

BUSINESS REVIEW

BUSINESS REVIEW



Serving over 250 hospitals since its inception across Malaysia, Singapore and Taiwan, Edgenta Healthcare Support is an internationally renowned market leader in non-clinical healthcare support services. In Malaysia, we serve more than 60 public and private hospitals, as well as various healthcare institutions.

As part of UEM Edgenta, our diverse knowledge and experience from multiple industries is an advantage which enables us to deliver optimal solutions in improving the non-clinical support services demanded by today's healthcare providers and other commercial industries.

From asset consultancy and management, facilities and biomedical engineering maintenance, waste management, linen and laundry, to housekeeping and portering services, we deliver quality services and fulfil the needs of the healthcare industry.

In our role as a strategic partner to healthcare institutions, we are highly dedicated and committed, ensuring our clients' hospital assets and facilities are operating at optimum levels of efficiency.



Overview

UEM Edgenta has continued to strengthen its position as the leading hospital support services provider with over 250 healthcare institutions across Malaysia, Singapore and Taiwan. In the past year, UEM Edgenta demonstrated resilient financial and business achievements, maintaining operational excellence in the face of various challenges and a complex operating environment. These accomplishments are set against the backdrop of transitioning healthcare industries in countries that we operate moving towards more environmentally sustainable, efficient and patient-centric models, driven by an increasing focus on technology and innovation in healthcare delivery.

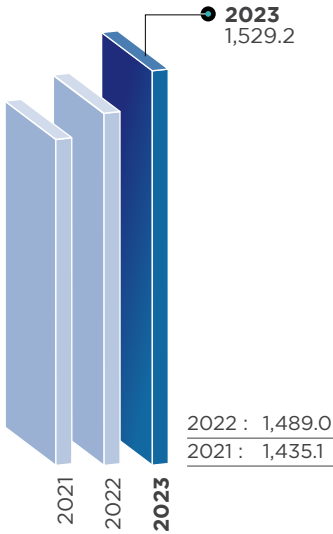
Operating in these diverse and challenging markets has compelled UEM Edgenta to navigate demographic shifts and intensified health awareness post-pandemic, as well as the rising demand for quality healthcare services. Concurrently, we have continued to focus on embedding Environmental, Social and Governance ("ESG") considerations into our business model to ensure we are delivering our healthcare services and solutions in a responsible manner.

Business Review 2023

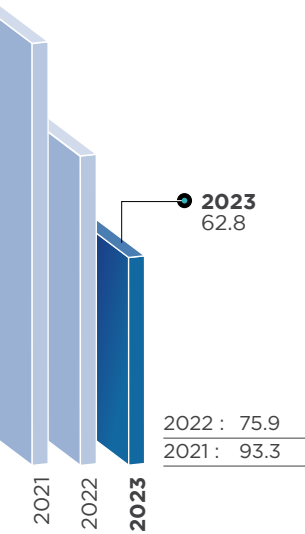
In 2023, UEM Edgenta's strategic initiatives across Malaysia, Singapore and Taiwan showcased a commitment to expanding service footprints, extracting value from core businesses and enhancing product and technology propositions in line with our EoTF2025 pillars. These initiatives across the region, aligned with the company's strategic pillars, highlight our resilience and adaptability in a challenging and dynamic healthcare support landscape.

FINANCIAL PERFORMANCE

Revenue  
(RM million)



Profit Before Tax and Zakat  
(RM million)



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Our Initiatives and Outcomes

Initiative	Outcome	Alignment to EoTF2025 Pillar
MALAYSIA	<b>Healthcare Support Services (“HSS”) Concession</b>	Top quartile Company Performance Assessment (“CPA”) and Customer Feedback Survey (“CFS”) results in 2023.
	<b>Kamunting Incinerator Plant</b>	Initiated essential improvement and upgrading works to maximize its performance capacity through business opportunities in the private healthcare waste management.
	<b>Concession Revolution</b>	Advanced through comprehensive stakeholder discussions and strategic planning, setting a strong foundation for business beyond the current concession. Focusing on providing best-in-class integrated facilities management services and the ESG elements comparable to global standards aligned with Ministry of Health (“MOH”)’s aspirations.
	<b>Robotisation in Hospitals</b>	Enhanced cleaning services performance using AI and robotics cleaning in these hospitals: <ul style="list-style-type: none"><li>• Hospital Raja Permaisuri Bainun, Ipoh, Perak</li><li>• Hospital Sultanah Bahiyah, Alor Setar, Kedah</li><li>• Hospital Pulau Pinang, Pulau Pinang</li></ul> Implementation of robotic floor scrubber to optimise labour usage, improve cleaning operations efficiency, and reduce the environmental impact by using less water and energy.
		Deployment of an electric waste bin tugger to enhance porter safety and efficiency by reducing manual handling and minimising risks associated with moving heavy bins and loads, especially in challenging weather conditions. This implementation improves productivity through increased workflow efficiency and staff morale.
SINGAPORE	<b>Major Healthcare Contract Win</b>	Strengthened market leadership in healthcare portering through the acquisition of the Woodlands Health Campus contract, significantly enhancing service coverage.
	<b>Expansion into Hospitality</b>	Successfully diversified into the hospitality sector, introduced new service such as offerings and broadened market reach.
	<b>Integrated Facilities Management Contracts</b>	Gained high-profile contracts including INSEAD and expanded the Integrated Facilities Management (“IFM”) business with four new integrated contracts.
	<b>Commercial Housekeeping Contracts</b>	Expanded the commercial housekeeping business with the acquisition of eight new contracts, enhancing service diversity and reach.
	<b>Kitchen Stewarding Contracts</b>	Developed a business niche in kitchen stewarding with three new contracts.

