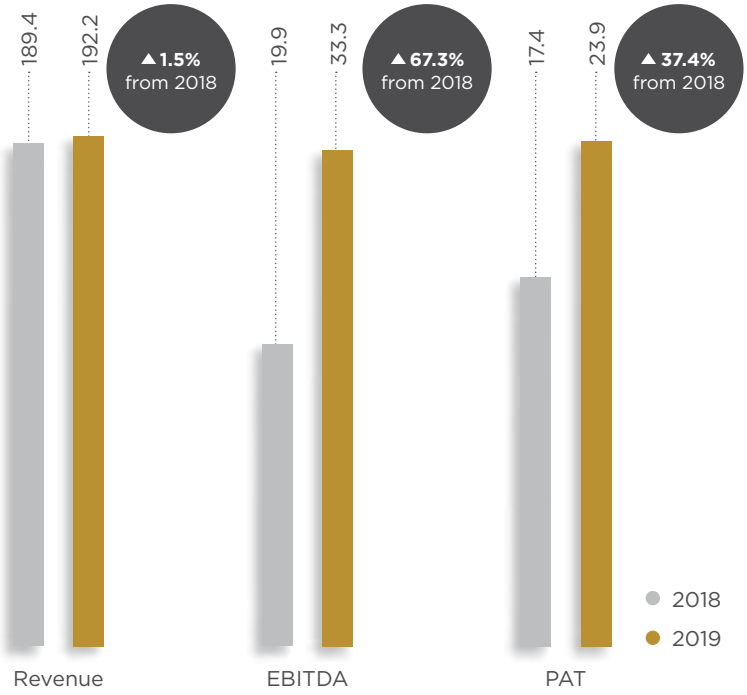
In Malaysia, we will focus on enhancing our collaboration with MoH Malaysia through higher value solutions. This will include scaling up value-added services at MoH Malaysia hospitals and developing more Digital Healthcare solutions. Among other projects we will focus on include our Replacement Through Maintenance programme, Blood Bank Information Systems and Energy Performance Contracting services. We will also continue our expansion into private hospitals in Malaysia, where the trend of outsourcing is gradually increasing.

On the regional front, we will place emphasis on operationalising and optimising the contracts secured from MoH Singapore. While we are cautious on the short-term outlook due to the ongoing global coronavirus ("COVID-19") outbreak, we will remain focused on achieving operational excellence to safeguard margins and deliver quality service. The MoH Singapore contracts provide us with long-term earnings visibility, with the contracts' duration of up to five years and renewal options of up to five years.

Property & Facility Solutions

We currently manage more than 300 buildings across Malaysia and Dubai, United Arab Emirates. From smart building solutions to recreational spaces, we improve quality of life and experience by connecting people, assets and processes.

FINANCIAL PERFORMANCE (RM MILLION)



Our Property & Facility Solutions division registered muted growth in FY2019, with revenue rising 1.5% to RM192.2 million from FY2018. Nevertheless, we recorded a significant increase in profitability due to improved margins from new projects. During the year, EBITDA rose 67.3% to RM33.3 million and PAT increased 37.4% to RM23.9 million.

Enhancing asset value, optimising asset performance

WHO WE ARE

We offer technology-driven Green Building Solutions and Asset Optimisation, with a focus on energy and sustainability. Through the use of technology, we reduce the operational costs of our clients' businesses and enhance their asset value.

KEY INITIATIVES AND RESULTS

Key Initiatives	Results
Development of Market Segment & Engagement	• Continued to expand footprint in banking industry with new contracts to service Bank Negara Malaysia and more than 250 new CIMB branches, in addition to the existing nine CIMB buildings we manage in the Klang Valley and Penang • Secured contracts in facility management for additional wasl Asset Management Group sites in Dubai • New contract win from Sime Darby Motors for Architecture and Green Design & Build works signifies entrance into the automotive industry segment • Participation in International Greentech & Eco Products Exhibition and Conference Malaysia 2019 ("IGEM 2019") to increase market and brand awareness
Technology Driven Solutions	• Continuous improvement on the Smart Connect platform – addition of features such as the Building Condition Assessment capability and Point-and-Shoot functions to provide intelligent insights leveraging on Artificial Intelligence / Machine Learning • Roll-out of a vendor marketplace platform to procure spare parts and sub-contractor services
Performance-Based Incentives	• Operations Incentive Scheme ("OIS") for Facility Managers implemented in 2019; the OIS rewards Facility Managers who manage and maintain site operations effectively and realise savings, contributing to improved gross profit
Operational Excellence	• Surpassed targets in actual cost savings achieved with operational excellence team's support such as CI & LEAN programmes at work sites

OUTLOOK AND PROSPECTS

The Property & Facility Solutions division will continue its focus on green and sustainable energy solutions. To date, we have a track record of undertaking energy efficiency initiatives at more than 80 buildings and have facilitated Green Building Index certification for, amongst others, a Gold Rating for the Petronas Twin Towers.
In particular, we aim to scale-up our Energy Performance Contracting ("EPC") solution, an innovative, turnkey financing concept of shared savings which helps building owners overcome upfront capital commitment.

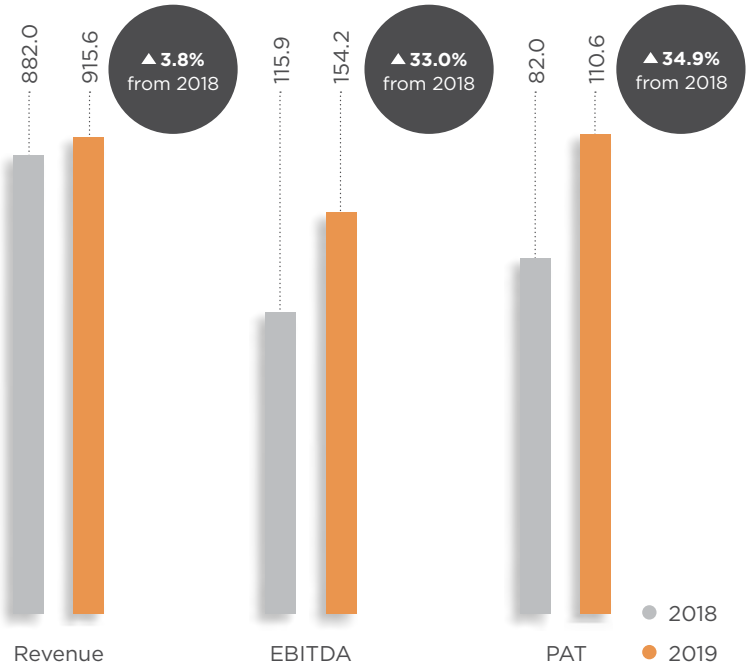
We have undertaken ten EPC projects for the Prime Minister's Office, three industrial buildings and six MoH Malaysia hospitals which had resulted in a total contract value of more than RM100 million.

Additionally, we will focus on selective projects within the highly competitive facility management sector in Malaysia, targeting the high-value industrial and commercial sectors. We are confident that our sustainable energy solutions will provide highly complementary and value-added services to our clients.

Infrastructure Services

Today, we have expanded our capabilities beyond roads, servicing multiple industries including rail, airports, ports, plantation roads, water and waste water and other commercial and industrial sectors.

FINANCIAL PERFORMANCE (RM MILLION)



Ensuring reliability, safety and comfort for users

WHO WE ARE

With over 30 years of experience in the infrastructure industry, we provide network routine and asset management for over 3,100 km of roads and expressways in Malaysia and Indonesia.

Our Infrastructure Services division recorded a 3.8% growth in revenue to RM915.6 million despite a challenging operating environment, as we achieved a higher volume of work in Malaysia and Indonesia. The earnings and profitability for the year were also contributed by receipt of the final payment settlement from Abu Dhabi project.

KEY INITIATIVES AND RESULTS

Key Initiatives	Results
Regional and Market Expansion	• Entered into a joint-operations agreement with Astra Group to provide maintenance services for the Cikampek-Palimanan Highway, which is part of the Trans-Java Toll Road and to embark on other opportunities • Secured first productisation of Road Asset Management System ("RAMS") for one of the Sarawak State Road concessionaires
Health, Safety, Security & Environment	• Carried out HSSE Contractor Engagement Roadshow 2019 • Launched Mechanised Vehicle to enhance safety and improve efficiencies through out maintenance Operations • Held Safety Day on 22 August 2019 across multiple sites in Malaysia, Indonesia • HSSE continuous learning initiatives and critical training undertaken: - Traffic Management for all frontliners - Defensive Driving for the PROPEL Intervention Team personnel • Won Silver Award for 2018 Good OSH Performance from Malaysia Society for Occupational Safety and Health ("MSOSH") Awards
People Competencies & Stakeholders Management	• Launched Supervisor 2.0, an in-depth and structured safety programme to improve Operations Excellence and HSSE compliance, with participation from 250 supervisors • Partners Operations Dialogue successfully held with more than 450 contractors in attendance • Organised a High-Speed Weigh-In-Motion ("HSWIM") workshop with participation from Ministry of Works ("MoW") and Ministry of Transport ("MoT") to introduce the benefits of the technology and share our expertise on best practices • Won Gold & Silver Award in Malaysia Productivity Corporation ("MPC") for National, Regional and Mini Convention on Team Excellence

OUTLOOK AND PROSPECTS

In 2020, the Infrastructure Services division will focus on operational efficiency to sustain its profitability, secure new full pavement lifecycle projects in Malaysia and regionally, as well as increase the productisation of technology solutions. In terms of geographical focus, the division will build on its existing pipeline of projects for long-term growth opportunities in Indonesia, Sabah and Sarawak, where there is a significant need for infrastructure development projects of socio-economic importance.

The COVID-19 pandemic has directly impacted our business due to the implementation of national directives by the Malaysian and Indonesian governments in response to the crisis, which has reduced utilisation of highways and limited our routine maintenance activities. Despite the limitations, we will continue to sustain our business to continuously provide quality delivery of services to our clients.

Asset Consultancy

Delivering with distinction in Project Management, Asset Management and Technical Consultancy

WHO WE ARE

We offer professional services in project management, technical engineering & design and asset management consultancy.

Our corporate vision and promise of quality, commitment, integrity and innovation has underpinned our position as a major player in the Malaysian market and abroad.

FINANCIAL PERFORMANCE (RM MILLION)

The Asset Consultancy division posted a healthy increase of 15.6% in revenue to reach RM131.9 million in FY2019, mainly arising from our project management consultancy contracts in Sabah and Sarawak. EBITDA rose 16.4% to RM13.5 million and PAT increased 37.7% to RM10.6 million following the growth in revenue, coupled with cost reduction from operational efficiency initiatives.

KEY INITIATIVES AND RESULTS

Key Initiatives	Results
Expand business capabilities to offer new services and diversifying into new markets, with a sectoral focus in Road and Rails	• Extended asset management capabilities to Rail Sector by securing the Asset Condition Survey of MRT Line 1 through strategic partnership; this marks the first major conditioning assessment on the railway assets in Malaysia • Strengthening our position in the new market by securing new wins on Mega projects such as the Coastal Road Network and Second Trunk Road projects for both Phase 1 and Phase 2 in Sarawak • Expanded business footprint to Sabah and Sarawak in Malaysia, and Indonesia, as well as developed local thought leadership • Restructured the operations to adopt a lean and agile cost structure to maintain competitiveness
Employing Technology Different from Competitors	• Developed Digital Twin of the PLUS Highway C3 Section (Sungai Buloh to Tanjung Malim) to demonstrate the benefits of combining the Road Asset Management System ("RAMS") and Building Information Modelling ("BIM"). This real-time integrated asset management and enterprise system is an in-house product used to improve the operational efficiency and service delivery for asset management services at the North-South Expressway • Successful Proof-of-Concept using drone technology to generate digital elevation map of rock slopes at Bukit Lanjan Interchange to facilitate the inspection and monitoring programme, while alleviating safety risks to the inspectors. The 3D data mapping will be used as the basis to scale up the critical slope inspection programme for the North-South Expressway • Embarked Smart Infrastructure as the potential engine of growth in-lined with the Industry Revolution 4.0 ("IR4") initiated by the Malaysia Government
Strengthening Relations and Building Reputation	• Hosted various visits and tours for stakeholders such as MoW, MoT, MoF, and Sarawak's Public Works Department ("JKR") and Sarawak's Ministry of Infrastructure and Port Development, as well as foreign delegates from Indonesia and Myanmar to promote our capabilities and build relationships • Collaboration with JKR Sarawak to propel pavement research and innovation initiatives in the State. Signed a Memorandum of Understanding ("MoU") to formalise partnership in support of the establishment of a Pavement Research Centre in Sarawak

OUTLOOK AND PROSPECTS

In 2020, the Asset Consultancy division will build on its existing pipeline of projects for long-term growth opportunities in Indonesia, Sabah and Sarawak, where there is a significant need for infrastructure. These include the Project Management Service for the Sarawak Coastal Highway and Second Trunk Road, technical support on Pavement Research Centre, following the signing of an MoU with JKR Sarawak, as well as the Technical Management Services for both the Pan Borneo Highway in Sabah and Sarawak.

Sustainability Statement

Our Approach to Sustainability

Our approach to sustainability is focused on achieving triple bottom-line goals within the Economic, Environmental and Social ("EES") domains. We aim to create value by delivering results which go beyond our promise of annual financial profits by creating positive impact for the people and planet.

ECONOMIC

We embrace future business demands by continuously improving how we do things at the workplace by employing technology & innovation and govern ourselves with adequate policies, systems and processes to promote governance, transparency and ethical business practices in our role as a responsible corporate citizen. These factors are envisioned to positively impact our growth in terms of value creation and people development, upskilling and reskilling the workforce to ensure we perform at our highest capacities. We also collaborate through strategic partnerships with key stakeholders to extend our thought leadership in asset management and infrastructure solutions, and continuously engage our employees to align business strategies and shared goals.

ENVIRONMENTAL

In our effort to become a key contributor to the United Nation's Sustainable Development Goals ("UN SDGs"), we are cognisant of our business needs to ensure our practices and how we do things are climate positive through a disciplined approach in monitoring our emissions and promoting the use of renewable energy. We are resource efficient by deploying cutting-edge technologies to improve operational and energy efficiencies across our workplace, as well as within our client networks and the assets that we manage. Through practical consumption of resources, we propagate the reduction of single use plastics within our work environment and strive for excellence in waste management to achieve our vision of zero waste in our operations.

SOCIAL

As a company which provides services to benefit people and communities, we are involved in a myriad of philanthropic activities and engagements to positively impact society. Health, Safety, Security and Environment ("HSSE") is crucial to our operations and we are earnest in our efforts to improve the security of today's comforts for future generations. Our pioneering technology in healthcare services is a key focus area, which will inspire sustainable outcomes. Through education, we believe in providing our support in the areas of science, technology, engineering and mathematics, while we are also committed to continuing our involvement in advancing efforts related to robotics and artificial intelligence.

The future of our business is powered by technology-enabled solutions as well as automation and mechanisation of our products and services in managing our clients' assets throughout its lifecycle. We take into strong consideration industrial, technical and ecological needs which help us innovate and build resilience to contribute to society through sustainable growth in financial and operational performance, leveraging on responsible business practices and our people to maintain our position as the region's leading Asset Management & Infrastructure Solutions company.

During the year in review, we have earmarked three key elements in our corporate strategy to build Edgenta of the Future.

1 Purpose Driven

- Assurance and Peace of Mind as our value proposition to clients
- Edgenta Way as the industry standard

2 Powered by Technology

- Platforms, systems & processes
- Technology and innovation as a company culture

3 Sustainability

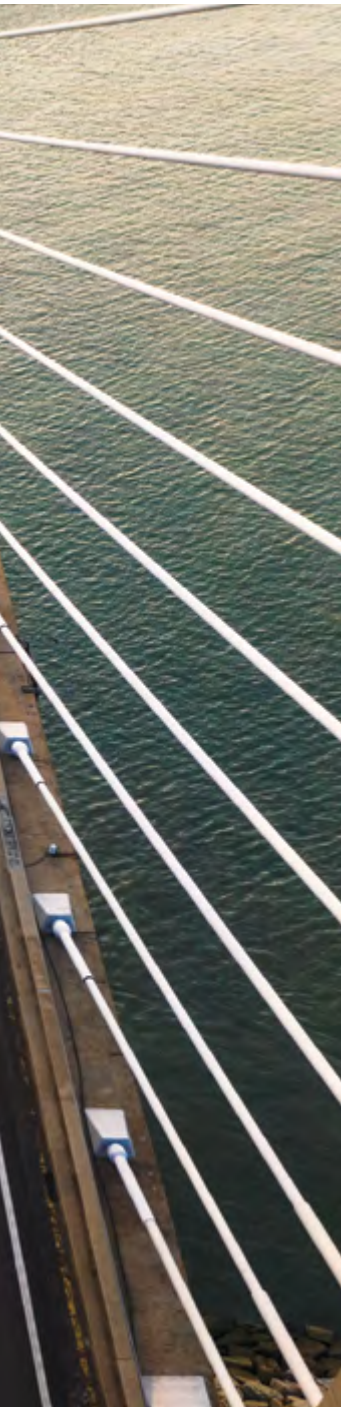
- Sustainability as a hallmark of industry leadership & corporate citizenry
- Leadership by example - triple bottom-line goals

As a contributor to the global economy, we are committed to enhance our service delivery to ensure alignment with international standards and ideals. We continue to craft an agenda on sustainability to realise Edgenta of the Future by aligning our efforts with the United Nations' Sustainable Development Goals ("SDGs"). We have anchored our sustainability agenda to four SDGs and this provides us the clarity to implement our activities, monitor our impact and progress, as well as chart future targets for the benefit of our business and all stakeholders.

At the core of our efforts is to responsibly care for all our stakeholders through the delivery of assurance and peace of mind. We play our role as the caretaker of our clients' assets by enabling innovative technology, with the safety of the people and communities who flourish in these assets always in mind. We envision to become an industry leader with sustainability as our hallmark of excellence and corporate citizenry, building positive and impactful relationships for the long-term. Our sustainability agenda also guides our stakeholder relations to achieve concerted, strategic and impactful engagements, which helps us tell our story as a responsible corporate citizen and enhance our brand equity and reputation.

SUSTAINABILITY GOVERNANCE

As we continue our vision of optimising assets to improve lives, we have established key policies and practices which are continuously communicated across our business through strategic engagement channels and methods. We deliver our services on par with global standards by providing the tools for our people to practice a strict Quality Management System, employing 25 ISO certifications in our continuous efforts to promote operational excellence and efficiency.



We also implement the following strategies to ensure we adequately address the EES issues which present risks or opportunities for our business:

- Designing our business strategies for long-term sustainable growth and achieving triple bottom-line results (economic, environmental and social impact);
- Embedding a sustainability-driven mindset into our decision-making, planning and investments;
- Committing to our core values of enterprising, teamwork, integrity, passion and success;
- Providing a healthy, safe, conducive and empowering workplace;
- Influencing all stakeholders within our value chain to operate in a responsible manner;
- Being an environmentally responsible leader and partner to our clients;
- Conserving natural resources by optimising reuse and recycling wherever possible, as well as to ensure efficient and responsible use of water and energy; and;
- Conducting evaluations and self-assessments to ensure our operations comply with policies and guidelines.

SUSTAINABILITY INITIATIVES

In line with EES, our sustainability initiatives are geared towards realising Better Business, a Better Planet and Better Lives. Under each of these pillars, we have identified the specific activities related to our material issues. These pillars and activities then guide us in implementing the sustainability initiatives which are impactful to our stakeholders.

Better Business

Growth
- Operational Excellence and Technology
- Value Creation

Workplace
- Gender Diversity & People Development
- Employee Engagement
- Governance

Collaborations
- Thought Leadership & Advancing Industry
- Vendor Development Programme

Better Planet

Climate Positive
- Emissions Monitoring
- Renewable Energy

Resource Efficient
- Energy Management
- Reuse & Recycle

Consumption
- Anti Single-Use Plastics
- Waste Management

Better Lives

Health and Safety
- "Goal Zero" Culture Through HSSE Leadership

Communities
- Philanthropy and Engagements
- Education

The following sections disclose the sustainability activities we conducted during the year in accordance with our categorisation under EES.

ECONOMIC

The Economic pillar houses the initiatives which we have identified towards achieving Better Business for our organisation. This covers activities related to our Workplace, the Growth of our business and delivery of value, as well as Collaborations, which are integral to the continuity of our operations and industries which we operate in.

BETTER BUSINESS – GROWTH

Operational Excellence and Technology

Technology & Innovation represents one of our six Strategic Focus Areas and hence, is a key enabler of our sustainability, as it unleashes the operational excellence required for us to achieve long-term growth for our business, as well as offer value-added solutions for our clients.

Key Initiatives include:

1

- **Technology & Innovation:** Command & Contact Centre in partnership with Microsoft (adoption of AI, Machine learning and Cloud-based systems)
- **Systems developed in-house**
  - *UE*Track™
  - Edgenta Smart Connect Solutions
  - Road Asset Management System ("RAMS")

2

- **Operational Excellence Through Process Improvement**
  - Innovation Garage: High-impact problem solving
  - Continuous improvement through LEAN with manufacturing thinking
  - Outcome-driven delivery model
  - Asset-based P&L Accountability
  - Edgenta Academy

3

- **Automation & Mechanisation**
  - Radio Frequency Identification Technology
  - Real-Time Sensors
  - Mechanised vehicles for highway maintenance operations

4

- **Research & Development**
  - Pavement Research Centre
  - Environmental Material Testing Lab
  - Operations Central Workshop

5

- **Productisation of RAMS**

For more information on our Technology & Innovation initiatives, please refer to pages 26 - 27 of this Report.

Value Creation

Over the years, we have streamlined our business and invested in our people to unleash operational excellence and value creation. This has enabled us to adopt new ways to work and provide new services to our clients, anchored on technology and innovation, as well as riding on digital transformation, automation and mechanisation. This has been enabled through our journey of expansion undertaken since 2014.

Track record of successful corporate exercises:

- Successful integration of entities to establish the UEM Edgenta of today:
  - Merger of PROPEL, Opus and Faber in 2014
  - Acquisition of KFM Holdings Sdn. Bhd. (now known as Edgenta GreenTech Sdn. Bhd.) which strengthened our capabilities in green building solutions; and UEMS Pte. Ltd., which has expanded our regional presence in Singapore and Taiwan
- Streamlined Company's business via the divestment in Opus International Consultants, New Zealand

Organic Growth

Regional expansion through the award of the following projects:

- Cikampek-Palimanan Highway, Indonesia
- MoH Singapore restructured hospitals
- Tri-Service General Hospital and National Taiwan University Hospital, Taiwan
- wasl Group, United Arab Emirates

Expanded offerings: Technology and Sustainability / Green Solutioning (Please refer to our Climate Positive initiatives under the Environment pillar in pages 76 - 77)

Streamlined businesses to focus on our core expertise in Healthcare Support, Infrastructure Services, Property & Facility Solutions and Asset Consultancy

Our value creation achievements between 2014 to 2019:

Registered a compounded annual growth rate ("CAGR") of 13.4% in our core revenue from RM1.27 billion in 2014 to RM2.38 billion in 2019, while core PAT has risen at a CAGR of 13.2% from RM101.0 million to RM188.0 million during the same period

More than RM850 million in dividends paid out over the last six years

This is in line with our dividend policy, which we revised in 2018, to distribute 50%-80% of our PATANCI.

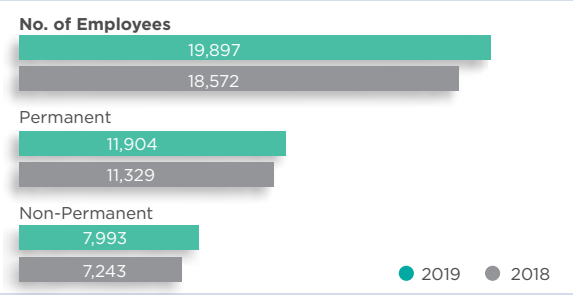
Please refer to 2019 Key Highlights on pages 16 - 17 on key financial and non-financial performance for FY2019 and Group Statement of Value Added on page 46 on distribution of value to various key stakeholders.

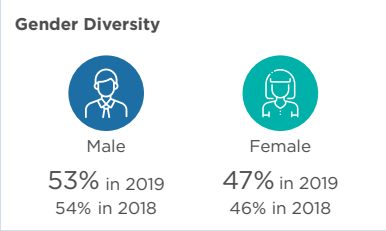
BETTER BUSINESS – WORKPLACE

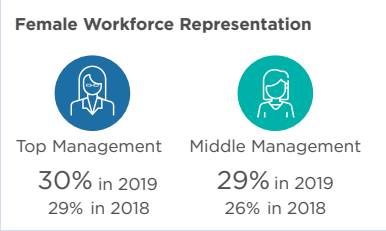
Gender Diversity & People Development

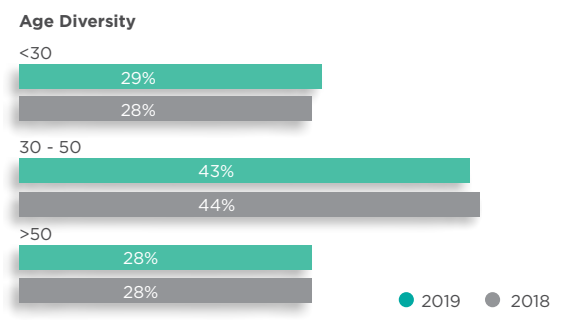
Promoting Diversity of our Workforce

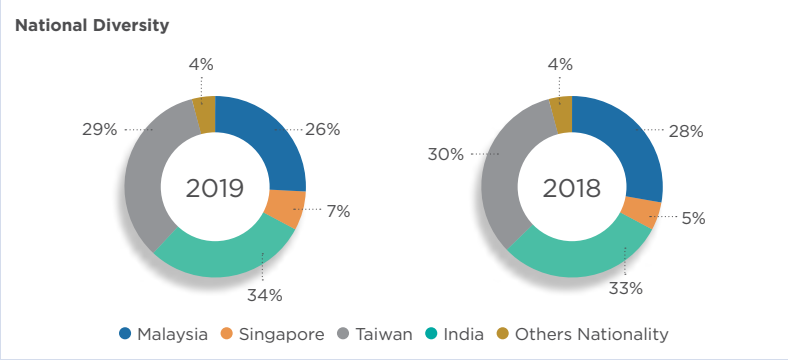
With a workforce of 19,897 spanning across six countries, our employees play a vital role in realising our strategic and sustainability goals. We are proud to employ a workforce which is diverse across gender, nationality, age groups, employment level and ethnicity. Notably, 30% of our Top Management composed of women, meeting a key benchmark in female representation in the organisation.

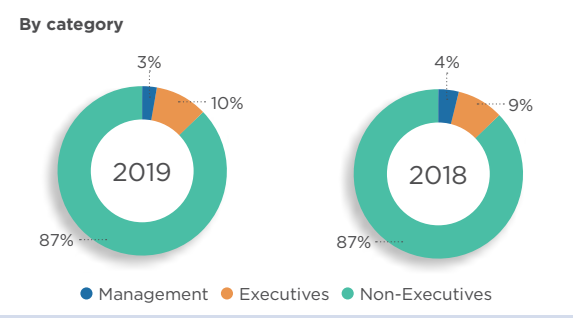


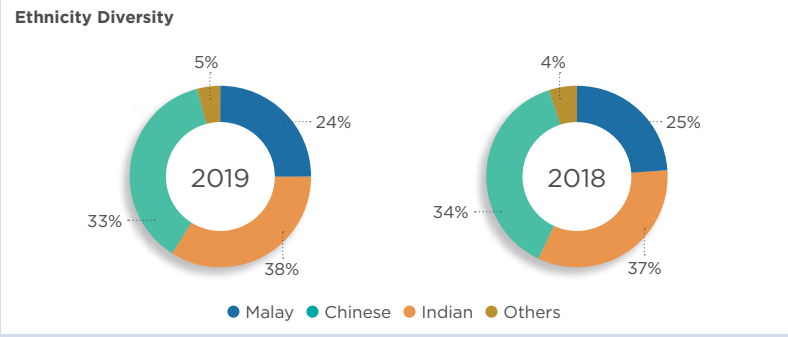












Digitalisation to Enhance Human Resource Competencies

While technology represents a vital component of our operations, it is our people who are the backbone of our organisation, playing a pivotal role in bringing the best out of the assets and infrastructure that we manage. We continue to prioritise the well-being of our employees as we seek to achieve a high-performance culture driven by our people, while harnessing the power of technology and innovation.

In line with the era of IR 4.0, we have embraced technology to innovate how we work, allowing us to enhance our operational and organisational performance to create sustainable results.

2019 Initiatives

- Continue to advance on our Digital Revolution ("DR") journey i.e. a cloud-based ERP launched in 2018, as part of our organisational excellence to spur business process improvement and enhance efficiencies across organisation
- Fully operationalised the Human Resources module under Human Capital Management ("HCM")
- Employee Self Service ("ESS") and Manager Self Service ("MSS") went live in October 2019; providing employees the convenience to efficiently process data thus reduces lead time for transactions to be completed within a safe and secure digital environment
- A total of 88 internal trainers conducted 201 sessions company-wide, with an outreach of 75% involving 3,182 employees
- The HCM also frees the HR team from manual HR functions, enabling them to provide industry knowledge & business advisory to business divisions and employees

Gender Diversity & People Development

In 2019, we invested RM6.0 million in capability development with training and development programmes designed to upskill and reskill our people to build the right leadership, technical and functional competencies to support our diverse business needs.

Through our numerous training and development programmes, our people are trained in specific focus areas related to their jobs and are progressively equipped with the knowledge and tools to perform their responsibilities at the highest standards.

We have recorded a total of 16,969 training days, an average of 3.9 days per employee. This includes programmes in leadership, technology, functional and Safety. Below is the key trainings conducted throughout 2019.

Technical Skills	Soft Skills	Leadership	Quality & Health	HSSE
6,064	**824**	**444**	**2,141**	**1,731**
Employees trained	Employees trained	Employees trained	Employees trained	Employees trained

Beyond technical skills, 2019 saw an increased focus on Safety and Leadership Development with the Supervisor 2.0 & Accelerated Leadership Programmes ("ALP") implemented with the aim of building a workforce for the future.

Frontline Supervisor Development Programme Supervisor 2.0 for 251 employees from Infrastructure Services Division

To equip supervisors with essential leadership competencies to perform better in their role and uphold the safety quality in UEM Edgenta

ALP for 25 Executives from Healthcare Support (Concession) Division

To train the Executives with leadership skills for self-development and succession planning

A special mention to all our internal trainers who have conducted more than 200 DR training sessions company-wide

88 Internal Trainers, and 201 Sessions
3,182 Employees Trained with outreach of 75%

BETTER BUSINESS – WORKPLACE (CONT'D)

Edgenta Academy

The Edgenta Academy underscores our commitment and continuous efforts to improve the capabilities, skills and knowledge of our employees.

We conceptualised Edgenta Academy in 2017 with the aim of:

- Making us the leading centre of excellence in Asset Management and Infrastructure Solutions and champion industry thought leadership
- Institutionalising standards, develop competencies and programmes relevant for today's business and expectations of the industry

During the year, we launched our Edgenta Academy website as the first step in our journey as described above and differentiate our offerings in the industry.

A standard module was also created for the Cleansing Services ("CLS") unit from the Healthcare Support division. The CLS Standards includes the establishment of the Competency Model and Description, Train-the-Trainer guidelines, training collateral such as booklets, posters and infographic cards, as well as delivering structured development CLS training modules to the division.

With the Academy serving as the overarching body to design standards, competencies, certification and training modules to transform our organisational capabilities, we have also set up the UEM Edgenta Learning Centre ("UELC") as the physical space for the delivery of programmes from the Academy and any others. The Edgenta UEMS Center of Excellence is also housed within UELC, showcasing a state-of-the-art learning centre with healthcare services simulation zones, tools and equipment.

UEM Edgenta Learning Centre

Strategically located in Petaling Jaya, the 29,000 sq. ft. UEM Edgenta Learning Centre ("UELC") was established in May 2019 to host training programmes for our employees from across our business.

The centre's wide array of facilities include 6 large training rooms, 4 meeting rooms and a modern discussion and dining area, which creates a conducive environment for collaboration, active learning and employee engagement.

UELC houses our signature training programmes, such as Supervisor 2.0, DR-related workshops, safety workshops, company-wide inductions, as well as leadership programmes that are conducted in rotation with other locations in the region.

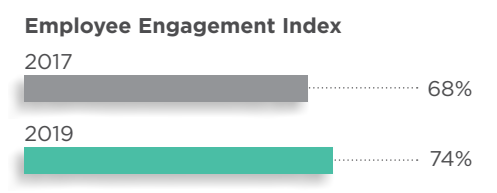
Talent Acquisition and Organisation Design

To empower our employees and strengthen their talents, the Organisation Design Toolkit was created through the Organisation Design Business Process Reengineering ("OD BPR") framework. The toolkit introduced the '7S Model' guide (Strategy, Structure, Systems, Shared Values, Skills, Staff and Style) to enhance the Company's organisation design, established a process flow to improve our governance and revamped tools and templates for easier access of information.

The Organisation Design Toolkit is expected to create a robust, business-centric organisation design approach and process that will increase our operational efficiency and effectiveness at work. The toolkit will also enable business leaders to make decisions on talent movement and organisation design, while empowering them to manage organisation design transitions and create evidence-based discussions.

Employee Engagement

We strive to continuously engage with our employees to understand how our programmes and initiatives impact their experience with the organisation. This is measured through an Employee Engagement Survey which helps us measure employees' response and address results through strategic and productive ways.



- UEM Edgenta's engagement score improved from 68% in 2017 to 74% in 2019 indicating that 3 out of 4 employees surveyed are engaged.
- The 6% improvement in Employee Engagement puts UEM Edgenta as one of the top-quartile companies within the Government-Linked Company ("GLC") and Malaysian Norm 2017 / 2018 companies.
- This is particularly encouraging as the increase is coming from an increase in the Highly Engaged population – i.e. people who have answered largely in the 'Strongly Agree' ratings

The following five dimensions created the highest employee engagement impact:

- Talent & Staffing
- Supervision
- Rewards & Recognition
- Collaboration
- Career Opportunities

The improvement in employee engagement follows the implementation of numerous employee engagement programmes, consistent internal communications and employees' volunteering and participation in CSR initiates.

We continuously engaged employees through events such as 'The Forum' townhalls which were organised across three regions: Central, Northern and Southern regions in Malaysia, as well as visits by senior leadership members to other parts of our operations.

Governance

Our initiatives on Governance are disclosed in the Corporate Governance Overview Statement on pages 102 - 117; Audit and Risk Committee Report on pages 111 - 113 and Statement on Risk Management and Internal Control on pages 119 - 129 of this Report.

BETTER BUSINESS – COLLABORATIONS

Thought Leadership & Advancing Industry

As the region's leading Asset Management and Infrastructure Solutions company, we are committed and dedicated to advancing the industry through memberships in associations and engagement with fellow industry players.

We continued to exercise our expertise, offer opinions and exchange views on matters impacting the industry in 2019 by participating in important events such as the 26th World Road Congress ("WRC 2019") held in Abu Dhabi, the UAE; the International Greentech & Eco Products Exhibition and Conference Malaysia ("IGEM 2019"), ASEAN Health Summit, as well as the Malaysia Medical Device Expo 2019 ("MyMEDEX 2019").

Our senior management members have also actively participated in presenting talks and papers related to the Asset Management and Infrastructure Solutions sectors, which emphasises on the implementation of technology-based solutions towards improving the delivery of service, in line with the Industrial Revolution 4.0 ("IR4.0").

Some of the participations by our leaders in key events include:

Date	Events	Topics	By
31/10/2019	The Malaysia REIT 2019 - Opportunities in the New Malaysia	Disrupting Our Business Through Technology - Proptech & Smart Cities - The New Wave of Real Estate Technology	Dato' Azmir Merican, Managing Director/ Chief Executive Officer, UEM Edgenta
20/11/2019	ASEAN Health Summit & Exhibition – as a panellist of dialogue session	"Valued Intelligent Healthcare for ASEAN" on how UEM Edgenta develops healthcare-based technology-enabled solutions to better serve our clients	
19/9/2019	REAM – Sustainable Infrastructure	"Sustainable Highway Maintenance - People, Technology & Innovation to Drive Sustainable Growth"	Graeme Walwyn, Chief Operating Officer, UEM Edgenta
22/8/2019	APHM International Healthcare Conference & Exhibition	"AI in Healthcare Facilities & Beyond"	Low Chee Yen, Head of Healthcare Support (Commercial) and Chief Executive Officer, UEMS Pte. Ltd.
1/10/2019	International Facilities Management Conference 2019	"Healthcare Facilities: Towards Industry 4.0"	

Vendor Development Programme

We continue to help and create value for our stakeholders through our support of small and medium enterprises ("SME") and Bumiputera entrepreneurs under the Vendor Development programme ("VDP").

The VDP aims to develop sustainable and competitive Bumiputera entrepreneurs by providing them with the opportunity to work with us in the areas of construction, facilities management services, pavement works, traffic management and healthcare support services.

We provide trainings and consultancy to selected vendors to support and raise the vendor's market competitiveness on how to address the social, environmental and ethical aspects of running a business in a sustainable way.

2019 VDP highlights

- A total of RM404.58 million worth of contracts, which constitutes 49.37% of subcontract works awarded to Bumiputera contractors in 2019
- Nurtured nine selected Bumiputra vendors
- Two vendors completed the 5-year programme
- 144 new Bumiputera vendors registered in 2019, 6.66% increase compared to 2018

UEM Edgenta's key leaders are currently elected to key positions in various industry associations including:

Dato' Azmir Merican, Managing Director/Chief Executive Officer	Deputy President of the Malaysian Asset & Project Management Association ("MAPMA")
Dr. Anas Alam Faizli, Head, Public Sector & Industry Engagement	Treasurer of MAPMA
Ir. Dr. Tony Chan, Chief Operating Officer, Opus International (M) Berhad	Malaysia Chapter Representative of Institution of Civil Engineers ("ICE") UK

To date, UEM Edgenta and its subsidiaries, as well as employees are registered with and are active members of the following key organisations:

- MAPMA
- Malaysian Association of Facility Management ("MAFM")
- Institution of Engineers Malaysia ("IEM")
- Board of Engineers Malaysia ("BEM")
- Malaysian Association of Cleaning Contractors ("MACC")
- Road Engineering Association of Malaysian ("REAM")
- Malaysian Association of Energy Service Companies ("MAESCO")
- Energy Service Company ("ESCO")

In Malaysia, we are also registered with the following Ministries and Agencies, demonstrating that we meet the relevant requirements and conditions for participation in public tenders:

- Energy Commission ("EC") / Suruhanjaya Tenaga
- Construction Industry Development Board Malaysia ("CIDB")
- Ministry of Finance Malaysia ("MoF")
- Ministry of Health ("MoH")
- Ministry of Works ("MoW")
- Suruhanjaya Air Perkhidmatan Negara ("SPAN")
- Malaysian Green Technology Corporation
- Jabatan Kastam Diraja Malaysia
- Jabatan Alam Sekitar

Vendor Registration

The online vendor management portal has gained traction with an increase in online vendor registration. The digitisation of this process allows qualified vendors to be part of our supply chain while allowing us to access our vendors' data, profiles and performance online.

2019 Performance

4,403 approved vendors, 7.83% increase

(2018: 4,043 vendors)

Disbursed **RM819.53 million in contract value to 1,814 qualified vendors**

Moving forward, our vendor registration, issuance of purchase order, invoicing and tendering processes will be fully migrated online in 2020, this will optimise efficiency, governance and transparency.

