BUILDING VALUE SPIRITEDLY

NAIM HOLDINGS BERHAD

REGISTRATION NO. 200201017804 (585467 - M)

ANNUAL REPORT 2021

Total assets of
RM1.8 billion

Net assets of
RM1.2 billion

Revenue of
RM422.3 million

Land bank
of **1,380 acres**


Net assets of
RM1.2 billion


Revenue of
RM422.3 million


Total assets of
RM1.8 billion


Land bank of 1,380 acres

Rationale for Cover Design

2021 was an incredibly hard year for many. The COVID-19 pandemic brought about great changes in business operations and lifestyles. Businesses had to adapt to the 'new normal' and 'new reality'.

Hence, 2021 was a year of reflection and planning, to **Re-set, Re-direct and Re-energise** our business operations. With our dedicated TEAM NAIM and driven by our HI-CODES core values, we will weather all challenges that come our way.

As a Group of Companies, we have survived daunting adversities previously. we will ride out COVID-19 storm, and emerge stronger together!

20th Annual General Meeting of

BUILDING VALUE SPIRITEDLY

NAIM HOLDINGS BERHAD

The **Twentieth ("20th") Annual General Meeting ("AGM")** of Members of **NAIM HOLDINGS BERHAD** will be conducted entirely through live streaming from the broadcast venue at Naim Holdings Berhad, 10th Floor, Wisma Naim, 2 ½ Mile, Rock Road, 93200 Kuching, Sarawak, Malaysia ("Broadcast Venue") on **Thursday, 26 May 2022 at 10.00am**

LIVE STREAMING

Cautionary Statement Regarding Forward-looking Statements

This Annual Report contains some forward-looking statements in respect to the Naim Group's financial condition, results of operations and business. These forward-looking statements represent the Naim Group's expectations or beliefs concerning future events and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Readers are hereby cautioned that a number of factors could cause actual results to differ, in some instances materially, from those anticipated or implied in any forward-looking statement. In this respect, readers must therefore not rely solely on these statements in making investment decisions regarding the Naim Group. You should rely on your own evaluation to assess the merits and risks of any investment decisions and seek independent advices from your stockbroker, bank manager, solicitor, accountant, financial consultant/analyst or other professional adviser immediately. The Board and the Naim Group shall not be responsible for any investment decisions made by readers in reliance on those forward-looking statements. Forward looking statements speak only as of the date they are made, and it should not be assumed that they have been reviewed or updated in the light of new information or future events that would arise in the interim of the publication of this Annual Report and the time of reading this Annual Report.

Corporate Profile

Commencing operations in 1995 with its landmark development in **Tudan, Miri** (now known as **Naim Bandar Baru Permyjaya**), Naim ventured into construction with its first low cost housing project for the then Sarawak Housing and Development Commission and the construction of the **Pujut 7 bridge** across Miri River in 1997.

In 1999, it expanded to Kuching with its **Naim Desa Ilmu development**, followed by its satellite township called the **Naim Riveria development** in Kota Samarahan, Kuching. Naim was listed on the Main Market of Bursa Malaysia Securities Berhad on 12 September 2003.

Today, Naim Holdings Berhad, an investment holding company with two main subsidiaries, **Naim Land Sdn. Bhd. (NLSB)** and **Naim Engineering Sdn. Bhd. (NESB)**, is a fully-integrated property and construction player focusing on integrated property developments, construction, civil engineering, oil and gas and infrastructure projects, as well as oil and gas services through its investment in Dayang Enterprise Holdings Bhd.

Naim is a Class A Contractor with ISO 9001 certification. It is also one of Malaysia's leading Bumiputera contractors, having carried out more than RM5 billion worth of works (including its own development projects).

With its flagship property developments known as **Naim Bandar Baru Permyjaya in Miri, Naim Kuching Paragon integrated development, Naim Desa Ilmu and Naim Riveria in Kuching and Naim Bintulu Paragon integrated development**, Naim has built and developed more than 23,000 units of property for the Sarawak community.

Customer satisfaction year after year clearly demonstrates the philosophies of Naim's existence – excellent quality, timely delivery, value and customer service. This has resulted in a total of 40 industry awards and accolades being won since 2002, an acknowledgement of Naim's significant contribution in the property and construction sectors.