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Initiative	Outcome	Alignment to EoTF2025 Pillar
SINGAPORE	<b>Renewals and New Contracts</b>	Successfully renewed eight contracts and won nine new ones in healthcare and hospitality.
	<b>UETrack™ Product Enhancements</b>	Reinforced capabilities through partnerships with four technology companies: <ul style="list-style-type: none"><li>• Taitung System Technologies</li><li>• Digile</li><li>• SustainEdge</li><li>• Evercomm</li></ul>
	<b>Automation Solutions</b>	Integrated six new cleaning robots in hospitals, significantly improving efficiency and service standards in healthcare cleaning.
TAIWAN	<b>Healthcare and Commercial Business Expansion</b>	Renewed 51 contracts and won six new ones in Healthcare Business. Renewed 22 contracts and won five Commercial Business contracts.
	<b>IFM/FES Venture</b>	Successfully entered the IFM/Facility Engineering Services (“FES”) sector with a new contract, marking a strategic expansion in service offerings.

Key Certifications/Awards

In 2023, the Healthcare Support division achieved significant milestones across Malaysia, Singapore and Taiwan. These accomplishments highlight the company’s commitment to excellence, sustainability and ethical practices in the healthcare sector.

Malaysia

**Certifications:**

- Successfully attained the re-certifications for ISO 9001:2015 (Quality Management Systems), ISO 13485:2016 (Medical Devices - Quality Management Systems), ISO 14001:2015 (Environmental Management Systems), and ISO 45001:2018 (Occupational Health and Safety Management Systems)
- Successfully implemented and achieved 41st MSOSH Awards - OSH Gold Class 2 for Hospital Sultan Abdul Halim, Hospital Bukit Mertajam and Hospital Batu Gajah, and SoHELP Award for Hospital Sultanah Bahiyah
- Successfully led the design, implementation and achievement of the Green Building Certification and Sustainability Award for Ministry of Health in 2023:
  - Leadership in Energy and Environmental Design (“LEED”) for two hospitals:
    - LEED Platinum for Hospital Kepala Batas, Pulau Pinang
    - LEED Gold for Hospital Raja Permaisuri Bainun, Ipoh, Perak
  - Malaysian Carbon Reduction and Environmental Sustainability Tool (“MyCREST”) for three hospitals:
    - MyCREST 4-star rating for Hospital Seberang Jaya
    - MyCREST 3-star rating for Hospital Tapah and Hospital Kulim
- National Energy Award 2023
  - Hospital Sultanah Maliha - Merit in the Category 2: Energy-Efficient Buildings (Retrofitted Buildings)

**Awards:**

- Malaysia Book of Records Award for the “Fastest Construction of the Field Hybrid Intensive Care Unit (“FHyICU”) Building During Covid-19 Pandemic”. The FHyICU is a modular ICU unit equipped with its own self-sustaining power, oxygen, and water supply and was built at 14 selected government hospitals in Malaysia.
- The BrandLaureate Sustainable Business & Brands Inspirational Achievement Awards 2022 – 2023 in the category of Healthcare – Hospital Support Solutions



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Singapore

- Successfully attained the ISO 37001:2016 Certification for our Anti-Bribery Management System
- Successfully renewed our ISO Certification 41001:2018 for our Facility Management System
- Achieved the Clean Mark Gold Accreditation for the ninth consecutive year
- Two of our Healthcare staff were honoured with the National Awards (COVID-19) for their exceptional contributions to Singapore’s efforts during the pandemic

Taiwan

- Received Certificate of Appreciation for actively employing disabled workers from these organisations:
  - Taipei City Foreign and Disabled Labour Office
  - The Body Disabled Association in Kaohsiung
  - Vocational Rehabilitation Resource Center
  - Kaohsiung Palette Association
- Attained re-certifications of ISO 9001 and Surveillance audit for ISO 14001, ISO 27001 and ISO 45001

ESG Initiatives

The ESG initiatives implemented by UEM Edgenta’s Healthcare Support division are part of a broader strategy aimed at environmental stewardship and aligns with the company’s focus on expanding our solutions base and enhancing our technology proposition under the EoTF2025 strategy.

Initiative	Outcome
<div>MALAYSIA</div> <ul style="list-style-type: none"><li>• Energy Efficiency Projects</li><li>• Indoor Air Quality Improvement</li><li>• Reduce, Reuse, Recycle (“3R”)</li></ul>	<div>On-going implementation under the Hospital Support Services in Northern Region:</div> <ul style="list-style-type: none"><li>• Estimated additional 2GWh of energy savings from energy management efforts</li><li>• Submission of Green Building certification proposals for 16 hospitals, two hospital buildings now certified with Green Building - LEED and 14 more in the certification process</li><li>• Improvement initiatives in Indoor Air Quality resulted in zero-detection of Sick Building Syndrome (“SBS”)</li><li>• Recycled 700,000 kg of waste (representing 7.3% of total waste)</li></ul>
<div>SINGAPORE</div> <ul style="list-style-type: none"><li>• Inaugural ESG Day</li><li>• UETrack™ - ESG Application</li><li>• Recycling and Energy-Saving Initiatives</li></ul>	<ul style="list-style-type: none"><li>• Promoted sustainability education and practices in our business and daily activities</li><li>• Tracked carbon footprint among employees to better manage the environmental impact of carbon emissions</li><li>• Emphasised environmental responsibility among suppliers</li></ul>
<div>TAIWAN</div> <ul style="list-style-type: none"><li>• Participation in ESG Events, Training</li><li>• Local and Low Carbon Initiatives</li></ul>	<ul style="list-style-type: none"><li>• Participated in various ESG trainings and knowledge sharing sessions to enhance understanding on the subject matter</li><li>• Transitioned to using Forest Stewardship Council® (“FSC®”)-certified paper</li><li>• Formalising a supplier engagement plan to focus on ESG practices and conduct one supplier engagement initiative</li></ul>

» For further information about our sustainability initiatives – please refer to our Sustainability Statement

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OVERCOMING CHALLENGES

In 2023, the Healthcare Support sector across Malaysia, Singapore and Taiwan grappled with a series of challenges. In all three countries, the industry faced margin compression due to escalating operating costs, affected by factors like aging assets, supply chain issues and increased regulatory compliance, such as the gazettement of minimum and progressive wage which has also added to our costs. Additionally, the industries in these regions were strained by clients budgetary constraints, persistent manpower scarcity exacerbated by high staff attrition and competition for talent.