ENVIRONMENTAL

The Environmental pillar addresses sustainability initiatives in relation to the creation of a Better Planet. In addition to activities we adopt to improve our own impact on the environment, the asset and building management solutions we provide for our clients also create outcomes which minimise carbon emissions.

BETTER PLANET – CLIMATE POSITIVE

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Emissions Monitoring

Equipping Our Customers with Energy Efficient Solutions

In addition to the climate positive activities we undertake for our own operations, we also play a role in contributing to our clients' efforts to reduce their carbon emission. This is also in line with Malaysia's climate change commitments under COP24 (24th Conference of the Parties to the United Nations Framework Convention on Climate Change 2018), which builds on Malaysia's commitment to a 40% reduction in CO_2 intensity during COP15.

Since 2013, we have undertaken energy efficiency initiatives for 80 buildings under our management, creating 81.4 million kWh in energy savings and 56.5 $kTCO_2e$ in CO_2 abatement every year, as well as more than RM55 million in energy cost savings between 2017 and 2019. The buildings we manage have also recorded an average energy savings of 20%-30%.

All 32 of the government hospitals we manage in Northern Peninsular Malaysia have received 1 or 2-star ratings by AEMAS / EMGS and 28 buildings have been certified as Green buildings with GBI ratings or through our energy efficiency solutions.

BETTER PLANET – CLIMATE POSITIVE

80
Approximately 80 buildings for which we have undertaken energy efficiency initiatives

32
All government hospitals under our management in Northern Peninsular Malaysia rated AEMAS / EMGS 1 or 2-Star

28 Green Buildings
(GBI)-rated building / provided energy efficiency solutions

81.4 million kWh
Energy saving per annum

>RM55 million
Energy bill savings 2017-2019

56.5 kTCO_2e
CO_2 abatement per annum

>RM100 million
Total capex spending on energy projects to date

5-7 years
Typical payback period

20-30%
Average energy savings attained

Among notable Green Building and energy management projects we have undertaken include the Perdana Putra Building, which houses the office of the Prime Minister of Malaysia. This building was recognised as Best Energy Efficiency Retrofitted Building, Lowest Energy Usage among Ministry & Government Complex at the National Energy Awards 2018 as well as First Runner-Up, Energy Efficiency Building in the Retrofitted Building sub-category at the ASEAN Energy Awards 2018.

39.4% reduction in electricity consumption

39.6% decrease in water consumption

430 kg of organic waste from landfills daily

Our scope of work for the project, which included energy retrofitting to achieve GBI Platinum certification; integrated facilities management and Replacement Through Asset lifecycle management programme, resulted in a 39.4% reduction in electricity consumption, 39.6% decrease in water consumption, a diversion of 12 tonnes of recyclable waste from landfills annually and 430 kg of organic waste from landfills daily.

We have also provided engineering-based energy efficiency solutions through our sustainability programmes for MoH Malaysia hospitals since 2016. In 2019, this project was recognised at the National Energy Awards 2019 as Runner-Up, Energy Management in Large Buildings.

SOCIAL

The Social pillar focuses on achieving outcomes which contribute to Better Lives for all our stakeholders. These include the communities which we engage with and the activities we undertake to ensure the health and safety of not only our employees, but the external stakeholders who are impacted by our services.

BETTER LIVES – HEALTH AND SAFETY

"Goal Zero" Culture through HSSE Leadership

Health, Safety, Security and Environment ("HSSE") is always front and central in everything we do. In our business of providing essential services to multiple industries, our staff are exposed to many Health and Safety risks.

Our vision of "Goal Zero" is an aspiration which influences our mindset and drives our staff behaviour towards HSSE excellence, a key element in the Edgenta Way. We are close to completing all our milestones set in the 2018 - 2020 HSSE Master Plan, which was designed to optimise safety across our businesses. The Master Plan focuses on Leadership / Culture, HSSE Management Systems and People, and the results we have achieved to date across all three pillars have been positive.

Leadership is now more visible and felt at the frontlines, with management systems supported by well-defined processes for our business to continue operational excellence. We achieve our goals by ensuring our people and service partners are well-trained to deliver their respective duties based on responding to risks, as well as compliance with global standards and best practices.
All these efforts are underlined by our commitment towards continuous improvement and innovation, using technology to create a holistic HSSE Digital Eco System as the 'arrowhead' in transforming HSSE into the digital era and achieve our Goal Zero targets.

BETTER LIVES – HEALTH AND SAFETY

Our achievements in safety did not go unnoticed. The Infrastructure Services division received a Silver Award in the prestigious annual Malaysian Society of Occupational Safety and Health ("MSOSH") in recognition of the safety improvements and initiatives that we have done.

We also presented a paper on our Leadership Safety Journey during the ASEAN HSE Excellence Conference in July 2019, sharing the gains we have made in this space and how companies can adopt some of our practices into their organisations.

Safety Initiatives in 2019

In 2019, our focus remained on achieving zero fatalities and zero serious injuries. During the year, the following initiatives were carried out to enhance our commitment to HSSE:

- Safety Day 2019, with the theme "Comply", was held consecutively at 40 locations including our operations in Dubai and Indonesia, involving 8,582 staff and subcontractors.

- Leadership felt and visible on the ground

1

Top Management site visits, including night visits to pavement site activities and Heating, Ventilation and Air Conditioning ("HVAC") systems at hospitals, among others

2

Over 24 leadership walkabouts conducted, as well as 60 Regional Managers site safety inspections

- Safety Vehicles Awareness Campaign

  Together with our client, PLUS, we embarked on a Safety Vehicles Awareness Campaign to highlight the functions of the Safety Vehicles through strategic media activities.

- Driving the 2019 HSSE Theme "Comply"

  In 2019, as part of the HSSE Master Plan's progress, we continued to enhance HSSE standards on the ground by conducting toolbox talks every day, provided further safety-related trainings and implemented consequence management (positive and negative), which resulted in 39,594 touchpoints (excluding the daily toolbox talks conducted on sites).

- Gaining traction on Education, Engineering & Enforcement

  The 112-strong team of HSSE and Quality Excellence met in Nilai in February in a convention and from this convention, Enforcement was a key driver that made the theme 'Comply' a success.

- From the study and analysis of incidents in 2017 and 2018, we identified site supervision as an improvement area for the Infrastructure Services division in which we embarked on the 'Supervisor 2.0' programme, training 295 Mainline Infrastructure Services frontline supervisors and technicians in the first phase throughout 2019.

BETTER LIVES – HEALTH AND SAFETY (CONT'D)

"Goal Zero" Culture through HSSE Leadership

As the region's leading Asset Management and Infrastructure Solutions company, we are committed and dedicated to advancing the industry through memberships in associations and engagement with fellow industry players.

- **Collaboration and Engagement with the Malaysian Institute for Road Safety ("MIROS")**

  In 2018-2019, we recorded a significant number of cases involving rear-ended incidents. In response to this, we initiated a collaboration project with MIROS to tap their expertise in studying driving behaviour to reduce work zone related intrusions by road users. This effort is currently being piloted on-site, to collect data and further analysis.

- **MoU with the Malaysian Highway Authority ("MHA") and Construction Industry Development Board Malaysia ("CIDB")**

  We signed a Memorandum of Understanding ("MoU") with MHA and CIDB to establish new industry standards for highway maintenance. This will protect the safety of road users and highlights our industry leadership in HSSE.

- **Applying Consequence Management (Positive and Negative)**

  We engaged our people and subcontractors, clearly outlining to them the 12 Life Saving Rules and rolled out tools called '10 Questions'. For subcontractor owners, we highlighted the HSSE Management Requirements in their contracts. We have also rewarded 424 front liners for adhering to HSSE rules and implemented Consequence Management actions for those who violated HSSE rules.

- **Engaging our Subcontractors**

  We believe that the subcontractor owners and directors are key stakeholders in reaching our Goal Zero aspirations. On 26 February 2019, we organised the Partners Operations Dialogue, which was attended by 450 subcontractors with the theme "Safety & Operational Excellence". The main message is to make clear of our expectations of the role of owners and directors in driving safety in their respective companies.

  Following up from the event, we further discuss in more detail with the subcontractor owners and directors to re-emphasise in smaller groups on our expectations of them in delivering a safer operations on site.

- **HSSE Digital Eco System:** We conducted 11 workshops with PLUS to remove process inefficiencies and eventually digitalise the Permit-to-Work Process. Part of this Digital Eco System is 'Eagle Eye', which provides visual data and connects our work zones to the section offices digitally. All of the information is integrated into a dashboard and KPI system for real-time monitoring by HQ and section offices.

- **MD/CEO Safety Award 2019 Winners**

  This annual award recognises teams / individuals who have implemented HSSE initiatives for safety improvement at the workplace.

Location	Project
1 Kamunting Laundry and Incinerator Plant ("KLIP")	**Improvement on Machine Safety Guard with Installation of Interlock System and Isolation Buzzer Light** • Redesigning belting cover which was originally attached to the main washer body • Interlock system to ensure protection of personnel • Buzzer light for visibility
2 Administration Department, Menara UEM	**OPS SCHUMACHER – Stop Violating Speed Limits and Comply through Vehicle Tracking System** • Reduction of operational cost • Cost saving on fuel usage from January 2019 to October 2019 (compared with same period in 2018) • 98% decrease in speeding violation above 120 km/h from May 2019 to November 2019 • 92% decrease in traffic-related summons from January 2019 to November 2019 (compared with the same period in 2018)
3 Alexandra Hospital, UEMS Singapore – Environmental Management Services	**Housekeeping Services Implemented machines to increase productivity and reduce risk:** • Window robot cleaner • Self-propelled ladder (increased productivity by 60%) • Visual training (enhancement of training method) • "Lock" system at chemical dispenser

- **8 Joint Management Facilities visits and audits** were held with PLUS in 2019 for the top management to understand the challenges on the ground, as well as providing an opportunity for front line staff to engage directly with them. Furthermore, 10 joint compliance audits were conducted by senior managers of both companies to see for themselves the actual conditions at the sites and recommend improvements.

- **Contractor HSSE Management Framework:** Incorporated HSSE Management Requirements and Consequence Management into all new or renewed contracts for the Infrastructure Services division and rolled out pioneer Contractor HSSE Performance Rating to assess its HSSE Management (office audit) and site audits. These assessments are input into an in-house developed software in which 100 companies were assessed in 2019 and ranked accordingly based on their performance.

- **Improvements via Innovation Garage**

  - Rolled out 16 audible and lower height warning lights on the back of patrol vehicles

  - Safer work zones: modern safety helmets (adapted learning from mountain climbing equipment), which provide better protection for our staff at the front lines, more practical and comfortable safety shoes, more visible flags for traffic management, application of rumble strips to reduce vehicle speed at work zones, mechanised grass cutters, mechanised road sweepers and Eagle Eye

  - Safer at Night: Balloon & tower lights

  - Continuously identifying methods to eliminate needle-prick injuries for our hospital support services

Safety Performance

Our approach to Health and Safety focuses on achieving the deliverables of the HSSE Master Plan to achieve a stronger safety culture in the organisation. Safety improvement is a journey; we are determined to not exceed the fatality count in 2017, however, the fragility of our result is reflected in 2019 which shows, despite all our good efforts, we still have a long way to go. We are confident with the commitment that has been shown by all stakeholders involved at every level in the organisation, coupled with the discipline to implement the HSSE Master Plan and implementing innovations along the way, we are now in a strong position to overcome our HSSE challenges in the future.

Indicator	2016	2017	2018	2019
Injury Rate	1.1	1.7	2.2	2.8
Lost Time Injury case	28	31	46	57
No. of Fatalities	5	12	3	5
Occupational Diseases case	0	1	0	0

BETTER LIVES – COMMUNITIES

Philanthropy & Engagements

Advocating Healthy Living and Sports

- Irongirl Malaysia and Malaysia Women's Marathon
- World Kidney Day 2019 celebration
- Run for Autism
- The Edge KL Rate Race 2019
- *Mai Pakat Sihat* Fun Run
- Penalty Shoot Out & Futsal Championship 2019 organised by the Ministry of Health Malaysia
- Friendly Bowling Competition Between Penang State Department of Occupational Safety & Health ("DOSH") and Penang General Hospital 2019

Supporting Schools

- Refurbishment & "Gotong-Royong" CSR at 132-year old SK Tan Sri P. Ramlee, Penang. Activities include mural painting on the school walls, replacing blackboards with whiteboards and gotong-royong to clean the school grounds. We also built a new gazebo at the school's waiting area to facilitate a conducive outdoor learning experience for students. The "Do Re Mi" gazebo, named after the 1966-film featuring the late Tan Sri P. Ramlee
- MAHSA University 5th Physiotherapy Student Scientific Conference
- Upgrading of school facilities at SMK Convent (M) Kajang

Promoting Robotics and AI

The future is hinged on advanced engineering and technology, such as robotics and AI. We are committed to play our role to support and nurture the nation's development within these sectors to benefit the next generation. In line with this, we have sponsored Pusat GENIUS@Pintar Negara's robotics team, Equinox Metropolitan, which participated in the World Robot Olympiad ("WRO") 2019 held in Hungary in November 2019.

Equinox Metropolitan's smart streetlight project finished eighth in the Senior Creative Open category among 34 teams from various countries. The team also received the Excellence Award in recognition of their proactive participation throughout WRO 2019.

Supporting Industry Development

- Asset Management & Project Management Conference ("APMC") - "Towards Enhancing Quality & Safety Assets"
- IEM 60th Annual Dinner & Awards Night 2019
- REAM & JKR - participation at the 26th World Road Congress
- ASEAN Health Summit 2019
- The International Seminar & Workshop on Safer Road by Infrastructure Design & Operation 2019
- Sustainability Programme Convention 2019, co-hosted and organised with the Perak State Health Department

Ramadan CSR with local communities in areas we operate

More than 150 of our employees from the Central, Northern and Southern Regions participated in charity activities nationwide, including at four hospitals managed by our Healthcare Support division: Penang General Hospital; Sultanah Maliha Hospital in Langkawi, Kedah; Raja Permaisuri Bainun Hospital in Ipoh, Perak and Sik Hospital in Kedah. The activities involved engaging local communities, hospital staff, as well as our own employees.

We also held activities with students at the *Institut Tahfiz Al Quran Al Mizan* (Bukit Besi, Terengganu), and orphanages, *Pertubuhan Kebajikan Anak Yatim Islam Batu Pahat* (Johor) and *Rumah Anak Yatim Amal Solehah* (Pendang, Kedah).

We also distributed all Hari Raya Aidilfitri vouchers and goodies to 200 students and their parents from underserved families at four of our PINTAR adopted schools, SK Jenderam (Dengkil), SK Wan Sulaiman Sidiq (Kedah), SK Bandar Bukit Kayu Hitam (Kedah), and SK Seri Yong Peng (Johor).

Zakat Funds Disbursement

In 2019, UEM Edgenta and its subsidiaries had received a total of RM1,102,137.00 Zakat from Majlis Agama Islam Wilayah ("MAIWP"), in which RM975,310.50 of the funds were distributed to 1,718 recipients in the form of financial aid and assistance-in-kind to the poor and underprivileged communities under the *Asnaf-Miskin, Fisabilillah* and *Al-Gharimin* categories.

Asnaf-Miskin

Back-to-School Programme for 750 eligible UEM Edgenta employees' children and 20 *Asnaf* students from SK Tan Sri P. Ramlee

1,540	770	1,540	770
sets of school uniform	pairs of shoes	pairs of socks	units of school bags

Back-to-School programme for 216 *Asnaf* students comprising B40 community from Kuala Selangor

432	216	432	216
sets of school uniform	pairs of shoes	pairs of socks	units of school bags

- Financial assistance to 425 *Asnaf* students at adopted schools, *Asnaf* orphans and *Asnaf* Edgenta employees in conjunction with Hari Raya Aidilfitri (cash & shopping vouchers)
- Supported a programme organised by MAIWP in distributing zakat funds to alleviate the financial burden of *Asnaf* communities
- Provided financial assistance to Persatuan Kesejahteraan Rakyat Malaysia for *Program Bantuan Kerusi Roda Rakyat Malaysia* to *Asnaf* recipients – contributed 10 units of wheelchairs to B40 recipients

Fisabilillah

- Distribution to 20 recipients inclusive of *Surau, Masjid, Maahad Tahfiz & Rumah Anak Yatim*
- Financial assistance for facilities upgrading and purchase of one-unit *van jenazah*
- Refurbishment at SK Tan Sri P. Ramlee, Penang

Al-Gharimin

- Provided medical assistance to three employees, as well as an employee's child for their critical illness operations costs and medical fees
- Financial assistance to an employee's loss of home due to fire

Board of Director's Profile

As at 31 March 2020

Rowina Ghazali Seth
Independent
Non-Executive Director

NRC BGRC

Juniwati Rahmat Hussin
Independent
Non-Executive Director
(Resigned on 31 March 2020)

Robert Tan Bun Poo
Independent
Non-Executive Director

AC BTC

Dato' Noorazman Abd Aziz
Non-Independent
Non-Executive Director

BGRC

Dato' Azmir Merican
Managing Director/
Chief Executive Officer

Board Committee

Audit Committee	Nomination and Remuneration Committee	Board Governance and Risk Committee	Board Tender Committee
AC	NRC	BGRC	BTC

Tan Sri Dr. Azmil Khalid
Independent Non-Executive Chairman
BGRC

Dato' Mohd Izani Ghani
Non-Independent Non-Executive Director
NRC

Elakumari Kantilal
Non-Independent Non-Executive Director
BTC AC

Dato' George Stewart LaBrooy
Independent Non-Executive Director
BGRC NRC

Emily Kok
Independent Non-Executive Director
BTC AC

Legend

Chairman of Board Committee

Member of Board Committee

TAN SRI DR. AZMIL KHALID

Independent Non-Executive Chairman

Nationality	Gender	Age	Date of Appointment
Malaysian	Male	59	24 May 2019

Board Committee Membership:

- Member of Board Governance and Risk Committee

Qualification:

- Doctorate of Science (Honorary), University of Hertfordshire, England
- Master of Business Administration, California State University, Dominguez Hills
- Bachelor of Science in Civil Engineering, University of Hertfordshire, England, and Northrop University, Los Angeles, United States of America

Present Directorship(s) in other Public Companies and Listed Issuers:

- UEM Sunrise Berhad
- Reach Energy Berhad

Tan Sri Dr. Azmil began his career with a United Kingdom company, Tarmac National Construction. Upon his return to Malaysia, he worked for Trust International Insurance and Citibank NA.

He was the President and Chief Executive Officer of both The AlloyMtd Group and ANIH Berhad from April 2011 to August 2017. He joined MTD Capital Bhd in 1993 as General Manager of Corporate Planning and held the position of Group Managing Director and Chief Executive Director in March 1996 before assuming the position as Group President and Chief Executive Officer of The MTD Group from April 2005 to April 2011. He was also the President and Chief Executive Officer of MTD Capital Bhd's listed subsidiary namely, MTD ACPI Engineering Berhad and was also the Chairman of MTD Walkers PLC, a foreign subsidiary of MTD Capital Bhd listed on the Colombo Stock Exchange in the Republic of Sri Lanka.

DATO' AZMIR MERICAN

Managing Director/Chief Executive Officer

Nationality	Gender	Age	Date of Appointment
Malaysian	Male	49	4 December 2012 (Board) 1 August 2014 (MD/CEO)

Board Committee Membership:

Nil

Qualification:

- Bachelor's Degree in Business Administration (Finance), Haworth College of Business, Western Michigan University, United States of America

Present Directorship(s) in other Public Companies and Listed Issuers:

- Edgenta PROPEL Berhad
- Opus Group Berhad

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

He started his career as an investment analyst and later worked as a manager in the financial advisory arm of PricewaterhouseCoopers. His corporate advisory experiences include dealings with corporations, multinational 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.

DATO' MOHD IZANI GHANI

Non-Independent Non-Executive Director

Nationality	Gender	Age	Date of Appointment
Malaysian	Male	52	22 October 2019

Board Committee Membership:

- Member of Nomination and Remuneration Committee

Qualification:

- Bachelor of Science (Economics) specialising in Accounting and Finance, London School of Economics and Political Science
- Fellow member of Association of Chartered Certified Accountants (ACCA)
- Member of Malaysian Institute of Accountants (MIA)
- Member of Chartered Institute of Islamic Finance Professionals (CIIF)

Present Directorship(s) in other Public Companies and Listed Issuers:

- PLUS Malaysia Berhad
- Projek Lebuhraya Usahasama Berhad
- PLUS Expressways International Berhad
- UEM Group Berhad
- UEM Sunrise Berhad
- UEM Builders Berhad
- Cement Industries of Malaysia Berhad
- Yayasan UEM

He was appointed as an Executive Director of UEM Group Berhad ("UEM Group") on 1 January 2019 and subsequently re-designated as the Managing Director on 1 August 2019.

Dato' Mohd Izani has over 27 years of investment and management experience. Prior to joining UEM Group, Dato' Mohd Izani was the Executive Director, Investments at Khazanah Nasional Berhad ("Khazanah") where he oversaw its Turkey Regional Office. He was formerly Khazanah's Chief Financial Officer where under his leadership, the Government's strategic investment arm issued many landmark sukuk transactions including exchangeable and Social Impact Sukuk. He had also previously served at Putrajaya Holdings Sdn. Bhd. and Renong Group.

DATO' NOORAZMAN ABD AZIZ

Non-Independent Non-Executive Director

Nationality	Gender	Age	Date of Appointment
Malaysian	Male	64	2 October 2018

Board Committee Membership:

- Member of Board Governance and Risk Committee

Qualification:

- Bachelor of Science (Finance), Louisiana State University, United States of America
- Practising member of the Association of Chartered Islamic Finance Professionals (ACIFP)
- Member of the Australian Institute of Company Directors (AICD)

Present Directorship(s) in other Public Companies and Listed Issuers:

- UEM Sunrise Berhad
- PLUS Malaysia Berhad
- Kumpulan Perangsang Selangor Berhad

Dato' Noorazman Abd Aziz currently serves as Chairman of the Board of Trustees of Yayasan UEM, the philanthropic arm of UEM Group Berhad, and Chairman of Board of Trustees of International Centre for Education in Islamic Finance (INCEIF). He is also a member of the Investment Panel of Kumpulan Wang Persaraan (KWAP) and sits on the Advisory Boards of Ancora Fund Management Co. in Indonesia and Creador Sdn. Bhd.

He has over 37 years of experience in banking & finance, investments and capital markets having served as Executive Director, Investments in Khazanah Nasional Berhad, Managing Director of Fajr Capital Ltd. (a Khazanah investee company) and held key positions in Citigroup, Bank Islam Malaysia Berhad, Kuala Lumpur Stock Exchange and Labuan Offshore Financial Services Authority (LOFSA), to name a few. In 2005, he was named as the winner of the first Asian Banker Achievement Award for Islamic Finance.

ROBERT TAN BUN POO

Independent Non-Executive Director

Nationality	Gender	Age	Date of Appointment
Malaysian	Male	69	9 May 2013

Board Committee Membership:

- Chairman of Audit Committee
- Member of Board Tender Committee

Qualification:

- Bachelor of Commerce, University of Newcastle, Australia
- Member of the Malaysian Institute of Accountants
- Member of the Malaysian Institute of Certified Public Accountants ("MICPA")
- Member of the Malaysian Institute of Taxation
- Fellow Chartered Accountant of the Institute of Chartered Accountants, Australia

Present Directorship(s) in other Public Companies and Listed Issuers:

- QL Resources Berhad
- RCE Capital Berhad
- Amcorp Properties Berhad
- AmMetLife Takaful Berhad
- AmInvestment Bank Berhad

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 40 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.

Robert Tan 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 of Malaysian Institute of Accountants.

ELAKUMARI KANTILAL

Non-Independent Non-Executive Director

Nationality	Gender	Age	Date of Appointment
Malaysian	Female	63	22 October 2001

Board Committee Membership:

- Chairman of Board Tender Committee
- Member of Audit Committee

Qualification:

- Master of Science in Finance and Accounting, University of East Anglia, United Kingdom
- Bachelor of Accounting, Universiti Kebangsaan Malaysia
- Executive Education from IMD Switzerland
- Harvard's Premier Business Management Programme
- Member of the Malaysian Institute of Accountants

Present Directorship(s) in other Public Companies and Listed Issuers:

- TIME dotCom Berhad
- Danajamin Nasional Berhad

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

Elakumari was actively involved in the establishment of Khazanah Nasional Berhad ("Khazanah") whilst in MOF. She was in Khazanah since its establishment in 1994 and progressed 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.

JUNIWATI RAHMAT HUSSIN

Independent Non-Executive Director

(Resigned on 31 March 2020)

Nationality	Gender	Age	Date of Appointment
Malaysian	Female	61	1 October 2017

Board Committee Membership:

- Chairman of Nomination and Remuneration Committee *(1 December 2017 - 31 March 2020)*

Qualification:

- Bachelor of Science in Chemistry, University of Kent, Canterbury, United Kingdom
- INSEAD Senior Management Development Program
- INSEAD Advanced Management Program
- Certificate in International Management, GE
- HENLEY Business School Advanced Management Program, United Kingdom

Present Directorship(s) in other Public Companies and Listed Issuers:

- Tenaga Nasional Berhad

She started her career in 1981 and had served for 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 of several PETRONAS' subsidiaries. She was also an Exco member of the Johor Petroleum Development Corporation.

DATO' GEORGE STEWART LABROOY

Independent Non-Executive Director

Nationality	Gender	Age	Date of Appointment
Malaysian	Male	69	1 December 2017

Board Committee Membership:

- Chairman of Board Governance and Risk Committee
- Member of Nomination and Remuneration Committee

Qualification:

- Bachelor of Engineering (Hons), University of Sheffield, United Kingdom
- Post Graduate Diploma in Business Studies, University of Sheffield, United Kingdom
- Member of the Institute of Engineers, Malaysia

Present Directorship(s) in other Public Companies and Listed Issuers:

Nil

Dato' Stewart 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.

An esteemed and renowned property professional, he has over 43 years of experience in industrial design, manufacturing, operations management, property development, REIT and Funds management. He is a prominent speaker on the subject of real estate investment trusts and has presented numerous papers at conferences globally.

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 serving as its Honorary Secretary. He is also a Board Member of the Asia Pacific Real Estate Association (APREA).

He was 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.

EMILY KOK

Independent Non-Executive Director

Nationality	Gender	Age	Date of Appointment
Malaysian	Female	53	30 March 2018

Board Committee Membership:

- Member of Audit Committee
- Member of Board Tender Committee

Qualification:

- Master in Entrepreneurial Studies & Enterprise Innovation, Swinburne University of Technology, Australia
- Bachelor of Science (Hons) in Mathematical and Information Sciences, La Trobe University, Australia

Present Directorship(s) in other Public Companies and Listed Issuers:

Nil

Emily comes from a diverse background of venture capital, private equity, management and entrepreneurship. A visionary entrepreneur, she has co-founded several businesses including 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 of Rentwise Sdn. Bhd. from 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 from 1998 to 2003, where she was part of the pioneering team in 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 eALCadvisors, 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.

ROWINA GHAZALI SETH

Independent Non-Executive Director

Nationality	Gender	Age	Date of Appointment
Malaysian	Female	58	1 August 2018

Board Committee Membership:

- Chairman of Nomination and Remuneration Committee
- Member of Board Governance and Risk Committee

Qualification:

- Bachelor of Science Degree in Computer Science, Northern Illinois University, United States

Present Directorship(s) in other Public Companies and Listed Issuers:

- Velesto Energy Berhad
- Hong Leong Islamic Bank Berhad

Rowina began her career at SHELL in the Information Technology Division in 1985, then assumed various local and global positions in SHELL's upstream, downstream and business operations. She rose to senior positions, including as SHELL Malaysia's General Manager Corporate Affairs and Director of SHELL Business Services Sdn. Bhd.

As a senior member of SHELL's management, she has more than 30 years' experience in the Oil & Gas industry, in all aspects of strategic government relations, external and reputation management.

Her last position was Director, Government Affairs at SHELL Malaysia, building the function from inception and pioneering the lead role.

Notes:

- **Family Relationship with Director and / or Major Shareholder**
  None of the Directors have any family relationship with any other Director and / or major shareholder of UEM Edgenta.
- **Conflict of Interest**
  None of the Directors have any conflict of interest with UEM Edgenta.
- **Conviction of Offences**
  None of the Directors have been convicted for offences within the past 5 years other than traffic offences, if any.
- **Public Sanction / Penalty**
  None of the Directors have any public sanction or penalty imposed on them by any regulatory bodies during the financial year ended 31 December 2019.

Key Senior Management's Profile

DATO' AZMIR MERICAN

Managing Director/
Chief Executive
Officer,
UEM Edgenta Berhad

Date of Appointment: 1 August 2014

Nationality: Malaysian

Age	Gender	Ethnicity
49	Male	Malay

Please refer to his profile in the Board of Directors' Profile on page 87

MUHAMMAD NOOR BIN ABD AZIZ @ HASHIM

Chief Financial Officer,
UEM Edgenta Berhad

Date of Appointment: 21 August 2017

Nationality: Malaysian

Age	Gender	Ethnicity
47	Male	Malay

Academic / Professional Qualification:

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

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

- Edgenta PROPEL Berhad
- Opus Group Berhad
- Pengurusan Lantas Berhad

Working Experiences:

- 21 August 2017 – Present: Chief Financial Officer, UEM Edgenta Berhad
- 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.

GRAEME WALWYN

Chief Operating
Officer,
UEM Edgenta Berhad

Date of Appointment: 2 October 2017

Nationality: British

Age	Gender	Ethnicity
52	Male	English

Academic / Professional Qualification:

- Bachelor of Arts in Business Studies, Staffordshire University, United Kingdom
- Six Sigma Black Belt, Motorola University, Malaysia
- NVQ Level 5 in Operational Management, Oxford, Cambridge and RSA Examinations, United Kingdom
- H.N.C. Electrical / Electronic Engineering, Staffordshire University, United Kingdom

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

- Nil

Working Experiences:

- 2 October 2017 – Present: Chief Operating Officer, UEM Edgenta Berhad
- September 2010 – September 2017: Director, Global Manufacturing and Engineering Processes, Quicksilver Management Services Ltd., Kuala Lumpur, Malaysia
- April 2005 – September 2010: Global Director of Continuos Improvement and Engineering Technology, Ansell Ltd., Shah Alam, Malaysia
- October 2000 – April 2005: Asian Operations Manager, Linatex Ltd., Kuala Lumpur, Malaysia
- January 2000 - October 2000: European Operations Manager, Linatex Ltd., Hampshire, United Kingdom
- 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

Key Senior Management's Profile

RAZMAN ISMAIL

Chief People Officer
UEM Edgenta Berhad

Date of Appointment: 1 November 2019
Nationality: Malaysian

Age	Gender	Ethnicity
49	Male	Malay

Academic / Professional Qualification:
- Bachelor of Management majoring in Human Resources, Universiti Sains Malaysia
- Associate Qualification in Islamic Finance ("AQIF") by Islamic Banking & Finance Institute Malaysia ("IBFIM")

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

Working Experiences:
- November 2019 – Present: Chief People Officer, UEM Edgenta Berhad
- July 2014 – September 2019: Chief Human Resources Officer, Bank Islam Malaysia Berhad
- January 2007 – June 2014: Director, Group Human Resources, CIMB
- September 2004 – December 2006: Manager, Recruitment and Scholarship, Bank Negara Malaysia
- January 2003 – August 2004: Principal Consultant, IBM Malaysia
- May 1995 – December 2002: Senior Consultant, PwC Malaysia

LOW CHEE YEN

Head, Healthcare Support (Commercial), Chief Executive Officer, UEMS Pte. Ltd.

Date of Appointment: 1 February 2019
Nationality: Malaysian

Age	Gender	Ethnicity
40	Female	Chinese

Academic / Professional Qualification:
- Bachelor of Economics (Economics and Finance), Distinction, RMIT University, Australia
- Chartered Financial Analyst

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

Working Experiences:
- February 2019 – Present: Head, Healthcare Support (Commercial), CEO, UEMS Pte. Ltd.
- August 2018 – January 2019: CEO (designate), UEMS Pte. Ltd.
- September 2014 – November 2018: Head of Corporate Development, Planning and Strategy, UEM Edgenta Berhad
- June 2013 – September 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

DR. NIK FAWAZ NIK ABDUL AZIZ

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

Date of Appointment: 1 January 2020
Nationality: Malaysian

Age	Gender	Ethnicity
42	Male	Malay

Academic / Professional Qualification:
- Master's in International Health Management from Imperial College Business School, United Kingdom
- Bachelor of Medicine and Bachelor of Surgery ("MbCHb"), University of Manchester, United Kingdom
- Bachelor of Science in Medical Science, University of St. Andrews, United Kingdom
- Former Committee Member for the Malaysian Society for Quality in Health ("MSQH")
- Registered Practitioner, Malaysian Medical Council
- Member, Chartered Institute of Managers, United Kingdom
- Registered Member, General Medical Council, United Kingdom

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

Working Experiences:
- January 2020 – Present: Head, Healthcare Support (Concession), Edgenta Mediserve Sdn. Bhd.
- June 2018 – December 2019: Chief Operating Officer, Healthcare Support (Concession), Edgenta Mediserve Sdn. Bhd.
- August 2016 – May 2018: Chief Executive Officer, Cardiac Vascular Sentral Kuala Lumpur Sdn. Bhd.
- May 2014 – August 2016: Head of Medical Affairs and Quality, Parkway Pantai–Malaysia Operations (Subsidiary of IHH Healthcare Berhad)
- January 2013 – July 2014: Chief Operating Officer, Pantai Hospital Batu Pahat
- July 2012 – December 2012: Head of Business Development Unit, Imaging and Facilities and Maintenance, Pantai Hospital Kuala Lumpur
- February 2011 – June 2012: Head of Business Development, Prince Court Medical Centre Sdn. Bhd.
- February 2005 – February 2011: Medical Practitioner with National Health Service (NHS), United Kingdom

Key Senior Management's Profile

KENNY LIM WEI HSIEN

Head, Property & Facility Solutions, UEM Edgenta Berhad

Date of Appointment: 10 June 2019

Nationality: Malaysian

Age	Gender	Ethnicity
48	Male	Chinese

Academic / Professional Qualification:
- Master of Business Administration, Victoria University, Australia
- Bachelor of Mechanical Engineering (Hons), University of Warwick, United Kingdom

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

Working Experiences:
- June 2019 – Present: Head, Property & Facility Solutions, UEM Edgenta Berhad
- August 2018 – May 2019: Chief Executive Officer, ISS Facility Services Malaysia
- July 2016 – July 2018: Managing Director, RNA Engineering & Trading
- April 2012 – May 2016: Sales Director, Service Business, KONE
- April 2010 – March 2012: Country Manager, Service, Schneider Electric
- April 2008 – March 2010: General Manager, Pre-Sales, Patimas Computers Berhad
- August 2007 – March 2008: Service Operations Manager, Asia-Pacific & Japan, Lenovo
- September 2004 – August 2007: Service Operations Manager, Emerson Network Power
- August 1995 – August 2004: Business Manager, Project & Service Manager, R&D Engineer, Daikin Malaysia

SHARIMAN YUSUF MOHAMED ZAIN

Head, Infrastructure Services, Managing Director, Edgenta PROPEL Berhad

Date of Appointment: 17 March 2020

Nationality: Malaysian

Age	Gender	Ethnicity
45	Male	Malay

Academic / Professional Qualification:
- Bachelor of Economics (Accounting & Finance) (Hons), London School of Economics & Political Science ("LSE"), United Kingdom

Present Directorship(s) in Listed Entity / Other Public Companies:
- Edgenta PROPEL Berhad

Working Experiences:
- March 2020 - Present: Head, Infrastructure Services, Managing Director, Edgenta PROPEL Berhad
- January 2019 - March 2020: Head, Client Solutions, UEM Edgenta Berhad
- 2011 – 2017: Country Division Lead / Chief Executive Officer of the Mobility division, Siemens Malaysia
- 2007 – 2011: Various senior leadership positions in Siemens Malaysia including Head of Strategies and Business Development, Head of Airport Logistics, Deputy Head of Mobility and also short posting to HQ in Germany in 2010
- 2006 – 2007: Vice President, CEO's Office, Powertek Berhad
- 2002 – 2006: Director of Market Development, General Electric International Inc.
- 2001 – 2002: Head of Strategic Marketing, Siemens Malaysia Sdn. Bhd.
- 1999 – 2001: Senior Management Consultant with Deloitte Consulting's Asia Pacific Manufacturing Sector
- 1996 – 1999: Business Service Executive in the Retail Business Unit, Shell Malaysia Trading Sdn. Bhd., Malaysia

IR. DR. TONY CHAN

Chief Operating Officer, Opus International (M) Berhad

Date of Appointment: 2 May 2018

Nationality: Malaysian

Age	Gender	Ethnicity
45	Male	Chinese

Academic / Professional Qualification:
- Executive Programme: Asia Leaders Programme in Infrastructure Excellence (ALPINE), SMU, Singapore
- Doctor of Philosophy (PhD) in Water & Environmental Engineering, Loughborough University, United Kingdom
- Bachelor of Engineering in Civil Engineering (Hons), Loughborough University, United Kingdom
- Qualified Professional Engineer (Ir.) registered with Board of Engineers Malaysia ("BEM")
- Corporate Member of Institutions of Engineers Malaysia ("M.I.E.M")
- Chartered Member of Institution of Civil Engineers, United Kingdom ("CEng")
- Member of Institution of Civil Engineers ("MICE") United Kingdom
- Elected Country Representative of Institution of Civil Engineers (UK) for Malaysia Chapter
- Committee Member of Water Resources Technical Division of IEM since 2016
- Qualified United Nations Dialogue Facilitator
- Returning Expert under "Professional Return Home" programme, Talent Corp, Malaysia
- Certified Person for Project Risks & Construction Safety under Construction Skills Certification Scheme ("CSCS"), United Kingdom

Present Directorship(s) in Listed Entity / Other Public Companies:
- Opus International (M) Berhad
- Opus Consultants Malaysia Sdn. Bhd.
- Pengurusan Lantas Berhad

Working Experiences:
- May 2018 – Present: Chief Operating Officer, Opus International (M) Berhad
- 2015 – 2018: Group General Manager, Engineering & Technical, MMC Corporation Berhad
- 2013 – 2015: Country Head & Business Strategy, ATKINS Singapore
- 2012 – 2013: Regional Head of Water Sector, ATKINS Singapore
- 2010 – 2012: Business Development Manager, Water & Infrastructure, Mott MacDonald, Singapore
- 2007 – 2010: MWRI Egypt, Millennium Development Goal Specialist, World Bank
- 2006 - 2007: International Development Consultant, Mott MacDonald Group, United Kingdom
- 2003 – 2006: Flood Risk Management Consultant, ATKINS Ltd., United Kingdom
- 2000 – 2003: Urban & Infrastructure Consultant, SSP Sdn. Bhd., Malaysia
- 1998 – 2000: Assistant Professor in Construction Materials, Loughborough University, United Kingdom

TAN CHEH TIAN

Chief Operating Officer, Healthcare Support (Commercial), UEMS Pte. Ltd.