To mitigate these challenges, UEM Edgenta employed a range of strategies as outlined below:

MALAYSIA

Key Challenges

Margin compression due to higher operating costs contributed by cost inflation from maintenance of aging assets and infrastructure, supply chain challenges, regulatory compliance requirements such as the minimum wage, labour shortages and higher attrition rate

Mitigation Strategies

Diligent improvement in delivering quality services through enhanced operating model and business efficiency to retain clients’ trust  
Cost optimisation through austerity measures such as stringent monitoring of overtime claim, centralised purchase of consumables or spare parts and revision of services or maintenance contracts

Key Challenges

Talent retention, rewards and recognition

Mitigation Strategies

Review of organisational structure, manpower upskilling and redistribution

Key Challenges

Limited growth in new revenue and businesses due to prudent spending by clients

Mitigation Strategies

Leveraged on strategic technology partnership and digitalisation adoption or mechanisation to improve productivity and generate better margin and branding

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SINGAPORE

Key Challenges

Significant escalation in operating costs driven by inflationary pressures and government regulations that has drastically impacted manpower cost as well as the cost of supplies, consumables and equipment

Mitigation Strategies

Stringent optimisation of revenue and costs to minimise margin erosion, focusing on optimising non-manpower expenses through bulk purchasing, negotiations with suppliers on the best pricing and efficient inventory management

Key Challenges

Heightened demands and expectations by clients in terms of service levels

Mitigation Strategies

Engaged in open communication to understand their evolving needs and explore mutually beneficial solutions

Key Challenges

Persistent manpower scarcity aggravated by high staff attrition, foreign worker quota constraints and continuous difficulty in attracting and retaining operatives to work in the housekeeping sector and healthcare environment, especially in the competitive market with growing demand for lower waged workers

Mitigation Strategies

Strategic collaboration with a wider panel of partners for manpower resources, leveraged various social media recruitment platforms and regular employee engagement and surveys

TAIWAN

Key Challenges

When Hospital Accreditation (“JCT”) commenced in 2023, manpower costs increased tremendously as a consequence of the extra support hospitals needed to attain the accreditation

Mitigation Strategies

To mitigate the margin compression arising from the double impact of revenue and cost pressures, we are continuously taking up with our clients on a collaborative basis on resolving these challenges

Key Challenges

Operating in a demanding environment where client’s expectations of our services have increased

Mitigation Strategies

Continue to maintain high service quality and implementation of innovative equipment and systems to excite customers and create service differentiation

Key Challenges

Increase in minimum wage and concurrent intense escalation in all costs, particularly manpower expenditure

Mitigation Strategies

Implemented stringent cost reduction, control and avoidance strategies

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Looking Forward to 2024

UEM Edgenta’s Healthcare Support division is preparing for a proactive and strategic year in 2024 across Malaysia, Singapore and Taiwan, focusing on several key areas to enhance our services and expand our market presence.

Malaysia

The strategy in Malaysia is built around three core pillars:

Preserve: Continue the strong execution of contractual requirements with a focus on providing service levels that exceed expectations while fully complying with safety and regulatory requirements

Pivot: Implement digitalisation, Smart Facilities Management (“FM”) and ESG-based initiatives to grow project margins

Progress: Expand the business domestically and internationally with a focus on new healthcare business projects and third-party healthcare waste businesses

In 2024, we will focus on:

- Intensifying operational quick win initiatives to ensure the delivery of high-quality services and prioritising engagements with stakeholders
- Optimising cost through prioritisation, rationalisation and meticulous deliberation on intended operational expenses
- Delivering exceptional healthcare support services (“HSS”) for the newly secured Hospital Cyberjaya, transitioning its readiness towards a Smart Healthcare institution
- Rigorous pursuit of targeted investment in non-HSS businesses and identified growth pillars by diligently refining the pipeline of new opportunities

Singapore

In Singapore, the division is focusing on the expansion and diversification of our services. Key strategies include:

- Expanding existing services in current markets such as securing existing and winning new Housekeeping and Porterage contracts under major groups including National University Health System (“NUHS”) and National Healthcare Group (“NHG”) and growing the Hospitality and Commercial Housekeeping business
- Developing new services like Inpatient Meal Services in the Healthcare sector
- Diversifying and growing existing services in new markets such as developing Concierge Specialist services in the Commercial sector, particularly for Grade ‘A’ Buildings
- Emphasising operational excellence, especially in response to intensifying manpower constraints, client demands and a changing market landscape. This involves being agile, resourceful and creative in operating contracts at competitive pricing while managing clients’ increasing expectations and escalating costs

Taiwan

In Taiwan, the division is adapting to challenges in the healthcare and commercial sectors with a focus on strategic responses to market conditions. Key strategies include:

- Addressing price sensitivity and budget constraints in the healthcare and commercial sectors by navigating competitive pressures from local low-cost service providers
- Managing the transition to headcount-based contracts in the healthcare sector, which now include regular roll calls and penalties, post-COVID-19
- Preparing for the resistance from clients concerning the impending increase in the minimum wage in 2024, which adds to the reluctance of clients to bear higher costs
- Coping with additional staffing needs driven by the requirements of the Joint Commission of Taiwan accreditation body, and managing unforeseen events like typhoons that escalate manpower expenses
- Advocating for the lifting of restrictions on importing foreign workers for hotel housekeeping to address severe staff shortages



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**Our Edgenta Property & Facility Solutions offers technology-driven Green Building Solutions and Asset Optimisation, with a focus on enhancement and energy solutions.**

Property & Facility Solutions has evolved from a traditional building maintenance provider into a comprehensive facility solutions partner. We go beyond the traditional operations and maintenance, offering expertise that encompasses the entire building lifecycle. From retrofits and refurbishments to renovations and upgrades, we transform buildings into energy-efficient, green-certified smart spaces.

Overview

The Property & Facility Solutions division leverages on advanced technology to offer building owners a comprehensive view of their assets, operations and workforce. The division also applies Environmental, Social and Governance (“ESG”) principles at all levels in our operations, while also assisting our clients and partners in their sustainability journeys. Our approach enables our clients to make informed decisions that improve liveability and embraces sustainability, resulting in significant cost savings.

In 2023, we achieved significant milestones in maintaining operational excellence, despite facing a challenging operating environment and recorded growth of RM131.41 million in our order book on the back of sustainability-led and tech-enabled contract wins.

At PFS, we are on a mission to usher your building into the future. We guide clients along a sustainability and technology journey, ensuring compliance with ESG standards. We create modern, cloud-connected intelligent buildings with autonomous capabilities. Our diverse solutions cater to every aspect of your building’s needs.

Our comprehensive, end-to-end approach leverages years of experience and data-driven insights. This empowers us to deliver best-in-class, value-for-money solutions to help you make informed decisions, optimise operations, reduce costs, and achieve peak performance.

We embrace the “building-as-a-service” concept, prioritising the well-being and comfort of the people who inhabit these spaces. Our meticulously designed services cater to their needs while creating a thriving-built environment



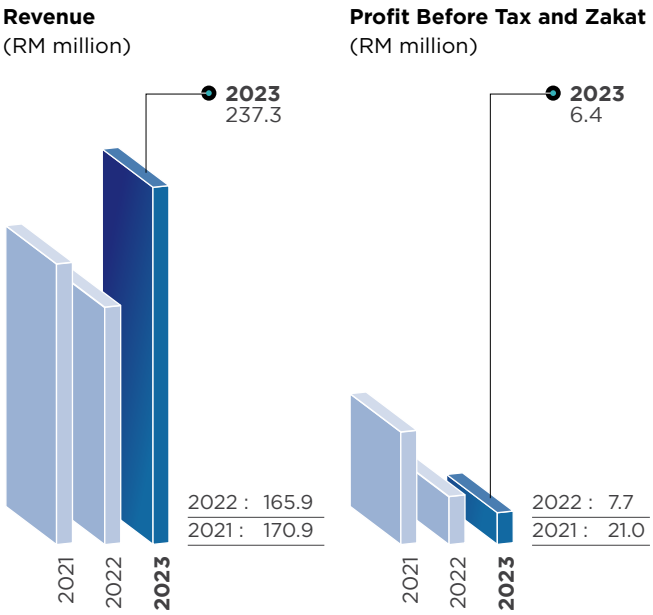
Following the launch of UEM Edgenta’s Sustainable Zero-Capex Programme, led by the Group’s Asset Consultancy division, the Property & Facility Solutions division has implemented Energy Performance Contracting (“EPC”) and Green Performance Contracting solutions for our clients. These solutions enable clients to purchase energy efficient equipment or renewable energy supply with no upfront capital required. Our clients can therefore deploy capital otherwise meant for capital expenditure towards other critical business operations, in addition to enjoying energy and ultimately financial savings. The division also made commendable strides in delivering energy and resource savings and green building certifications for our clients.

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To date, we have successfully managed Total Energy Performance Contracting (“EPC”) Projects amounting to a contract value of RM115 million with tenures extending from 2017 to 2033. The targeted annual carbon emission reduction from these EPC projects is estimated at 31,200 tonnes of carbon dioxide (“CO2”). Additionally, to date, we have achieved certifications for 20 buildings under the Green Building Index (“GBI”) and Leadership in Energy and Environmental Design (“LEED”).

These efforts have resulted in targeted annual electrical savings of 38.4 million kWh for our clients, equating to RM16.6 million per year in 2023, resulting in an impressive total accumulated electrical savings of RM70.4 million up until September 2023. This has led to a significant reduction in electrical energy usage, ranging from 10% to 52%, based on the baseline condition for systems that were replaced or optimised. Meanwhile, we have also accomplished a reduction in water consumption by more than 29.6% for our clients as a result of these efforts in 2023.

FINANCIAL PERFORMANCE





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Key Certifications/Awards

Last year, we were recognised for our ESG initiatives with the ESG Positive Impact Awards. The division was awarded with both gold and silver awards in the Energy Efficiency and Renewable Energy categories specifically. These accolades highlight our dedication to implementing environmentally responsible practices and underscore our success in integrating energy-efficient and renewable energy solutions into our projects.

Initiatives and Outcomes

In 2023, the Property & Facility Solutions division of UEM Edgenta made remarkable strides in enhancing our service offerings, embedding sustainability at the core of our operations and leveraging technology to deliver superior solutions.

Initiative	Outcome	Alignment to EoTF2025 Pillar
ESG Consultancy Work for Mercu UEM	Supported alignment with overall Group's ESG implementation and Net Zero roadmap development.	↔↔↔↔
ESG and Sustainability Solution Workshop for Government-linked companies ("GLC") Fund	Focused on educating the management team and key personnel about ESG and sustainability solutions.	↔↔↔↔
Zero Capital Expenditure Programme	Assisted clients in deploying capital towards business, optimising and generating energy savings, translating into savings as part of the Energy Performance Contracting programme.	↔↔↔↔
ESG and Sustainability Services for Financial Institution	Provided value-add services to the existing Facilities Management Contract, enhancing client's ESG compliance to enable our clients to reduce their carbon footprint.	↔↔↔↔
Consultation and Building Upgrade for Green Building Certification	Achieved Green Building Certification status and enhanced building efficiency. Supported energy efficiency through the replacement of old chillers and renewable energy generation via PV installation.	⚙️+
Energy and Green Performance Contracting	These efforts have resulted in targeted annual electrical savings of 38.4 million kWh for our clients, equating to RM16.6 million in 2023.	⚙️+
Installation of Sensors for Water Efficiency	Reduced water usage through leak detection and prevention, improving water management.	⚙️+
Retrofitting Mechanical Systems for Tech Integration	Enhanced building systems for future integration with smart technologies through the retrofitting of Building Management Systems.	⚙️+
Performance-Based Contracting	Improved facility management efficiency and performance through data-driven insights via cloud-based maintenance for selected sites.	⚙️+

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OVERCOMING CHALLENGES

The division faced and adeptly navigated a range of challenges. From managing the complexities of short-notice project awards to ensuring the delivery of high-quality services amidst manpower shortages, we employed a series of strategic actions to mitigate these challenges. Through these targeted strategies, we overcame operational hurdles and strengthened our market position as a provider of smart, sustainable facility solutions. These strategies are outlined below:

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Key Challenges

Achieving key milestones despite Start-Up challenges

Mitigation Strategies

- Assigned specialised personnel to monitor progress and address issues
- Conducted thorough evaluations to identify and mitigate risks early
- Implemented methodologies with clear milestones for accountability and excellence