Date of Appointment: 1 April 2018

Nationality: Singaporean

Age	Gender	Ethnicity
47	Female	Chinese

Academic / Professional Qualification:

- Master of Science (Estate Management), National University of Singapore
- Bachelor of Science (Estate Management) (2nd Upper Honours), National University of Singapore
- Member, Singapore Institute of Surveyors & Valuers ("SISV"), Singapore
- Member, Association of Property & Facility Managers ("APFM"), Singapore
- Certified Property and Facility Manager ("CPFM"), Association of Property & Facility Managers ("APFM"), Singapore

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

- Nil

Working Experiences:

- April 2018 – Present: Chief Operating Officer, Healthcare Support (Commercial), UEMS Pte. Ltd.
- April 2012 – Present: General Manager, UEMS Solutions Pte. Ltd. (UEMS Singapore)
- Oct 2012- Present: Key Executive Officer ("KEO"), UEMS Solutions Pte. Ltd., Council of Estate Agencies ("CEA"), Singapore and Licensed Salesperson (R028841E), Council of Estate Agencies, Singapore
- April 2009 – April 2012: Director of Facilities Management and Director of Corporate Real Estate at UGL Services Premas Operations Limited, Singapore [now known as C&W Services (S) Pte. Ltd., Singapore]
- June 2005 – April 2009: General Manager (Property & Asset Management) at Exceltec Property Management Pte. Ltd., Singapore
- May 1996 – Jun 2005: Holding various senior roles such as Head of Building & Tender, Head of Planning & Development, Head of Property Management (Building), and Head of Building Management at the Singapore Land Authority and Land Office, Singapore

MOHD RAZIF MOHD YUSOFF

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

Date of Appointment: 16 October 2017

Nationality: Malaysian

Age	Gender	Ethnicity
52	Male	Malay

Academic / Professional Qualification:

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

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

- Nil

Working Experiences:

- 16 October 2017 – Present: Head, Operational Excellence and Health, Safety, Security & Environment ("HSSE"), UEM Edgenta Berhad
- 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
- September 1991 – July 2012: Various roles in Shell in commercial, engineering project, engineering maintenance, learning manager and HSSE

SHARON RUBA KRISHNAMURTHY

Project Director, Special Projects, Chief Operating Officer's Office, UEM Edgenta Berhad

Date of Appointment: 1 January 2020

Nationality: Malaysian

Age	Gender	Ethnicity
48	Female	Indian

Academic / Professional Qualification:

- Master in Business Administration (International Marketing- Distinction) University of East London
- Bachelor of Engineering, Civil (Hons) University Putra Malaysia
- Diploma in Agricultural Engineering University Putra Malaysia
- Graduate Member of the Board of Engineers, Malaysia
- Graduate Member of the Institute of Engineers, Malaysia

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

- Nil

Working Experiences:

- January 2020 – Present: Project Director of Special Projects, Chief Operating Officer's Office, UEM Edgenta Berhad
- November 2017 – December 2019: Chief Operating Officer, Edgenta PROPEL Berhad
- October 2015 - October 2017: General Manager – MD/CEO's Office UEM Edgenta Berhad, Head of Edgenta Energy Services, Project Director – Performance Based Contract
- March 2008 – September 2015: Director of Projects, Tune Hotels Regional Services Sdn. Bhd.
- May 1997 – February 2008: Project Manager, Mudajaya Corporation Berhad

Key Senior Management's Profile

CHAN KHENG CHUAN

Head, Risk, Integrity & Compliance, UEM Edgenta Berhad

Date of Appointment: 2 March 2015

Nationality: Malaysian

Age	Gender	Ethnicity
40	Male	Chinese

Academic / Professional Qualification:

- Bachelor of Business (Accounting and IT), University of Technology Sydney, Australia
- Chartered Accountant (C.A. (M)) with the Malaysian Institute of Accountants ("MIA")
- Certified Practicing Accountant ("CPA") with CPA Australia
- Certified Business Continuity Professional ("CBCP") with DRI International, USA
- Certificate in Risk Management with Governance Institute of Australia
- Associate member (Institute of Internal Auditors Malaysia)

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

- Nil

Working Experiences:

- March 2015 – Present: Head, Risk, Integrity & Compliance, UEM Edgenta Berhad
- 2013 – 2015: Senior Manager, Group Risk Management, Kumpulan Perangsang Selangor Berhad
- 2011 – 2013: Manager, Group Risk Management, Axiata Group Berhad
- 2006 – 2011: Assistant Manager, Deloitte Enterprise Risk Services Malaysia

CHIEW SIEW YUEN

Head, Secretarial, UEM Edgenta Berhad

Date of Appointment: 23 July 2014

Nationality: Malaysian

Age	Gender	Ethnicity
40	Female	Chinese

Academic / Professional Qualification:

- Associate member of Malaysian Institute of Chartered Secretaries and Administrators

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

- Nil

Working Experiences:

- July 2014 – Present: Head, Secretarial, UEM Edgenta Berhad
- 2006 – June 2014: Assistant Vice President, Group Company Secretarial, CIMB Investment Bank Berhad

IR. GANDHI SUPPIAH

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

Date of Appointment: 28 June 2017

Nationality: Malaysian

Age	Gender	Ethnicity
53	Male	Indian

Academic / Professional Qualification:

- Master of Business Administration, Durham University, United Kingdom
- Master of Science, Computing & Engineering, Oxford Brookes University, United Kingdom
- Bachelor's Degree in Civil Engineering, University of East London, United Kingdom

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

- Opus International (M) Berhad

Working Experiences:

- July 2017 – Present: Head, Asset Management, Asset Consultancy, Opus International (M) Berhad
- October 2016 – May 2017: Hammersmith Bridge - Interim Measure Project Director, Transport for London
- November 2015 – May 2017: Head of Technical Approvals, Transport for London
- January 2014 – October 2015: Head of Design and Engineering, Falkland Islands Government
- July 2004 – December 2013: COO and Transport Infrastructure Technical Director, GSTC Engineering Limited
- 2000 – 2002: Senior Consultant, Hyder Consulting
- 1998 – 2000: Structures Associate Engineer, Mouchel Consulting
- 1996 – 1998: Senior Engineer, Kvaerner Technology Limited
- 1991 – 1996: Graduate / Project Engineer, Suffolk Highways Engineering Consultancy

IR. VEKNESWARAN T. ARASAPPAN

Head, Technology & Innovation, UEM Edgenta Berhad

Date of Appointment: 1 September 2018

Nationality: Malaysian

Age	Gender	Ethnicity
44	Male	Indian

Academic / Professional Qualification:
- Master of Science in Energy, Heriot-Watt University, United Kingdom
- Master of Business Administration in Finance, University of Southern Queensland, Australia
- Bachelor of Engineering in Mechanical Engineering, Universiti Putra Malaysia

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

Working Experiences:
- September 2018 – Present: Head of Technology & Innovation, UEM Edgenta Berhad
- May 2015 – August 2018: Head of Business Solutions (Technology), UEM Edgenta Berhad
- June 2009 – May 2015: Head of Technical Development (Sustainability), Faber Group Berhad
- August 2008 – May 2009: Asst. Manager Regional Operations, Faber Medi-Serve Sdn. Bhd.
- September 2007 – July 2008: Project Engineer, Prince Court Medical Centre
- February 2006 – August 2007: Project Engineer, Sheikh Khalifa Medical City, Abu Dhabi, United Arab Emirates
- January 2001 – January 2006: Senior Mechanical Engineer, Faber Medi-Serve Sdn. Bhd.
- July 1999 – December 2000: Mechanical Engineer, PROPEL-Johnson Controls Sdn. Bhd.

MOHD HAFIZ MOHD NOOR

Head, Corporate Communications, UEM Edgenta Berhad

Date of Appointment: 17 December 2018

Nationality: Malaysian

Age	Gender	Ethnicity
38	Male	Malay

Academic / Professional Qualification:
- Bachelor of Information Systems (E-Commerce & MIS), University of Tasmania, Australia
- Diploma in Information Technology, Universiti Tenaga Nasional, Malaysia

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

Working Experiences:
- December 2018 – Present: Head, Corporate Communications, UEM Edgenta Berhad
- March 2016 – December 2018: Head, Brand Communications, Sime Darby Plantation Berhad
- November 2009 – February 2016: Head, Internal Communications & Publications, Sime Darby Berhad
- March 2008 – November 2009: Corporate Assurance Executive, Sime Darby Berhad
- 2006 – 2007: Customer Representative Executive, FedEx Malaysia

AURELIA LEE MAY YOKE

Head, Corporate Strategy, UEM Edgenta Berhad

Date of Appointment: 11 July 2019

Nationality: Malaysian

Age	Gender	Ethnicity
36	Female	Chinese

Academic / Professional Qualification:
- Master of Finance, RMIT University, Australia
- Bachelor of Science, Monash University, Australia

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

Working Experiences:
- July 2019 – Present: Head, Corporate Strategy, UEM Edgenta Berhad
- January 2018 – March 2019: Deputy General Manager, Corporate Development, Planning & Strategy, UEM Edgenta Berhad
- September 2016 – January 2018: Vice President, Investments, Khazanah Nasional Berhad ("Khazanah")
- October 2015 – September 2016: Vice President, Investments, Khazanah India Advisors Pvt. Ltd.
- October 2012 – October 2015: Assistant Vice President, Investments, Khazanah
- 2011 – October 2012: Associate, Investments, Khazanah
- 2009 – 2011: Manager, Corporate Finance, RHB Investment Bank Berhad
- 2007 – 2009: Senior Executive, Corporate Finance, MIMB 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
- **Conflict of Interest**
  None of the Key Senior Management has any conflict of interest with UEM Edgenta
- **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 2019

Corporate Governance Overview Statement

Robust and Transparent Governance

Supporting the Delivery of Our Strategy

This Report sets out, amongst other things, our approach to governance in practice, how the Board works, how it has spent its time during the year. The Board recognises the importance of the application of the Malaysian Code on Corporate Governance 2017 ("the Code"), effective stewardship and strong corporate values that contribute to the success of the Company. The values your Board believes in are demonstrably embedded throughout the organisation. Your Company is headed by an effective Board that is collectively responsible for its long-term success and ensures that it operates effectively and efficiently and remains committed to maintaining strong momentum in pursuit of excellence in the way your Company is governed. Your Board is satisfied that each Board member is able to devote sufficient time to the Company.

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

uemedgenta.com

This Corporate Governance Overview Statement ("Statement") provides a summary of the Company's corporate governance practices during the financial year under review, guided by the following three (3) key principles:-

Board Leadership & Effectiveness	Effective Audit & Risk Management	Integrity in Corporate Reporting & Meaningful Relationship with Stakeholders

BOARD

Your Board is collectively responsible for creating and delivering long-term sustainable value for the business while being guided by the Board Charter and the Discretionary Authority Limits. The Board Charter can be found online at uemedgenta.com/about-us/corporate-governance.

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.

In order to ensure responsibilities are effectively discharged, your Board is assisted by four (4) Board Committees.

Audit Committee
(effective 1 January 2020)

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.

Board Governance and Risk Committee
(effective 1 January 2020)

Undertake governance and compliance duties and responsibilities in addition to the oversight of risk management matters, monitor the exercise of Integrity & Governance unit and overseeing the overall issue of corruption, fraud, malpractice & unethical conduct within the organisation.

A STRENGTHENED GOVERNANCE FRAMEWORK

Your Board is ultimately responsible to shareholders for the direction, management, performance and long-term success of the Company. It sets the Group's strategies and objectives, as well as oversees and monitors the performance, internal controls, risks and its management, policies, governance and viability of the Company.

In line with the Government's initiative to enhance the governance, integrity and anti-corruption policies of all Government-Linked Companies, your Board made the decision, during the year under review, to separate the Audit and Risk Committee into the Audit Committee and the Board Governance and Risk Committee. This separation strengthens the risk management and internal control framework under the Code.

Accordingly, your Board delegates certain matters to its four committees. These committees operate within defined terms of references, which can be obtained from our website at uemedgenta.com/about-us/corporate-governance. Each committee chair reports to the Board on the committee's activities following each committee meeting.

Your Board is supported by a Company Secretary, who advises the Board on all governance matters and ensures that Board procedures are followed. The Company Secretary also ensures that effective communication flows between the Board and its Committees and between senior management and the non-executive directors.

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.

Nomination and Remuneration Committee

Assist the Board on the nomination of Directors and Senior Management, assessing the effectiveness of the Board and Board Committees and recommending remuneration packages and assessing the performance of Managing Director/Chief Executive Officer and Senior Management.

More information can be found on page 107

Board Tender Committee

Reinforce corporate governance, integrity and transparency in the procurement process and contract management.

BOARD LEADERSHIP & EFFECTIVENESS

BOARD OVERVIEW

As at 31 December 2019

Board Composition

INDEPENDENCE

Independent	60%
Non-Independent	40%

GENDER

Male	60%
Female	40%

AGE

Below 50 years	1
50 to 60 years	5
61 to 70 years	4

TENURE ON BOARD

Less than 1 year	2
Between 1 – 5 years	5
Between 6 – 8 years	2
Above 8 years	1

ETHNICITY / NATIONALITY

Malay	6
Chinese	2
Others	2
Malaysian	10

Meeting Attendance

Members	Board
Tan Sri Dr. Azmil Khalid Independent Non-Executive Chairman *(Appointed on 24 May 2019)*	6/6
Dato' Azmir Merican Managing Director/Chief Executive Officer	9/9
Dato' Mohd Izani Ghani Non-Independent Non-Executive Director *(Appointed on 22 October 2019)* NRC	1/2
Dato' Noorazman Abd Aziz Non-Independent Non-Executive Director *(Relinquished NRC membership on 22 October 2019)* NRC	8/9
Elakumari Kantilal * Non-Independent Non-Executive Director BTC ARC	8/9
Robert Tan Bun Poo *^ Independent Non-Executive Director ARC	9/9
Juniwati Rahmat Hussin Independent Non-Executive Director NRC	8/9
Dato' George Stewart LaBrooy Independent Non-Executive Director BTC	8/9
Emily Kok Independent Non-Executive Director BTC ARC	9/9
Rowina Ghazali Seth Independent Non-Executive Director NRC	9/9

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

Audit & Risk Committee (ARC)	Nomination and Remuneration Committee (NRC)	Board Tender Committee (BTC)
—	—	—
—	—	—
—	0/1	—
—	7/9	—
6/6	—	2/2
6/6	—	—
—	10/10	—
—	—	2/2
6/6	—	2/2
—	10/10	—

AVERAGE BOARD MEETING ATTENDANCE

92.5%

TOTAL BOARD MEETING HOURS

41.5 HOURS

EACH DIRECTOR HOLDS NO MORE THAN 5 DIRECTORSHIPS IN LISTED COMPANIES

Directorships	No. of Director
	1
	1
	5
	3

LEGEND

- Chairman of Board Committee
- Member of Board Committee

BOARD LEADERSHIP & EFFECTIVENESS (CONT'D)

BOARD FOCUS AREAS

The Board is responsible for ensuring that the Company is appropriately managed and achieves the strategic objectives that it sets. For the financial year end, the Board discharged its responsibilities through an annual programme of meetings, focusing on specific areas as set out in the table below.

2019 BOARD ACTIVITIES

Strategic Plans and Direction

- Reviewed and approved:-
  - The Annual Operating Plan, Corporate Scorecard and Managing Director/Chief Executive Officer Scorecard
  - The international market expansion plans
  - The forward plan for property division
- Overseeing the implementation of Digital Revolution.

Health, Safety and Environment

- Reviewed the Health, Safety and Environment Report on quarterly basis.
- Launch of new mechanised vehicles, i.e. the MULAG Grass Cutter.

Overseeing the conduct of the Group's business

- Reviewed and approved the revised Discretionary Authority Limits.

Risk Management

- Reviewed the recommendation from ARC and approved:-
  - The Risk Management Status Report on quarterly basis
  - The Business Continuity Management Framework
  - The Anti-Bribery and Anti-Corruption Guide

Financial Statements

- Reviewed the recommendation from ARC and approved:-
  - The quarterly financial results
  - The annual financial statements
- Met up with the External Auditors for the presentation of their reports.

Governance / Compliance

- Reviewed and adopted the revised Code of Conduct (Employee & Business Partner) and Conflict of Interest Procedures.
- Reviewed and approved the set up of UEM Edgenta's Whistleblowing Committee, as well as adopted the Whistleblowing Policy and Procedure.
- Established Integrity & Governance Unit and Board Governance and Risk Committee.
- Reviewed and approved the revised Board Charter and Terms of References.

Succession Planning for Senior Management

- Reviewed the recommendation from NRC and approved the appointment of the Senior Management staff.

ENSURING THE RIGHT COMPOSITION

The Nomination and Remuneration Committee ("NRC") ensures that the structure, size and composition of the Board, Board Committees and the senior leadership team are best suited to deliver the Company's strategy and meet current and future needs. Additionally, the NRC assesses remuneration that commensurate with ability, experience and industry knowledge. Set out below are the NRC's activities for the year under review.

2019 NRC ACTIVITIES

Board Composition and Succession Planning

- Reviewed:-
  - The mix of Directors to ensure high standard of Board's performance and succession for both Executive and Non-Executive Directors in the event of any deficiency.
  - The composition of the Board and Board Committees of UEM Edgenta Berhad.
  - The Board Composition for the subsidiaries / associate companies of UEM Edgenta Berhad.
- 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.
- Recommended the re-election / re-appointment of Directors at annual general meeting under the retirement by rotation provisions of the Constitution 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.

Board Effectiveness Evaluation

- Annual Assessment on the following:
  - Effectiveness of the Board & Board Committees.
  - Contribution of each Director including time commitment, character, experience and integrity.

Recruitment / Appointment and Succession Planning of Senior Management

- Reviewed the following:-
  - Character, experience, integrity, competence and time commitment of the Managing Director/Chief Executive Officer and Chief Financial Officer
  - Contract for Senior Management staff
  - Mid-year review on the performance of the Managing Director/Chief Executive Officer
  - Appointment of the Senior Management staff
  - Succession plans for senior management

Remuneration for UEM Edgenta Group

- Reviewed and recommended:-
  - The 2018 Performance Bonus of the Managing Director/ Chief Executive Officer and Senior Management
  - The proposed annual increment, market adjustment and promotion increment
  - The proposed 2019 Corporate Scorecard and Managing Director/Chief Executive Officer's Scorecard

Governance / Policy

- Reviewed and recommended:-
  - The Performance Incentive Scheme for Property & Facility Solutions and Infrastructure Services
  - The revision to Discretionary Authority Limits for Talent Acquisition Process
  - The revision to the Terms of Reference of the NRC following the separation of Audit and Risk Committee and renaming of Risk Committee to Board Governance and Risk Committee
- Reviewed the Employee Engagement Action Plan.
- Implemented 360° Appraisal for Senior Management.

BOARD LEADERSHIP & EFFECTIVENESS (CONT'D)

EVALUATING THE BOARD

The Board Effectiveness Assessment ("BEA") is an exercise performed annually. The evaluation process involved an online questionnaire which covered key topics and included forward looking elements as follows:-

- Board Structures
- Board Operations and Interactions
- Board Roles and Responsibilities
- Mix of Skills and Experience
- Composition and Operation of Board Committees
- Independence of Directors

The Company Secretary then collated a summary of the key issues raised in a report to the NRC and the Board.

Based on the results of the BEA, the Board Criteria Matrix was updated. The Board Criteria Matrix is considered an important tool in ensuring the diversity of the Board in terms of experience and expertise. With this matrix, the Board is able to identify any gaps in Board composition and use these gaps as criteria for selection of new Board members.

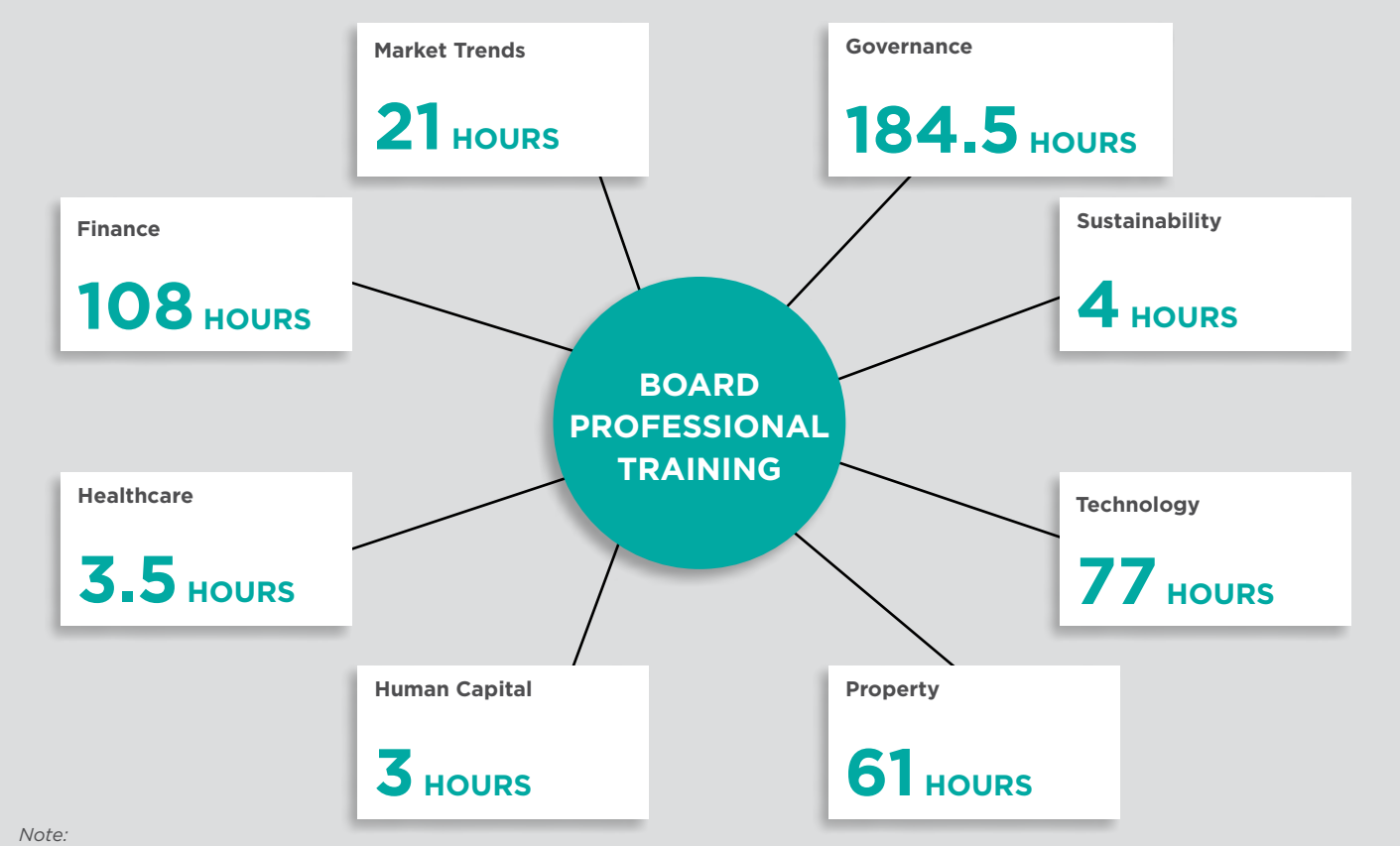
For financial year 2020, the Company would engage an external and independent party to facilitate the assessment process.

In searching for new Board members, desktop searches were conducted and recommendations from existing Board members, Management and Major Shareholders and were sought.

INDUCTION AND KNOWLEDGE

All new Board members receive an induction following their appointment to the Board. The induction programme includes initial meetings with senior management to explain the Company's business and financial structure, the commercial and regulatory environment in which the Company operates, our competitors and investor's perspective.

During the year, the list of Executive Education programmes which among others include training programme from Harvard Business School, INSEAD, IMD, were shared with the Board.



Note:
Dato' Mohd Izani Ghani who was appointed as Director of the Company on 22 October 2019 did not attend any training since his appointment as there was no suitable training that suited his schedule in the month of November and December 2019.

REMUNERATING THE BOARD

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 neither paid Directors' fees nor meeting attendance allowances. His remuneration is structured so as to link rewards to corporate and individual performance. Performance is measured against specified targets by reference to the Group's Annual Business Plan. The reward process also takes into account relevant market comparisons and competitive pressures in the industry.

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

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.

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

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

Description	Directors' benefits
(a) Allowance will be paid to Directors for the following: (i) Attending meetings with Government representatives on behalf of the Company; or (ii) Handling operational issues such as site visits to advise operating companies.	RM1,000 per day
(b) Meeting allowance for ad-hoc or temporary Board Committees established for specific purposes.	Per meeting: Chairman of Committee RM2,000; Member of Committee RM1,000

BOARD LEADERSHIP & EFFECTIVENESS (CONT'D)

Description	Directors' benefits
(c) Car allowance for Chairman of UEM Edgenta	RM3,400 per month
(d) Medical benefits for Board members *Where a Director sits on several boards within the UEM Group of Companies, he will only be entitled to claim medical benefits from one (1) company only.*	(i) Medical coverage of RM7,000.00 per annum, inclusive of outpatient, clinical, specialist and dental; and (ii) Hospitalisation of RM100,000.00 per annum including room and board at RM500.00 per day
(e) Training and Development of Directors	A training budget is allocated for Directors to attend relevant training programmes and seminars to enhance their knowledge and skills in discharging their duties.
(f) Directors' & Officers' Liability Insurance	The Company through UEM Group Berhad's group-wide Directors' and Officers' Liability Insurance maintains coverage throughout the financial year to indemnify directors and officers against any liability incurred by them in the discharge of their duties while holding office as directors and officers of the Company.
(g) Subsistence allowance for business travel	• Peninsular & East Malaysia – RM150 per day • Overseas – USD125 per day

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.

EFFECTIVE AUDIT & RISK MANAGEMENT

EFFECTIVE AUDIT

The Audit and Risk Committee ("ARC") Report below provides insights on how the ARC discharged its function and duties for the financial year ended 31 December 2019.

The ARC assisted the Board in its oversight of the Company's financial reporting, and in fulfilling its fiduciary responsibilities relating to internal controls. This included risk management, maintenance of financial and accounting records and setting policies as well as financial reporting practices of the Group. The ARC also reviewed related party transactions and conflict of interest situations that arised within the Group.

COMPOSITION

The composition of the ARC and meeting attendance for financial year 31 December 2019 are available in pages 104 - 105 of this report.

SUMMARY OF WORK OF THE ARC

During the year, the Chairman of ARC met the Head of Risk Management and Head of Internal Audit regularly, had 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 2019:-

A FINANCIAL STATEMENTS AND CORPORATE GOVERNANCE

1. Reviewed the quarterly and annual financial statements of the Company and of the Group; and recommended them for Board's approval, focusing particularly on:-

   a) appropriateness and relevance of accounting policies and practices adopted and their application;
   b) any significant non-recurrent or unusual year-end transactions made or events occurred during the year;
   c) any significant changes to the basis of preparation of the financial statements or new accounting standards adopted during the year which impacted the result or financial position of the Group;
   d) the going concern assumption used in the preparation of the financial statement;
   e) significant accounting matters highlighted, which included financial reporting issues, 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.

5. Reviewed jointly with the Board Tender Committee, the Discretionary Authority Limits for recommendation to the Board for approval.

EFFECTIVE AUDIT & RISK MANAGEMENT (CONT'D)

B INTERNAL AUDIT

1. Reviewed the Annual Internal Audit Plan which included the planning methodology, manpower requirement and proposed audit 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.

5. Reviewed and approved the Internal Audit Department Scorecard.

C RISK MANAGEMENT, INTEGRITY & COMPLIANCE

1. Reviewed prior to the Board's approval, the updated Risk Management Framework, Risk Profile and Risk Appetite prepared by Management's Risk Committee to ensure they are relevant and consistent with the Group's business strategy and level of operations in safeguarding the Group's assets and profitability.

2. Reviewed and recommended the quarterly Risk Management Status Reports to the Board.

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

4. Reviewed and recommended the Statement on Risk Management and Internal Control to the Board for approval.

5. Reviewed and recommended the following framework, policies and procedures to the Board for approval:-

   a) Code of Conduct (Directors & Employees)
   b) Code of Conduct (Business Partners)
   c) Business Continuity Management Framework (updated)
   d) Conflict of Interest Procedures
   e) Anti-Bribery and Anti-Corruption Guide
   f) Whistleblowing Policy and Procedure

6. Reviewed the business licenses and accreditation updates.

7. Reviewed and recommended the establishment and structure of Integrity and Governance Unit.

D EXTERNAL AUDIT

1. Reviewed with the External Auditors:-

   a) The audit plan, audit methodology 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 20 November 2019 and 20 February 2020 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.

D EXTERNAL AUDIT

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 provided 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 2019 is approximately RM1,516,000.00, comprising mainly salaries, training and traveling 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 entities 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 the most impact on 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, IAD had carried out fifteen (15) 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 Infrastructure Services, Healthcare Support and Property & Facility Solutions
3. Audit on Asset Consultancy

EFFECTIVE AUDIT & RISK MANAGEMENT (CONT'D)

RISK MANAGEMENT

Risk management and internal control

Your Board has overall responsibility for the Company's 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. Your Board regularly reviews the Company's principal risks and its internal controls. The risk management process is supported by our internal audit function reviewing the effectiveness of the internal controls in place.

The Statement on Risk Management and Internal Control, which provides an overview of the state of internal controls within the Group can be found on pages 119 - 129 of this report.

INTEGRITY IN CORPORATE REPORTING & MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS

Communicating with Our Stakeholders

Your Board as a whole takes responsibility for ensuring dialogue with all key stakeholder groups.

With respect to shareholders, the Board takes responsibility for ensuring that satisfactory dialogue takes place. A comprehensive investor relations programme is in place to ensure effective communication with investors. This programme includes various investor relations engagement channels listed below:

Investor Relations Engagement Channels

Engagement Channels	Methods of Communications	Targeted Audience
Analyst & media briefings	• Semi-annual financial results briefing • Material development & updates	• Institutional investors • Analysts
Management meetings	• Small group meetings • One-to-one meetings	• Institutional investors • Analysts
Site visits	• Small group tours	• Institutional investors • Analysts
Conferences	• Investor conferences • Non-deal roadshows • Industry conferences	• Institutional investors • Retail investors • Analysts
Digital & social media	• Corporate website: uemedgenta.com • Enquiry contact: ir@edgenta.com • Instagram: instagram.com/uemedgenta • Linkedin: linkedin.com/company/uem-edgenta-berhad	• Institutional investors • Retail investors • Analysts • Media
Media engagements	• Media briefings • Media releases • Media interviews	• Media • Public
Annual general meeting & annual report	• Reporting of financial performance which includes: - Management Discussion and Analysis - Business Strategies	• All shareholders • Media

INTEGRITY IN CORPORATE REPORTING & MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

Analyst & Media Briefings

Financial Results	Date of Announcement	Date of Analyst Briefing
UEM Edgenta FY19 Results	26 February 2020	10 March 2020
UEM Edgenta 3Q19 Results	22 November 2019	
UEM Edgenta 1H19 Results	27 August 2019	4 September 2019
UEM Edgenta 1Q19 Results	29 May 2019	
UEM Edgenta FY18 Results	25 February 2019	5 March 2019

Investor & Analyst Meetings / Conferences & Retail Briefings / Site Visits

Type of meeting	No. of meetings	Stakeholders
Investor & Analyst Meeting	8	Analysts / Institutional Investors
Investor Conferences & Retail Briefings	5	Institutional / Retail Investors
Site visits	1	Analysts / Institutional Investors

Other methods of communicating with all shareholders is via our corporate website. Our website contains the following key segments:

- Corporate updates
- Financial performance
- Shareholder & dividends information
- Reports, Circulars, Corporate Factsheet and Corporate Presentation Slides
- Announcements to Bursa Malaysia and UEM Edgenta Corporate Calendar
- Investor resources

Find disclosures, announcements to Bursa Securities, annual reports, analyst briefings, or make investor relations enquiries at

uemedgenta.com

ir@edgenta.com

The Company has in place, a 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.

Our Conduct at General Meeting

The Annual General Meeting ("AGM") is the principal forum for dialogue with shareholders. Shareholders were given the notice of AGM, which contains the resolutions and explanatory notes on special business, at least 28 days beforehand. 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.

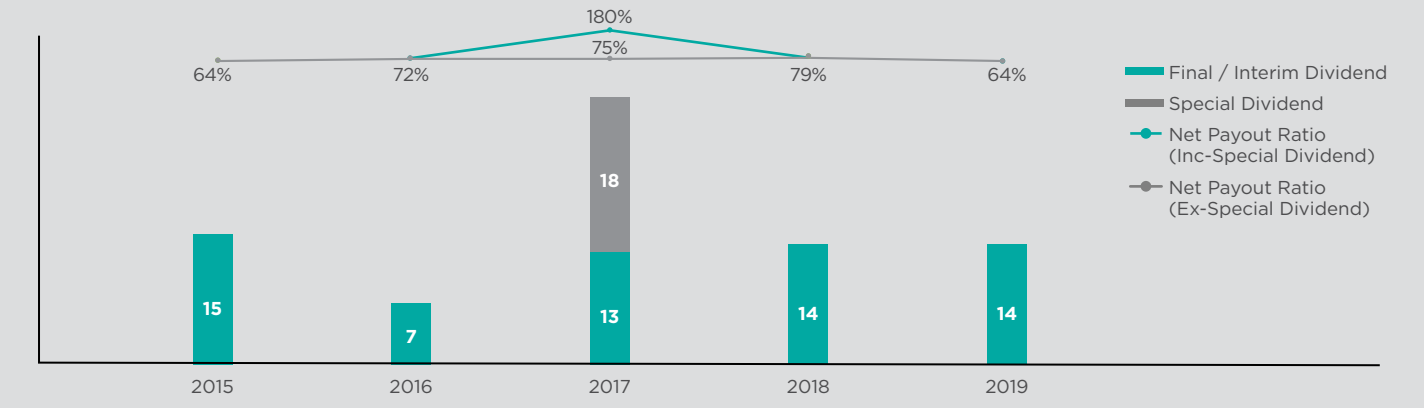
INTEGRITY IN CORPORATE REPORTING & MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

Dividend Policy

UEM Edgenta has revised its dividend policy to distribute at least 50% and up to 80% of its PATANCI since 2018, subject to the efficiency of the Company's cash flow and future capital expenditure requirements. The dividend policy instils the Company's commitment to provide healthy returns to our shareholders.

Dividends Declared

For FY2019, UEM Edgenta has declared a total dividend of 14 sen per share (1st interim of 6 sen and 2nd interim of 8 sen).



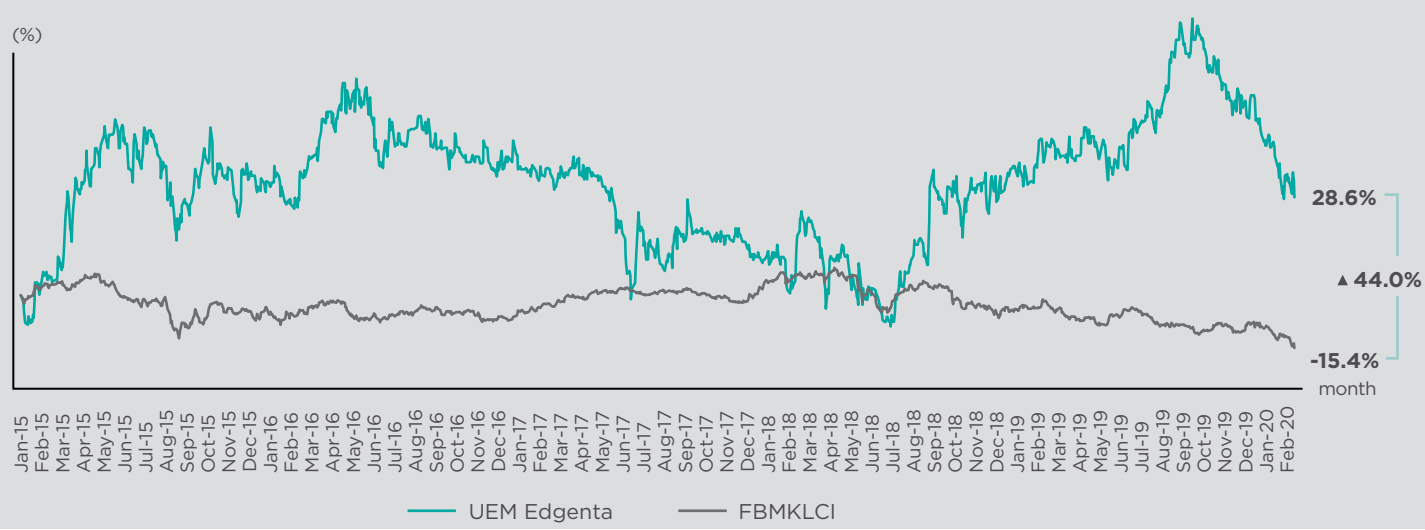
Research Coverage

In 2019, UEM Edgenta was covered by 3 research houses as summarised below:-

Research House	Call	Target Price
Hong Leong Investment Bank	Buy	RM3.56
RHB Research	Buy	RM3.60
MIDF	Buy	RM3.22

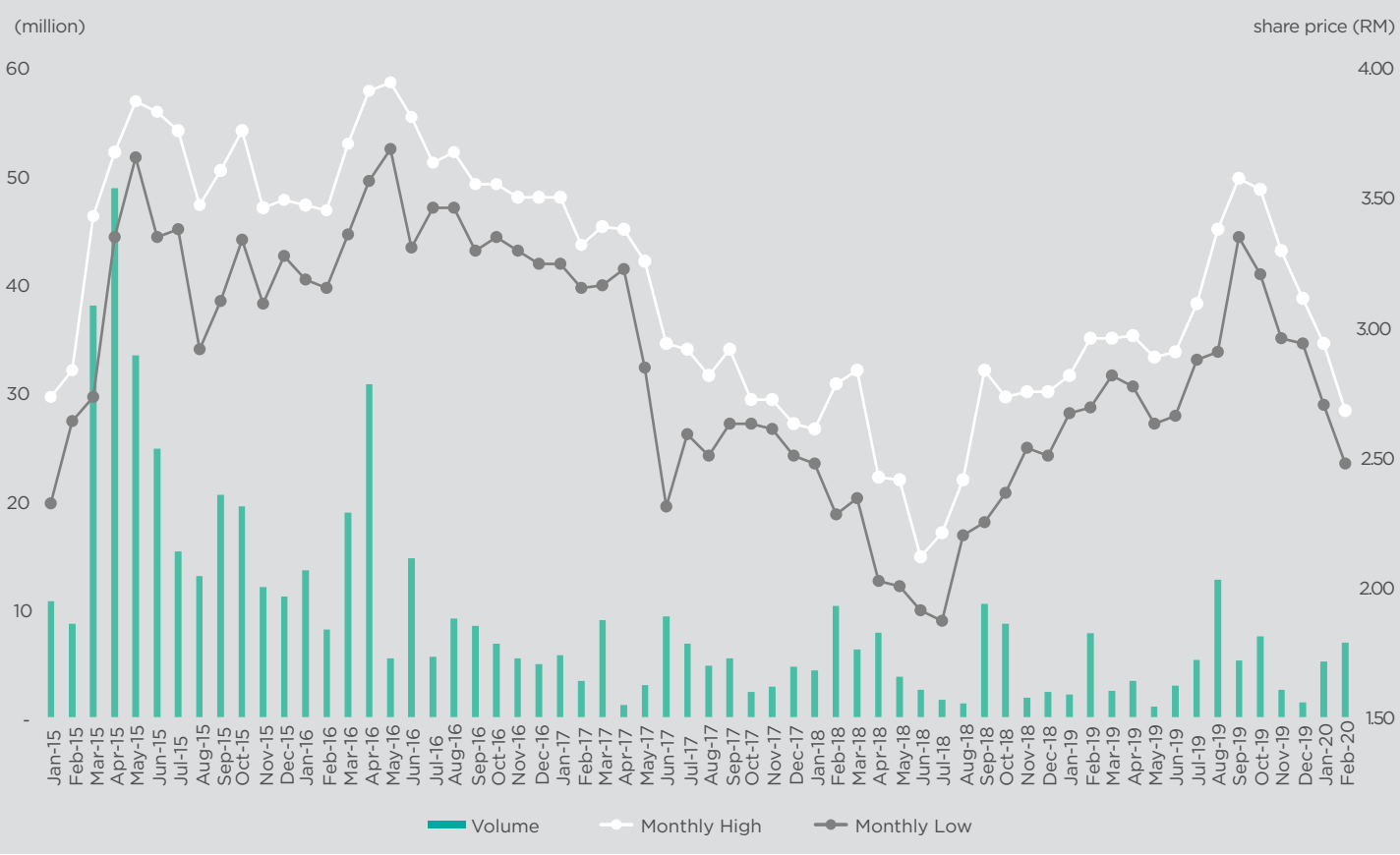
Note:
As at 28 February 2020 (post Full-Year FY19 results announcement)

Total Shareholders Return vs FBMKLCI
Period: 1 January 2015 to 28 February 2020



Our total shareholders return for the past 5 years (1 January 2015 – 28 February 2020) outperformed the FBMKLCI Index by approximately 44.0%

Share Price Movement and Volume Traded
Period: 1 January 2015 to 28 February 2020



This Corporate Governance Overview Statement was approved by the Board on 23 March 2020.