Key Challenges

Manpower Shortage/Attracting Talent and Enhancing Expertise

Mitigation Strategies

- Analysed skills gaps and aligning internal talent with project needs, including upskilling programmes
- Hired qualified external candidates to ensure adequate staffing and maintain project quality
- Prioritised training programmes and knowledge-sharing to equip staff with necessary skills

Key Challenges

UEM Solution Price Tag - Intense Market Competition

Mitigation Strategies

- Highlighted unique value propositions, including comprehensive solutions and technology integration
- Utilised expertise and robust support services to differentiate from competitors
- Cost optimisation

Key Challenges

Limited Stakeholder Awareness and Buy-In for Energy Efficiency Contracts

Mitigation Strategies

- Implemented communication strategies to educate stakeholders about the benefits of energy efficiency
- Showcased successful projects to build confidence and encourage adoption

Key Challenges

Difficulty in securing large contracts/accounts

Mitigation Strategies

- Introduced options like Energy Performance Contracting for cost-effective investments
- Demonstrated long-term financial benefits over traditional methods, including operational savings

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Looking Forward to 2024

The year 2024 presents an exciting and transformative period for the Property & Facility Solutions division, as Malaysia's facility management sector embarks on a green revolution. This shift is primarily driven by national policies, such as the 12<sup>th</sup> Malaysia Plan, the National Energy Policy 2022-2040 and the National Energy Transition Roadmap (“NETR”), all of which aim to foster sustainable growth in line with the government’s focus on environmental stewardship.

We find our services and expertise supported by our continuous cost optimisation strategy ideally positioned in this changing landscape. Our array of smart and green building solutions, encompassing asset optimisation and building efficiency programmes, aligns seamlessly with Malaysia’s ambitious Net Zero goals. Our comprehensive approach, which includes real-time client dashboards and the Edgenta Smart Connect platform, provides clients with data-driven control to optimise asset lifecycle costs effectively.

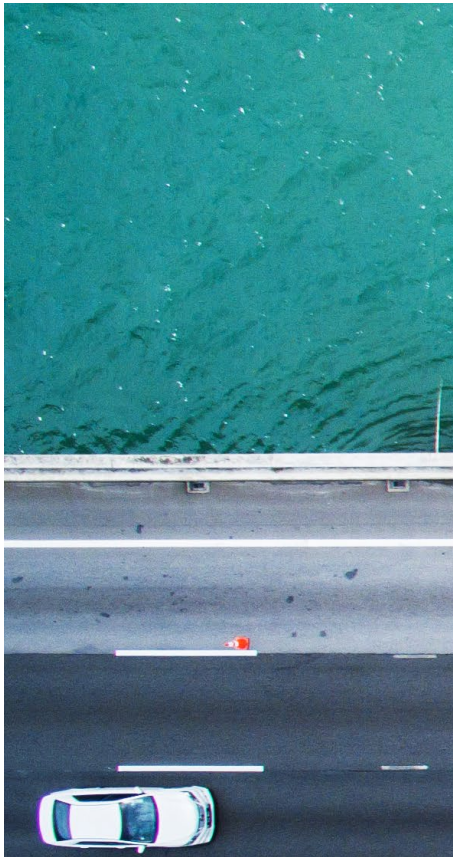
Furthermore, the anticipated RM4 billion investments in implementing green and smart technology in government buildings by 2030 as outlined in the NETR open new avenues of potential for the division given our proficiency in energy and smart building integration. With our strong capabilities in this space, we are poised to be a major contributor in this transformation in the government sector. As the facility management landscape evolves to embrace green growth, we are well-prepared to take the lead to help pave the way for a greener, more sustainable Malaysia.





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As Malaysia’s foremost infrastructure maintenance specialist, Edgenta Infrastructure Services offers industry leading expertise on Highway Network Maintenance and Asset Management, including innovative Pavement Works and Solutions services.

With over 35 years of experience in highway maintenance, we provide strategic advisory services, design, development, maintenance and management of major transport projects and infrastructure assets. To further strengthen our forte in linear asset maintenance, we strive for continuous performance improvement through the implementation of technology systems and process improvement concept for quality project delivery in an effective and efficient manner.

With a team of experienced and talented personnel, we carry out extensive study in understanding our clients’ pain points to provide smart, tailored optimal solutions that make us the ideal partner to the client and embark together in smart delivery model addressing our client’s needs.

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

Overview

In 2023, the Infrastructure Services division of UEM Edgenta achieved substantial progress in a challenging operating environment. The division maintained operational excellence including initiatives to enhance road infrastructure maintenance and operational standards with Projek Lebuhraya Utara Selatan Berhad (“PLUS”). We have also seen higher adoption of our Road Asset Management System (“RAMS”) which aims to enhance operational efficiency for our clients and ourselves.

In addition, we continue to embed Environmental, Social and Governance (“ESG”) practices in our operations. The highlight of this year was the



completion of the Hot Premix Plant (“Plant”) with Recycling Facility which enables us to produce Recycled Asphalt Pavement (“RAP”). RAP is a sustainable product that is derived from recycled milling waste and will help to decrease reliance on virgin materials and promote circularity within our business operations.

Furthermore, the division continued to uphold socially responsible principles in our operations by advocating the safety of road users and contributing back to society through various community-related initiatives.

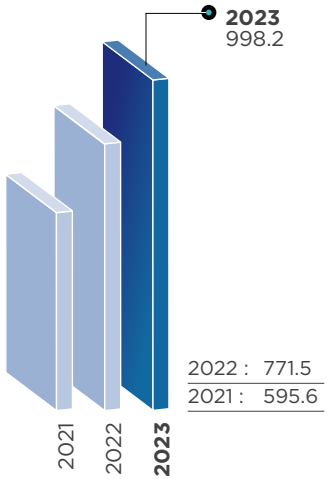
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In 2023, the Infrastructure Services division has grown our order book significantly and has successfully broadened our client base. Additionally, the division marked a key milestone with the completion of the Hot Premix Plant in the third quarter of 2023, setting the stage for future growth and expansion.

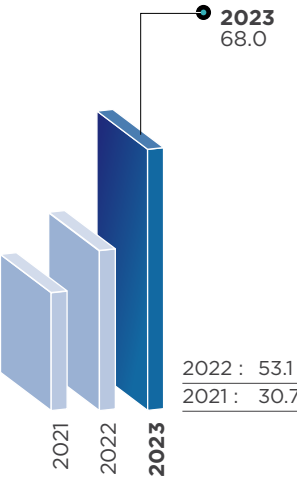
We saw higher growth in revenue in 2023 due to the higher amount of works on PLUS, Selangor State Road and Lebuhraya Pantai Timur 2 as well as revenue realisation from new projects secured in the fourth quarter of 2022, such as the Sarawak Coastal Road.

FINANCIAL PERFORMANCE

Revenue  
(RM million)



Profit Before Tax and Zakat  
(RM million)





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Initiatives and Outcomes

Throughout the year, the Infrastructure Services division undertook a series of transformative initiatives to drive operational excellence and strategic growth. These initiatives are detailed in the table below:

Initiative	Outcome	Alignment to EoTF2025 Pillar
<b>Continuation of Growth Strategy for Existing Business</b>	<p>Strengthened our presence in Peninsular Malaysia through the continuation of the Selangor State Road (Zone 2) concession and securing contracts in new state.</p> <p>We remain committed to expanding our business throughout East Malaysia and Indonesia.</p>	
<b>Acquisition of Advanced Pavement Machinery</b>	<p>The acquisition has enhanced our project execution capabilities, allowing for more complex infrastructure projects to be completed with greater precision and efficiency. This has also contributed to extending the longevity of road surfaces, ensuring long-term value for stakeholders.</p>	
<b>Collaboration with PLUS (MyRSA) in 45 Locations</b>	<p>The collaboration is aimed to foster a sense of ownership from the Management and Operations Teams. This includes monthly and planned visits by appointed leaders to Rest and Service Areas (“RSA”) and Mainline Layby. This initiative enhanced our capability to maintain desired service levels for customers comfort and safety.</p>	
<b>Development of Hot Premix Plant with a Recycling Facility</b>	<p>The introduction of the Hot Premix Plant has markedly reduced the carbon footprint associated with road construction and maintenance. By recycling milling waste into RAP, the division has lowered its consumption of raw materials, demonstrating leadership in environmental stewardship.</p>	
<b>Implementation of Road Asset Management System (“RAMS”)</b>	<p>RAMS has dramatically increased the lifespan of road assets through optimised maintenance schedules and reduced repair times. This system has enabled better resource allocation and cost savings, contributing to a sustainable and fiscally responsible approach to asset management.</p> <p>RAMS has also played a pivotal role in enhancing real-time monitoring and management of road conditions, leading to improved response times to incidents and maintenance needs. This has translated into a more reliable and efficient transportation network.</p>	

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ESG Initiatives

The Infrastructure Services division has remained steadfast in its commitment to ESG principles throughout 2023. The table below provides an overview of the ESG-focused initiatives that have been integral to our operations, reflecting our dedication to sustainability and social responsibility.

Initiative	Outcome
<b>Programme Kitar Semula EIS</b>	This programme was undertaken to help reduce waste diverted to landfill. It has fostered a sense of community and responsibility among employees, reinforcing our commitment to sustainable practices.
<b>3R Awareness Campaign for PLUS Highway Users</b>	The campaign has led to a user sustainability awareness and increased recycling habits along the highway. It has also enhanced public perception of UEM Edgenta as a socially responsible organisation.
<b>Sharing Ramadan’s Blessing with RSA’s Users</b>	By distributing food during Ramadan to RSA users at Sungai Buloh, the initiative has strengthened community ties and showcased UEM Edgenta’s dedication to supporting cultural practices and providing for those in need.
<b>Headquarters (“HQ”) and Central Region’s Iftar Celebration with Baitul Mahabbah Muallim</b>	The celebration has bolstered our image as a caring and community-focused entity, reinforcing our commitment to giving back and supporting social welfare initiatives.
<b>Local Projects Division and HQ Unite to Deliver Comfort to Masjid Al Falah, Klang</b>	The initiative has not only improved the physical environment of a local place of worship but also served as a catalyst for increased community engagement and cohesion.
<b>Protect Our Strays at Zero Strays Miri, Sarawak</b>	This programme has contributed to the wellbeing of stray animals and has raised awareness about animal welfare in the community, aligning with our broader commitment to societal issues.

Key Certifications/Awards

The Infrastructure Services division achieved remarkable recognition for its commitment to workplace safety, obtaining both the Gold and Silver Award Winners for Occupational Safety and Health at the Malaysian Society for Occupational Safety and Health (“MSOSH”) 41<sup>st</sup> Awards in 2023.



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OVERCOMING CHALLENGES

In addressing the challenges of safety, quality preservation and portfolio diversification, the Infrastructure Services division has carried out several strategies and initiatives throughout the year. The safety initiatives, including the Traffic Safety Campaign, have been particularly impactful. Leveraging social media influencers and engaging content, the campaign has significantly raised public awareness about traffic safety, resulting in a comprehensive understanding of the Safety Vehicle (“SV”) functions among highway users. The introduction of the SV has been a safety measure lauded by the Malaysian Highway Authority (“MHA”), aimed at reducing risk for both maintenance workers and road users.

In terms of quality preservation, we have placed a strong emphasis on effective data management systems, which have enabled more efficient and precise tracking and analysis of operational data. The continuous improvement and enhancement of Standard Operating Procedures (“SOPs”) have also ensured that all processes not only meet but exceed the required standards.

When it comes to diversifying our portfolio, we have strategically positioned our value proposition by integrating new materials and technologies that meet evolving market needs. One of the most significant innovations has been the setting-up of the Hot Premix Plant with Recycling Facility which exemplifies our commitment to sustainability and innovation. This initiative not only opens new revenue streams but also positions us as a leader in sustainable infrastructure solutions, aligning with global environmental trends and customer expectations.