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 2019, 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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 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 applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 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 131 - 135 and the Audited Financial Statements from pages 142 - 268 of this Annual Report.

NON-AUDIT FEES

	Company RM'000	Group RM'000
Statutory audit fees paid/payable to external auditor	148	1,247
Non-audit fees paid/payable to external auditors	37	1,055

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

- Review of Statement on Risk Management and Internal Control
- Tax compliance services
- Consultancy services on overseas market assessment
- Project management support for intra-group restructuring exercise

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.

UTILISATION OF PROCEEDS

In 2017, the Company had established the Islamic Commercial Papers ("ICPs") and Islamic Medium Term Notes ("IMTNs") under an Islamic Commercial Papers programme ("ICP Programme") and Islamic Medium Term Notes Programme ("IMTN Programme") respectively, which have a combined aggregate limit up to RM1,000.0 million in nominal value and sub-limit of RM300.0 million in nominal value for ICP Programme under the Shariah Principle of Murabahah via a Tawarruq Arrangement.

On 26 April 2019, the Company completed the issuance of RM50.0 million in nominal value of ICP with a tenor of 12 months under the ICP Programme.

The proceeds raised was utilised to redeem the outstanding ICPs amounting to RM50.0 million on the said ICP Programme which was issued on 26 April 2018 and matured on 26 April 2019.

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 2019	ICPs	April 2020	50	For Shariah-compliant general corporate purposes.
26 April 2018	ICPs	April 2019	50	For Shariah-compliant general corporate purposes.
26 April 2017	IMTNs	April 2022	250	For Shariah-compliant general corporate purposes.

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 in 2020.

Please refer to pages 273 - 286 of this Annual Report on the disclosure of the recurrent related party transactions conducted during the financial year ended 31 December 2019 pursuant to the shareholders' mandate approved at the last Annual General Meeting.

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 Group's assets.

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

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 Committee

- For the financial year under review, there are ten (10) Directors on the Board comprising one (1) Managing Director/Chief Executive Officer, six (6) Independent Non-Executive Directors and three (3) Non-Independent Non-Executive Directors.

  The Board also consist of one (1) alternate director to a Non-Independent Non-Executive Director. However, he has since resigned effective from 28 February 2019.

- The Board has established the Audit and Risk Committee ("ARC"), Nomination and Remuneration Committee ("NRC") and Board Tender Committee ("BTC") 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.

- With effect from 1 January 2020, the ARC has been separated into Audit Committee and Risk Committee, and the Risk Committee has been renamed as Board Governance and Risk Committee ("BGRC").

- 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 Group'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 Group's Managing Director/ Chief Executive Officer and consists of Head of Companies of the Group and co-opted members from the management team of the Group. The RMC undertakes the following responsibilities:

  - Review and recommend risk management policies and procedures for the approval or acknowledgement of the ARC and Board;
  - Act as Primary Champion of risk management at strategic and operational levels;
  - Review the on-going adequacy and effectiveness of risk management process;
  - Review the consolidated risk registers to identify significant risks and whether these are adequately managed; and
  - Ensure that the ARC and Board receive adequate and appropriate information for review and decision-making respectively.

- The RMC is assisted by the Risk, Integrity & Compliance Department ("RICD") (formerly known as Risk Management and Compliance Department), which is primarily responsible for the implementation of RMF and operationalisation of risk management processes and practices. A Charter, which defines RICD'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 Group'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.

UEM Edgenta has established HSSE Management System to inculcate a strong HSSE culture and sustainable HSSE performance. The HSSE Management System comprises of HSSE Rules, SOPs and processes. This also includes introducing an enhanced UEM Edgenta HSSE Management System ("MS") Manual which seek to make the HSSE execution simpler and more aligned within the Group.

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

- Edgenta PROPEL Berhad
  - ISO 9001:2015
  - ISO 14001:2015
  - OHSAS 18001:2007

- Opus International (M) Berhad
  - ISO 9001:2015
  - ISO 14001:2015
  - OHSAS 18001:2007

- Edgenta Mediserve Sdn. Bhd.
  - ISO 9001:2015
  - ISO 14001:2015
  - OHSAS 18001:2007 / MS 1722: Part 1:2011
  - ISO 13485:2016 / EN ISO 13485:2012

- Edgenta Environmental & Material Testing Sdn. Bhd.
  - ISO 9001:2015
  - ISO 14001:2015
  - OHSAS 18001:2007
  - ISO / IEC 17025

- Edgenta GreenTech Sdn. Bhd. (formerly known as KFM Holdings Sdn. Bhd.)
  - ISO 9001:2015
  - ISO 14001:2015
  - ISO 45001:2018

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

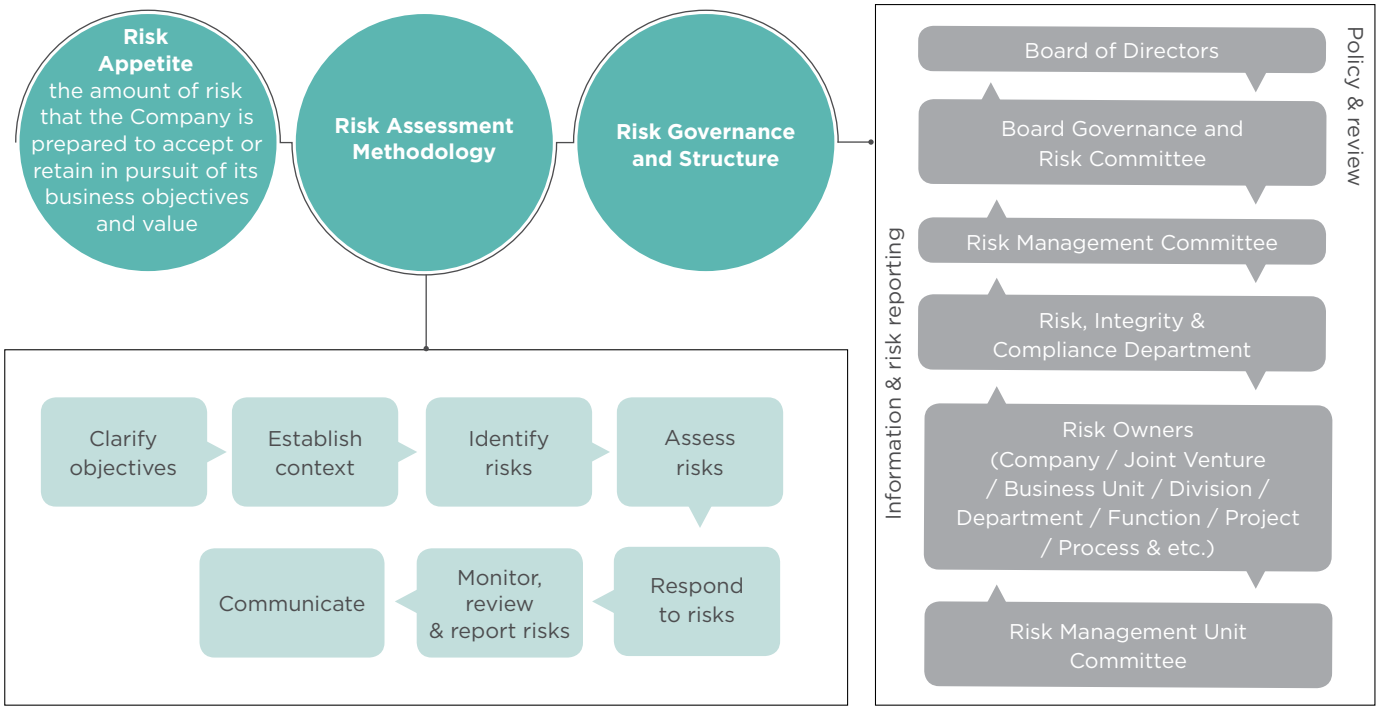
Risk Management Framework

- 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.

KEY FEATURES OF RISK MANAGEMENT FRAMEWORK



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

Risk Management Approach

- The Group adopts a formal and structured approach for risk assessment process.

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

a. **Set / clarify business objectives:**
Understanding of what the objectives are for the Company and its group of companies.

b. **Establish context:**
Establish the context and boundaries within which the Group operates.

c. **Identify risks:**
Risk(s) 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.

The Group adopts the following risk rating matrix to articulate the relationship between risk impact and likelihood.

Risk Rating					
Likelihood	**Risk Impact**				
	Insignificant	**Minor**	**Moderate**	**Major**	**Catastrophic**
Certain	Medium	Significant	Significant	High	High
Likely	Medium	Medium	Significant	Significant	High
Possible	Low	Medium	Medium	Significant	High
Unlikely	Low	Medium	Medium	Significant	Significant
Remote	Low	Low	Medium	Medium	Significant

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.

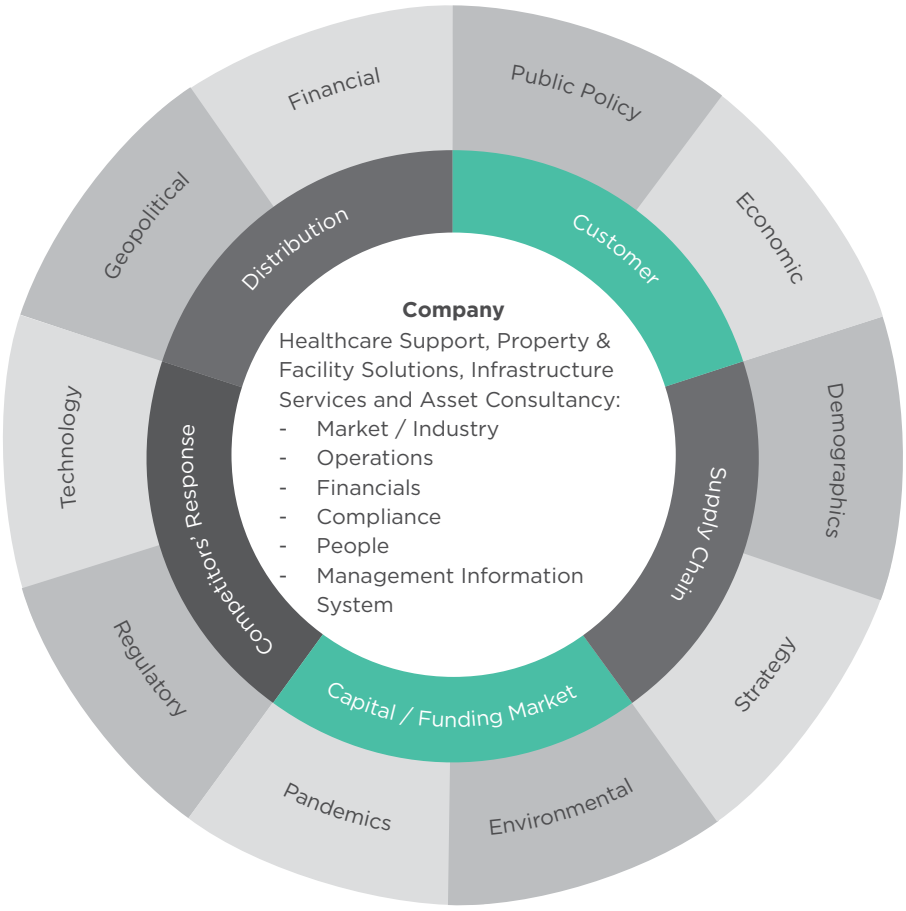
- Risk waterfall is used to systematically identify the 1st, 2nd and 3rd order effects of each risk event; link some of the events into cascades:

  a) 1st Order Effects:
  Effects that have a direct impact on financial performance.

  b) 2nd 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) 3rd Order Effects:
  Effect of macroeconomic that affect the entire economy.

Watch for Interdependent & Cascading Risk Drivers



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.
- Quarterly review and monitoring implementation of risk action plans by the risk management team.
- Identification and reporting of emerging risks and mitigation plans to the RMC, ARC and Board of Directors for deliberation and approval.
- Provides risk management consultation and advisory services to projects, investment and potential business leads.

Integrity & Compliance

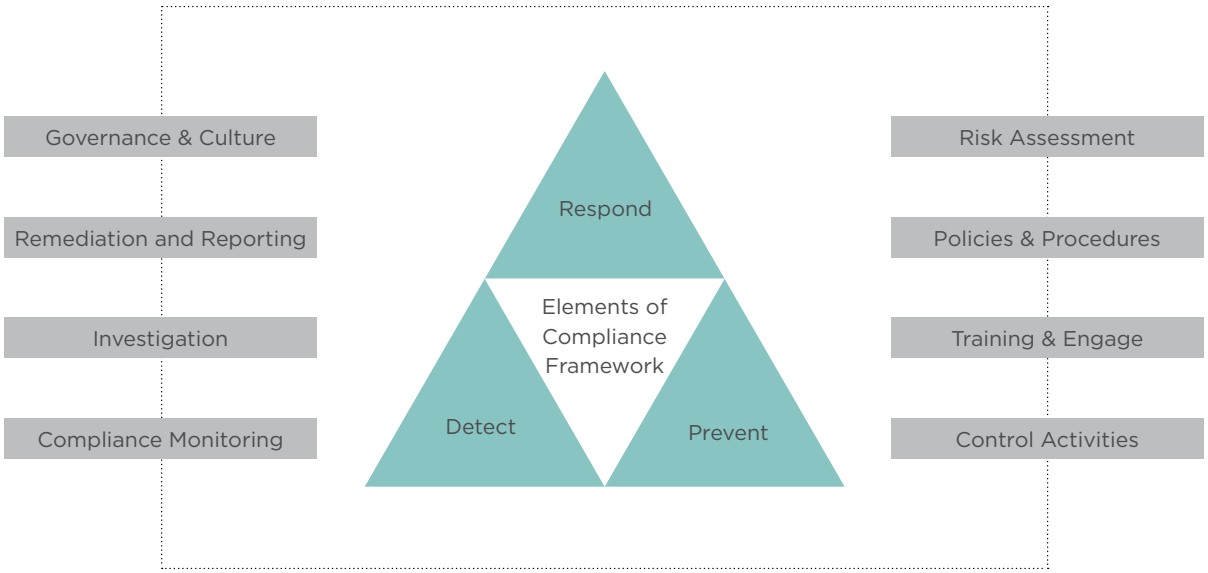
Integrity & Compliance are the foundation and values in our day-to-day decision-making and business practices.

A Board Governance and Risk Committee was set up on 1 January 2020 to undertake the integrity & governance activities in addition to the oversight of risk management & compliance matters. The BGRC is chaired by Independent and Non-Executive Director.

Compliance Framework

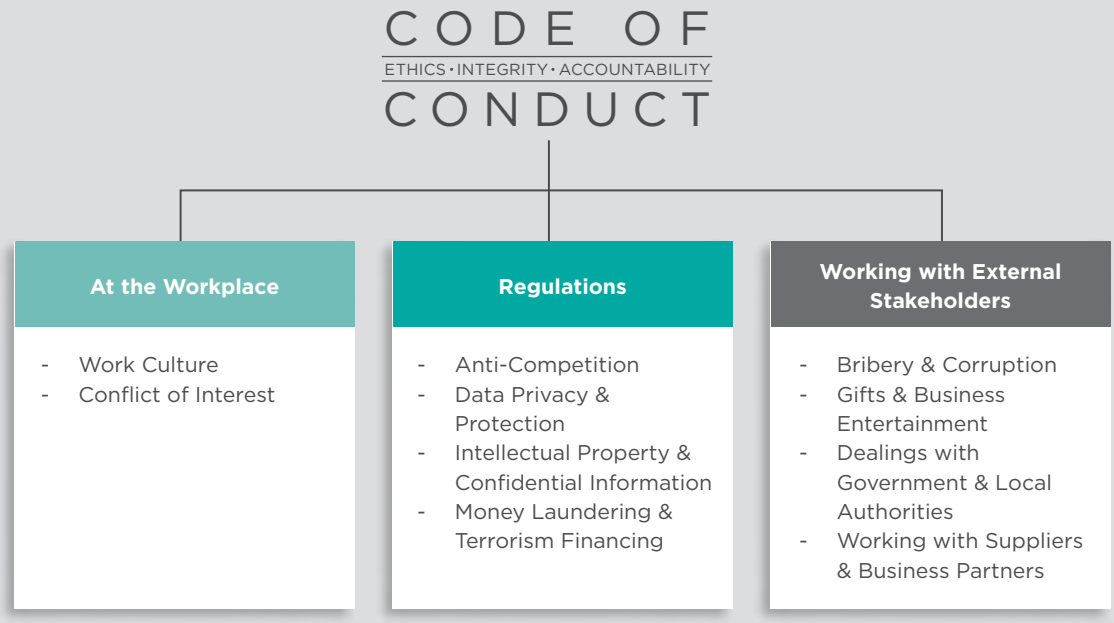
A Compliance Framework has been formalised and approved by the Board of Directors. The Framework aims to establish and embed the culture of ethics and integrity, consistent with the values of the organisation and promote the culture of commitment to lawful and ethical behaviour.

Eight Elements of Compliance Framework



Code of Conduct

UEM Edgenta Code of Conduct ("The Code") expresses our commitment to build trust in our business ecosystem, and it outlines ethical behaviour standards in our business activities, accompanied by important policy statements. The Code applies to directors, officers, and employees of UEM Edgenta, as well as its Operating Companies ("the Company").



Code of Conduct for Business Partners

Code of Conduct for Business Partners sets the expectations for our dealings with Business Partner. A commitment to full compliance with this Code is a fundamental requirement to working for or with UEM Edgenta. We believe our sustainable business relationship is based on key principles of integrity, honesty, accountability and compliance with applicable laws and regulations. The 8 principles of UEM Edgenta Code of Conduct for our Business Partners:

Compliance with Laws	Act with Integrity	Maintain Accountability	Avoid Conflict of Interest
Maintain Confidentiality	Provide a Safe Working Environment	Maintain a Healthy Work Culture	Prohibit Any Form of Gift / Business Courtesy

Whistleblowing Policy

UEM Edgenta is committed to the highest standards of professionalism, honesty, integrity, accountability and ethical behaviours in the conduct of its business and operations.

A Whistleblowing Policy has been formulated to enable employees of UEM Edgenta and the members of the public a platform to report any improper conduct with the Company. The protected disclosure can be made via the structured reporting channel i.e. secured online portal or other avenue such as via email or in writing to the Chairman of the Board or Chairman of BGRC.

A whistleblowing committee was established to ensure investigation is conducted when needed, reviews the investigation report and decides on the next course of action based on the nature of the violation.

Integrity & Compliance Activities

UEM Edgenta has undertaken the following key activities to show our commitment as being an ethical and professional organisation, anchored on ethics, integrity and accountability:

- Integrity Day to launch refreshed Code of Conduct for Directors and Employees (including Corruption-Free Pledge witnessed by MACC officer);
- Code of Conduct for Business Partners Forum with Corruption-Free Pledge by business partners;
- Launch of Anti-Bribery and Anti-Corruption Guide;
- Rollout of Conflict of Interest ("COI") Procedures and COI e-Declaration portal; and
- Corruption Risk Assessment and Corruption Risk Survey

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 Group, Chief Operating Officer, Chief Financial Officer, Chief People 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.

Operating Plans 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 5-year operating plan, 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 plan, 5-year operating plan and strategic plan. It also includes the establishment of Key Performance Indicators ("KPI") which is deliberated and approved by the Board.

The approved annual operating plan, 5-year operating plan and strategic plan are 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 plan, 5-year operating plan 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.

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. We have included new additional provisions for Compliance with HSSE Management Requirements in the procurement terms and conditions to enhance safety awareness and accountability amongst our contractors.

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")

According to the International Standard & Best Practice, BCM is a holistic management of disruption. For all intents and purposes, each plan within an organisation is interlinked and makes a whole.

Diagram below illustrates how these plans relate to each other:

	Business Continuity Management				
Process	Emergency and Crisis Management			Recovery and Restoration Management	
Document	Emergency Response Procedures ("ERP")	Crisis Communications Plan ("CCP")	Crisis Management Plan ("CMP")	Disaster Recovery Plan ("DRP")	Business Continuity Plan ("BCP")
Nature of Document	Procedures to manage potential and actual emergency situations with Environmental, Safety & Health ("ESH") implication	Procedures to manage communications when a crisis is imminent or has struck	Procedures to manage a crisis mainly dealing with major emergencies to minimise any damage	Procedures to recover and protect business IT infrastructure to support business operations	Procedures to recover and restore business operations to normality
Objective of Document	Safety and health of people maintained	Communication occurs effectively	Crisis managed timely and effectively	IT applications / data protected	People relocate and resume operations effectively

Diagram 1 – BCM Plans Relationship with Other Documents

A live crisis simulation exercise was carried out, which includes emergency evacuation drill, call tree exercise, mobilisation to recovery site and recovery of critical business functions. These exercises cover the areas of emergency response plan, crisis communication plan, IT disaster recovery plan, crisis management plan and business continuity plan as referenced to the table above. The BCM programme will continue with the aim to deliver resilience and BCM awareness across the Group.

Human Resources Management

The internal control of UEM Edgenta 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 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. These interventions are tied back to Individual Development Plan of our employees.

As a member of UEM Group, UEM Edgenta 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.

Management Information System ("MIS")

In the era of Industrial Revolution 4.0, the Group is increasingly investing in tools and solutions that allow processes, people and technology to be integrated into a single integrated network for data collection, data analysis, the evaluation of organisation development, and performance improvement. The Group has also embarked on cloud computing through partnership with Microsoft, using Microsoft Azure cloud platform to host, deploy and manage systems and applications.

With cloud computing, the Group does not have to deploy extensive hardware, configure and manage networks and infrastructure in IoT deployments. As a result, this has helped to speed up development process while cutting down on development cost. The investment in cloud computing also offers the Group the ability to better oversee and manage a variety of its core business operations.

Processes and policies surrounding cloud computing is in place to ensure the integrity and safety of data of both the Company and users.

Disaster Recovery Planning

Disaster Recovery Planning for the Group is a subset of BCM. Data, systems and applications that are stored in the cloud ensures it is backed up and protected in a secure and safe location. Being able to access company's data again quickly allows us to conduct business as usual, minimising any downtime and loss of productivity.

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 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.

Our Sustainability Commitment

We recognise that as an Asset Management and Infrastructure Solutions Company, our role transcends beyond the ordinary. We are determined to preserve the economic value and benefits of critical infrastructure and other assets under our care, making it sustainable for our future generations.

In undertaking our sustainability commitment, UEM Edgenta and its subsidiaries are guided by its Sustainability and Corporate Responsibility Policies. Both the mentioned policies are accessible in the Company's website at uemedgenta.com.

The Group also adopts Bursa Malaysia's Sustainability Reporting Guide & Toolkits and the Global Reporting Initiatives ("GRI") Standards to report its Economic, Environmental and Social ("EES") performance on material matters of our businesses and value chain in the annual report which is accessible in the Company's website at 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 Audit and Assurance Practice Guide 3, 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 2019, 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 23 March 2020.

CONCLUSION

The Board is of the view that the risk management and internal control system 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.

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 2019.

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 45 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit after tax	188,040	103,360
Attributable to:		
Owners of the parent	181,782	103,360
Non-controlling interests	6,258	-
	188,040	103,360

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 impairment loss on investment in subsidiaries amounting to RM81.4 million, as further disclosed in Notes 7 and 17(a) to the financial statements.

DIVIDENDS

The amounts of dividends paid by the Company since 31 December 2018 were as follows:

	RM'000
In respect of the financial year ended 31 December 2018 as reported in the directors' report of that year:	
Single tier second interim dividend of 8.00 sen on 831,624,030 ordinary shares declared on 25 February 2019 and paid on 9 May 2019	66,530
In respect of the financial year ended 31 December 2019:	
Single tier interim dividend of 6.00 sen on 831,624,030 ordinary shares declared on 27 August 2019 and paid on 31 October 2019	49,897
	116,427

On 26 February 2020, the Board of Directors has declared a single tier second interim dividend of 8.00 sen per ordinary share, on 831,624,030 ordinary shares, amounting to RM66,529,922, to be paid on 14 May 2020. The entitlement date is 23 April 2020. The financial statements for the current financial year do not reflect this dividend. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2020.

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:

Tan Sri Dr. Azmil Khalili bin Dato' Khalid	(Appointed on 24 May 2019)
Dato' Azmir Merican bin Azmi Merican*	
Dato' Mohd Izani bin Ghani	(Appointed on 22 October 2019)
Dato' Noorazman bin Abd Aziz	
Tan Bun Poo	
Elakumari a/p Kantilal	
Juniwati Rahmat Hussin	
Dato' George Stewart LaBrooy	
Emily Kok	
Rowina Ghazali Seth	
Dr. Saman @ Saimy bin Ismail	(Demised on 29 April 2019)
Amir Hamzah bin Azizan	(Retired on 15 May 2019)
Mohd Shahazwan bin Mohd Harris (Alternate to Dato' Noorazman bin Abd Aziz)	(Resigned on 28 February 2019)

* These directors are also directors of certain subsidiaries of the Company.

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:

Chan Cheow Hong	
Chen Yen-Yu	
Dr. Chan Tuck Leong	
Fardan bin Abdul Majeed	
Graeme Walwyn	
Huang Wan Hung	
Jesudason Selvaraj	
John Bong Kim Fook	
Lim Wah Seng	
Low Chee Yen	
Mazli bin Mohamed Ayob	
Mohamad Zamani bin Razali	
Mohd Razif bin Mohd Yusoff	
Muhammad Noor bin Abd Aziz @ Hashim	
Nurolamin bin Abas	
Philippa Smith Lambert	
Ramlan bin Khamis	
Roli Shukla	
Saeed Abdulla Omar Saeed Al Amoudi	
Sharon Ruba a/p Krishnamurthy	
Sitthambaranatha Gandhi a/l Suppiah	
Sivaramakrishnan 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)	
Shariman Yusuf bin Mohamed Zain	(Appointed on 28 February 2020)
Paul Sandanasamy Richard	(Appointed on 15 January 2019)
Dr. Nik Fawaz bin Nik Abdul Aziz	(Appointed on 1 January 2020)
Leong Kar Yung	(Appointed on 13 January 2020)
Razman Ismail	(Appointed on 13 January 2020)
Rakesh Devasish Jena (Alternate to Dr. Chan Tuck Leong)	(Appointed on 29 August 2019)
Lim Wei Hsien Kenny	(Appointed on 20 June 2019)

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.)

Mohd Khalil bin Dan	(Appointed on 10 June 2019 and resigned on 28 February 2020)
Ahmad Zamri bin Said	(Resigned on 28 February 2020)
Alastair Douglas McCracken	(Resigned on 21 June 2019)
Azmy bin Mahbot	(Resigned on 22 January 2020)
Chin Chi Haw	(Resigned on 19 July 2019)
Dr. Tee Kim Siong	(Resigned on 26 November 2019)
Primoehadi Notowidigdo	(Resigned on 28 February 2020)
Mohamed bin Rastam Shahrom	(Resigned on 15 January 2019)
Mohd Azlan bin Abas	(Resigned on 30 November 2019)
Paul Sandanasamy Richard (Alternate to Azmy bin Mahbot)	(Resigned on 15 January 2019)
Rakesh Devasish Jena (Alternate to Chin Chi Haw)	(Resigned on 19 July 2019)
Sofia binti Zakaria	(Resigned on 14 January 2020)
Tay Tuan Leng	(Resigned on 21 August 2019)

Director of a subsidiary that has been disposed during the financial year:

Haji Zohari bin Mahur	(Disposed on 27 September 2019)

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 the 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 below) 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.

The directors' benefits are as follows:

	Group RM'000	Company RM'000
Executive:		
Salaries and other emoluments	996	996
Bonus	471	471
Contributions to defined contribution plans	219	219
Allowances	140	140
Benefits-in-kind	39	39
	1,865	1,865
Non-Executive:		
Fees	1,287	1,243
Benefits-in-kind	40	40
	1,327	1,283
Total	3,192	3,148

DIRECTORS' BENEFITS (CONT'D.)

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 RM52,328.

DIRECTORS' INTEREST

According to the register of directors' shareholdings, the interests of a director in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares			
	As at 1 January 2019	Acquired	Disposed	As at 31 December 2019
Direct interest:				
UEM Edgenta Berhad				
Dato' Azmir Merican bin Azmi Merican	70,000	60,000	-	130,000

None of the other directors in 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 COMPANIES

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.

(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.

OTHER STATUTORY INFORMATION (CONT'D.)

(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 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.

AUDITORS

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

Auditors' remuneration is as follows:

	Group RM'000	Company RM'000
Ernst & Young PLT	891	148
Other component auditors	356	-
	1,247	148

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, 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 PLT for the financial year ended 31 December 2019.

Signed on behalf of the Board in accordance with a resolution of the directors dated 23 March 2020.

Tan Sri Dr. Azmil Khalili bin Dato' Khalid

Dato' Azmir Merican bin Azmi Merican

Statement By Directors

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

We, Tan Sri Dr. Azmil Khalili bin Dato' Khalid 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 142 to 268 are drawn up in accordance with Malaysian Financial Reporting Standards, International 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 2019 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 23 March 2020.

Tan Sri Dr. Azmil Khalili bin Dato' Khalid

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 142 to 268 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 (MIA 39410)
at Kuala Lumpur in the Federal Territory
on 23 March 2020.

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 2019 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 142 to 268.

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 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International 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 Code of Ethics for Professional Accountants (including International Independence Standards) ("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.

<u>Key audit matters in respect of the audit of the financial statements of the Group</u>

(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 2019, the carrying amount of goodwill amounted to RM534.7 million, representing 43% 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 unit ("CGUs") or groups of CGUs to its carrying amount.

The Group estimated the recoverable amounts of the CGUs based on value-in-use ("VIU"). Estimating 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.

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.)

(a) Impairment assessment of goodwill (cont'd.)

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 management in estimating the VIU and assessed whether such methodology is consistent with those used in the industry;
- We assessed the reasonableness of key assumptions used for each 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 which 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.

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

(b) 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 2019, the carrying amount of the investment in a subsidiary, Opus Group Berhad ("OGB") amounted to approximately RM683.6 million, representing 36% and 32% 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 VIU.

We identified the impairment review as an area of audit focus as the impairment assessment was complex and highly judgemental. Determining the VIU 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 condition. 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 RM78.0 million in relation to its investment in OGB.

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.)

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

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 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 which 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.

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 Malaysian Financial Reporting Standards, International 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.

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

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 of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

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

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

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

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 45 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 PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Chong Tse Heng
03179/05/2021 J
Chartered Accountant

Kuala Lumpur, Malaysia
23 March 2020

Income Statements

For the year ended 31 December 2019

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue	3	**2,411,195**	2,182,604	**300,660**	241,075
Cost of sales	4	**(1,944,388)**	(1,772,737)	**-**	-
Gross profit		**466,807**	409,867	**300,660**	241,075
Other income	5	**66,435**	49,825	**18,245**	18,294
Administrative expenses		**(233,631)**	(202,047)	**(95,233)**	(71,533)
Selling and marketing expenses		**(120)**	(945)	**-**	-
Other expenses		**(48,090)**	(46,315)	**(100,853)**	(133,166)
Operating profit		**251,401**	210,385	**122,819**	54,670
Finance costs	6	**(27,954)**	(28,433)	**(19,677)**	(17,721)
Share of profit of associates		**21,502**	16,519	**-**	-
Profit before tax	7	**244,949**	198,471	**103,142**	36,949
Zakat		**(3,065)**	(2,850)	**-**	-
Income tax (expense)/benefit	10	**(53,844)**	(43,260)	**218**	-
Profit after tax		**188,040**	152,361	**103,360**	36,949
Profit attributable to:					
Owners of the parent		**181,782**	148,430	**103,360**	36,949
Non-controlling interests		**6,258**	3,931	**-**	-
		188,040	152,361	**103,360**	36,949
Earnings per share attributable to owners of the parent (sen)	11	**21.9**	17.8		

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 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Profit after tax		**188,040**	152,361	**103,360**	36,949
Other comprehensive income/(loss)					
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations		**1,421**	(430)	**-**	-
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:					
Remeasurement loss on Retirement Benefit Scheme	26	**-**	(253)	**-**	-
Remeasurement (loss)/gain on Defined Benefit Pension Scheme	27	**(64)**	104	**-**	-
Tax impact on remeasurement loss	10	**-**	61	**-**	-
		(64)	(88)	**-**	-
Other comprehensive income/(loss) for the year		**1,357**	(518)	**-**	-
Total comprehensive income for the year		**189,397**	151,843	**103,360**	36,949
Total comprehensive income attributable to:					
Owners of the parent		**183,175**	147,882	**103,360**	36,949
Non-controlling interests		**6,222**	3,961	**-**	-
		189,397	151,843	**103,360**	36,949

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

Statements of Financial Position

As at 31 December 2019

	Note	Group 2019 RM'000	2018 RM'000
Assets			
Non-current assets			
Property, plant and equipment	13	**211,982**	185,033
Right-of-use assets	37	**30,937**	-
Land held for property development	14	**477**	477
Prepaid land lease payments	15	**-**	2,976
Intangible assets	16	**734,304**	731,927
Investment in associates	18	**77,005**	61,235
Other investments	19	**272**	272
Trade and other receivables	21	**126,421**	128,339
Contract related assets	22	**35,212**	20,088
Deferred tax assets	32	**13,274**	12,963
		1,229,884	1,143,310
Current assets			
Inventories	20	**133,773**	156,778
Trade and other receivables	21	**546,320**	768,269
Contract related assets	22	**344,736**	179,758
Tax recoverable		**37,109**	23,032
Short term investments	23	**62,463**	107,178
Cash, bank balances and deposits	24	**558,531**	496,293
		1,682,932	1,731,308
Asset held for sale	25	**-**	3,073
Total assets		**2,912,816**	2,877,691

Statements of Financial Position
As at 31 December 2019

	Note	Group 2019 RM'000	2018 RM'000
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	33	**268,074**	268,074
Capital reserve	34	**313,856**	313,856
Other reserves	35	**3,415**	(1,018)
Retained earnings	36	**986,688**	921,397
		1,572,033	1,502,309
Non-controlling interests		**12,390**	14,459
Total equity		**1,584,423**	1,516,768
Non-current liabilities			
Retirement benefit obligations	26	**3,183**	3,516
Defined benefit pension plan	27	**1,116**	1,759
Provisions	28	**2,382**	1,872
Borrowings	29	**365,561**	408,005
Lease liabilities	37	**19,131**	-
Trade and other payables	31	**1,612**	4,552
Deferred tax liabilities	32	**50,391**	48,552
		443,376	468,256
Current liabilities			
Retirement benefit obligations	26	**564**	940
Provisions	28	**1,620**	1,620
Borrowings	29	**153,507**	124,460
Lease liabilities	37	**11,146**	-
Trade and other payables	31	**671,942**	740,199
Contract liabilities	22	**21,131**	14,368
Income tax payable		**25,107**	11,080
		885,017	892,667
Total liabilities		**1,328,393**	1,360,923
Total equity and liabilities		**2,912,816**	2,877,691

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

Statements of Financial Position
As at 31 December 2019

	Note	Company 2019 RM'000	2018 RM'000
Assets			
Non-current assets			
Property, plant and equipment	13	**16,269**	19,088
Right-of-use assets	37	**26,137**	-
Intangible assets	16	**36,849**	13,550
Investment in subsidiaries	17	**1,707,613**	1,789,043
Other investments	19	**272**	272
Trade and other receivables	21	**100,975**	95,754
		1,888,115	1,917,707
Current assets			
Trade and other receivables	21	**180,885**	132,205
Cash, bank balances and deposits	24	**47,498**	31,399
Tax recoverable		**135**	451
		228,518	164,055
Asset held for sale	25	**-**	3,852
Total assets		**2,116,633**	2,085,614
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	33	**268,074**	268,074
Capital reserve	34	**788,375**	788,375
Other merger reserve	34	**482,035**	482,035
Retained earnings	36	**78,711**	91,778
		1,617,195	1,630,262

Statements of Financial Position
As at 31 December 2019

		Company	
	Note	2019 RM'000	2018 RM'000
Non-current liabilities			
Borrowings	29	**249,750**	249,625
Lease liabilities	37	**15,351**	-
Trade and other payables	31	**98,226**	93,976
		363,327	343,601
Current liabilities			
Borrowings	29	**52,090**	52,190
Lease liabilities	37	**8,202**	-
Trade and other payables	31	**75,819**	59,561
		136,111	111,751
Total liabilities		**499,438**	455,352
Total equity and liabilities		**2,116,633**	2,085,614

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 2019

	Attributable to owners of the parent						
		Non-distributable					
	Share capital (Note 33) RM'000	Capital reserve (Note 34) RM'000	Other reserve (Note 35) RM'000	Retained earnings (Note 36) RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group							
At 1 January 2019	268,074	313,856	(1,018)	921,397	1,502,309	14,459	1,516,768
Profit for the year	-	-	-	181,782	181,782	6,258	188,040
Other comprehensive income/ (loss)	-	-	1,457	(64)	1,393	(36)	1,357
Total comprehensive income	-	-	1,457	181,718	183,175	6,222	189,397
Transactions with owners							
Put option granted to non-controlling interests of a subsidiary	-	-	2,976	-	2,976	(2,976)	-
Disposal of a subsidiary	-	-	-	-	-	(4,311)	(4,311)
Dividends paid to:							
- Shareholders of the Company (Note 12)	-	-	-	(116,427)	(116,427)	-	(116,427)
- Non-controlling shareholders of subsidiaries	-	-	-	-	-	(1,004)	(1,004)
	-	-	2,976	(116,427)	(113,451)	(8,291)	(121,742)
At 31 December 2019	268,074	313,856	3,415	986,688	1,572,033	12,390	1,584,423

Statements of Changes in Equity
For the year ended 31 December 2019

	Attributable to owners of the parent						
		Non-distributable					
	Share capital (Note 33) RM'000	Capital reserve (Note 34) RM'000	Other reserves (Note 35) RM'000	Retained earnings (Note 36) RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group							
At 1 January 2018	268,074	313,856	(12,803)	1,014,229	1,583,356	18,476	1,601,832
Profit for the year	-	-	-	148,430	148,430	3,931	152,361
Other comprehensive (loss)/ income	-	-	(457)	(91)	(548)	30	(518)
Total comprehensive (loss)/ income	-	-	(457)	148,339	147,882	3,961	151,843
Transactions with owners							
Put option granted to non-controlling interests of a subsidiary	-	-	12,242	-	12,242	(2,143)	10,099
Capital repayment to non-controlling interest of a subsidiary	-	-	-	-	-	(3,375)	(3,375)
Dividends paid to:							
- Shareholders of the Company (Note 12)	-	-	-	(241,171)	(241,171)	-	(241,171)
- Non-controlling shareholders of subsidiaries	-	-	-	-	-	(2,460)	(2,460)
	-	-	12,242	(241,171)	(228,929)	(7,978)	(236,907)
At 31 December 2018	**268,074**	**313,856**	**(1,018)**	**921,397**	**1,502,309**	**14,459**	**1,516,768**

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 2019

	Share capital (Note 33) RM'000	Capital reserve (Note 34) RM'000	Other merger reserves (Note 34) RM'000	Retained earnings (Note 36) RM'000	Total equity RM'000
Company					
At 1 January 2019	**268,074**	**788,375**	**482,035**	**91,778**	**1,630,262**
Total comprehensive income	**-**	**-**	**-**	**103,360**	**103,360**
Transaction with owners					
Dividends (Note 12)	**-**	**-**	**-**	**(116,427)**	**(116,427)**
At 31 December 2019	**268,074**	**788,375**	**482,035**	**78,711**	**1,617,195**
Company					
At 1 January 2018	268,074	788,375	482,035	296,000	1,834,484
Total comprehensive income	-	-	-	36,949	36,949
Transaction with owners					
Dividends (Note 12)	-	-	-	(241,171)	(241,171)
At 31 December 2018	268,074	788,375	482,035	91,778	1,630,262

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 2019

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Cash flows from operating activities				
Cash receipts from customers	**2,614,226**	2,302,313	**96,951**	38,944
Cash payments to suppliers	**(1,231,383)**	(1,085,664)	**-**	-
Cash payments to employees and for expenses	**(1,073,013)**	(938,216)	**(77,114)**	(92,284)
Cash generated from/(used in) operations	**309,830**	278,433	**19,837**	(53,340)
Interest paid	**(25,787)**	(26,249)	**(15,266)**	(14,314)
Taxes (paid)/refund	**(53,068)**	(46,145)	**534**	-
Net cash flows generated from/(used in) operating activities	**230,975**	206,039	**5,105**	(67,654)
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	**331**	5,406	**-**	5,250
Proceeds from disposal of a subsidiary, net of cash disposed (Note 17(e))	**1,165**	-	**-**	-
Payment of deferred consideration	**(461)**	-	**(461)**	-
Placement of short term investments	**(110,000)**	(100,000)	**-**	-
Proceeds from withdrawal of short term investments	**155,979**	180,048	**-**	1,793
Interest received	**6,430**	9,633	**847**	-
Dividends received from associates	**5,786**	6,400	**-**	-
Dividends received from subsidiaries	**-**	-	**143,260**	149,037
Purchase of property, plant and equipment	**(68,435)**	(50,163)	**(3,684)**	(722)
Purchase of intangible assets	**(17,878)**	(9,961)	**(15,805)**	(4,023)
Repayment from a subsidiary	**-**	-	**10,000**	101,612
Net cash flows (used in)/generated from investing activities	**(27,083)**	41,363	**134,157**	252,947

Statements of Cash Flows
For the year ended 31 December 2019

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash flows from financing activities				
Capital repayment to non-controlling interests of a subsidiary	**(3,375)**	-	**-**	-
Finance lease repayment	**-**	(1,113)	**-**	-
Drawdown of borrowings	**125,331**	149,636	**50,000**	50,000
Repayment of borrowings	**(137,127)**	(175,320)	**(50,000)**	(50,000)
Repayment of lease liabilities	**(9,843)**	-	**(6,736)**	-
Dividends paid	**(116,427)**	(241,171)	**(116,427)**	(241,171)
Dividends paid to non-controlling shareholders of subsidiaries	**(1,004)**	(2,460)	**-**	-
Withdrawal/(Placement) of fixed deposits	**13,887**	(2,097)	**-**	-
Net cash flows used in financing activities	**(128,558)**	(272,525)	**(123,163)**	(241,171)
Net increase/(decrease) in cash and cash equivalents	**75,334**	(25,123)	**16,099**	(55,878)
Net foreign exchange difference	**791**	(831)	**-**	-
Cash and cash equivalents at beginning of year	**462,844**	488,798	**31,399**	87,277
Cash and cash equivalents at end of year (Note a)	**538,969**	462,844	**47,498**	31,399
(a) Cash and cash equivalents comprise:				
Cash in hand and at banks	**400,299**	232,187	**13,956**	4,273
Fixed deposits with licensed banks	**158,232**	264,106	**33,542**	27,126
Cash, bank balances and deposits (Note 24)	**558,531**	496,293	**47,498**	31,399
Less: Fixed deposits on lien	**(3,297)**	(15,674)	**-**	-
Less: Fixed deposits pledged	**(11,804)**	(15,877)	**-**	-
Less: Cash and fixed deposit restricted in usage	**(4,461)**	(1,898)	**-**	-
	538,969	462,844	**47,498**	31,399

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 2019

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 45.

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 23 March 2020.

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 Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company have 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 2019, the Group and the Company adopted the following amended MFRSs and interpretation mandatory for annual financial periods beginning on or after 1 January 2019.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Changes in accounting policies (cont'd.)

	Effective for annual periods beginning on or after
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
MFRS 16: Leases	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual improvements to MFRS Standards 2015-2017 Cycle	1 January 2019
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
IC Interpretation 23: Uncertainty over Income Tax Treatments	1 January 2019

The adoption of the above standards and interpretation did not have any effect on the financial statements of the Group and of the Company, except as disclosed below.

MFRS 16 Leases

The Group applied MFRS 16 Leases for the first time. MFRS 16 supersedes MFRS 117 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statements of financial position.

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 does not have an impact for leases where the Group is the lessor.

The Group adopted MFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying MFRS 117 and IFRIC 4 at the date of initial application.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Changes in accounting policies (cont'd.)

MFRS 16 Leases (cont'd.)

The effect of adoption MFRS 16 is as follows:

Statement of financial position - 1 January 2019

		As previously reported RM'000	Effects of MFRS 16 RM'000	After adjustments RM'000
Group				
Non-current assets				
Property, plant and equipment	(a)	185,033	(3,080)	181,953
Prepaid land lease payments	(a)	2,976	(2,976)	-
Right-of-use assets	(b)	-	38,080	38,080
		188,009	32,024	220,033
Non-current liability				
Borrowings	(a)	2,026	(2,026)	-
Lease liabilities	(a)	-	25,803	25,803
		2,026	23,777	25,803
Current liability				
Borrowings	(a)	1,101	(1,101)	-
Lease liabilities	(a)	-	9,348	9,348
		1,101	8,247	9,348
Total liabilities		3,127	32,024	35,151
Company				
Non-current assets				
Property, plant and equipment	(a)	19,088	(3,065)	16,023
Right-of-use assets	(b)	-	31,751	31,751
		19,088	28,686	47,774
Non-current liability				
Lease liabilities	(a)	-	7,211	7,211
Current liability				
Lease liabilities	(a)	-	21,475	21,475
		-	28,686	28,686

The Group has lease contracts for various items of leasehold land, office premises, and motor vehicles. Before the adoption of MFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. Refer to Note 2.4(q) for the accounting policy prior to 1 January 2019.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Changes in accounting policies (cont'd.)

MFRS 16 Leases (cont'd.)

Upon adoption of MFRS 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 2.4(q) for the accounting policy beginning 1 January 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

a. Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e. the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under MFRS 117). The requirements of MFRS 16 were applied to these leases from 1 January 2019.

b. Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relied on its assessment of whether leases are onerous immediately before the date of initial application;
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application;
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Changes in accounting policies (cont'd.)

MFRS 16 Leases (cont'd.)

b. Leases previously accounted for as operating leases (cont'd.)

Based on the above, as at 1 January 2019:

- Right-of-use assets of RM38,080,000 and RM31,751,000 were recognised and presented separately by the Group and the Company in the statements of financial position.

- Lease liabilities of RM35,151,000 and RM28,686,000 were recognised and presented separately by the Group and the Company in the statements of financial position.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2019, as follows:

	Group RM'000	Company RM'000
Operating lease obligations as at 31 December 2018	10,342	1,210
Reasonably certain extension options	26,273	30,200
Relief option for short term leases	(1,021)	-
Relief option for leases of low value assets	(712)	(361)
Gross liabilities at 1 January 2019	34,882	31,049
Effect from discounting (Note A)	(2,858)	(2,363)
Reclassification of finance lease liabilities	3,127	-
Lease liabilities due to initial application of MFRS 16	35,151	28,686

Note A
Discounted based on the weighted average incremental borrowing rate as at 1 January 2019 of 4.15%

2.3 Standards issued but not yet effective

The standards and interpretation that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards and interpretation, if applicable, when they become effective.

	Effective for annual periods beginning on or after
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark	1 January 2020
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 101 and 108: Definition of Material	1 January 2020
Revised Conceptual Framework for Financial Reporting (The Conceptual Framework)	1 January 2020
MFRS 17: Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

These standards and interpretations are not expected to have a significant impact on the financial statements in the period of initial application apart from the changes to disclosures and presentation.

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.

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.

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 MFRS 9. 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 MFRS 9, it is measured in accordance with the appropriate MFRS.

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.

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 operations

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(d) 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.

(e) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(f) Intangible assets

(i) Goodwill

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

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

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

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

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

(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.

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.)

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 live 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 profit or loss.

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. Software-in-progress is stated at cost, net of accumulated impairment losses, if any.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(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. Capital work-in-progress is stated at cost, net of accumulated impairment losses, if any.

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%

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

Inventory properties where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle are referred to as land held for development and classified within non-current assets. Generally no significant development work would have been undertaken on these lands other than infrastructure work, earth work and landscape work incurred to prepare the land for development and these inventory properties are stated at cost plus incidental expenditure incurred to put the land in a condition ready for development. These inventory properties are classified to current assets at the point when active development project activities have commenced and when it can be demonstrated that the development activities can be completed within the normal operating cycle.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(h) Land held for property development and property development costs (cont'd.)

(ii) Property development costs

Property development costs are recognised to the extent that the Group has performed the construction services. Property development costs are initially measured at cost, which is represented by the allocated fair value of the construction services rendered.

(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 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.

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

Subsequent measurement

(i) Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, cash, bank balances and deposits, amounts due from related parties and sundry receivables.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(k) Financial assets (cont'd.)

Subsequent measurement (cont'd.)

(ii) Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group does not have any debt instruments at fair value through OCI.

(iii) Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group has not elected to classify irrevocably any of its financial assets under this category.

(iv) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(k) Financial assets (cont'd.)

Subsequent measurement (cont'd.)

(iv) Financial assets at fair value through profit or loss (cont'd.)

This category includes mark to market equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established.

This category includes short term investments which the Group had not irrevocably elected to classify at fair value through OCI.

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.

(l) Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(m) 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.

(n) 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.

(o) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

(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.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(o) Financial liabilities (cont'd.)

Subsequent measurement (cont'd.)

(ii) Trade payables, other payables and loans and borrowings

This is the category most relevant to the Group. After initial recognition, trade payables, other payables and interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(p) 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.

(q) Leases - as lessee

Prior to 1 January 2019

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(q) Leases - as lessee (cont'd.)

Beginning 1 January 2019

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i. Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold land	23 to 78 years
Office premises	2 to 15 years
Motor vehicles	2 to 3 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.4(i).

ii. Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are presented separately by the Group and the Company in the statements of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(q) Leases - as lessee (cont'd.)

Beginning 1 January 2019 (cont'd.)

iii. Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(r) Non-current assets held for sale and 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.

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.

(s) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(t) 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 in the countries where the Group operates and generates taxable income.

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 at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(t) Income tax (cont'd.)

(ii) Deferred tax (cont'd.)

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.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(iii) Goods and Service Tax ("GST")

The net amount of GST being the difference between output and input of GST, payable to or receivable from the respective authorities at the reporting date, is included in trade and other payables or trade and other receivables in the statements of financial position.

(iv) Sales and service tax ("SST")

Revenues, expenses and assets are recognised net of the amount of SST except:

- When the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the SST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- For receivables and payables that are stated with the amount of SST included.

The net amount of SST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

(u) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(v) 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.

A charge representing the unwinding of the discount on the plan liabilities during the year is included in profit or loss as administrative expenses. A credit representing the expected return of the plan assets during the year is also included within administrative expenses. This credit is based on the market value of the plan assets and expected rates of return at the beginning of the year.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(w) 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.

The principal exchange rates used for every unit of foreign currency ruling at the reporting date are as follows:

	2019 RM	**2018 RM**
United Arab Emirates Dirham (AED)	**1.11**	1.13
Indian Rupees (INR)	**0.06**	0.06
New Zealand Dollars (NZD)	**2.75**	2.78
Singapore Dollars (SGD)	**3.04**	3.04
Taiwan New Dollar (TWD)	**0.14**	0.14
Indonesian Rupiah (IDR'000)	**0.30**	0.29

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(x) Income recognition

Revenue from contracts with customers

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

In determining the transaction price for contracts with customers, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any). Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

If control of the assets transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

(i) Asset Consultancy

The Group recognises revenue from consultancy services over time when the performance obligations are performed and the Group has an enforceable right to the payment for the performance completed to date.

Revenue is recognised over time using an input method to measure progress towards complete satisfaction of the service, because customer simultaneously receives and consumes the benefits provided by the Group. Revenue is calculated as the proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenue derived from variations on contracts are recognised only when they have been accepted by the customer whereby no significant revenue reversal will occur. Full provision is made for losses on all contracts in the year in which they are first foreseen.

(ii) Healthcare support

The Group through the Concession Agreement 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 healthcare waste management, cleansing, linen and laundry, facilities engineering maintenance, biomedical engineering maintenance and facilities management services. The Group also provides healthcare facilities management, housekeeping and patient management services to various private healthcare institutions in Malaysia, Singapore and Taiwan.

The revenue from the services, which is based on fixed price under the agreement is allocated based on relative stand-alone selling price of the considerations for each of the separate performance obligations.

The Group recognises the services revenue over time when the performance obligations are performed and the Group has an enforceable right to the payment for the performance completed to date. Any variable consideration is estimated at contract inception and constrained until it is highly probable. The Group applies the most likely amount method to determine the variable consideration which will be netted against the revenue.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(x) Income recognition (cont'd.)

Revenue from contracts with customers (cont'd.)

(iii) Infrastructure services

The Group provides maintenance service and repair of civil, mechanical and electrical works on roads, infrastructure and expressways works.

Revenue on infrastructure services are recognised over time, using an input method to measure progress towards complete satisfaction of the service, because customer simultaneously receives and consumes the benefits provided by the Group. Revenue is calculated as the proportion of total contract value which costs incurred to date to total expected costs for that contract. 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.

Revenue for routine maintenance is recognised based on fixed sum contract while revenue for non routine maintenance is recognised based on schedule of rates agreed with customers.

(iv) Property and Facility Solutions

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 over time in the period the services are rendered.

The Group also provides green technology and sustainability services in retro-fitting works of buildings followed by a period in which the Group maintains and services the infrastructure. In such contracts, revenue from the supply of retro-fitting equipment and installation works are recognised at the point in time when:

(i) the control of the asset is transferred to the customer upon the acceptance of physical possession of the asset and successful testing and commissioning; and

(ii) the significant risks and rewards of ownership of the asset is borne by the customer.

Revenue from the maintenance and servicing of the infrastructure subsequent to the retro-fitting is recognised over time in the period the services are rendered.

(v) Property development

Revenue from sale of property development is recognised over time.

Revenue from sale of completed property units is recognised at the point of time upon the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it entitled in exchange for the asset that will be transferred to the customer.

(vi) Management fees

Management fees for services provided to entities within the Group are recognised over time as services are rendered.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(x) Income recognition (cont'd.)

Other income recognition

(i) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(ii) Rental income

Rental income is recognised on a straight-line basis over the term of the lease.

(iii) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(y) Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs its obligation by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised. Contract assets are subject to impairment assessment based on the ECL model.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs the obligations under the contract.

Contract fulfillment assets

Contract fulfillment assets are divided into:

(i) Cost that give rise to an asset; and

(ii) Costs that are expensed as incurred.

When determining the appropriate accounting treatment for such costs, the Group firstly considers any other applicable standards. If those other standards preclude capitalisation of a particular cost, then an asset is not recognised under MFRS 15.

If other standards are not applicable to contract fulfillment costs, the Group applies the following criteria which, if met, result in capitalisation:

(i) The costs directly relate to a contract or to a specifically identifiable anticipated contract;

(ii) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(iii) The costs are expected to be recovered. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(y) Contract balances (cont'd.)

Contract fulfillment assets (cont'd.)

The Group utilises contract fulfilment assets over the expected contract period using a systematic basis that mirrors the pattern in which the Group transfers control of the service to the customer. The utilisation charge is included within cost of sales.

A contract fulfillment assets is derecognised either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

Management is required to determine the recoverability of contract fulfillment assets. At each reporting date, the Group determines whether or not the contract fulfillment assets are impaired by comparing the carrying amount of the asset to the remaining amount of consideration that the Group expects to receive less the costs that relate to providing services under the relevant contract.

(z) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 44, including the factors used to identify the reportable segments and the measurement basis of segment information.

(aa) Contingencies

A contingent liability is:

(i) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(ii) A present obligation that arises from past events but is not recognised because:

- It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

- The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statement of financial positions of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(ab) Fair value measurement

The Group measures financial instruments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

(a) Judgements

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) Revenue recognition - Asset consultancy

The Group recognises 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.

(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 2019 was RM534.7 million (2018: RM534.1 million). Further details are disclosed in Note 16(a).

(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 2019 was RM1,707.6 million (2018: RM1,789.0 million). Further details are disclosed in Note 17.

(iv) Provision for ECLs of trade receivables and contract assets

The Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments in calculating ECLs for trade receivables and contract assets. The amount and timing of future cash flows are then estimated based on historical credit loss experience for assets with similar credit risk characteristics and adjusted with forward-looking information such as forecast economic conditions. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 21 and Note 22 respectively.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Significant accounting judgements and estimates (cont'd.)

(b) Key sources of estimation uncertainty (cont'd.)

(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.

(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 RM13.3 million (2018: RM13.0 million) are mainly related to subsidiaries of which management is 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 RM14.4 million (2018: RM9.8 million). Further details are disclosed in Note 32.

(vii) Deferred consideration payable

Deferred consideration payable arose from the acquisition of Edgenta GreenTech Sdn. Bhd. ("EGT") (formerly known as KFM Holdings Sdn. Bhd.) in prior year. At each reporting period, the Group assesses the fair value of the deferred consideration payable based on the projected profitability of EGT, and considers the current and projected market conditions.

During the year, management assessed the fair value of the remaining deferred consideration payable for EGT to be RM2.9 million (2018: RM8.7 million) due to lower probability of EGT meeting the performance targets. Accordingly, an amount of RM5.3 million (2018: RM9.3 million) was recognised in profit or loss 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 31(d).

Notes to the Financial Statements
For the year ended 31 December 2019

3. REVENUE

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Revenue from contracts with customers (a)				
Consultancy	**131,920**	114,109	**-**	-
Healthcare services	**1,132,215**	984,584	**-**	-
Infrastructure services	**915,609**	881,965	**-**	-
Property and facility solutions	**192,215**	189,422	**-**	-
Others	**39,236**	12,524	**-**	-
Management fees	**-**	-	**76,860**	61,493
	2,411,195	2,182,604	**76,860**	61,493
Revenue from other sources				
Dividend income from subsidiaries	**-**	-	**223,800**	179,582
Total revenue	**2,411,195**	2,182,604	**300,660**	241,075
(a) Revenue from contracts with customers are recognised:				
- At a point in time	**48,258**	39,039	**-**	-
- Over time	**2,362,937**	2,143,565	**76,860**	61,493
	2,411,195	2,182,604	**76,860**	61,493

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2019 due within one year is RM1.5 billion (2018: RM1.7 billion) and due more than one year is RM7.5 billion (2018: RM7.7 billion). These relate to performance obligations from long term service contracts that is to be satisfied within one to nineteen years.

4. COST OF SALES

	Group	
	2019 RM'000	**2018 RM'000**
Consultancy	**75,836**	61,191
Healthcare services	**954,466**	809,671
Infrastructure services	**733,740**	734,891
Property and facility solutions	**154,833**	154,842
Property development:		
- completed property held for sale (Note 20)	**25,197**	11,629
- other costs	**316**	513
	1,944,388	1,772,737

5. OTHER INCOME

Included in other income are:

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Dividend income from short term investments	**1,264**	3,682	**-**	-
Interest income from:				
- fixed deposits	**6,430**	9,633	**847**	2,051
- advances to subsidiaries	**-**	-	**3,381**	3,382
Reversal of deferred consideration payable (Note 31(d))	**5,320**	9,345	**5,320**	9,345
Bad debt recovered	**134**	1,534	**-**	-
Reversal of ECL provision on trade and other receivables (Note 21)	**28,019**	2,714	**-**	-
Net foreign exchange gain:				
- realised	**3**	166	**-**	-
- unrealised	**21**	209	**-**	-
Gain on disposal of a subsidiary (Note 17(e))	**1,483**	-	**-**	-
Accretion of interest on concession receivables	**18,908**	19,088	**-**	-
Rental income	**-**	-	**8,307**	3,104

6. FINANCE COSTS

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Interest expense on:				
- bank borrowings	**24,019**	26,391	**14,202**	14,178
- finance lease liabilities	**-**	308	**-**	-
- loan from a subsidiary	**-**	-	**4,250**	3,299
- lease liabilities (Note 37)	**1,713**	-	**1,095**	-
Accretion of interest on deferred consideration payable (Note 31(d))	**-**	99	**-**	99
Amortisation of capitalised borrowing cost	**679**	434	**125**	125
Commitment fees	**547**	268	**-**	-
Unwinding of discount	**232**	-	**-**	-
Bank charges	**764**	933	**5**	20
	27,954	28,433	**19,677**	17,721

7. PROFIT BEFORE TAX

The following amounts have been charged/(credited) in arriving at profit before tax:

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Employee benefits expense (Note 8)	**856,882**	751,342	**71,584**	54,671
Non-executive directors' remuneration excluding benefits-in-kind (Note 9)	**1,287**	1,323	**1,243**	1,188
Auditors' remuneration:				
- statutory	**1,247**	1,236	**148**	138
- others	**1,055**	340	**37**	340
Depreciation of right-of-use assets (Note 37)	**10,050**	-	**8,351**	-
Operating leases:				
- minimum lease payments of premises	**-**	14,605	**-**	1,883
- minimum lease payments of motor vehicles	**-**	1,461	**-**	-
- minimum lease payments of plant and machineries	**-**	736	**-**	96
Expense relating to:				
- short-term leases (Note 37)	**3,797**	-	**384**	-
- leases of low-value assets (Note 37)	**349**	-	**83**	-
Amortisation of:				
- prepaid land lease payments (Note 15)	**-**	87	**-**	-
- intangible assets (Note 16)	**23,557**	22,353	**476**	183
Depreciation of property, plant and equipment (Note 13)	**48,750**	45,001	**3,346**	3,225
Net (gain)/loss on disposal of plant and equipment	**(34)**	(658)	**-**	633
Property, plant and equipment written off (Note 13)	**42**	9	**-**	-
(Gain)/loss on disposal of asset held for sale (Note 25)	**(647)**	-	**132**	-
Intangible asset written off (Note 16)	**4**	-	**-**	-
Provision for ECL on trade and other receivables (Note 21)	**6,214**	9,935	**7,105**	-
Bad debts written off	**200**	-	**-**	-
Impairment loss on investment in subsidiary (Note 17(a))	**-**	-	**81,430**	129,000
Net foreign exchange loss:				
- realised	**237**	32	**-**	-
- unrealised	**9**	24	**-**	-

8. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Wages and salaries	**660,822**	581,246	**56,142**	41,292
Contributions to statutory Employees Provident Fund ("EPF")	**61,368**	54,174	**5,830**	4,930
Social security contributions	**3,029**	2,951	**354**	324
Defined retirement benefit obligations (Note 26)	**231**	273	**-**	-
Decrease in liability for defined benefit pension plan (Note 27)	**(725)**	(29)	**-**	-
Employees' service entitlements (Note 28(a))	**530**	532	**-**	-
Other benefits	**131,627**	112,195	**9,258**	8,125
Total employee benefits recognised in profit or loss (Note 7)	**856,882**	751,342	**71,584**	54,671

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration excluding benefits-in-kind amounting to RM1.8 million (2018: RM1.3 million) as further disclosed in Note 9.

9. DIRECTORS' REMUNERATION

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Directors of the Company				
Executive:				
Salaries and other emoluments	**996**	991	**996**	991
Bonus	**471**	98	**471**	98
Contributions to defined contribution plans	**219**	163	**219**	163
Allowances	**140**	60	**140**	60
Benefits-in-kind	**39**	39	**39**	39
	1,865	1,351	**1,865**	1,351
Non-Executive:				
Fees	**1,287**	1,323	**1,243**	1,188
Benefits-in-kind	**40**	43	**40**	43
	1,327	1,366	**1,283**	1,231
Total	**3,192**	2,717	**3,148**	2,582
Total excluding benefits-in-kind	**3,113**	2,635	**3,069**	2,500
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration excluding benefits-in-kind (Note 8)	**1,826**	1,312	**1,826**	1,312
Total non-executive directors' remuneration excluding benefits-in-kind (Note 7)	**1,287**	1,323	**1,243**	1,188
Total directors' remuneration excluding benefits-in-kind	**3,113**	2,635	**3,069**	2,500

9. DIRECTORS' REMUNERATION (CONT'D.)

The number of directors of the Company whose total remunerations during the year fell within the following bands is analysed below:

	No. of Directors	
	2019	**2018**
Executive directors:		
RM1,350,001 - RM1,400,000	**-**	1
RM1,850,001 - RM1,900,000	**1**	-
Non-executive directors:		
Below RM50,000	**2**	2
RM50,001 - RM100,000	**2**	2
RM100,001 - RM150,000	**4**	3
RM150,001 - RM200,000	**4**	2
RM250,001 - RM300,000	**-**	2

10. INCOME TAX EXPENSE/(BENEFIT)

Major components of income tax expense

Major components of income tax expense for the years ended 31 December 2019 and 2018 are:

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Income statements				
Current income tax:				
- Malaysian income tax	**42,112**	38,703	**48**	-
- Foreign tax	**12,783**	10,789	**-**	-
	54,895	49,492	**48**	-
Over provision of income tax in prior years:				
- Malaysian income tax	**(2,632)**	(6,149)	**(266)**	-
- Foreign tax	**163**	(1,259)	**-**	-
	(2,469)	(7,408)	**(266)**	-
	52,426	42,084	**(218)**	-

10. INCOME TAX EXPENSE/(BENEFIT) (CONT'D.)

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Income statements (cont'd.)				
Deferred tax (Note 32):				
- Relating to origination and reversal of temporary differences	**3,909**	(2,933)	**-**	-
- (Over)/under provision in prior years	**(2,491)**	4,109	**-**	-
	1,418	1,176	**-**	-
Income tax recognised in profit or loss	**53,844**	43,260	**(218)**	-
Statements of other comprehensive income				
Deferred tax related to items recognised during the year (Note 32):				
- Remeasurement loss on Retirement Benefit Scheme and Defined Benefit Pension Scheme	**-**	61	**-**	-
	-	61	**-**	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 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.

10. INCOME TAX EXPENSE/(BENEFIT) (CONT'D.)

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 2019 and 2018 are as follows:

	2019 RM'000	2018 RM'000
Group		
Profit before tax	**244,949**	198,471
Less: Zakat	**(3,065)**	(2,850)
	241,884	195,621
Taxation at Malaysian statutory tax rate of 24% (2018: 24%)	**58,052**	46,949
Tax effect on share of profit of associates	**(5,160)**	(3,965)
Income not subject to tax	**(2,492)**	(5,028)
Exempt income	**(1,914)**	(1,546)
Foreign income not subject to tax	**(5,176)**	(1,595)
Non-deductible expenses	**18,227**	15,007
Different tax rates in other countries	**(4,859)**	(2,393)
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	**(969)**	(10)
Deferred tax assets not recognised during the year	**3,095**	840
Utilisation of group tax relief	**-**	(1,700)
(Over)/under provision of deferred tax in prior years	**(2,491)**	4,109
Over provision of income tax expense in prior years	**(2,469)**	(7,408)
Income tax expense recognised in income statements	**53,844**	43,260

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

Company		
Profit before tax	**103,142**	36,949
Taxation at Malaysian statutory tax rate of 24% (2018: 24%)	**24,754**	8,868
Non-deductible expenses	**30,981**	37,150
Income not subject to tax	**(55,687)**	(46,018)
Over provision of income tax in prior year	**(266)**	-
Income tax expense recognised in income statements	**(218)**	-

11. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the year attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year held by the Company.

	Group	
	2019 RM'000	**2018 RM'000**
Profit attributable to owners of the parent	**181,782**	148,430

	Number of shares '000	**Number of shares '000**
Weighted average number of ordinary shares in issue	**831,624**	831,624

	Group	
	2019 Sen	**2018 Sen**
Basic earnings per share	**21.9**	17.8

There are no potential ordinary shares outstanding as at 31 December 2019. As such, the diluted earnings per share of the Group is equivalent to the basic earnings per share.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

12. DIVIDENDS

	Group and Company			
	Amount		Net Dividends per Ordinary Share	
	2019 RM'000	2018 RM'000	2019 Sen	2018 Sen
Recognised during the financial year:				
Single tier special dividend for 2017:				
18.00 sen on 831,624,030 ordinary shares declared on 20 February 2018 and paid on 18 April 2018	-	149,692	-	18.00
Single tier second interim dividend for 2017:				
5.00 sen on 831,624,030 ordinary shares declared on 20 February 2018 and paid on 17 May 2018	-	41,582	-	5.00
Single tier interim dividend for 2018:				
6.00 sen on 831,624,030 ordinary shares declared on 29 August 2018 and paid on 31 October 2018	-	49,897	-	6.00
Single tier second interim dividend for 2018:				
8.00 sen on 831,624,030 ordinary shares declared on 25 February 2019 and paid on 9 May 2019	**66,530**	-	**8.00**	-
Single tier interim dividend for 2019:				
6.00 sen on 831,624,030 ordinary shares declared on 27 August 2019 and paid on 31 October 2019	**49,897**	-	**6.00**	-
	116,427	241,171	**14.00**	29.00

On 26 February 2020, the Board of Directors has declared a single tier second interim dividend of 8.00 sen per ordinary share, on 831,624,030 ordinary shares, amounting to RM66,529,922, to be paid on 14 May 2020. The entitlement date is 23 April 2020. The financial statements for the current financial year do not reflect this dividend. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2020.

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

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant, machinery, equipment, furniture, fittings, office equipment, motor vehicles and computers RM'000	Capital work-in-progress RM'000	Total RM'000
Group						
Cost						
At 1 January 2019	1,160	3,003	12,165	454,182	57,957	528,467
Adjustment upon adoption of MFRS 16	-	(3,003)	-	(522)	-	(3,525)
At 1 January 2019	1,160	-	12,165	453,660	57,957	524,942
Additions	-	-	-	67,652	12,706	80,358
Disposals	-	-	-	(2,862)	-	(2,862)
Written off (Note 7)	-	-	(16)	(98,509)	-	(98,525)
Reclassification	-	-	-	642	(642)	-
Disposal of a subsidiary	-	-	-	(8,998)	-	(8,998)
Exchange differences	-	-	-	91	-	91
At 31 December 2019	1,160	-	12,149	411,676	70,021	495,006
Accumulated depreciation and impairment loss						
At 1 January 2019	-	38	1,260	342,136	-	343,434
Adjustment upon adoption of MFRS 16	-	(38)	-	(407)	-	(445)
At 1 January 2019	-	-	1,260	341,729	-	342,989
Charge for the year (Note 7)	-	-	227	48,523	-	48,750
Disposals	-	-	-	(2,565)	-	(2,565)
Written off (Note 7)	-	-	(2)	(98,481)	-	(98,483)
Disposal of a subsidiary	-	-	-	(7,746)	-	(7,746)
Exchange differences	-	-	-	79	-	79
At 31 December 2019	-	-	1,485	281,539	-	283,024
Net carrying amount						
At 31 December 2019	1,160	-	10,664	130,137	70,021	211,982

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

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant, machinery, equipment, furniture, fittings, office equipment, motor vehicles and computers RM'000	Capital work-in-progress RM'000	Total RM'000
Group						
Cost						
At 1 January 2018	1,160	7,417	16,224	440,160	41,591	506,552
Additions	-	-	-	33,391	16,864	50,255
Disposals	-	(2,631)	(2,575)	(8,598)	-	(13,804)
Written off (Note 7)	-	-	-	(11,230)	-	(11,230)
Reclassification	-	-	-	498	(498)	-
Transfer to asset held for sale (Note 25)	-	(1,783)	(1,484)	-	-	(3,267)
Exchange differences	-	-	-	(39)	-	(39)
At 31 December 2018	1,160	3,003	12,165	454,182	57,957	528,467
Accumulated depreciation and impairment loss						
At 1 January 2018	-	209	1,466	311,430	-	313,105
Charge for the year (Note 7)	-	85	318	44,598	-	45,001
Disposals	-	(180)	(406)	(2,704)	-	(3,290)
Written off (Note 7)	-	-	-	(11,221)	-	(11,221)
Transfer to asset held for sale (Note 25)	-	(76)	(118)	-	-	(194)
Exchange differences	-	-	-	33	-	33
At 31 December 2018	-	38	1,260	342,136	-	343,434
Net carrying amount						
At 31 December 2018	1,160	2,965	10,905	112,046	57,957	185,033

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

	Leasehold land RM'000	Buildings RM'000	Equipment, furniture, fittings, office equipment, motor vehicles and computers RM'000	Total RM'000
Company				
2019				
Cost				
At 1 January 2019	**3,204**	**9,759**	**16,575**	**29,538**
Adjustment upon adoption of MFRS 16	**(3,204)**	**-**	**-**	**(3,204)**
At 1 January 2019	**-**	**9,759**	**16,575**	**26,334**
Additions	**-**	**-**	**3,592**	**3,592**
At 31 December 2019	**-**	**9,759**	**20,167**	**29,926**
Accumulated depreciation and impairment loss				
At 1 January 2019	**139**	**856**	**9,455**	**10,450**
Adjustment upon adoption of MFRS 16	**(139)**	**-**	**-**	**(139)**
At 1 January 2019	**-**	**856**	**9,455**	**10,311**
Charge for the year (Note 7)	**-**	**195**	**3,151**	**3,346**
At 31 December 2019	**-**	**1,051**	**12,606**	**13,657**
Net carrying amount	**-**	**8,708**	**7,561**	**16,269**
2018				
Cost				
At 1 January 2018	9,823	15,611	15,862	41,296
Additions	-	-	814	814
Disposals	(3,899)	(3,588)	-	(7,487)
Written off (Note 7)	-	-	(101)	(101)
Transfer to asset held for sale (Note 25)	(2,720)	(2,264)	-	(4,984)
At 31 December 2018	3,204	9,759	16,575	29,538
Accumulated depreciation and impairment loss				
At 1 January 2018	1,163	2,160	6,739	10,062
Charge for the year (Note 7)	102	306	2,817	3,225
Disposals	(749)	(855)	-	(1,604)
Written off (Note 7)	-	-	(101)	(101)
Transfer to asset held for sale (Note 25)	(377)	(755)	-	(1,132)
At 31 December 2018	139	856	9,455	10,450
Net carrying amount	3,065	8,903	7,120	19,088

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

(a) The net carrying amounts of property, plant and equipment of the Group charged to a bank for banking facilities (Note 29(d)) are as follows:

	Group	
	2019 RM'000	**2018 RM'000**
Plant and equipment	**67,095**	65,726

(b) Net carrying amounts of plant and equipment held under finance lease arrangement are as follows:

	Group
	2018 RM'000
Equipment	114

Details of the terms and conditions of the finance lease arrangement is disclosed in Note 30.

(c) During the year, the Group and the Company acquired property, plant and equipment by way of:

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Cash payment	**68,435**	50,163	**3,592**	722
Other payables	**11,923**	92	**-**	92
	80,358	50,255	**3,592**	814

14. LAND HELD FOR PROPERTY DEVELOPMENT

	Land RM'000	**Development expenditure RM'000**	**Total RM'000**
Group			
At cost			
At 1 January 2018/31 December 2018/31 December 2019	830	6,674	7,504
Accumulated impairment			
At 1 January 2018/31 December 2018/31 December 2019	353	6,674	7,027
Carrying amount at 31 December 2018/31 December 2019	477	-	477

15. PREPAID LAND LEASE PAYMENTS

	Group	
	2019 RM'000	**2018 RM'000**
Cost		
At 1 January	**4,320**	4,320
Adjustment upon adoption of MFRS 16	**(4,320)**	-
At 1 January/31 December	**-**	4,320
Accumulated amortisation		
At 1 January	**1,344**	1,257
Adjustment upon adoption of MFRS 16	**(1,344)**	-
At 1 January 2019	**-**	1,257
Amortisation for the year (Note 7)	**-**	87
At 31 December	**-**	1,344
Net carrying amount	**-**	2,976
Amount to be amortised		
Not later than one year	**-**	87
Later than one year but not later than five years	**-**	348
Later than five years	**-**	2,541

As at 31 December 2018, leasehold land with an aggregate carrying value of RM2.1 million are pledged as securities for banking facilities (Note 29(d)).

16. INTANGIBLE ASSETS

	Goodwill	Customer contracts	Customer relationships	Software and other development cost	Software-in-progress	Total
	RM'000 Note a	RM'000 Note b	RM'000 Note b	RM'000 Note c	RM'000	RM'000
Group						
Cost						
At 1 January 2018	533,648	33,996	173,375	44,346	-	785,365
Additions	-	-	-	7,318	12,186	19,504
Exchange difference	427	-	207	5	-	639
At 31 December 2018	534,075	33,996	173,582	51,669	12,186	805,508
Additions	-	-	-	1,296	23,766	25,062
Written off	-	-	-	(53)	-	(53)
Exchange difference	643	-	313	1	-	957
At 31 December 2019	534,718	33,996	173,895	52,913	35,952	831,474
Accumulated amortisation and impairment						
At 1 January 2018	-	3,838	19,113	28,003	-	50,954
Amortisation during the year (Note 7)	-	2,193	17,825	2,335	-	22,353
Exchange difference	-	-	267	7	-	274
At 31 December 2018	-	6,031	37,205	30,345	-	73,581
Amortisation during the year (Note 7)	-	2,193	18,086	3,278	-	23,557
Written off	-	-	-	(49)	-	(49)
Exchange difference	-	-	77	4	-	81
At 31 December 2019	-	8,224	55,368	33,578	-	97,170
Net carrying amount						
At 31 December 2019	534,718	25,772	118,527	19,335	35,952	734,304
At 31 December 2018	534,075	27,965	136,377	21,324	12,186	731,927

16. INTANGIBLE ASSETS (CONT'D.)

	Software RM'000	Software-in-progress RM'000	Total RM'000
Company			
Cost			
At 1 January 2018	671	-	671
Additions	1,380	12,186	13,566
At 31 December 2018	2,051	12,186	14,237
At 1 January 2019	2,051	12,186	14,237
Additions	9	23,766	23,775
At 31 December 2019	2,060	35,952	38,012
Accumulated amortisation			
At 1 January 2018	504	-	504
Amortisation for the year (Note 7)	183	-	183
At 31 December 2018	687	-	687
At 1 January 2019	687	-	687
Amortisation for the year (Note 7)	476	-	476
At 31 December 2019	1,163	-	1,163
Net carrying amount			
At 31 December 2019	897	35,952	36,849
At 31 December 2018	1,364	12,186	13,550

16. INTANGIBLE ASSETS (CONT'D.)

(a) Goodwill

Impairment testing of goodwill

Goodwill is allocated and monitored by management across the following cash-generating unit ("CGU"):

	2019 RM'000	2018 RM'000
Asset consultancy:		
Opus Group Berhad	**38,636**	38,636
Healthcare support:		
Edgenta Mediserve Sdn. Bhd. ("EMS")	**26,982**	26,982
Edgenta UEMS Group:		
- Malaysia	**63,647**	63,528
- Singapore	**268,762**	268,258
- Taiwan	**10,719**	10,699
Property and Facility Solutions:		
EGT Group	**49,600**	49,600
Infrastructure services:		
Edgenta PROPEL Berhad	**76,372**	76,372
	534,718	534,075

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 EMS, the value-in-use is determined by discounting cash flows for a period of 10 years covering the concession period with no terminal value.