BUSINESS REVIEW

Looking Forward to 2024

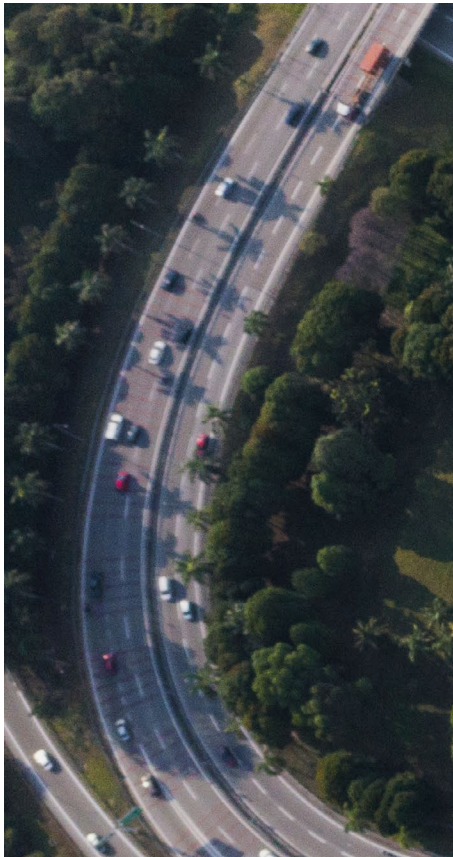
Looking forward to 2024, the Infrastructure Services division is poised to solidify our standing as a leading force within the domestic market. Our operational initiatives are laser-focused on maintaining market dominance by capitalising on newly secured businesses, ensuring exceptional service delivery and intensifying our customer-centric approach.

Strategically, we are setting our sights on broadening our service portfolio and pursuing avenues for global expansion, while focusing on commercialising our premix products. Complementing these growth initiatives, we intend to enhance our technological infrastructure by executing the Infrastructure Services technology roadmap, thereby staying at the forefront of the tech and digital solutions revolution. This technological advancement will run parallel to the enhancement of existing ESG initiatives, ensuring that our growth is both innovative and responsible.





BUSINESS REVIEW



Opus leading the charge of sustainability solutions of UEM Edgenta Group to reinforce Edgenta’s position as a leader in sustainability business, aligning with the group’s long-term strategic goals.

In September 2023, the consolidation of UEM Edgenta sustainability business to Opus Consultants, marks a significant milestone for Opus. The strategic moves enable the group to leverage on Opus’s renowned engineering and assets management consultancy expertise, while propelling growth trajectory and capitalising on emerging opportunities in the dynamic sustainability market.

Leveraging over three decades of engineering expertise, Opus Consultants has seamlessly transitioned into a premier provider of energy efficiency and sustainability solutions.

The diversification will solidify our leadership in engineering and asset management consultancy while venturing into the burgeoning sustainability sector. Despite this evolution, engineering and asset management consultancy remain the core of our operations.

Through innovative initiatives like our comprehensive end-to-end sustainability solutions and pioneering Zero-Capex Programme supported by innovative contracting models such as Energy Performance Contracting (“EPC”) and Green Performance Contracting (“GPC”), our aim is to surpass evolving market demands and provide unmatched value to our clients.

Aligned with our unwavering sustainability commitment, Opus has allocated RM200 million under the Zero-Capex Programme to support our clients’ decarbonisation and ESG initiatives, making sustainable practices accessible with minimal upfront costs.

Furthermore, the optimisation of our operational excellence agenda, facilitated by the restructuring of the UEM Edgenta sustainability business into Opus Consultants, ensures streamlined operations and underscores our commitment to excellence.

Overview

In 2023, amidst challenging business conditions with delays in various infrastructure projects, Opus has maintained resilience and stability. We fortified our core business and strategically diversified our market presence and offerings to capitalise on emerging opportunities.

The introduction of various Net Zero policies and initiatives by the Malaysian government including the National Energy Transition Roadmap (“NETR”), and the Energy Efficiency and Conservation Act (“EECA”).

In response, Opus has successfully pivoted beyond our traditional engineering and assets management consultancy services, positioning itself at the forefront of the nation’s decarbonisation agenda.



Business Review 2023

Throughout the year, Opus secured major project wins and added six new contracts, further strengthens our core business and our commitment to delivering value-driven outcomes for our clients.

Our strategic entry into the energy efficiency and sustainability sectors underscores our commitment to long-term growth and sustainability. We remain steadfast in our dedication to excellence and innovation, positioning Opus not only as a leader in engineering and asset management consultancy but also in energy efficiency and sustainability solutions.

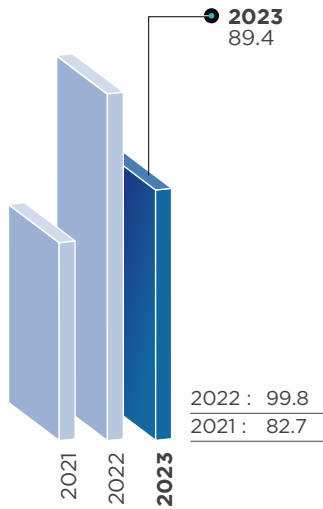
In 2023, the infrastructure sector faced continued challenges due to uncertain global economic conditions, resulting in revisions and delays in many planned projects. Despite these challenges, our dedicated and resilient workforce have worked hard to overcome the challenges and seized the opportunities to deliver a strong performance.

For the financial year ended 31 December 2023, Opus revenue of RM89.4 million, was 10.4% lower than the financial year ended 31 December 2022 revenue of RM99.8 million. This was largely due to unmaterialised projects arising from revisions or delays in unsecured infrastructure projects.

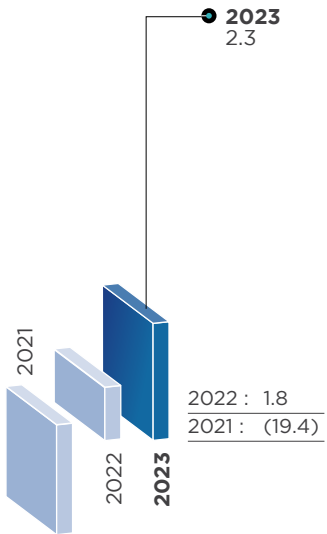
Despite the lower revenue, Opus reported a higher profit before tax and Zakat of RM2.3 million, an increase of 27.8% from RM1.8 million mainly due to our focus on various strategic initiatives, including cost optimisations and enhancing operational excellence to improve the bottom line for long-term sustainable and resilient business growth.