16. INTANGIBLE ASSETS (CONT'D.)

(a) Goodwill (cont'd.)

Key assumptions used in value-in-use calculation

The discount rates applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flows beyond the projection period are as follows:

	Projection period Years	Discount rate 2019 %	Discount rate 2018 %	Terminal growth rate 2019 %	Terminal growth rate 2018 %
Asset consultancy:					
Opus Group Berhad	5	**13.0**	13.0	**1.0**	1.0
Healthcare support:					
EMS	10	**12.0**	12.0	*	*
Edgenta UEMS Group:					
- Malaysia	5	**11.0**	11.0	**2.0**	2.0
- Singapore	5	**8.0**	8.0	**1.0**	1.0
- Taiwan	5	**8.0**	8.0	**1.0**	1.0
Property and Facility Solutions:					
EGT Group	5	**12.0**	12.0	**1.0**	1.0
Infrastructure services:					
Edgenta PROPEL Berhad	5	**12.0**	12.0	**1.0**	1.0

* Future cash flows for the integrated facilities management unit are estimated covering the concession period of ten years with no terminal value.

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.)

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 Edgenta UEMS - Malaysia CGU, as follows:

	Decrease in profit before tax	
	2019 RM'000	**2018 RM'000**
Increase in 1% of discount rate	**6,614**	6,144
Decrease in 1% of terminal growth rate	**4,585**	5,635

(b) Customer contracts and relationships

Customer contracts and relationships arose from the acquisition of EGT Group and Edgenta UEMS Group in 2016 and are amortised over the range of 5 to 15 years.

(c) Software and other development cost

Computer software represents licenses 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 license 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.

17. INVESTMENT IN SUBSIDIARIES

	Company	
	2019 RM'000	**2018 RM'000**
Unquoted shares, at cost:		
- Malaysian subsidiaries	**2,134,211**	2,134,211
- Foreign subsidiaries	**86,795**	86,795
	2,221,006	2,221,006
Less: Accumulated impairment (a)	**(513,393)**	(431,963)
	1,707,613	1,789,043

Certain unquoted shares in subsidiaries are pledged to financial institutions for facilities granted to the Group and the Company as disclosed in Note 29(a).

Further details of the subsidiaries are disclosed in Note 45.

17. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(a) Impairment of investment in subsidiaries

During the current financial year, an impairment loss of RM78.0 million (2018: RM129.0 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 RM683.6 million (2018: RM761.6 million) which was estimated based on the value-in-use of OGB.

In addition, the carrying amounts of its investments in Edgenta Township Management Services Sdn. Bhd. and Edgenta Energy Services Sdn. Bhd. of RM2.7 million and RM0.7 million respectively were impaired in full in the current financial year.

(b) Members' voluntary winding-up of Faber Hotels Holdings Sdn. Bhd. ("FHH")

On 6 March 2019, FHH, a wholly-owned subsidiary of the Company, had been placed under Member's Voluntary Winding-Up pursuant to Section 439(1)(b) of the Companies Act 2016. The winding up of FHH did not have a material effect on the earnings, gearing or net assets of the Group.

(c) Members' voluntary winding-up of Pengurusan LRT Sdn. Bhd. ("PLRT")

On 1 August 2019, PLRT, an indirect wholly-owned subsidiary of the Company, had been placed under Member's Voluntary Winding-Up pursuant to Section 439(1)(b) of the Companies Act 2016. The winding up of PLRT did not have a material effect on the earnings, gearing or net assets of the Group.

(d) Termination of joint venture

On 1 September 2019, UEM Sunrise Edgenta TMS Sdn. Bhd. ("UEMSET"), an indirect 70% subsidiary of the Company had entered into a Termination Agreement with Township Management Services Sdn. Bhd. to terminate the Joint Venture Shareholders' Agreement dated 13 January 2016.

On 12 December 2019, Edgenta Township Management Services Sdn. Bhd., a wholly-owned subsidiary of the Company, had entered into a Termination Agreement with UEM Sunrise Berhad to terminate the Joint Venture Shareholders' Agreement dated 30 November 2015.

The termination of joint venture did not have a material effect on the earnings, gearing or net assets of the Group.

(e) Disposal of a subsidiary

On 27 September 2019, Edgenta Mediserve Sdn. Bhd., a wholly-owned subsidiary of the Company, had completed the disposal of its entire 60% equity interest in Fresh Linen Services (Sabah) Sdn. Bhd. for a total cash consideration of RM7,950,000. The disposal resulted in a gain of RM1,483,073 to the Group.

17. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(e) Disposal of a subsidiary (cont'd.)

The value of the assets and liabilities disposed of on 27 September 2019 are as follows:

	RM'000
Property, plant and machinery	1,252
Right-of-use asset	842
Deferred taxation	73
Cash and bank balances	6,785
Deposits and prepayments	67
Trade receivables	3,394
Tax recoverable	592
Trade and other payables	(2,227)
Total value of net asset disposed of	10,778
Group's share of net assets disposed of	6,467
Consideration received, satisfied in cash	7,950
Gain on disposal of a subsidiary	1,483

The effect of the disposal on cash flow is as follows:

	RM'000
Consideration received, satisfied in cash	7,950
Less: Cash and cash equivalent of subsidiary disposed	(6,785)
Net cash inflows from disposal of a subsidiary	1,165

(f) Acquisition of non-controlling interest in Edgenta GreenTech Sdn. Bhd. ("EGT") (formerly known as KFM Holdings Sdn. Bhd.)

On 16 December 2015, the Company had entered into a put option agreement with the non-controlling interest of EGT, to purchase its 20% equity interest in the entity. The Company currently has 80% direct equity interest in EGT.

On 14 November 2019, the non-controlling interest of EGT has issued a notice to exercise the put option granted on its 20% shareholding in the entity at a total purchase price of RM28,209,686. The transaction is currently pending approval from Unit Kerjasama Awam Swasta ("UKAS") under the Ministry of Finance. Upon UKAS' approval and due completion of shares transfer, EGT will become a wholly-owned subsidiary of the entity. The transaction is expected to complete in 2020.

(g) Dissolution of International Business Link Inc. ("IBL")

On 1 November 2018, IBL, a wholly-owned subsidiary of Opus Group Berhad, which in turn is a wholly-owned subsidiary of the Company, had been struck off from the British Virgin Islands' Registry of Corporate Affairs.

(h) Members' voluntary winding-up of 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 was completed on 27 December 2018.

The voluntary wind-up had no material effect to the earnings, gearing or net asset of the Group and of the Company.

17. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Summarised financial information

Summarised financial information of Rimbunan Melati Sdn. Bhd. ("Rimbunan Melati"), Edgenta UEMS Group ("UEMS Group"), and EGT, 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

	Rimbunan Melati		UEMS Group		EGT		Total	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Non-current assets	**-**	-	**14,155**	7,909	**124,854**	139,539	**139,009**	147,448
Current assets	**11,865**	24,339	**264,535**	236,354	**170,810**	123,889	**447,210**	384,582
Total assets	**11,865**	24,339	**278,690**	244,263	**295,664**	263,428	**586,219**	532,030
Non-current liabilities	**-**	-	**1,195**	1,759	**100,389**	105,975	**101,584**	107,734
Current liabilities	**524**	11,594	**156,197**	125,808	**72,914**	52,938	**229,635**	190,340
Total liabilities	**524**	11,594	**157,392**	127,567	**173,303**	158,913	**331,219**	298,074
Net assets	**11,341**	12,745	**121,298**	116,696	**122,361**	104,515	**255,000**	233,956
Equity attributable to owners of the Company	**6,238**	7,010	**118,266**	113,779	**122,361**	104,515	**246,865**	225,304
Non-controlling interests	**5,103**	5,735	**3,032**	2,917	**-***	-*	**8,135**	8,652

* 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 35(a)).

17. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Summarised financial information (cont'd.)

(ii) Summarised statements of comprehensive income

	Rimbunan Melati		UEMS Group		EGT		Total	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Revenue	**-**	-	**648,062**	526,166	**134,900**	102,796	**782,962**	628,962
(Loss)/profit for the year, representing total comprehensive (loss)/income for the year	**(1,334)**	(340)	**43,362**	44,407	**17,965**	13,691	**59,993**	57,758
Attributable to:								
- owners of the Company	**(734)**	(187)	**42,278**	43,297	**14,372**	10,953	**55,916**	54,063
- non-controlling interests	**(600)**	(153)	**1,084**	1,110	**3,593**	2,738	**4,077**	3,695
	(1,334)	(340)	**43,362**	44,407	**17,965**	13,691	**59,993**	57,758
Dividend paid to non-controlling interests	**-**	-	**-**	-	**-**	-	**-**	-

17. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Summarised financial information (cont'd.)

(iii) Summarised statements of cash flows

	Rimbunan Melati		UEMS Group		EGT		Total	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Net cash (used in)/generated from operating activities	**(4,462)**	(223)	**51,046**	30,460	**7,410**	20,830	**53,994**	51,067
Net cash generated from/(used in) investing activities	**11,150**	(10,000)	**(14,680)**	(4,366)	**407**	311	**(3,123)**	(14,055)
Net cash (used in)/generated from financing activities	**(7,500)**	-	**(21,701)**	(29,861)	**4,377**	(3,227)	**(24,824)**	(33,088)
Net (decrease)/ increase in cash and cash equivalents	**(812)**	(10,223)	**14,665**	(3,767)	**12,194**	17,914	**26,047**	3,924
Net foreign exchange differences	**-**	-	**(21)**	(228)	**(214)**	37	**(235)**	(191)
Cash and cash equivalents at beginning of the year	**12,589**	22,812	**100,218**	104,213	**54,202**	36,251	**167,009**	163,276
Cash and cash equivalents at end of the year	**11,777**	12,589	**114,862**	100,218	**66,182**	54,202	**192,821**	167,009

18. INVESTMENT IN ASSOCIATES

	Group	
	2019 RM'000	**2018 RM'000**
Unquoted shares, at cost		
In Malaysia	**6,122**	6,068
Outside Malaysia	**6,082**	6,082
	12,204	12,150
Share of post-acquisition reserves	**70,587**	55,485
Less: Dividend received	**(5,786)**	(6,400)
	77,005	61,235

Further details of the associates are disclosed in Note 45.

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 MFRS 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	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Non-current assets	**8,509**	4,039	**2,400**	2,835	**8,620**	8,469	**31,716**	21,059	**51,245**	36,402
Current assets	**65,840**	53,273	**38,277**	31,306	**74,215**	65,124	**59,017**	76,852	**237,349**	226,555
Total assets	**74,349**	57,312	**40,677**	34,141	**82,835**	73,593	**90,733**	97,911	**288,594**	262,957
Non-current liabilities	**4,213**	2,499	**84**	541	**1,416**	3,164	**844**	2,385	**6,557**	8,589
Current liabilities	**14,782**	9,012	**5,103**	6,694	**49,190**	40,338	**43,404**	62,863	**112,479**	118,907
Total liabilities	**18,995**	11,511	**5,187**	7,235	**50,606**	43,502	**44,248**	65,248	**119,036**	127,496
Net assets	**55,354**	45,801	**35,490**	26,906	**32,229**	30,091	**46,485**	32,663	**169,558**	135,461

18. INVESTMENT IN ASSOCIATES (CONT'D.)

(ii) Summarised statements of comprehensive income

	Faber Sindoori		Biomedix		One Medicare		Sedafiat		Total	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Revenue	**107,604**	100,432	**52,130**	48,003	**196,597**	186,022	**243,000**	227,322	**599,331**	561,779
Profit before tax	**16,075**	21,326	**18,968**	19,288	**6,371**	4,628	**22,188**	5,640	**63,602**	50,882
Profit for the year	**11,570**	13,812	**14,584**	14,659	**5,138**	3,518	**16,822**	4,170	**48,114**	36,159
Total comprehensive income	**11,484**	13,812	**14,584**	14,659	**5,138**	3,518	**16,822**	4,170	**48,028**	36,159
Dividend received from the associates during the year	**986**	-	**2,400**	4,000	**1,200**	-	**1,200**	2,400	**5,786**	6,400

(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	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Net assets at 1 January	**45,801**	31,989	**26,906**	22,247	**30,091**	26,573	**32,663**	34,493	**135,461**	115,302
Profit for the year	**11,484**	13,812	**14,584**	14,659	**5,138**	3,518	**16,822**	4,170	**48,028**	36,159
Dividend from associate	**(1,931)**	-	**(6,000)**	(10,000)	**(3,000)**	-	**(3,000)**	(6,000)	**(13,931)**	(16,000)
Net assets at 31 December	**55,354**	45,801	**35,490**	26,906	**32,229**	30,091	**46,485**	32,663	**169,558**	135,461
Interest in associates	**51%**	51%	**40%**	40%	**40%**	40%	**40%**	40%		
Exchange differences	**(863)**	(864)	**-**	-	**-**	-	**-**	-	**(863)**	(864)
Carrying value of Group's interest in material associate	**27,368**	22,495	**14,196**	10,762	**12,892**	12,036	**18,594**	13,065	**73,050**	58,358

19. OTHER INVESTMENTS

	Group and Company	
	2019 RM'000	**2018 RM'000**
Equity instruments (unquoted shares in Malaysia)	**1,200**	1,200
Less: Accumulated impairment losses	**(1,200)**	(1,200)
Unquoted shares, net	**-**	-
Club memberships	**272**	272
	272	272

20. INVENTORIES

	Group	
	2019 RM'000	**2018 RM'000**
Cost		
Consumables	**13,589**	11,397
Properties held for sale	**120,184**	145,381
	133,773	156,778

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 RM90.5 million and RM25.2 million (2018: RM105.6 million and RM11.6 million) respectively.

21. TRADE AND OTHER RECEIVABLES

	Group	
	2019 RM'000	**2018 RM'000**
Current		
Trade receivables (Note a)		
Third parties	**306,909**	409,067
Related companies	**159,154**	258,066
Associates	**35,688**	18,503
	501,751	685,636
Less: Allowance for expected credit losses ("ECLs"):		
Third parties	**(41,087)**	(45,380)
Related companies	**(11,022)**	(707)
	(52,109)	(46,087)
Retention receivables:		
Third parties	**1,346**	5,262
Related companies	**5,046**	1,121
	6,392	6,383
Trade receivables, net	**456,034**	645,932
Concession receivable (Note c)	**22,600**	22,600
Other receivables (Note b)		
Amounts due from related parties:		
Associates	**1,290**	1,086
Holding company	**-**	501
Related companies	**3,657**	463
	4,947	2,050
Deposits	**16,442**	41,027
Sundry receivables	**30,930**	42,355
	52,319	85,432
Less: Allowance for ECL		
Sundry receivables	**(1,628)**	(3,031)
Related companies	**(1,352)**	(9)
	(2,980)	(3,040)
Other receivables, net	**49,339**	82,392
Other current assets		
Prepayments	**9,173**	13,601
Others	**9,174**	3,744
	18,347	17,345
Total	**546,320**	768,269

21. TRADE AND OTHER RECEIVABLES (CONT'D.)

	Group	
	2019 RM'000	**2018 RM'000**
Non-current		
Trade receivables (Note a)		
Third parties	**-**	27,662
Less: Allowance for ECL	**-**	(27,662)
	-	-
Retention receivables:		
Third parties	**4,750**	3,351
Related companies	**6,065**	4,613
Trade receivables, net	**10,815**	7,964
Concession receivable (Note c)	**115,606**	120,375
Total	**126,421**	128,339

	Company	
	2019 RM'000	**2018 RM'000**
Current		
Other receivables (Note b)		
Amounts due from subsidiaries	**200,371**	146,561
Amount due from related parties	**526**	133
Deposits	**856**	1,863
Sundry receivables	**4,541**	1,952
	206,294	150,509
Less: Allowance for ECL		
Sundry receivables	**(216)**	(216)
Subsidiaries	**(25,193)**	(18,088)
	(25,409)	(18,304)
	180,885	132,205
Non-current		
Loan to a subsidiary (Note b)	**100,975**	95,754

21. TRADE AND OTHER RECEIVABLES (CONT'D.)

Movements in allowance for ECL:

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
At 1 January	**76,789**	72,595	**18,304**	18,304
Charge for the year (Note 7)	**6,214**	9,935	**7,105**	-
Reversal of allowance (Note 5)	**(28,019)**	(2,714)	**-**	-
Written off	**-**	(3,468)	**-**	-
Exchange differences	**105**	441	**-**	-
At 31 December	**55,089**	76,789	**25,409**	18,304

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2018: 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	
	2019 RM'000	**2018 RM'000**
Neither past due nor impaired	**139,972**	215,456
1 to 30 days past due from the credit terms but not impaired	**142,564**	110,707
31 to 60 days past due from the credit terms but not impaired	**33,018**	30,440
61 to 90 days past due from the credit terms but not impaired	**24,854**	12,660
91 to 120 days past due from the credit terms but not impaired	**24,700**	174,373
More than 121 days past due from the credit terms but not impaired	**101,741**	110,260
	326,877	438,440
Impaired	**52,109**	73,749
	518,958	727,645

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 46% (2018: 69%) of the Group's trade receivables arose from current receivable balances with related companies, while approximately 1% (2018: 16%) 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 RM326.9 million (2018: RM438.4 million) that are past due from the credit terms at the reporting date but not impaired.

These receivables are unsecured. Based on past experience, the management believes that no allowance for impairment is necessary as these debtors are generally slower in their repayment and the Group is still in active trade with these customers.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date are as follows:

	Individually impaired	
	2019 RM'000	**2018 RM'000**
Trade receivables		
- nominal amounts	**52,109**	73,749
Less: Allowance for impairment	**(52,109)**	(73,749)
	-	-

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

21. TRADE AND OTHER RECEIVABLES (CONT'D.)

(a) Trade receivables (cont'd.)

Amount due from a debtor of a foreign subsidiary

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:

	Group	
	2019 RM'000	**2018 RM'000**
At 1 January	**27,662**	27,114
Received during the year	**(27,658)**	-
Exchange difference	**(4)**	548
At 31 December	**-**	27,662
Less: Allowance for ECL		
At 1 January	**(27,662)**	(27,114)
Reversal of allowance	**27,658**	-
Exchange difference	**4**	(548)
At 31 December	**-**	(27,662)
Net debt	**-**	-

(b) Other receivables

Amounts due from subsidiaries and related companies

Amounts due from subsidiaries, related companies and associates are non-trade related, non-interest bearing and repayable on demand except for an amount due from subsidiaries of RM13,795,666 (2018: RM7,564,912) which bears interest at ranging from 4.75% to 5.00% (2018: 4.75% to 5.00%) per annum. All related companies balances are unsecured and are to be settled in cash.

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 29(a).

Further details on related party transactions are disclosed in Note 40.

Other receivables that are impaired

At the reporting date, the Group and the Company have provided an allowance of RM3.0 million (2018: RM3.0 million) and RM0.02 million (2018: RM0.02 million) respectively. These mainly relate to balances due from third parties which have been long outstanding.

(c) 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. 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 29(b).

22. CONTRACT RELATED ASSETS AND LIABILITIES

	Group	
	2019 RM'000	**2018 RM'000**
Contract assets (a)		
Non-current	**32,941**	20,088
Current	**344,037**	179,758
	376,978	199,846
Contract liabilities (a)		
Current	**(21,131)**	(14,368)
Contract fulfillment asset (b)		
Non-current	**2,271**	-
Current	**699**	-
	2,970	-

(a) Contract assets and liabilities

Contract assets are initially recognised for revenue earned from services transferred which receipt of the consideration is conditional on the completion and final acceptance by customers. Upon final acceptance by the customers, the amounts recognised as contract assets becomes unconditional and are reclassified to trade receivables.

The increase in contract asset as at financial year ended 31 December 2019 was mainly due to unbilled receivables pertaining to revenue earned for infrastructure services provided during the year.

Contract liabilities include billings made in advance which represent amounts where customers have been invoiced ahead of the satisfaction of the performance obligation by the Group.

Set out below is the amount of revenue recognised from:

	Group	
	2019 RM'000	**2018 RM'000**
Amounts included in contract liabilities at the beginning of the year	**2,713**	27,762

(b) Contract fulfillment asset

	2019 RM'000
As at 1 January	**-**
Additions	**3,494**
Utilised during the year	**(524)**
As at 31 December	**2,970**

23. SHORT TERM INVESTMENTS

	Group	
	2019 RM'000	**2018 RM'000**
Fair value through profit or loss investments:		
- unquoted unit trusts	**62,385**	95,989
- investment in Islamic funds	**78**	11,189
	62,463	107,178

Unquoted unit trusts represent investment funds invested with licensed fund managers in the funds approved by the Securities Commission. The portfolio of investments authorised by the Board of Directors comprises only deposits in both Islamic and conventional instruments with financial institutions.

24. CASH, BANK BALANCES AND DEPOSITS

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Cash in hand and at banks	**400,299**	232,187	**13,956**	4,273
Deposits with licensed banks	**158,232**	264,106	**33,542**	27,126
	558,531	496,293	**47,498**	31,399

(a) Included in cash at bank of the Group are amounts of RM34.2 million (2018: RM20.4 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 RM3.3 million (2018: RM15.7 million) are on lien for bank guarantee facilities granted to certain subsidiaries. As at 31 December 2019, the subsidiaries have utilised guarantee facilities amounting to RM1.4 million (2018: RM12.1 million).

(c) Deposits with licensed banks amounting to RM0.5 million (2018: RM5.6 million) are pledged to secure certain facilities granted to the Group.

(d) Deposits with licensed banks of the Group amounting to RM11.3 million (2018: RM10.3 million) are pledged as securities for bank borrowing granted to a foreign subsidiary.

(e) Cash and fixed deposits of RM4.5 million (2018: RM1.9 million) from a foreign subsidiary are pledged as collateral for performance of service under integrated facility management contract, and are therefore restricted from use in other operation.

Other information on financial risks of cash, bank balances and deposits are disclosed in Note 42.

25. ASSET HELD FOR SALE

In prior year, the Company has entered into a sale and purchase agreement for the disposal of one unit of its property which consists of leasehold land and building at a total consideration approximating its carrying amount. Accordingly, the property has been classified as non-current asset held for sale.

The disposal has been completed in the current financial year. Details of the disposal is shown below:

	Group RM'000	Company RM'000
Carrying amount:		
- Leasehold land	1,707	2,343
- Building	1,366	1,509
	3,073	3,852
Consideration receivable in cash	3,800	3,800
Less: transaction costs	(80)	(80)
Gain/(loss) on disposal (Note 7)	647	(132)

26. 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 (2018: 60), on medical incapacity or on death. The present value of defined benefit obligation was based on the actuarial valuation report by independent actuarist dated 20 January 2019.

The details of the net employee benefits liability are as follows:

	Group	
	2019 RM'000	2018 RM'000
Present value of the defined benefit obligations ("PVDBO")		
At 1 January	**4,456**	4,130
Defined retirement benefit obligations (Note 8)	**231**	273
Actuarial loss	**-**	253
Contributions paid	**(940)**	(200)
At 31 December	**3,747**	4,456

26. RETIREMENT BENEFIT OBLIGATIONS (CONT'D.)

	Group	
	2019 RM'000	**2018 RM'000**
Analysis of funded and unfunded PVDBO		
PVDBO from plans that are wholly unfunded	**3,747**	4,456
Analysed as:		
Current	**564**	940
Non-current:		
Later than 1 year but not later than 2 years	**877**	564
Later than 2 years	**2,306**	2,952
	3,183	3,516
	3,747	4,456

The details of net employee benefits expense recognised in income statement are as follows:

	Group	
	2019 RM'000	**2018 RM'000**
Current service costs	**59**	67
Interest cost	**172**	206
Net employee benefits expense (Note 8)	**231**	273

26. RETIREMENT BENEFIT OBLIGATIONS (CONT'D.)

Total amount recognised in statement of comprehensive income

	Group	
	2019 RM'000	**2018 RM'000**
Cumulative amount of actuarial loss recognised in statement of comprehensive income:		
At 1 January	**963**	710
Actuarial loss recognised in other comprehensive income	**-**	253
At 31 December	**963**	963
Historical experience adjustments:		
PVDBO	**3,747**	4,456
Experience adjustment (value)	**-**	253
Experience adjustment (% of PVDBO)	**0%**	6%

Principal actuarial assumptions used:

	2019 %	**2018 %**
Discount rate	**4.90**	4.90
Expected rate of salary increases	**5.00**	5.00

Assumptions regarding future mortality are based on published statistics and mortality tables.

A one percentage point change in the below key assumptions would have the following effects:

	Increase/(decrease) in PVDBO	
	2019 RM'000	**2018 RM'000**
Discount rate		
Increase in one percentage point on discount rate	**(110)**	(135)
Decrease in one percentage point on discount rate	**117**	144
Salary increment rate		
Increase in one percentage point on salary increment rate	**375**	342
Decrease in one percentage point on salary increment rate	**(352)**	(321)

27. DEFINED BENEFIT PENSION PLAN

Defined benefit pension plan is by a subsidiary, Edgenta UEMS Ltd. ("UEMS Taiwan").

UEMS Taiwan has a retirement plan covering all its regular employees who opted for defined benefits plan. Benefits under the plan are based on the length of service and estimated base pay at the time of retirement. The pension assets and liabilities are valued on annual basis by independent actuary, taking into account gains and losses.

The plan assets, comprising cash and cash equivalents, are deposited with the Bank of Taiwan and are managed by the government of Taiwan. The plan assets do not have quoted market prices in active market.

Amount recognised in the income statement and statement of comprehensive income:

	Group	
	2019 RM'000	**2018 RM'000**
Interest cost on benefit obligation	**20**	31
Employer's contribution	**(745)**	(55)
Interest income	**-**	(5)
Total included in employee benefits expense (Note 8)	**(725)**	(29)
Net actuarial loss/(gain) recognised for the year	**64**	(104)
	(661)	(133)

Amount recognised in statement of financial position:

	Group	
	2019 RM'000	**2018 RM'000**
Present value of defined benefit obligation	**1,611**	1,797
Fair value of plan assets	**(495)**	(38)
Defined benefit obligation	**1,116**	1,759

Changes in present value of defined benefit obligation:

	Group	
	2019 RM'000	**2018 RM'000**
At 1 January	**1,797**	2,286
Interest cost	**20**	31
Benefit paid	**(288)**	(403)
Actuarial loss/(gain)	**70**	(100)
Exchange differences	**12**	(17)
At 31 December	**1,611**	1,797

27. DEFINED BENEFIT PENSION PLAN (CONT'D.)

Changes in fair value of plan assets:

	Group	
	2019 RM'000	**2018 RM'000**
At 1 January	**(38)**	(382)
Employer's contribution	**(745)**	(55)
Benefit paid	**288**	403
Actuarial gain	**(6)**	(4)
Interest income	**-**	(5)
Exchange differences	**6**	5
At 31 December	**(495)**	(38)

The principal assumptions used in determining defined benefit obligation of the Group are shown below:

	Group	
	2019	**2018**
Discount rate	**0.7%**	2.0%
Salary escalation	**2.0%**	1.1%

Actual return on plan assets:

	Group	
	2019 RM'000	**2018 RM'000**
Actual return of plan assets, representing actuarial gain recognised in the other comprehensive income	**(6)**	(4)

A quantitative sensitivity analysis for significant assumptions as at 31 December 2019 and 2018 are as shown below:

Sensitivity Level	**Increase in one percentage**		**Decrease in one percentage**	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Assumptions				
Discount rate	**17**	(16)	**(19)**	18
Salary increase	**3**	4	**(3)**	(3)

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 (2018: 12 years).

28. PROVISIONS

	Group	
	2019 RM'000	**2018 RM'000**
Non-current:		
Provision for employee service entitlements (Note a)	**2,382**	1,872
Current:		
Provision for long term incentive plan (Note b)	**1,620**	1,620
Total	**4,002**	3,492

(a) Provision for employee service entitlements

	Group	
	2019 RM'000	**2018 RM'000**
At 1 January	**1,872**	1,395
Charged to the income statement (Note 8)	**530**	532
Exchange differences	**(20)**	(55)
At 31 December	**2,382**	1,872

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.

(b) Provision for long term incentive plan ("LTIP")

The Group under 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.

29. BORROWINGS

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Current borrowings				
Secured:				
Murabahah Term Facility (Note a)	**31,626**	31,461	**-**	-
Term loans (Note b)	**9,049**	39,708	**-**	-
Revolving credit (Note b)	**60,742**	-	**-**	-
Finance leases (Note 30)	**-**	1,101	**-**	-
	101,417	72,270	**-**	-
Unsecured:				
Islamic Commercial Papers (Note c)	**50,000**	50,000	**50,000**	50,000
Islamic Medium Term Notes (Note c)	**2,090**	2,190	**2,090**	2,190
Total short term borrowings	**153,507**	124,460	**52,090**	52,190
Non-current borrowings				
Secured:				
Murabahah Term Facility (Note a)	**38,109**	69,604	**-**	-
Term loans (Note b)	**77,702**	86,750	**-**	-
Finance leases (Note 30)	**-**	2,026	**-**	-
	115,811	158,380	**-**	-
Unsecured:				
Islamic Medium Term Notes (Note c)	**249,750**	249,625	**249,750**	249,625
Total long term borrowings	**365,561**	408,005	**249,750**	249,625
Total borrowings				
Secured:				
Murabahah Term Facility (Note a)	**69,735**	101,065	**-**	-
Term loans (Note b)	**86,751**	126,458	**-**	-
Revolving credit (Note b)	**60,742**	-	**-**	-
Finance leases (Note 30)	**-**	3,127	**-**	-
	217,228	230,650	**-**	-
Unsecured:				
Islamic Commercial Papers (Note c)	**50,000**	50,000	**50,000**	50,000
Islamic Medium Term Notes (Note c)	**251,840**	251,815	**251,840**	251,815
Total borrowings	**519,068**	532,465	**301,840**	301,815

29. BORROWINGS (CONT'D.)

The maturity profile of the loans and borrowings are as follows:

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
On demand or within one year	**153,507**	124,460	**52,090**	52,190
More than 1 year and less than 2 years	**57,885**	41,689	**-**	-
More than 2 years and less than 5 years	**283,364**	318,785	**249,750**	249,625
More than 5 years	**24,312**	47,531	**-**	-
	365,561	408,005	**249,750**	249,625
	519,068	532,465	**301,840**	301,815

(a) Murabahah Term Facility

On 1 December 2016, the Group via its subsidiary, Edgenta (Singapore) Pte. Ltd ("ESG"). obtained Murabahah Term Facility of RM160.7 million (SGD52.4 million)("Facility B") to finance the acquisition of UEMS Pte. Ltd..

The profits charged on the borrowing are repayable on quarterly basis, while the principals are repayable on annual basis, for the period of 5 years, from the date of the first drawdown on 15 December 2016.

The weighted average effective profit rate of facility at the reporting date was 4.22% (2018: 3.99%) per annum.

The Facility is secured by:

(i) Equitable mortgage over all securities and shares of ESG and its subsidiaries;

(ii) Debenture creating registered fixed and floating charges over all present and future assets of ESG and its subsidiaries;

(iii) Charge over the Designated Accounts of ESG;

(iv) Assignment of UEMS Pte. Ltd.'s rights, title, interest and benefits under the Sales and Purchase Agreement dated 26 September 2016 ("SPA");

(v) Assignment of all financing or advances provided to ESG and its subsidiaries; and

(vi) Corporate guarantee from the Company.

(b) Term loans and revolving credit

Secured term loans bear interests which range from 1.80% to 5.48% per annum (2018: 1.80 % to 5.48% per annum). The term loans are secured by:

(i) Charge over cash and fixed deposit;

(ii) Assignment of rights, title, interest and benefits of the customer under the Concession Agreement in respect of the followings:

- Project Payment Charges
- Amount payable to the Customer by the Government of Malaysia as a result of early termination
- Appointment of Substituted Entity

(iii) Assignment of proceeds over revenue and other income generated from the project;

(iv) Assignment over designated accounts;

(v) Letter of undertaking from a subsidiary to service the monthly obligation of the customer in the event of any shortfall; and

(vi) Corporate guarantee from a subsidiary.

29. BORROWINGS (CONT'D.)

(c) 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.

As at 31 December 2019, the Company has issued the following:

a) RM50.0 million in nominal value of ICPs with a tenure of 12 months issued on 26 April 2019; and

b) RM250.0 million in nominal value of IMTNs with a tenure of 5 years issued on 26 April 2017.

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 4.05% (2018: 4.37%) and 4.85% (2018: 4.85%) respectively.

(d) 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, licenses 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 (d)(i) above.

29. BORROWINGS (CONT'D.)

Reconciliation of liabilities arising from financing activities

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
As at 1 January	**532,465**	559,761	**301,815**	301,691
Adjustment upon adoption of MFRS 16	**(3,127)**	-	**-**	-
As at 1 January	**529,338**	559,761	**301,815**	301,691
Cash flows				
Drawdown of borrowings	**125,331**	149,636	**50,000**	50,000
Repayment of borrowings	**(137,127)**	(175,320)	**(50,000)**	(50,000)
Repayment of finance lease	**-**	(1,113)	**-**	-
Interest paid	**(24,181)**	(26,249)	**(14,247)**	(14,314)
Non-cash changes:				
Amortisation of capitalised transaction costs	**679**	1,325	**125**	125
Other changes	**25,028**	24,425	**14,147**	14,313
As at 31 December	**519,068**	532,465	**301,840**	301,815

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.

30. FINANCE LEASES

	As previously stated under MFRS117 Group 2018 RM'000
Future minimum lease payments:	
Not later than 1 year	1,311
Later than 1 year and not later than 2 years	1,249
Later than 2 years and not later than 5 years	923
Total future minimum lease payments	3,483
Less: Future finance charges	(356)
Present value of finance lease liabilities	3,127
Analysis of present value of finance lease liabilities:	
Not later than 1 year	1,101
Later than 1 year and not later than 2 years	1,132
Later than 2 years and not later than 5 years	894
	3,127
Less: Amount due within 12 months	(1,101)
Amount due after 12 months	2,026

30. FINANCE LEASES (CONT'D.)

The Group obtained finance leases for various items of computer equipment and surveying equipment (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. Other information on financial risks of finance lease are disclosed in Note 42.

As at 31 December 2018, the finance leases bore interest at rates ranging from 4.5% to 7.1% per annum.

31. TRADE AND OTHER PAYABLES

	Group	
	2019 RM'000	**2018 RM'000**
Current		
Trade payables (Note a)		
Third parties	**125,469**	224,941
Accrued costs	**194,569**	182,891
Retention payables (Note b):		
Services:		
- Infrastructure	**27,016**	25,845
- Property facility solution	**2,690**	1,251
Due to related companies (Note c)	**2,298**	3,849
	352,042	438,777
Other payables		
Employee costs payable	**115,064**	94,531
Accruals	**62,005**	67,337
Refundable deposits	**3,432**	25
Sundry payables	**101,453**	90,389
Deferred consideration payable (Note d)	**2,910**	8,691
Due to holding company (Note c)	**29,804**	37,441
Due to related companies (Note c)	**5,232**	3,008
	319,900	301,422
Total	**671,942**	740,199

31. TRADE AND OTHER PAYABLES (CONT'D.)

	Group	
	2019 RM'000	**2018 RM'000**
Non-current		
Trade payables (Note a)		
Retention payables (Note b):		
Services:		
- Infrastructure	**1,444**	2,100
Property development	**168**	2,447
	1,612	4,547
Other payables		
Sundry payables	**-**	5
Total	**1,612**	4,552

	Company	
	2019 RM'000	**2018 RM'000**
Current		
Other payables		
Accruals	**9,099**	2,669
Sundry payables	**20,428**	15,626
Due to holding company (Note c)	**29,804**	26,173
Due to related companies (Note c)	**13,578**	6,402
Deferred consideration payable (Note d)	**2,910**	8,691
Total	**75,819**	59,561
Non-current		
Other payables		
Loan from a subsidiary (Note e)	**98,226**	93,976

31. 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 (2018: 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 40.

(d) Deferred consideration payable

	Group and Company	
	2019 RM'000	**2018 RM'000**
At 1 January	**8,691**	17,937
Accretion of interest on deferred consideration payable (Note 6)	**-**	99
Reversal of deferred consideration payable (Note 5)	**(5,320)**	(9,345)
Payment	**(461)**	-
At 31 December	**2,910**	8,691

Deferred consideration payable as at current reporting date arose from the acquisition of EGT group in 2016, which is contingent on certain integration criteria being met.

(e) Loan from a subsidiary

Loan from a subsidiary bears interest at 4.75% (2018: 4.75%) per annum, unsecured and is expected to be settled in cash from 2020 onwards.

(f) Sundry payables

Included in sundry payables is liability amounting to RM28,209,686 (2018: RM28,209,686), being the fair value of the put-option granted to the non-controlling interest of a subsidiary.

32. DEFERRED TAX

	Group	
	2019 RM'000	**2018 RM'000**
At 1 January	**35,589**	34,485
Recognised in profit or loss	**1,418**	1,176
Recognised in other comprehensive income (Note 10)	**-**	(61)
Disposal of a subsidiary (Note 17(e))	**73**	-
Exchange differences	**37**	(11)
At 31 December	**37,117**	35,589
Presented after appropriate offsetting as follows:		
Deferred tax assets	**(13,274)**	(12,963)
Deferred tax liabilities	**50,391**	48,552
	37,117	35,589

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group:

	Provisions and others RM'000	**Unused tax losses and other tax credits RM'000**	**Total RM'000**
At 1 January 2019	**(18,011)**	**(3,765)**	**(21,776)**
Recognised in profit or loss	**2,558**	**1,649**	**4,207**
Disposal of a subsidiary	**73**	**-**	**73**
Exchange differences	**(4)**	**-**	**(4)**
	(15,384)	**(2,116)**	**(17,500)**
Less: Set off with deferred tax liabilities			**4,226**
At 31 December 2019			**(13,274)**
At 1 January 2018	(23,312)	(1,014)	(24,326)
Recognised in profit or loss	5,361	(2,751)	2,610
Recognised in other comprehensive income	(61)	-	(61)
Exchange differences	1	-	1
	(18,011)	(3,765)	(21,776)
Less: Set off with deferred tax liabilities			8,813
At 31 December 2018			(12,963)

32. DEFERRED TAX (CONT'D.)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows: (cont'd.)

Deferred tax liabilities of the Group:

	Property, plant and equipment RM'000	Intangible assets RM'000	Concession receivable RM'000	Total RM'000
At 1 January 2019	**6,500**	**30,620**	**20,245**	**57,365**
Recognised in profit or loss	**(3,879)**	**(3,066)**	**4,156**	**(2,789)**
Exchange differences	**-**	**41**	**-**	**41**
	2,621	**27,595**	**24,401**	**54,617**
Less: Set off with deferred tax assets				**(4,226)**
At 31 December 2019				**50,391**
At 1 January 2018	7,276	34,176	17,359	58,811
Recognised in profit or loss	(776)	(3,544)	2,886	(1,434)
Exchange differences	-	(12)	-	(12)
	6,500	30,620	20,245	57,365
Less: Set off with deferred tax assets				(8,813)
At 31 December 2018				48,552

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.

32. DEFERRED TAX (CONT'D.)

Deferred tax assets have not been recognised in respect of the following items:

Malaysian Companies

	Group	
	2019 RM'000	**2018 RM'000**
Unused tax losses	**54,413**	43,343
Unabsorbed capital allowances	**479**	189
Others	**4,917**	3,379
	59,809	46,911
Deferred tax of 24%	**14,354**	11,259

Unused tax losses

At the reporting date, the Group has tax losses of approximately RM54.4 million (2018: RM43.3 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. Effective from year of assessment 2019 as announced in the Annual Budget 2019, the unused tax losses of the Company as at 31 December 2018 and thereafter will only be available for carry forward for a period of 7 consecutive years. Upon expiry of the 7 years, the unabsorbed losses will be disregarded.

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.

33. SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares		Amount	
	2019 '000	**2018 '000**	**2019 '000**	**2018 '000**
Group and Company				
Issued and fully paid up				
At 1 January/31 December	**831,624**	831,624	**268,074**	268,074

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.

34. 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:

(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 years 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.

35. OTHER RESERVES

	Put option reserve RM'000 (Note a)	Statutory reserve RM'000 (Note b)	Foreign currency translation reserve RM'000 (Note c)	Other reserve RM'000 (Note d)	Total RM'000
Group					
At 1 January 2018	(14,635)	279	(7,610)	9,163	(12,803)
Foreign currency translation	-	-	(457)	-	(457)
Put option granted to non-controlling interests of a subsidiary	12,242	-	-	-	12,242
At 31 December 2018	(2,393)	279	(8,067)	9,163	(1,018)
Foreign currency translation	-	-	1,457	-	1,457
Put option granted to non-controlling interests of a subsidiary	2,976	-	-	-	2,976
At 31 December 2019	583	279	(6,610)	9,163	3,415

(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.

On 14 November 2019, the non-controlling interest of EGT has issued a notice to exercise the put option granted on its 20% shareholding in the entity. Further information is disclosed in Note 17(f).

35. OTHER RESERVES (CONT'D.)

(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 prior years by a subsidiary.

36. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings under the single tier system.

37. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group has lease contracts for leasehold land, office premises and motor vehicles used in its operations. Leases of premises generally have lease terms between 2 and 15 years, while motor vehicles have lease terms between 2 to 3 years.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

The Group also has leases with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Leasehold land RM'000	Office premises RM'000	Motor vehicles RM'000	Total RM'000
Group				
As at 1 January 2019	**5,941**	**32,024**	**115**	**38,080**
Additions	**-**	**4,604**	**728**	**5,332**
Depreciation (Note 7)	**(112)**	**(9,605)**	**(333)**	**(10,050)**
Disposal of a subsidiary	**(842)**	**-**	**-**	**(842)**
Derecognition	**-**	**(1,659)**	**-**	**(1,659)**
Foreign exchange differences	**-**	**76**	**-**	**76**
As at 31 December 2019	**4,987**	**25,440**	**510**	**30,937**

	Leasehold land RM'000	Office premises RM'000	Total RM'000
Company			
As at 1 January 2019	**3,065**	**28,686**	**31,751**
Additions	**-**	**2,737**	**2,737**
Depreciation (Note 7)	**(34)**	**(8,317)**	**(8,351)**
As at 31 December 2019	**3,031**	**23,106**	**26,137**

As at 31 December 2019, leasehold land with an aggregate carrying value of RM2.0 million are pledged as securities for banking facilities (Note 29(d)).

37. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D.)

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Group RM'000	Company RM'000
As at 1 January 2019	35,151	28,686
Additions	7,382	2,737
Accretion of interest (Note 6)	1,713	1,095
Amount billed	(12,348)	(8,965)
Derecognition	(1,696)	-
Foreign exchange differences	75	-
As at 31 December 2019	30,277	23,553
Disclosed as:		
- Current	11,146	8,202
- Non-current	19,131	15,351
	30,277	23,553

During the year, lease liability and interest paid by the Group and the Company amounts to RM11.4 million and RM7.8 million respectively.

Included in profit or loss of the Group and the Company:

	Group RM'000	Company RM'000
Expense relating to short-term leases (Note 7)	3,797	384
Expense relating to leases of low-value assets (Note 7)	349	83
	4,146	467

38. CAPITAL COMMITMENTS

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Capital expenditure				
Approved and contracted for purchase of				
- intangible assets	**358**	960	**358**	960
- property, plant and equipment	**20,496**	46,423	**1,085**	1,338
Approved but not contracted for purchase of				
- intangible assets	**32,560**	19,050	**32,560**	19,050
- property, plant and equipment	**129,015**	143,461	**10,428**	8,203

39. PERFORMANCE BONDS AND GUARANTEES

	Group	
	2019 RM'000	**2018 RM'000**
Secured:		
Performance bond extended to Government of Malaysia in respect of security for the due performance of the Hospital Support Services Concession Agreement dated 28 October 1996 (Note 29(d))	**26,519**	17,000
Performance bond to Western Region Municipality of Abu Dhabi for Facilities Management Services in Abu Dhabi	**-**	11,079
Bank guarantee issued to authorities	**3,356**	3,067
Bank guarantees and performance bonds issued to others	**90,838**	29,827
	120,713	60,973
Unsecured:		
Bank guarantees extended to third parties - trade related	**65,121**	61,027
Performance bond extended to third parties - trade related	**23,296**	23,504
Retention guarantee extended to third parties - trade related	**11,648**	11,752
	100,065	96,283

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.

40. 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	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Income received/receivable from				
Management fees from subsidiaries	**-**	-	**(76,860)**	(61,493)
Asset consultancy services fees received from:				
- immediate holding company	**(5,615)**	(17,906)	**-**	-
- related companies	**(46,370)**	(45,558)	**-**	-
- associates	**(52,186)**	(16,152)	**-**	-
Infrastructure maintenance fees received from:				
- immediate holding company	**-**	(620)	**-**	-
- related companies	**(850,269)**	(766,201)	**-**	-
Facilities management fees received from:				
- immediate holding company	**(70)**	(159)	**-**	-
- related companies	**(69,421)**	(92,151)	**-**	-
- associates	**-**	(37,000)	**-**	-
License and commission fees received from an associate	**(1,718)**	(1,500)	**-**	-
Rental received from a subsidiary	**-**	-	**(8,037)**	(3,104)
Expenses paid/payable to				
Management fee expense to immediate holding company	**944**	4,000	**944**	4,000
Rendering of services by:				
- immediate holding company	**10,337**	10,657	**51**	283
- a subsidiary	**-**	-	**612**	-
- related companies	**11,115**	14,876	**-**	-
- non-controlling shareholder of a subsidiary	**3,467**	3,835	**-**	-
- associates	**18,714**	11,647	**-**	-
Rental paid to:				
- immediate holding company	**599**	-	**599**	-
- related company	**8,275**	7,634	**7,808**	912
- a subsidiary	**-**	-	**558**	-
Other				
Deferred consideration paid to non-controlling shareholder of a subsidiary	**461**	-	**461**	-

All other significant intercompany transactions have been disclosed in Note 21 and 31.

40. RELATED PARTY DISCLOSURES (CONT'D.)

(b) Compensation of key management personnel

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly including any directors.

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Salaries and other emoluments	**9,189**	11,996	**6,090**	5,223
Contributions to defined contribution plans	**1,042**	627	**741**	491
	10,231	12,623	**6,831**	5,714

Included in total key management personnel compensation are:

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Directors' remuneration excluding benefits-in-kind (Note 9)	**3,113**	2,635	**3,069**	2,500

41. 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:

	FVTPL RM'000	Amortised cost RM'000	Total RM'000
2019			
Group			
Assets			
Trade receivables, net (Note 21)	-	466,849	466,849
Concession receivable (Note 21)	-	138,206	138,206
Other receivables, net (Note 21)	-	49,339	49,339
Cash, bank balances and deposits (Note 24)	-	558,531	558,531
Short term investments (Note 23)	62,463	-	62,463
Total financial assets	62,463	1,212,925	1,275,388
Total non-financial assets			1,637,428
Total assets			2,912,816
Liabilities			
Trade payables (Note 31)		353,654	353,654
Other payables (Note 31)		319,900	319,900
Lease liabilities (Note 37)		30,277	30,277
Borrowings (Note 29)		519,068	519,068
Total financial liabilities		1,222,899	1,222,899
Total non-financial liabilities			105,494
Total liabilities			1,328,393

41. FINANCIAL INSTRUMENTS (CONT'D.)

Classification of financial instruments (cont'd.)

	FVTPL RM'000	Amortised cost RM'000	Total RM'000
Group			
2018			
Assets			
Trade receivables, net (Note 21)	-	653,896	653,896
Concession receivable (Note 21)	-	142,975	142,975
Other receivables, net (Note 21)	-	82,392	82,392
Cash, bank balances and deposits (Note 24)	-	496,293	496,293
Short term investments (Note 23)	107,178	-	107,178
Total financial assets	107,178	1,375,556	1,482,734
Total non-financial assets			1,394,957
Total assets			2,877,691
Liabilities			
Trade payables (Note 31)		443,324	443,324
Other payables (Note 31)		301,427	301,427
Borrowings (Note 29)		532,465	532,465
Total financial liabilities		1,277,216	1,277,216
Total non-financial liabilities			83,707
Total liabilities			1,360,923

41. FINANCIAL INSTRUMENTS (CONT'D.)

Classification of financial instruments (cont'd.)

	Amortised cost RM'000	Total RM'000
Company		
2019		
Assets		
Other receivables, net (Note 21)	**281,860**	**281,860**
Cash, bank balances and deposits (Note 24)	**47,498**	**47,498**
Total financial assets	**329,358**	**329,358**
Total non-financial assets		**1,787,275**
Total assets		**2,116,633**
Liabilities		
Other payables (Note 31)	**174,045**	**174,045**
Lease liabilities (Note 37)	**23,553**	**23,553**
Borrowings (Note 29)	**301,840**	**301,840**
Total financial liabilities	**499,438**	**499,438**
Total non-financial liabilities		**-**
Total liabilities		**499,438**
2018		
Assets		
Other receivables, net (Note 21)	227,959	227,959
Cash, bank balances and deposits (Note 24)	31,399	31,399
Total financial assets	259,358	259,358
Total non-financial assets		1,826,256
Total assets		2,085,614
Liabilities		
Other payables (Note 31)	153,537	153,537
Borrowings (Note 29)	301,815	301,815
Total financial liabilities	455,352	455,352
Total non-financial liabilities		-
Total liabilities		455,352

42. 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 that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables and contract assets

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. 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. Outstanding customer receivables and contract assets are regularly monitored and the status of major receivables are reported to the Board of Directors.

The Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments in calculating ECLs for trade receivables and contract assets. The amount and timing of future cash flows are then estimated based on historical credit loss experience for assets with similar credit risk characteristics and adjusted with forward-looking information such as forecast economic conditions. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Exposure to credit risk

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 41. The Group does not hold collateral as security.

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:

	2019		2018	
	RM'000	% of total	RM'000	% of total
By country:				
Malaysia	**303,088**	**65**	525,443	80
United Arab Emirates	**38,606**	**8**	10,625	2
Indonesia	**5,553**	**1**	13,421	2
Singapore	**60,980**	**13**	43,836	7
Taiwan	**58,622**	**13**	60,571	9
	466,849	**100**	653,896	100

At the reporting date, the Group's ten largest customers account for approximately 62% (2018: 46%) of total trade receivables. Majority of these customers are government, quasi-government agency and government linked organisations.

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

(a) Credit risk (cont'd.)

Trade receivables and contract assets (cont'd.)

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.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM'000	One to five years RM'000	More than five years RM'000	Total RM'000
Group				
2019				
Financial liabilities:				
Trade and other payables (Note 31)	671,942	1,612	-	673,554
Lease liabilities	12,305	19,498	547	32,350
Loans and borrowings:				
- Murabahah Term Facility	33,973	39,151	-	73,124
- ICPs	50,000	-	-	50,000
- IMTNs	12,059	268,171	-	280,230
- Revolving credit	63,522	-	-	63,522
- Term loans	13,530	54,120	39,183	106,833
Total undiscounted financial liabilities	857,331	382,552	39,730	1,279,613

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

(b) Liquidity risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities (cont'd.)

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations. (cont'd.)

	On demand or within one year RM'000	One to five years RM'000	More than five years RM'000	Total RM'000
Group				
2018				
Financial liabilities:				
Trade and other payables (Note 31)	740,199	4,552	-	744,751
Loans and borrowings:				
- Murabahah Term Facility	35,800	73,819	-	109,619
- ICPs	50,000	-	-	50,000
- IMTNs	12,125	280,296	-	292,421
- Term loans	44,918	54,709	53,192	152,819
- Finance leases	1,311	2,172	-	3,483
Total undiscounted financial liabilities	884,353	415,548	53,192	1,353,093

	On demand or within one year RM'000	One to five years RM'000	More than five years RM'000	Total RM'000
Company				
2019				
Financial liabilities:				
Other payables (Note 31)	**75,819**	**98,226**	**-**	**174,045**
Lease liabilities	**9,002**	**15,976**	**63**	**25,041**
Loans and borrowings:				
- ICPs	**50,000**	**-**	**-**	**50,000**
- IMTNs	**12,059**	**268,171**	**-**	**280,230**
Total undiscounted financial liabilities	**146,880**	**382,373**	**63**	**529,316**
2018				
Financial liabilities:				
Other payables (Note 31)	59,561	93,976	-	153,537
Loans and borrowings:				
- ICPs	50,000	-	-	50,000
- IMTNs	12,125	280,296	-	292,421
Total undiscounted financial liabilities	121,686	374,272	-	495,958

42. 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 Singapore Dollar and Taiwan Dollar.

As a result of the significant investments in 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.

(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.

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.

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

(d) Interest rate risk (cont'd.)

The following tables set out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the reporting date and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk:

	Note	WAEIR %	Within 1 year RM'000	1-2 years RM'000	2-5 years RM'000	> 5 years RM'000	Total RM'000
At 31 December 2019							
Group							
Fixed rate							
Deposits with licensed banks and other financial institutions	24	2.98	158,232	-	-	-	158,232
ICPs	29	4.16	(50,000)	-	-	-	(50,000)
IMTNs	29	4.85	(2,090)	-	(249,750)	-	(251,840)
Lease liabilities	37	4.11	(11,146)	(9,727)	(8,901)	(503)	(30,277)
Floating rate							
Murabahah Term Facility	29	4.22	(31,626)	(38,109)	-	-	(69,735)
Revolving credit	29	2.43	(60,742)	-	-	-	(60,742)
Term loans	29	5.22	(9,050)	(19,652)	(33,737)	(24,312)	(86,751)
Company							
Fixed rate							
Deposits with licensed banks and other financial institutions	24	3.25	33,542	-	-	-	33,542
ICPs	29	4.16	(50,000)	-	-	-	(50,000)
IMTNs	29	4.85	(2,090)	-	(249,750)	-	(251,840)
Lease liabilities	37	4.05	(8,202)	(7,695)	(7,593)	(63)	(23,553)

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

(d) Interest rate risk (cont'd.)

	Note	WAEIR %	Within 1 year RM'000	1-2 years RM'000	2-5 years RM'000	> 5 years RM'000	Total RM'000
At 31 December 2018							
Group							
Fixed rate							
Deposits with licensed banks and other financial institutions	24	2.98	264,106	-	-	-	264,106
ICPs	29	4.37	(50,000)	-	-	-	(50,000)
IMTNs	29	4.85	(2,190)	-	(249,625)	-	(251,815)
Finance leases	30	4.71	(1,101)	(1,132)	(894)	-	(3,127)
Floating rate							
Murabahah Term Facility	29	3.99	(31,461)	(31,566)	(38,038)	-	(101,065)
Term loans	29	3.88	(39,708)	(8,992)	(30,227)	(47,531)	(126,458)
Company							
Fixed rate							
Deposits with licensed banks and other financial institutions	24	3.25	27,126	-	-	-	27,126
ICPs	29	4.37	(50,000)	-	-	-	(50,000)
IMTNs	29	4.85	(2,190)	-	(249,625)	-	(251,815)

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.

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

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is not exposed to equity price risk arising from its investment in quoted equity instruments.

(f) Fair value

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:

	Note
Trade and other receivables	21
Cash, bank balances and deposits	24
Borrowings	29
Trade and other payables	31

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:

	Significant observable inputs Level 2 RM'000
Group	
2019	
Assets measured at fair value:	
Short term investments*	**62,463**
2018	
Assets measured at fair value:	
Short term investments**	107,178

* The valuation date of these financial instruments is 31 December 2019.
** The valuation date of these financial instruments is 31 December 2018.

There have been no transfers between levels during the period.

Short term investments are valued based on currently available deposits with similar terms and maturities.

43. CAPITAL MANAGEMENT

The primary objective of the Group's and of the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratios in order to support their business and maximise shareholder value. The Group and the Company also aim to maintain a capital structure that has an appropriate cost of capital available to the Group and the Company.

The Group and the Company manage their capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company 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 2019 and 31 December 2018.

The Group and the Company manage capital by reference to the debt to asset ratio. The Group's and the Company's debt to asset ratio is as follows:

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Murabahah Term Facility	**69,735**	101,065	**-**	-
Term loans	**86,751**	126,458	**-**	-
Revolving credit	**60,742**	-	**-**	-
Finance leases	**-**	3,127	**-**	-
ICPs	**50,000**	50,000	**50,000**	50,000
IMTNs	**251,840**	251,815	**251,840**	251,815
Lease liabilities	**30,277**	-	**23,553**	-
Total debt	**549,345**	532,465	**325,393**	301,815
Total assets	**2,912,816**	2,877,691	**2,116,633**	2,085,614
Debt to asset ratio	**19%**	19%	**15%**	14%

44. 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:

Asset Management

The asset management segment provides integrated facilities management and engineering contracting services for a range of assets and building types specialising in healthcare support and property and facility solutions.

(i) Healthcare support

The healthcare support division delivers optimal solutions in improving the non-clinical support services demanded by healthcare providers and other commercial industries.

Services range from facilities and biomedical engineering maintenance, waste management, linen and laundry, to housekeeping and portering services.

44. SEGMENT INFORMATION (CONT'D.)

(a) Business unit segments (cont'd.)

Asset Management (cont'd.)

(ii) Property and facility solutions ("PFS")

The PFS division offers integrated facilities management services complimented with technology-driven green building solutions and asset optimisation, with a focus on enhancement and energy solutions.

Infrastructure Solutions

Infrastructure solutions segment provides strategic advisory services, design, development, maintenance and management of major transport projects and infrastructure assets.

(i) Asset consultancy

The asset consultancy division provides 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) Infrastructure services

The Infrastructure services division focuses on highway network maintenance and asset management, including innovative pavement works and solutions services; with expanded capabilities beyond roads, servicing multiple industries including rail, airports, ports, oil & gas, plantation roads and other commercial and industrial sectors.

Others

Other segment includes the business of developing residential properties and 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.

(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) Indonesia - the operations in this area are principally consultancy services and road infrastructure.

(iii) Middle East - the operation in this area are principally integrated facilities management and asset management consultancy services.

(iv) Singapore - the operations in this area are principally integrated facilities management.

(v) Taiwan - the operations in this area are principally integrated facilities management.

(vi) India - the operations in this area are principally integrated facilities management.

44. SEGMENT INFORMATION (CONT'D.)

		Asset Management		Infrastructure Solutions				
	Note	Healthcare Support RM'000	Property and Facility Solutions RM'000	Infrastructure Services RM'000	Asset Consultancy RM'000	Others RM'000	Elimination RM'000	Group RM'000
At 31 December 2019								
Revenue								
External revenue		1,132,215	192,215	915,609	131,920	39,236	-	2,411,195
Inter-segment revenue	A	6,111	13,651	37,395	5,548	300,660	(363,365)	-
Total revenue		1,138,326	205,866	953,004	137,468	339,896	(363,365)	2,411,195
Results								
EBITDA*		115,630	33,254	154,174	13,542	148,957	(140,451)	325,106
Depreciation and amortisation		(29,518)	(3,287)	(16,498)	(1,809)	(30,144)	(1,101)	(82,357)
EBIT**		86,112	29,967	137,676	11,733	118,813	(141,552)	242,749
Interest income		2,224	630	977	730	1,869	-	6,430
Interest expense		(821)	(6,092)	(117)	(31)	(39,882)	21,211	(25,732)
Share of results of associates		14,617	6,122	-	763	-	-	21,502
Profit/(loss) before tax		102,132	30,627	138,536	13,195	80,800	(120,341)	244,949
Zakat		(926)	(125)	(1,846)	(168)	-	-	(3,065)
Income tax (expense)/benefit		(16,824)	(6,624)	(26,089)	(2,442)	3,128	(4,993)	(53,844)
Profit/(loss) after tax		84,382	23,878	110,601	10,585	83,928	(125,334)	188,040
Assets								
Segment assets	B	717,227	445,456	718,523	604,068	1,120,493	(692,951)	2,912,816
Liabilities								
Segment liabilities	B	326,655	301,774	403,359	55,163	1,113,526	(872,084)	1,328,393

* Earnings before interest, taxes, depreciation and amortisation
** Earnings before interest and taxes

44. SEGMENT INFORMATION (CONT'D.)

		Asset Management		Infrastructure Solutions				
	Note	Healthcare Support RM'000	Property and Facility Solutions RM'000	Infrastructure Services RM'000	Asset Consultancy RM'000	Others RM'000	Elimination RM'000	Group RM'000
At 31 December 2019 (cont'd.)								
Other segment information								
Capital expenditure	C	49,164	2,904	27,069	1,511	30,104	-	110,752
Investments in associates		46,293	27,637	-	3,075	-	-	77,005
Accretion of interest on concession receivable		-	(18,908)	-	-	-	-	(18,908)
Dividend income		-	-	(1,116)	(148)	-	-	(1,264)
Depreciation (Note 7)		29,437	3,278	15,462	1,412	11,725	(2,514)	58,800
Amortisation (Note 7)	D	81	9	1,036	397	18,419	3,615	23,557
Non-cash expenses/(income) other than impairment, depreciation, and amortisation	E	168	1,526	4,643	(41)	(26,520)	(7,105)	(27,329)

44. SEGMENT INFORMATION (CONT'D.)

		Asset Management		Infrastructure Solutions				
	Note	Healthcare Support RM'000	Property and Facility Solutions RM'000	Infrastructure Services RM'000	Asset Consultancy RM'000	Others RM'000	Elimination RM'000	Group RM'000
At 31 December 2018								
Revenue								
External revenue		984,584	189,422	881,965	114,109	12,524	-	2,182,604
Inter-segment revenue	A	5,107	13,771	31,036	2,657	241,075	(293,646)	-
Total revenue		989,691	203,193	913,001	116,766	253,599	(293,646)	2,182,604
Results								
EBITDA*		121,826	19,930	115,890	11,576	123,226	(125,989)	266,459
Depreciation and amortisation		(25,965)	(2,736)	(12,472)	(1,536)	(21,218)	(3,514)	(67,441)
EBIT**		95,861	17,194	103,418	10,040	102,008	(129,503)	199,018
Interest income		1,915	978	2,743	893	3,104	-	9,633
Interest expense		(1,033)	(7,157)	-	-	(38,017)	19,508	(26,699)
Share of results of associates		8,938	7,313	-	268	-	-	16,519
Profit/(loss) before tax		105,681	18,328	106,161	11,201	67,095	(109,995)	198,471
Zakat		(742)	(39)	(1,797)	(272)	-	-	(2,850)
Income tax (expense)/benefit		(18,487)	(868)	(22,381)	(3,200)	2,943	(1,267)	(43,260)
Profit/(loss) after tax		86,452	17,421	81,983	7,729	70,038	(111,262)	152,361
Assets								
Segment assets	B	757,025	381,010	721,560	609,853	966,054	(557,811)	2,877,691
Liabilities								
Segment liabilities	B	367,881	265,203	368,250	78,437	1,040,313	(759,161)	1,360,923

* Earnings before interest, taxes, depreciation and amortisation
** Earnings before interest and taxes

44. SEGMENT INFORMATION (CONT'D.)

		Asset Management		Infrastructure Solutions				
	Note	Healthcare Support RM'000	Property and Facility Solutions RM'000	Infrastructure Services RM'000	Asset Consultancy RM'000	Others RM'000	Elimination RM'000	Group RM'000
At 31 December 2018 (cont'd.)								
Other segment information								
Capital expenditure	C	40,699	2,271	10,799	1,610	14,380	-	69,759
Investments in associates		35,872	23,104	-	2,259	-	-	61,235
Accretion of interest on concession receivable		-	(19,088)	-	-	-	-	(19,088)
Dividend income		-	-	(1,461)	(1,855)	(366)	-	(3,682)
Depreciation (Note 7)		25,784	2,726	12,117	1,103	3,372	(101)	45,001
Amortisation (Note 7)	D	181	10	355	433	17,846	3,615	22,440
Non-cash (income)/expenses other than impairment, depreciation, and amortisation	E	(596)	8,251	140	(325)	(8,708)	(1,262)	(2,500)

The comparative segment information has been represented based on streamlined business segmentation during the current financial year.

44. 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:

	2019 RM'000	2018 RM'000
Inter-segment assets	**(692,951)**	(557,811)

The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2019 RM'000	2018 RM'000
Inter-segment liabilities	**(872,084)**	(759,161)

C Capital expenditure consist of:

	2019 RM'000	2018 RM'000
Property, plant and equipment	**80,358**	50,255
Intangible assets - software and other development cost	**25,062**	19,504
Right-of-use asset	**5,332**	-
	110,752	69,759

D Amortisation consist of:

	2019 RM'000	2018 RM'000
Prepaid land lease payments	**-**	87
Intangible assets	**23,557**	22,353
	23,557	22,440

44. 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	2019 RM'000	2018 RM'000
Reversal of deferred consideration arising from acquisition of subsidiary	5	**(5,320)**	(9,345)
Net gain on disposal of plant and equipment	7	**(34)**	(658)
Gain on disposal of asset held for sale	7	**(647)**	-
Property, plant and equipment written off	7	**42**	9
Impairment on financial assets:			
- Trade and other receivables	7	**6,214**	9,935
Reversal of impairment on financial assets:			
- Trade and other receivables	5	**(28,019)**	(2,714)
Bad debts written off	7	**200**	-
Defined retirement benefit obligations	8	**231**	273
Intangible assets written off	7	**4**	-
		(27,329)	(2,500)

44. SEGMENT INFORMATION (CONT'D.)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue	
	2019 RM'000	**2018 RM'000**
Malaysia	**1,665,436**	1,619,742
United Arab Emirates	**96,258**	41,620
Indonesia	**48,390**	34,959
Singapore	**264,459**	214,955
Taiwan	**336,652**	271,328
Consolidated	**2,411,195**	2,182,604

	Non-current assets	
	2019 RM'000	**2018 RM'000**
Malaysia	**592,323**	492,984
United Arab Emirates	**962**	3,146
India	**27,368**	22,495
Indonesia	**682**	54
Singapore	**464,816**	479,522
Taiwan	**4,038**	3,807
Consolidated	**1,090,189**	1,002,008

44. SEGMENT INFORMATION (CONT'D.)

Geographical information (cont'd.)

Non-current assets information presented above consist of the followings items as presented in the consolidated statement of financial position:

	2019 RM'000	2018 RM'000
Property, plant and equipment	**211,982**	185,033
Right-of-use assets	**30,937**	-
Land held for property development	**477**	477
Prepaid land lease payments	**-**	2,976
Intangible assets	**734,304**	731,927
Investment in associates	**77,005**	61,235
Other investments	**272**	272
Contract assets	**32,941**	20,088
Contract fulfillment asset	**2,271**	-
	1,090,189	1,002,008

Information about major customers

Revenue from two (2018: two) major customers amounted to RM661.2 million and RM422.1 million (2018: RM761.0 million and RM370.4 million) respectively, arising from services rendered in the Infrastructure Services and Healthcare Support segment.

45. 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	Effective proportion of ownership interest		Principal activities
			2019	2018	
		RM	%	%	
Subsidiary of the Company:					
Faber Hotels Holdings Sdn. Bhd.	Malaysia	95,279,551	**100**	100	In liquidation
Faber Development Holdings Sdn. Bhd.	Malaysia	56,520,010	**100**	100	Investment holding
Edgenta Facilities Sdn. Bhd.	Malaysia	200,000	**100**	100	Investment holding and provision of integrated facilities management services
Edgenta Healthcare Management Sdn. Bhd.	Malaysia	2	**100**	100	Investment holding
Edgenta PROPEL Berhad	Malaysia	78,962,615	**100**	100	Maintenance and repair of civil, mechanical and electrical works on roads, infrastructure and expressways and industrial cleaning services
Opus Group Berhad	Malaysia	258,313,493	**100**	100	Investment holding
Faber L.L.C. (b)	Emirates of Dubai	AED600,000	**75**	75	Facilities management services in United Arab Emirates
Sate Yaki Sdn. Bhd.	Malaysia	5,000,000	**60**	60	In liquidation
Edgenta Environmental & Material Testing Sdn. Bhd.	Malaysia	1,000,000	**100**	100	Geotechnical investigation, instrumentation and pavement condition assessment works
Edgenta Energy Services Sdn. Bhd.	Malaysia	1,000,000	**70**	70	Energy performance management services
Edgenta Township Management Services Sdn. Bhd.	Malaysia	2,730,000	**100**	100	Investment holding and management of real estate
Edgenta GreenTech Sdn. Bhd. (formerly known as KFM Holdings Sdn. Bhd.)	Malaysia	15,000,000	**80**	80	Provision of asset development and facility management services

45. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONT'D.)

Name of Companies	Country of incorporation	Issued and paid-up share capital	Effective proportion of ownership interest		Principal activities
			2019	2018	
		RM	%	%	
Subsidiary of the Company: (cont'd.)					
Edgenta Energy Projects Sdn. Bhd.	Malaysia	750,000	**100**	100	Providing energy performance management services and renewable energy services
Edgenta (Singapore) Pte. Ltd.	Singapore	SGD1	**100**	100	Investment holding
Subsidiary of Edgenta Healthcare Management Sdn. Bhd.:					
Edgenta Mediserve Sdn. Bhd. (c)	Malaysia	43,170,010	**100**	100	Provision of hospital support services
Subsidiary of Edgenta Mediserve Sdn. Bhd.:					
Edgenta Healthtronics Sdn. Bhd.	Malaysia	3,000,000	**100**	100	Provision of biomedical engineering maintenance services
Fresh Linen Services (Sabah) Sdn. Bhd.	Malaysia	3,000,000	**-**	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
Associate of Edgenta Mediserve (Sabah) Sdn. Bhd.					
Sedafiat Sdn. Bhd. (b)	Malaysia	5,000,000	**40**	40	Provision of hospital support services
Associate of Edgenta Mediserve (Sarawak) Sdn. Bhd.:					
One Medicare Sdn. Bhd. (b)	Malaysia	5,000,000	**40**	40	Provision of hospital support services
Biomedix Solutions Sdn. Bhd. (b)	Malaysia	1,000,000	**40**	40	Provision of biomedical engineering maintenance services

45. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONT'D.)

Name of Companies	Country of incorporation	Issued and paid-up share capital	Effective proportion of ownership interest		Principal activities
			2019	2018	
		RM	%	%	
Subsidiary of Faber Development Holdings Sdn. Bhd.:					
Faber Union Sdn. Bhd.	Malaysia	97,000,000	**100**	100	Property development
Rimbunan Melati Sdn. Bhd.	Malaysia	14,159,091	**55**	55	Property development
Faber Grandview Development (Sabah) Sdn. Bhd.	Malaysia	4,500,000	**100**	100	Property development
Faber Heights Management Sdn. Bhd.	Malaysia	2	**100**	100	Property management
Country View Development Sdn. Bhd.	Malaysia	11,200,000	**100**	100	Property development and provision of facilities management services
Subsidiary of Edgenta Facilities Sdn. Bhd.:					
Edgenta Facilities Management Sdn. Bhd.	Malaysia	5,000,000	**100**	100	Facilities management services
Faber Star Facilities Management Limited (b)	India	Rs3,57,10,770	**100**	100	In liquidation
General Field Sdn. Bhd.	Malaysia	2	**100**	100	Provision of energy performance management services
Associate of Edgenta Facilities Sdn. Bhd.:					
Faber Sindoori Management Services Private Limited (b)	India	Rs9,23,780	**51**	51	Facilities management in India
Subsidiary of Edgenta PROPEL Berhad:					
Edgenta Infrastructure Services Sdn. Bhd.	Malaysia	100,000	**100**	100	Maintenance and repair of civil mechanical and electrical works on roads, infrastructure expressways and industrial cleaning services
PT Edgenta PROPEL Indonesia	Indonesia	Rp10.0billion	**99.9**	99.6	Provision of management consultancy and advisory related to management of roads

45. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONT'D.)

Name of Companies	Country of incorporation	Issued and paid-up share capital	Effective proportion of ownership interest 2019	2018	Principal activities
		RM	%	%	
Jointly Controlled Operation of Edgenta PROPEL Berhad:					
Edgenta PROPEL -NRC JO	Unincorporated	-	**55**	55	Providing highway maintenance services
Jointly Controlled Operation of PT Edgenta PROPEL Indonesia					
PT Edgenta PROPEL PT Astra Nusantara - Astra Infra Solutions JO	Unincorporated	-	**50**	-	Providing highway maintenance services
Subsidiary of Opus Group Berhad:					
Builders Credit & Leasing Sdn. Bhd.	Malaysia	600,000	**100**	100	Investment holding
Opus International (NZ) Limited (a)	NewZealand	NZD200	**100**	100	Investment holding
Opus International (M) Berhad	Malaysia	15,000,000	**100**	100	Management of the planning, design and construction of infrastructure projects and provision of facilities management services
Subsidiary of Opus International (M) Berhad:					
Opus Management Sdn. Bhd.	Malaysia	1,000,000	**100**	100	Management of the planning, design and construction of infrastructure projects and provision of facilities management services
Opus Consultant (Sarawak) Sdn. Bhd.	Malaysia	75,000	**100**	-	Provision of project management and engineering consultancy services
Pengurusan Lantas Berhad	Malaysia	5,000,000	**100**	100	Provision of technical management support services for the planning, design and construction of projects
Pengurusan LRT Sdn. Bhd.	Malaysia	2	**100**	100	In liquidation
Opus International India Private Limited (b)	India	Rs4,60,000	**100**	100	Provision of asset development and asset management services
Opus Al-Dauliyyah L.L.C. (a)(d)	The Kingdom of Saudi Arabia	SAR500,000	**100**	100	Engineering consultancy services

45. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONT'D.)

Name of Companies	Country of incorporation	Issued and paid-up share capital	Effective proportion of ownership interest		Principal activities
			2019	2018	
		RM	%	%	
Associate of Opus International (M) Berhad:					
Opus Consultants (M) Sdn. Bhd.	Malaysia	72,899	**30**	30	Engineering consultancy services
Subsidiary of Edgenta Township Management Services Sdn. Bhd.:					
UEM Sunrise Edgenta TMS Sdn. Bhd.	Malaysia	3,900,000	**70**	70	Investment holding and management of real estate
Subsidiary of UEM Sunrise Edgenta TMS Sdn. Bhd.:					
Edgenta TMS Sdn. Bhd.	Malaysia	5,500,000	**49**	49	Management of real estate
Subsidiary of Edgenta GreenTech Sdn. Bhd. (formerly known as KFM Holdings Sdn. Bhd.):					
Operon Consulting Sdn. Bhd.	Malaysia	1,128,260	**56**	56	Assets management consultancy services
KFM Energy Services Sdn. Bhd.	Malaysia	2,000,000	**80**	80	Provision of consultancy and other services relating to conservation and renewable energy
KFM Projects Sdn. Bhd.	Malaysia	100,000	**80**	80	Project management consulting services
KFM Solutions Sdn. Bhd.	Malaysia	100,000	**80**	80	Consultancy services in the green, smart and connected urban ecology and integrated facility management services
KFM Systems Sdn. Bhd.	Malaysia	100,000	**80**	80	Consultancy and contractors for building management systems for the built environment

45. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONT'D.)

Name of Companies	Country of incorporation	Issued and paid-up share capital	Effective proportion of ownership interest 2019	2018	Principal activities
		RM	%	%	
Subsidiary of Edgenta GreenTech Sdn. Bhd.: (cont'd.)					
Veridis PPP One Sdn. Bhd.	Malaysia	275,000	**80**	80	Concession holder specialising in retro-fitting works of building utilising green technology
Operon Middle East Limited (a)	British Virgin Island	USD1,503,200	**80**	80	Facilities management and building cleaning services
Operon Malaysia Sdn. Bhd.	Malaysia	100,000	**80**	80	Provision of supervising officer for activities related to Green Technology and other solutions for the built environment
KFM Middle East Limited (b)	British Virgin Island	USD1,000	**56**	56	Dormant
Associate of Operon Consulting Sdn. Bhd.:					
Operon Asset Advisory Sdn. Bhd. (b)	Malaysia	10,000	**27**	27	Asset management consulting services
Subsidiary of Edgenta (Singapore) Pte. Ltd.:					
UEMS Pte. Ltd. (a)	Singapore	SGD8,300,000	**97.5**	97.5	Investment holding

45. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONT'D.)

Name of Companies	Country of incorporation	Issued and paid-up share capital	Effective proportion of ownership interest		Principal activities
			2019	2018	
		RM	%	%	
Subsidiary of UEMS Pte. Ltd.:					
UEMS Solutions Pte. Ltd. (a)	Singapore	SGD2,000,000	**97.5**	97.5	Provision of facility management services
Edgenta UEMS Sdn. Bhd.	Malaysia	3,000,000	**97.5**	97.5	Provision of facility management services
Edgenta UEMS Ltd. (a)	Taiwan	TWD25,000,000	**97.5**	97.5	Provision of facility management services
ServiceMaster Hong Kong Limited (a)	Hong Kong	HKD20,036,000	**97.5**	97.5	Provision of facility management services
Subsidiary of Edgenta UEMS Ltd.:					
Edgenta UEMS SC Ltd. (a)	Taiwan	TWD25,000,000	**97.5**	97.5	Provision of cleaning and consulting services for business enterprises, buildings and home service to individuals

(a) Audited by member firms of Ernst & Young Global in respective countries

(b) Audited by firms other than Ernst & Young

(c) Edgenta Mediserve Sdn. Bhd. is 43% owned by UEM Edgenta Berhad and 57% owned by Edgenta Healthcare Management Sdn. Bhd.

(d) Opus Al-Dauliyyah L.L.C. is 95% owned by Opus International (M) Berhad and 5% owned by Opus Management Sdn. Bhd.