FINANCIAL PERFORMANCE

Revenue (RM million)



Profit Before Tax and Zakat (RM million)





BUSINESS REVIEW

Initiatives and Outcomes

In 2023, the Asset Consultancy division undertook a series of business initiatives, driving operational excellence and strategic growth. These initiatives are detailed in the table below:

Initiative	Outcome	Alignment to EoTF2025 Pillar
Geographical Expansion into East Malaysia	<p>Strengthening market positions in East Malaysia with our Sarawak Regional Office.</p> <p>Secured a contract for the Jalan Sultan Tengah project through our partnership with PPES Consults Sdn Bhd.</p> <p>Continue to nurture and develop local talents. We have successfully maintained 60% manpower ratios for Sarawak project.</p>	
Adopted Structured Approach and Intensify Business Development Activity	<p>We have organised our business development into West and East Malaysia.</p> <p>Acquired diverse new projects as follows:</p> <p>i. West Malaysia</p> <ul style="list-style-type: none"><li>• Technical Advisory for Hospital Tunku Antah</li><li>• Project Management Consultant for Mayang Mall</li><li>• Independent Consulting Engineer for the upgrade works of PLUS RSA Seremban</li></ul> <p>ii. East Malaysia:</p> <ul style="list-style-type: none"><li>• Project Management Assistant for Kuching Urban Transport System</li><li>• Independent Consulting Engineer for the Jalan Sultan Tengah (Damai Masterplan)</li><li>• Extension of Time for Sarawak Coastal Road Network and Second Trunk Road Phase 2</li></ul>	
Pivoting into New Business – Energy Efficiency and Sustainability	<p>Launched the End-to-End Sustainability Solutions and allocated RM200 million for Zero-Capex Programme, targeting energy-efficient retrofitting green building certified structures to reduce operating expenses and environmental impact.</p> <p>i. End-to-end Sustainability Solutions:</p> <ul style="list-style-type: none"><li>• Net Zero Strategy Solutions</li><li>• Engineering Solutions</li><li>• Project Implementation</li><li>• Sustainable Asset Management</li><li>• Sustainable Finance Solutions</li></ul> <p>ii. Zero-Capex Programme:</p> <ul style="list-style-type: none"><li>• EPC</li><li>• GPC</li><li>• Power Purchase Agreement (“PPA”)</li></ul> <p>Entered a Memorandum of Business Exploration (“MOBE”) with Honeywell and Earth Finance, Inc.</p>	
Engineering Excellence – Leveraging advanced assets management technology solutions	<p>As the sole provider in Southeast Asia, we utilise the Deighton Total Infrastructure Management System (“dTIMS”), a business analytics tools for comprehensive asset lifecycle analytics, planning, and management, optimising performance and cost-effectiveness across the asset’s lifespan.</p>	
Innovative Solutions – Building Condition Assessment (“BCA”) and Slope Management	<p>Embarking on BCA solutions for buildings and slopes management represents a strategic diversification initiative aimed at expanding our service offerings and appealing to a broader spectrum of clients through innovative solutions.</p>	

BUSINESS REVIEW

ESG Initiatives

In 2023, our Asset Consultancy division advanced initiatives integrating Environmental, Social, and Governance (“ESG”) principles, notably launching the Sustainable Zero-Capex Programme in Peninsular Malaysia and Sarawak with a RM200 million allocation. This programme accelerates resource and energy reduction for building owners across various sectors without upfront costs, aiming for green certification.

Partnerships with Honeywell and Earth Finance under MOBE agreements further our commitment to carbon emission reductions in line with the Paris Agreement. Internally, we prioritise ESG, with initiatives including awareness training, a sustainability policy framework, and a fabric recycling programme.

Key Certifications/Awards

At OPUS, safety is our top priority. In 2023, we continued our commitment to workplace safety, environmental preservation, and regulatory compliance through various initiatives.

We are proud to have received The Occupational Safety and Health Award (Gold Class 1) from the Malaysia Society for Industry Safety (“MSOSH”) for two consecutive years, recognising our ongoing dedication to maintaining high safety standards and ensuring the well-being of our employees.

OVERCOMING CHALLENGES

During the year under review, OPUS faced and conquered significant challenges, demonstrating resilience and adaptability.

We strategically shifted our focus to East Malaysia, recognising its burgeoning infrastructure opportunities amid limited prospects in Peninsular Malaysia. Despite intense competition, we persevered, navigating obstacles with determination. Our market redirection intensified our presence in East Malaysia, with the establishment of a full-fledged Sarawak Regional Office and expanded service offerings.

We diversified our portfolio by targeting mid-size projects and introducing innovative solutions like modular engineering and project management consultancy. These initiatives not only broadened our client base but also strengthened our competitive edge.

Our ability to overcome challenges and seize opportunities underscores our commitment to sustained growth and excellence. Moving forward, we remain dedicated to delivering value and driving innovation while integrating ESG elements into our business practices.

Looking Forward to 2024

Looking forward, Opus is positioned to lead the industry by embracing resilience, innovation, and a strong focus on talent development as we transition towards the energy efficiency and sustainability segment while maintaining and reinforcing our core business.

Leveraging our established expertise in engineering and asset management consultancy, we are strategically pivoting to seize emerging opportunities and deliver comprehensive, value-driven solutions that cater to the evolving needs of our clients and the dynamic industry landscape.

Our commitment to excellence, sustainability, and innovation will continue to shape our approach as we integrate technology into our sustainable practices and ESG considerations into our core business strategies.

We will continue to grow and strengthen our energy efficiency and sustainability business through innovative solutions, monetising our RM200 million Zero-Capex Programme to facilitate asset owners’ adoption of energy efficiency and green structures in line with our nation’s decarbonisation agendas, such as NETR and EECA.

We will proactively focus on talent development initiatives, including comprehensive training programmes and upskilling opportunities. Furthermore, we recognise the importance of investing in new capabilities to support our strategic goals in energy efficiency and sustainability.

By combining these elements, we are confident in our ability to build a resilient and forward-thinking organisation.