Analysis of Shareholdings

As at 31 March 2020

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	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	1,129	8.24	35,849	0.00
100 - 1,000	9,751	71.18	3,432,003	0.41
1,001 - 10,000	2,376	17.34	8,543,577	1.03
10,001 - 100,000	340	2.48	9,990,476	1.20
100,001 - 41,581,200 (*)	102	0.75	186,340,900	22.41
41,581,201 and above (**)	2	0.01	623,281,225	74.95
Total	**13,700**	**100.00**	**831,624,030**	**100.00**

Notes:
* *Less than 5% of issued holdings*
** *5% and above of issued holdings*

30 LARGEST SHAREHOLDERS AS PER RECORD OF DEPOSITORS

As at 31 March 2020

No.	Name of Shareholders	No. of Shares Held	% of Issued Shares
1	UEM GROUP BERHAD	574,967,925	69.14
2	CITIGROUP NOMINEES (TEMPATAN) SDN BHD URUSHARTA JAMAAH SDN. BHD. (1)	48,313,300	5.81
3	AMANAHRAYA TRUSTEES BERHAD PUBLIC ITTIKAL SEQUEL FUND	17,025,200	2.05
4	AMANAHRAYA TRUSTEES BERHAD PUBLIC SMALLCAP FUND	14,741,900	1.77
5	MAYBANK NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR PRINCIPAL DALI EQUITY GROWTH FUND (UT-CIMB-DALI) (419455)	12,952,700	1.56
6	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	12,833,700	1.54
7	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 3)	8,410,900	1.01
8	AMANAHRAYA TRUSTEES BERHAD PUBLIC STRATEGIC SMALLCAP FUND	7,796,900	0.94
9	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)	6,542,100	0.79
10	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPTIMAL GROWTH FUND	6,218,800	0.75
11	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	5,937,782	0.71
12	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (DR)	5,741,400	0.69
13	MAYBANK NOMINEES (TEMPATAN) SDN BHD NATIONAL TRUST FUND (IFM MAYBANK)	5,698,600	0.69
14	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC TREASURES GROWTH FUND	5,106,500	0.61
15	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD AS BENEFICIAL OWNER (PF)	4,161,100	0.50
16	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (PRINCIPAL EQITS)	3,993,700	0.48
17	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	3,827,683	0.46
18	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	3,099,900	0.37

Analysis of Shareholdings
As at 31 March 2020

No.	Name of Shareholders	No. of Shares Held	% of Issued Shares
19	AMANAHRAYA TRUSTEES BERHAD AC PRINCIPAL DALI ASIA PACIFIC EQUITY GROWTH FUND	2,785,800	0.33
20	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR PRINCIPAL DALI OPPORTUNITIES FUND	2,647,200	0.32
21	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	2,584,000	0.31
22	CIMB COMMERCE TRUSTEE BERHAD PUBLIC FOCUS SELECT FUND	2,497,300	0.30
23	CITIGROUP NOMINEES (TEMPATAN) SDN BHD UNIVERSAL TRUSTEE (MALAYSIA) BERHAD FOR PRINCIPAL DALI EQUITY FUND	2,451,000	0.29
24	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ARIM)	2,170,000	0.26
25	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (NOMURA)	2,135,000	0.26
26	AMANAHRAYA TRUSTEES BERHAD PMB SHARIAH PREMIER FUND	2,071,000	0.25
27	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA PUBLIC TAKAFUL BHD.	1,904,300	0.23
28	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SELECT TREASURES FUND	1,839,300	0.22
29	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	1,823,600	0.22
30	AMANAHRAYA TRUSTEES BERHAD PB ISLAMIC EQUITY FUND	1,814,300	0.22
Total		**774,092,890**	**93.08**

SUBSTANTIAL SHAREHOLDERS
As per the Register of Substantial Shareholders
As at 31 March 2020

	Direct Interest		Indirect Interest	
Name of Substantial Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
UEM Group Berhad	574,967,925	69.14	-	-
Khazanah Nasional Berhad#	-	-	574,967,925	69.14
Urusharta Jamaah Sdn Bhd	48,313,300	5.81	-	-

Note:
 # Deemed interested pursuant to Section 8(4) of the Companies Act 2016.

DIRECTORS' INTERESTS IN THE COMPANY AND ITS RELATED CORPORATIONS
As at 31 March 2020

Directors' Interests in Ordinary Shares of UEM Edgenta Berhad

	Direct Interest		Indirect Interest	
Name of Directors	**No. of Shares**	**%**	**No. of Shares**	**%**
Tan Sri Dr. Azmil Khalid	-	-	-	-
Dato' Azmir Merican	130,000	0.02	-	-
Dato' Mohd Izani Ghani	-	-	-	-
Dato' Noorazman Abd Aziz	-	-	-	-
Robert Tan Bun Poo	-	-	-	-
Elakumari Kantilal	-	-	-	-
Dato' George Stewart LaBrooy	-	-	-	-
Emily Kok	-	-	-	-
Rowina Ghazali Seth	-	-	-	-
Juniwati Rahmat Hussin *(Resigned on 31 March 2020)*	-	-	-	-

Properties held by the Group

Location & Address	Description of Properties	Approx. Land Area	Gross Built-Up Area (Sq. Meters)	Existing Use	Land Tenure (Expire Date)	Building Approx Age (Years)	Net Book Value as at 31.12.2019 (RM'000)	Last Date of Revaluation or if None: Date of Acquisition
CORPORATE								
UEM EDGENTA BERHAD								
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)	5	11,739	16.12.2016
HEALTHCARE SUPPORT								
EDGENTA MEDISERVE SDN BHD								
Lot No. 65, Kamunting Raya Industrial Estate, Kamunting, Perak	Incineration plant with double-storey administration block plus laundry plant	5.87 acres	23,760	Incinerator for clinical waste and laundry plant	Leasehold (7.12.2097)	23	961	31.12.2019
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)	16	753	31.12.2019
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	2,060	Incinerator for clinical waste	Leasehold (13.12.2042)	14	335	2.11.2018
Lot 10486, Seksyen 20, Serendah Ulu Selangor Selangor Darul Ehsan	Research and development center	1.47 acres	5,987	Research and development	Freehold	8	1,160	31.12.2019

Properties held by the Group

Location & Address	Description Of Properties	Approx. Land Area	Gross Built-Up Area (Sq. Meters)	Existing Use	Land Tenure (Expire Date)	Building Approx Age (Years)	Net Book Value As At 31.12.2019 (RM'000)	Last Date Of Revaluation Or If None: Date of Acquisition
INFRASTRUCTURE SERVICES								
EDGENTA PROPEL BERHAD								
No. C1-16-08, Block C1 Vista Komanwel, Bukit Jalil 57700 Kuala Lumpur	Penthouse (duplex)	-	850	Staff accommodation	Freehold	6	331	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	Freehold	14	2,426	1.5.2005
EDGENTA ENVIRONMENTAL & MATERIAL TESTING SDN BHD								
Suite 4801-1-05, Block 4801 CBD Perdana, Jalan Perdana 63000 Putrajaya Selangor	Office building	-	175	Office lot	Freehold	9	286	07.12.2015
No.3 & No.5, Jalan P18 Kawasan Perindustrian MIEL 43650 Bandar Baru Bangi, Selangor	Two adjoining units of one and half storey semi detached factory	0.83 acres	1,303	Laboratory & office building	Leasehold (29.09.2086)	29	2,404	07.12.2015
PROPERTY DEVELOPMENT								
COUNTRY VIEW DEVELOPMENT SDN BHD								
CL015027237 and CL 015395196 Kota Kinabalu, Sabah	Vacant land for development	7.72 acres	-	Vacant land	Leasehold 999 years (2.12.2920 and 20.8.2925)	-	477	1.2.2018

Recurrent Related Party Transactions

The shareholders of UEM Edgenta Berhad ("UEM Edgenta" or "the Company") had at the 56th Annual General Meeting held on 15 May 2019 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 2019 pursuant to the shareholders' mandate are as follows:

Item	Company in UEM Edgenta Group involved	Transacting Party	Nature of relationship as at the LPD	Nature of transaction	Value incurred from 1 January 2019 to 14 May 2019 RM'000	Value incurred from 15 May 2019 to 31 December 2019 RM'000	Aggregate Value of Transactions during the Financial Year RM'000
1	UEM Edgenta Group	UEMG Group	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. UEM Edgenta is a 69.14% subsidiary of UEMG. Dato' Noorazman Abd Aziz is a Director of UEM Edgenta and UEMG. Dato' Noorazman Abd Aziz does not have any equity interest in UEMG.	Provision of Directors and staff training and development by UEMG Group.	296	41	337
				Provision of administrative and audit and tax services by UEMG Group.	-	944	944
				Rental of office space in Tower 1, Avenue 7, Bangsar South and ancillary facilities from UEMG Group.	2,691	5,381	8,072
				Rental of archive store at Taman Desa and ancillary facilities from UEMG Group.	24	177	201
				Rental of meeting rooms in Tower 1, Avenue 7, Bangsar South ancillary facilities from UEMG Group.	-	2	2
				Provision of services to UEMG as follows: (i) proposed provision of vehicle screening services for projects developed; (ii) design and project management fees for projects; (iii) provision for soil investigation, instrumentation, material testing, environmental and pavement condition assessment works for rail projects; and/or (iv) provision of energy management services.	1,679	4,447	6,126
				Provision of design to UEMG Group, project management fees and consultancy fees from UEMG Group in relation to development of overseas projects.	-	-	-
				Rental of training space at UEM Learning Centre, Petaling Jaya from UEMG Group.	-	599	599
				Payment of annual nomination fee to UEMG Group.	-	-	-

Recurrent Related Party Transactions

Item	Company in UEM Edgenta Group involved	Transacting Party	Nature of relationship as at the LPD	Nature of transaction	Value incurred from 1 January 2019 to 14 May 2019 RM'000	Value incurred from 15 May 2019 to 31 December 2019 RM'000	Aggregate Value of Transactions during the Financial Year RM'000
2	UEM Edgenta Group	PLUS Malaysia Group	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. UEM Edgenta is a 69.14% subsidiary of UEMG. PLUS Malaysia is a 51% subsidiary of UEMG. Dato' Noorazman Abd Aziz is a Director of UEM Edgenta and PLUS Malaysia. Dato' Noorazman Abd Aziz does not have any equity interest in PLUS Malaysia.	Provision of facilities maintenance services to PLUS Malaysia Group.	118	90	208
				Provision of highway operations & maintenance services through Performance Based Contract ("PBC") concept to PLUS Malaysia Group.	-	-	-
				Provision of design, consultancy services, maintenance management & technical services to PLUS Malaysia Group; project management fees and development & proposed network maintenance fee from PLUS Malaysia Group.	13,123	26,669	39,792
				Provision of highway maintenance services to PLUS Malaysia Group.	205,519	603,301	808,820
				Provision of maintenance services of the real time monitoring system and soil investigation works for upgrading of existing and new facilities to PLUS Malaysia Group.	-	-	-
3	UEM Edgenta Group	UEM Sunrise Group	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. UEM Edgenta is a 69.14% subsidiary of UEMG. UEM Sunrise is a 66.06% subsidiary of UEMG. Dato' Noorazman Abd Aziz is a Director of UEM Edgenta and UEM Sunrise. Dato' Noorazman Abd Aziz does not have any equity interest in UEM Sunrise.	Provision of facilities maintenance services to UEM Sunrise Group.	2,148	4,249	6,397
				Provision of integrated facilities management and estate management services by UEM Edgenta Group to UEM Sunrise Group.	3,415	301	3,716
				Provision of services to UEM Sunrise Group as follows: (i) pavement, mechanical, electrical and electronic ("MEE") works, utilities relocation and traffic management works; (ii) project management consultancy services for commercial development; (iii) proposed soil investigation works, instrumentation, material testing, environmental services and pavement works for projects development; (iv) provision of energy management services; and/or (v) provision of Strata and Building Facilities Management software - User License Fee.	55	-	55

Item	Company in UEM Edgenta Group involved	Transacting Party	Nature of relationship as at the LPD	Nature of transaction	Value incurred from 1 January 2019 to 14 May 2019 RM'000	Value incurred from 15 May 2019 to 31 December 2019 RM'000	Aggregate Value of Transactions during the Financial Year RM'000
4	UEM Edgenta Group	TARH	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. UEM Edgenta is a 69.14% subsidiary of UEMG. TARH is a wholly-owned subsidiary of Khazanah.	Provision of consultancy and township management services which includes integrated facilities management (mechanical and electrical ("M&E"), housekeeping, security, estate management, safety & health) and community management to TARH.	-	-	-
				Provision of services to TARH as follows: (i) pavement, MEE works, utilities relocation and traffic management works; (ii) proposed soil investigation works, instrumentation, material testing, environmental services for hotels and resorts; and/or (iii) buildings and facilities audit exercise at Desaru Adventure Water Park.	-	-	-
5	UEM Edgenta Group	UEM Sunrise Group	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. UEM Edgenta is a 69.14% subsidiary of UEMG. UEM Sunrise is a 66.06% subsidiary of UEMG. Dato' Noorazman Abd Aziz is a Director of UEM Edgenta and UEM Sunrise. Dato' Noorazman Abd Aziz does not have any equity interest in UEM Sunrise.	Rental of office space in Imperia Tower, Iskandar Puteri, Johor from UEM Sunrise Group.	200	-	200

Recurrent Related Party Transactions

Item	Company in UEM Edgenta Group involved	Transacting Party	Nature of relationship as at the LPD	Nature of transaction	Value incurred from 1 January 2019 to 14 May 2019 RM'000	Value incurred from 15 May 2019 to 31 December 2019 RM'000	Aggregate Value of Transactions during the Financial Year RM'000
6	UEM Edgenta Group	CIMA	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. UEM Edgenta is a 69.14% subsidiary of UEMG. CIMA is a wholly-owned subsidiary of UEMG.	Provision of energy management services through energy performance contract at various locations to CIMA.	-	-	-
7	UEM Edgenta Group	MAHB	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. UEM Edgenta is a 69.14% subsidiary of UEMG. MAHB is a 33.21% associated company of Khazanah.	Provision of energy management services through energy performance contract to MAHB.	-	-	-
8	UEM Edgenta Group	First Impact	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. UEM Edgenta is a 69.14% subsidiary of UEMG. First Impact is a wholly-owned subsidiary of UEMG.	Provision of asset management services for office buildings of First Impact.	2,656	7,493	10,149
9	UEM Edgenta Group	TM Group	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. UEM Edgenta is a 69.14% subsidiary of UEMG. TM is a 26.21% associated company of Khazanah.	Provision of services to TM Group as follows: (i) facilities maintenance services and energy management services (ii) pavement, civil, MEE works, utilities relocation works and traffic management services; and/or (iii) infrastructure maintenance of telecommunications network.	-	-	-
10	UEM Edgenta Group	MAHB Group	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. UEM Edgenta is a 69.14% subsidiary of UEMG. MAHB is a 33.21% associated company of Khazanah.	Provision of services to MAHB Group as follows: (i) pavement, civil, MEE works, utilities relocation works and traffic management services; and/or (ii) proposed soil investigation works, instrumentation, material testing, environmental services and pavement works for airports.	119	19	138

Recurrent Related Party Transactions

Item	Company in UEM Edgenta Group involved	Transacting Party	Nature of relationship as at the LPD	Nature of transaction	Value incurred from 1 January 2019 to 14 May 2019 RM'000	Value incurred from 15 May 2019 to 31 December 2019 RM'000	Aggregate Value of Transactions during the Financial Year RM'000
11	UEM Edgenta Group	TNB Group	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. UEM Edgenta is a 69.14% subsidiary of UEMG. TNB is a 28.76% associated company of Khazanah. Amir Hamzah Azizan and Juniwati Rahmat Hussin are Directors of UEM Edgenta and TNB. Amir Hamzah Azizan and Juniwati Rahmat Hussin do not have any equity interest in TNB.	Provision of services to TNB Group as follows: (i) project management consultancy services for office building; (ii) provision of pavement, MEE works, utilities relocation and traffic management works; (iii) proposed soil investigation works, instrumentation, material testing, environmental services; and/or (iv) provision of integrated facilities management and energy services for TNB Buildings.	-	-	-
12	UEM Edgenta Group	Borneo Highway PDP Sdn Bhd	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. UEM Edgenta is a 69.14% subsidiary of UEMG. Borneo Highway PDP Sdn Bhd is a 40% associated company of UEM MMC Joint Venture Sdn Bhd, which in turn is a 50% joint venture of UEMG.	Provision of services to Borneo Highway PDP Sdn Bhd as follows: (i) pavement, MEE works, utilities relocation and traffic management works; (ii) payment of project management fees for highway project; and/or (iii) proposed soil investigation works, instrumentation, material testing, environmental services and pavement works.	-	152	152
				Provision of design and consultancy services for BHP.	-	277	277
13	UEM Edgenta Group	Cenviro Group	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. UEM Edgenta is a 69.14% subsidiary of UEMG. Cenviro is a wholly-owned subsidiary of Khazanah.	Provision of services to Cenviro Group as follows: (i) provision of office services; and/or (ii) proposed soil investigation works, instrumentation, material testing, environmental services.	6	43	49
14	UEM Edgenta Group	Axiata Group Berhad and its subsidiaries	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. UEM Edgenta is a 69.14% subsidiary of UEMG. Axiata Group Berhad is 37.16% associated company of Khazanah.	Provision of integrated facilities management and energy services to Axiata Group Berhad.	-	-	-

Recurrent Related Party Transactions

Item	Company in UEM Edgenta Group involved	Transacting Party	Nature of relationship as at the LPD	Nature of transaction	Value incurred from 1 January 2019 to 14 May 2019 RM'000	Value incurred from 15 May 2019 to 31 December 2019 RM'000	Aggregate Value of Transactions during the Financial Year RM'000
15	UEM Edgenta Group	Konsortium Prohawk Sdn Bhd	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. UEM Edgenta is a 69.14% subsidiary of UEMG. Konsortium Prohawk Sdn Bhd is a 65% subsidiary of UEMG.	Provision of management, operations and maintenance of parking facilities, café, medical hotel and retail business at Women & Children Hospital (WACH) to Konsortium Prohawk Sdn. Bhd.	-	-	-
				Provision of asset management services for Women & Children Hospital (WACH) to Konsortium Prohawk Sdn. Bhd.	7,069	17,958	25,027
16	UEM Edgenta Group	Putrajaya Holdings	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. UEM Edgenta is a 69.14% subsidiary of UEMG. Putrajaya Holdings is a 15.59% associated company of Khazanah.	Provision of services to Putrajaya Holdings as follows: (i) Proposed soil investigation works, instrumentation, material testing, environmental services, pavement works for projects; and/or (ii) provision of integrated facilities management and estate management.	-	-	-
17	UEM Edgenta Group	PT Lintas Marga Sedaya ("PT Lintas")	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. UEM Edgenta is a 69.14% subsidiary of UEMG. PT Lintas is a 55% subsidiary of PEIB, which in turn is a wholly-owned subsidiary of UEMG. Dato' Noorazman Abd Aziz is a Director of UEM Edgenta and PT Lintas. Dato' Noorazman Abd Aziz does not have any equity interest in PT Lintas.	Provision of maintenance services for highway to PT Lintas.	6,854	32,452	39,306
				Project management services for new infra structure projects to PT Lintas.	-	-	-
18	UEM Edgenta Group	Malaysia Airlines Berhad	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. UEM Edgenta is a 69.14% subsidiary of UEMG. Malaysia Airlines Berhad is a wholly-owned subsidiary of Malaysia Aviation Group Berhad, which in turn is a wholly-owned subsidiary of Khazanah.	Provision of cleansing services to Malaysia Airlines Berhad.	-	-	-

Recurrent Related Party Transactions

Item	Company in UEM Edgenta Group involved	Transacting Party	Nature of relationship as at the LPD	Nature of transaction	Value incurred from 1 January 2019 to 14 May 2019 RM'000	Value incurred from 15 May 2019 to 31 December 2019 RM'000	Aggregate Value of Transactions during the Financial Year RM'000
19	UEM Edgenta Group	TERAS	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. UEM Edgenta is a 69.14% subsidiary of UEMG. TERAS is a wholly-owned subsidiary of PLUS Malaysia, which in turn is a 51% subsidiary of UEMG.	Provision of FLW utilities and services to TERAS.	-	22	22
				Provision of MEE works by TERAS to Edgenta PROPEL.	-	-	-
20	UEM Edgenta Group	Kualiti Alam	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. UEM Edgenta is a 69.14% subsidiary of UEMG. Kualiti Alam is a wholly-owned subsidiary of Cenviro, which in turn is a wholly-owned subsidiary of Khazanah.	Provision of waste collection services by Kualiti Alam.	-	297	297
21	UEM Edgenta Group	Kuad	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. UEM Edgenta is a 69.14% subsidiary of UEMG. Kuad is a 70% subsidiary of CIMA, which in turn is a wholly-owned subsidiary of UEMG.	Purchase of material and provision of pavement works from Kuad.	2,032	4,515	6,547
22	UEM Edgenta Group	Kuari Pati	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. UEM Edgenta is a 69.14% subsidiary of UEMG. Kuari Pati is a wholly-owned subsidiary of CIMA, which in turn is a wholly-owned subsidiary of UEMG.	Purchases of materials for pavement works from Kuari Pati.	531	1,430	1,961
23	UEM Edgenta Group	TT dotCom Sdn Bhd	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. UEM Edgenta is a 69.14% subsidiary of UEMG. TT dotCom Sdn Bhd is a wholly-owned subsidiary of TdC. TdC is a 11.19% associated company of Khazanah. TdC is a 30.35% associated company of PKV, which in turn is a 30.0% associated company of Khazanah.	Provision of fiber optic maintenance on highway by TT dotCom Sdn. Bhd.	579	779	1,358

Recurrent Related Party Transactions

Item	Company in UEM Edgenta Group involved	Transacting Party	Nature of relationship as at the LPD	Nature of transaction	Value incurred from 1 January 2019 to 14 May 2019 RM'000	Value incurred from 15 May 2019 to 31 December 2019 RM'000	Aggregate Value of Transactions during the Financial Year RM'000
24	UEM Edgenta Group's property development companies	Any Related Party who may wish to purchase properties developed by UEM Edgenta Group's property development companies	All Directors and Major Shareholders of UEM Edgenta are interested in this transaction. All Directors of UEM Edgenta do not have any direct and/or indirect shareholding in UEM Edgenta, save for Amir Hamzah Azizan and Dato' Azmir Merican as disclosed in the Directors' Report. All Directors and Major Shareholders of UEM Edgenta will abstain and ensure that all Persons Connected to them will abstain from voting on the relevant resolution. Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. UEM Edgenta is a 69.14% subsidiary of UEMG.	Sale of property units by UEM Edgenta Group's property development companies.	-	-	-
25	EMS	Cenviro Group	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. EMS is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG. Kualiti Alam is a wholly-owned subsidiary of Cenviro, which in turn is a wholly-owned subsidiary of Khazanah.	Provision of healthcare waste management services by Kualiti Alam.	788	1,284	2,072
26	EMS Group	SMS Likas	FLS Sabah is a 60% subsidiary of EMS, which in turn is a wholly-owned subsidiary of UEM Edgenta. SMS Likas holds 40% of the equity interest in FLS Sabah. Zohari Mahur is a Director of SMS Likas and FLS Sabah. Zohari Mahur has a 58.33% equity interest in SMS Likas.	Provision of linen processing involving washing, drying and folding of linen, linen transportation involving transportation of linen from the plant to hospitals and vice versa, and manpower supply by SMS Likas.	1,833	1,634	3,467

Recurrent Related Party Transactions

Item	Company in UEM Edgenta Group involved	Transacting Party	Nature of relationship as at the LPD	Nature of transaction	Value incurred from 1 January 2019 to 14 May 2019 RM'000	Value incurred from 15 May 2019 to 31 December 2019 RM'000	Aggregate Value of Transactions during the Financial Year RM'000
27	EFSB Group	Symphony Hills	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. EFSB is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG. Symphony Hills is a wholly-owned subsidiary of Bandar Nusajaya Development Sdn Bhd, which in turn is a wholly-owned subsidiary of UEM Land, which in turn is a wholly-owned subsidiary of UEM Sunrise, which in turn is a 66.06% subsidiary of UEMG.	Provision of cleaning services at sales gallery, office and unit show houses for Symphony Hills.	127	146	273
28	EFSB Group	Setia Haruman Sdn Bhd ("Setia Haruman")	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. EFSB is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG. 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.	Provision of facilities maintenance services to Setia Haruman.	2,282	3,996	6,278
				Rental payable on a monthly basis by EFSB Group to Setia Haruman for office space.	21	43	64
29	EFSB Group	UEM Builders	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. EFSB is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG. UEM Builders is a wholly-owned subsidiary of UEMG.	Provision of cleaning services, and M&E maintenance to UEM Builders.	59	127	186
30	EFSB Group	UEMG	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. EFSB is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.	Provision of cleaning and landscaping services for UEM Learning to UEMG.	55	15	70

Recurrent Related Party Transactions

Item	Company in UEM Edgenta Group involved	Transacting Party	Nature of relationship as at the LPD	Nature of transaction	Value incurred from 1 January 2019 to 14 May 2019 RM'000	Value incurred from 15 May 2019 to 31 December 2019 RM'000	Aggregate Value of Transactions during the Financial Year RM'000
31	EFSB Group	Teras Teknologi Sdn Bhd ("TERAS")	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. EFSB is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG. TERAS is a wholly-owned subsidiary of PLUS Malaysia, which in turn is a 51% subsidiary of UEMG.	Provision of cleaning services to TERAS warehouse.	-	3	3
32	EFSB Group	UEM Sunrise	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. EFSB is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG. UEM Sunrise is a 66.06% subsidiary of UEMG.	Provision of facilities management services for office buildings of UEM Sunrise.	-	-	-
33	EFSB Group	CIMB Group	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. EFSB is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG. CIMB is a 27.27% associated company of Khazanah.	Provision of facilities maintenance services to CIMB Group.	4,817	7,674	12,491
34	Edgenta PROPEL	UEM Construction	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG. UEM Construction is a wholly-owned subsidiary of UEM Builders, which in turn is a wholly-owned subsidiary of UEMG.	Upgrade works for Bayan Lepas Expressway for UEM Construction.	136	249	385
				Provision of fourth lane widening ("FLW") civil works, MEE works and street lighting and traffic management services to UEM Construction.	-	-	-
35	Edgenta PROPEL	UEM Builders	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG. UEM Builders is a wholly-owned subsidiary of UEMG.	Pavement, civil, MEE works, utilities relocation and traffic management works for UEM Builders.	-	-	-

Item	Company in UEM Edgenta Group involved	Transacting Party	Nature of relationship as at the LPD	Nature of transaction	Value incurred from 1 January 2019 to 14 May 2019 RM'000	Value incurred from 15 May 2019 to 31 December 2019 RM'000	Aggregate Value of Transactions during the Financial Year RM'000
36	Edgenta PROPEL	UEMG	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.	Payment of annual nomination fee to UEMG.	3,333	6,667	10,000
				Pavement, civil, MEE works, utilities relocation and traffic management works for UEMG.	-	-	-
37	Edgenta PROPEL	PT Karabha Gryamandiri – PT Nusa Raya Cipta Consortium	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. Edgenta PROPEL is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG. PT Karabha Gryamandiri is a 55% subsidiary of UEM Construction, which in turn is a wholly-owned subsidiary of UEM Builders, which in turn is a wholly-owned subsidiary of UEMG.	Contract awarded by PT Karabha Gryamandiri – PT Nusa Raya Cipta Consortium for highway pavement works.	-	-	-
38	Edgenta EMT	PLUS Malaysia Group	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. Edgenta EMT is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG. PLUS Malaysia is a 51% subsidiary of UEMG.	Provision of maintenance services of the real time monitoring system to PLUS Malaysia Group.	101	139	240
				Soil investigation works for upgrading of existing and new facilities for PLUS Malaysia Group.	-	-	-
39	Edgenta EMT	UEM Builders	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. Edgenta EMT is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG. UEM Builders is a wholly-owned subsidiary of UEMG.	Proposed soil investigation works, instrumentation, material testing, environmental services and pavement works for UEM Builders by Edgenta EMT.	-	-	-
40	Edgenta EMT	PLUS Malaysia	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. Edgenta EMT is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG. PLUS Malaysia is a 51% subsidiary of UEMG.	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.	-	-	-

Recurrent Related Party Transactions

Item	Company in UEM Edgenta Group involved	Transacting Party	Nature of relationship as at the LPD	Nature of transaction	Value incurred from 1 January 2019 to 14 May 2019 RM'000	Value incurred from 15 May 2019 to 31 December 2019 RM'000	Aggregate Value of Transactions during the Financial Year RM'000
41	Edgenta EMT	UEMG	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. Edgenta EMT is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG.	Soil investigation project for Paroi-Senawang-KLIA-Salak Tinggi (SKLIA) project for UEMG.	-	-	-
42	Edgenta EMT	CIMA Group	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. Edgenta EMT is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG. CIMA is a wholly-owned subsidiary of UEMG.	Proposed soil investigation works, instrumentation, material testing, environmental services and pavement works for CIMA Group of Companies by Edgenta EMT.	-	-	-
43	OIM	PT Lintas	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. OIM is a wholly-owned subsidiary of Opus, which in turn is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG. PT Lintas is a 55% subsidiary of PEIB which in turn is a wholly-owned subsidiary of UEMG.	Provision of maintenance management & technical services for highways and bridges at Cikampek Palimanan highway by OIM to PT Lintas.	443	797	1,240
44	OIM	IHH Healthcare Group	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. OIM is a wholly-owned subsidiary of Opus, which in turn is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG. IHH Healthcare is a 26.05% associated company of Pulau Memutik Ventures Sdn Bhd, which in turn is a wholly-owned subsidiary of Khazanah.	To provide project management and engineering consultancy services for development of hospitals to IHH Healthcare.	-	-	-
45	OIM	MAHB	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. OIM is a wholly-owned subsidiary of Opus, which in turn is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG. MAHB is a 33.21% associated company of Khazanah.	To provide project management and engineering design consultancy services to Aeropolis and Staff Quarters project for MAHB.	-	-	-

Item	Company in UEM Edgenta Group involved	Transacting Party	Nature of relationship as at the LPD	Nature of transaction	Value incurred from 1 January 2019 to 14 May 2019 RM'000	Value incurred from 15 May 2019 to 31 December 2019 RM'000	Aggregate Value of Transactions during the Financial Year RM'000
46	OIM	Putrajaya Holdings Sdn Bhd ("Putrajaya Holdings")	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. OIM is a wholly-owned subsidiary of Opus, which in turn is a wholly-owned subsidiary of UEM Edgenta, which in turn is a 69.14% subsidiary of UEMG. Putrajaya Holdings is a 15.59% associated company of Khazanah.	To provide project management and engineering design consultancy for development of train transport system in Putrajaya to Putrajaya Holdings.	-	-	-
47	UEMS Malaysia	IMU Education Sdn Bhd	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. UEMS Malaysia is a wholly-owned subsidiary of UEMS, which in turn is a 97.46% 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. 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 26.05% associated company of Pulau Memutik Ventures Sdn Bhd, which in turn is a wholly-owned subsidiary of Khazanah.	Provision of facilities maintenance services to IMU.	83	155	238
48	UEMS Malaysia	Parkway Pantai Group	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. UEMS Malaysia is a wholly-owned subsidiary of UEMS, which in turn is a 97.46% 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. 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 26.05% associated company of Pulau Memutik Ventures Sdn Bhd, which in turn is a wholly-owned subsidiary of Khazanah.	Provision of facilities maintenance services to Pantai Holdings Group at various Pantai hospitals.	2,886	5,902	8,788

Recurrent Related Party Transactions

Item	Company in UEM Edgenta Group involved	Transacting Party	Nature of relationship as at the LPD	Nature of transaction	Value incurred from 1 January 2019 to 14 May 2019 RM'000	Value incurred from 15 May 2019 to 31 December 2019 RM'000	Aggregate Value of Transactions during the Financial Year RM'000
49	UEMS Malaysia	Khazanah	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. UEMS Malaysia is a wholly-owned subsidiary of UEMS, which in turn is a 97.46% 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.	Provision of cleansing services at KLCC and KL Sentral to Khazanah.	113	211	324
50	UEMS Solutions Pte Ltd	IHH Healthcare Group	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. UEMS Solutions Pte Ltd is a wholly-owned subsidiary of UEMS, which in turn is a 97.46% 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. IHH Healthcare is a 26.05% associated company of Pulau Memutik Ventures Sdn Bhd, which in turn is a wholly-owned subsidiary of Khazanah.	Provision of housekeeing services at various IHH Healthcare Hospital to IHH Healthcare.	402	1,266	1,668
51	KFM Energy	Cenviro	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. 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. Cenviro is a wholly-owned subsidiary of Khazanah.	Consultancy for design assesment for submission to Green Building Index for Cenviro.	-	-	-
52	KFM Energy	Silterra Malaysia	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. 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. Silterra Malaysia is a wholly-owned subsidiary of Khazanah.	Engineering, procument, installation and commissioning for chillers to Silterra Malaysia.	181	361	542
				Provision of Energy Efficiency, Energy and Plant Monitoring services by KFM Energy to Silterra Malaysia.	-	-	-

Glossary

Abbreviation	Full Form
ACCA	Association of Chartered Certified Accountants
ACE	Align Collaborate Execute
AEMAS	ASEAN Energy Management Scheme
AGM	Annual General Meeting
AI	Artificial Intelligence
ALP	Accelerated Leadership Programme
ALPINE	Asia Leaders Programme in Infrastructure Excellence
APFM	Association of Property & Facility Managers
APHM	Association of Private Hospitals, Malaysia
APMC	Asset Management & Project Management Conference
APREA	Asia Pacific Real Estate Association
AQIF	Associate Qualification in Islamic Finance
ARC	Audit and Risk Committee
ASEAN	Association of South East Asian Nations
B2B	Business-to-Business
B2B2C	Business-to-Business-to-Consumer
BCM	Business Continuity Management
BCP	Business Continuity Plan
BEA	Board Effectiveness Assessment
BEM	Board of Engineers Malaysia
BEMS	Biomedical Engineering Maintenance Services
BGRC	Board Governance and Risk Committee
BIM	Building Information Modelling
Board	The Board of Directors
BTC	Board Tender Committee
CBCP	Certified Business Continuity Professional
CCP	Chiller Coefficient of Performance
CCP	Crisis Communications Plan
CEA	Council of Estate Agencies
CEng	Institution of Civil Engineers, United Kingdom
CFA	Chartered Financial Analyst
CFO	Chief Financial Officer
CG	Corporate Governance
CIDB	Lembaga Pembangunan Industri Pembinaan Malaysia
CIIF	Chartered Institute of Islamic Finance Professionals
CLS	Cleansing Services
CMP	Crisis Management Plan
COD	Chemical Oxygen Demand

Abbreviation	Full Form
CoE	Centre of Excellence
COI	Conflict of Interest
COVID-19	Coronavirus
CPA	Certified Practicing Accountant
CPFM	Certified Property and Facility Manager
CSCS	Construction Skills Certification Scheme
CSR	Corporate Social Responsibility
DAL	Discretionary Authority Limits
DR	Digital Revolution
DOSH	Department Of Occupational Safety and Health
DRP	Disaster Recovery Plan
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EES	Economic, Environmental and Social
EMGS	Energy Management Gold Standard
EPC	Energy Performance Contracts
ERP	Enterprise Resource Planning
ERP	Emergency Response Procedures
ESCO	Energy Service Company
ESH	Environmental, Safety & Health
ESS	Employee Self Service
FEMS	Facilities Engineering Maintenance Services
FY	Financial Year
GIA	Group Internal Audit
GIS	Geographic Information System
GMC	General Management Committee
GPS	Global Positioning System
GRI	Global Reporting Initiatives
HCM	Human Capital Management
HKS	Housekeeping Services
HR	Human Resource
HRD	Human Resource Development
HSSE	Health, Safety, Security & Environment
HSWIM	High-Speed Weigh–In–Motion
HVAC	Heating, Ventilation and Air Conditioning
HWMS	Healthcare Waste Management Services
IAD	Internal Audit Department
IBFIM	Islamic Banking & Finance Institute Malaysia
ICE	Institution of Civil Engineers
IFRS	International Financial Reporting Standards
IGEM 2019	International Greentech & Eco Products Exhibition and Conference Malaysia 2019
IIA	Institute of Internal Auditors
IIRC	International Integrated Reporting Council
IoT	Internet of Things
IPPF	International Professional Practice Framework

Glossary

Abbreviation	Full Form
IR 4.0	Industrial Revolution 4.0
IrT	Infra-red Thermography
JKKP	Jabatan Keselamatan dan Kesihatan Pekerjaan
JKR	Jabatan Kerja Raya
KEO	Key Executive Officer
Khazanah	Khazanah Nasional Berhad
KPI	Key Performance Indicators
KWAP	Kumpulan Wang Amanah Persaraan
LLM	Lembaga Lebuhraya Malaysia
LLS	Linen & Laundry Services
LOFSA	Labuan Offshore Financial Services Authority
LPAC	Limited Partner Advisory Committee
LSE	London School of Economics & Political Science
MAC	Management Audit Committee
MACC	Malaysian Anti-Corruption Commission
MAESCO	Malaysian Association of Energy Service Companies
MAFM	Malaysian Association of Facility Management
MAPMA	Malaysian Asset and Project Management
MbCHb	Bachelor of Medicine and Bachelor of Surgery
MCCG	Malaysian Code on Corporate Governance
MD/CEO	Managing Director/Chief Executive Officer
MFRS	Malaysia Financial Reporting Standards
MIA	Malaysian Institute of Accountants
MICE	Member of Institution of Civil Engineers
MICPA	Malaysian Institute of Certified Public Accountants
MIEM	Member of Institutions of Engineers Malaysia
MIROS	Malaysian Institute of Road Safety Research
MIS	Management Information System
MOF	Ministry of Finance
MoH Singapore	Ministry of Health Singapore
MoT	Ministry of Transport
MoU	Memorandum of Understanding
MoW	Ministry of Works
MS	HSSE Management System
MSOSH	Malaysian Society for Occupational Safety & Health
MSS	Manager Self Service
MTEx	Mini Team Excellence
NACRA	National Annual Corporate Report Awards

Abbreviation	Full Form
NRC	Nomination and Remuneration Committee
OCS	Opus Consultants (Sarawak) Sdn. Bhd.
OD BPR	Organisation Design Business Process Reengineering
OIS	Operations Incentive Scheme
OSH	Occupational Safety & Health
P&L	Profit & Lost
PAT	Profit After Tax
PATANCI	Profit After Tax And Non-Controlling Interest
PI	Performance Incentive
PSO	Pavement Structural Overlay
PTR	Portering Services
RAMS	Road Asset Management System
RCEI	Risk Control Effectiveness Indicators
REAM	Road Engineering Association of Malaysia
RFID	Radio Frequency Identification Technology
RICD	Risk, Integrity & Compliance Department
RMC	Risk Management Committee
RMF	Risk Management Framework
ROE	Return of Equity
RTEx	Regional Team Excellence
RTM	Replacement Through Maintenance
SASB	Sustainability Accounting Standards Board
SDG	Sustainable Development Goals
SISV	Singapore Institute of Surveyors & Valuers
SOP	Standard Operating Procedure
STP	Sewerage Treatment Plan
the Company	UEM Edgenta Berhad and its Subsidiaries
UELC	UEM Edgenta Learning Centre
UEM Edgenta	UEM Edgenta Berhad
UEM Group	UEM Group Berhad
VDP	Vendor Development Programme
WRO	World Robot Olympiad
WSHC	Workplace Safety & Health Council

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