ISO 9001 • ISO 14001 • ISO 45001 CERTIFICATION™ Intertek

UKAS MANAGEMENT SYSTEMS 014

Naim Bintulu Paragon,
Bintulu's largest integrated development

Mission, Vision, Corporate Responsibility Statement & H.I.-C.O.D.E. Core Values

Our Vision

To bring tears of joy to one million people and more

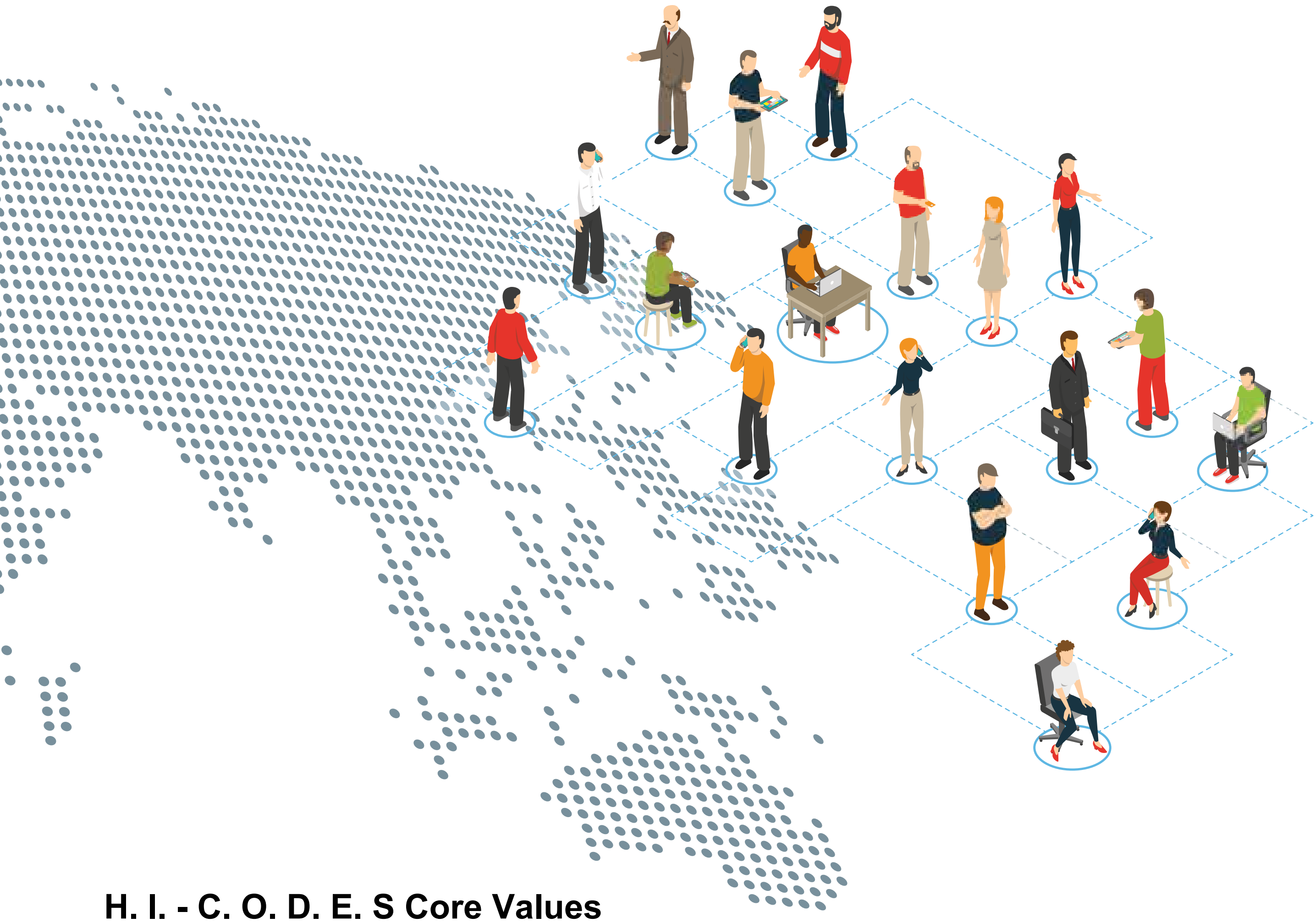
Our Mission

To achieve our aspirations, we are committed to **BUILD VALUE SPIRITEDLY**, with you and for you by:

- Exceeding customer expectations.
- Being the best company to invest in and do business with.
- Developing our people to be the best they can be.
- Being an exemplary corporate citizen that contributes generously to the society, community and environment.

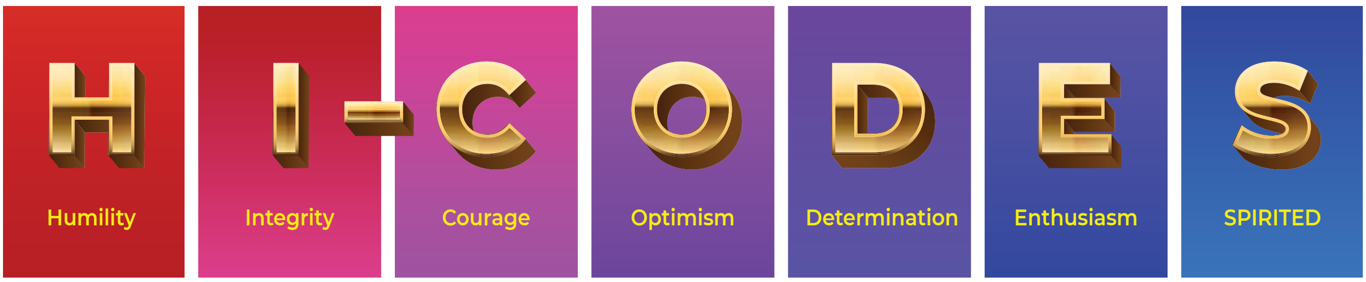
Corporate Responsibility Statement

To consider, monitor and ensure that our operations continue to have a positive impact on our employees, the communities we work in and the environment that nurtures us, and to promote trust and mutual respect amongst our customers and all other stakeholders.



H. I. - C. O. D. E. S Core Values

I believe in:



I am living the H.I.-C.O.D.E.S. values everyday!

What's Inside

Naim's Annual Report 2021

Created by Pressfoto - Freepik.com

PART 1

Performance at a Glance

Created by Pressfoto - Freepik.com

Financial Calendar

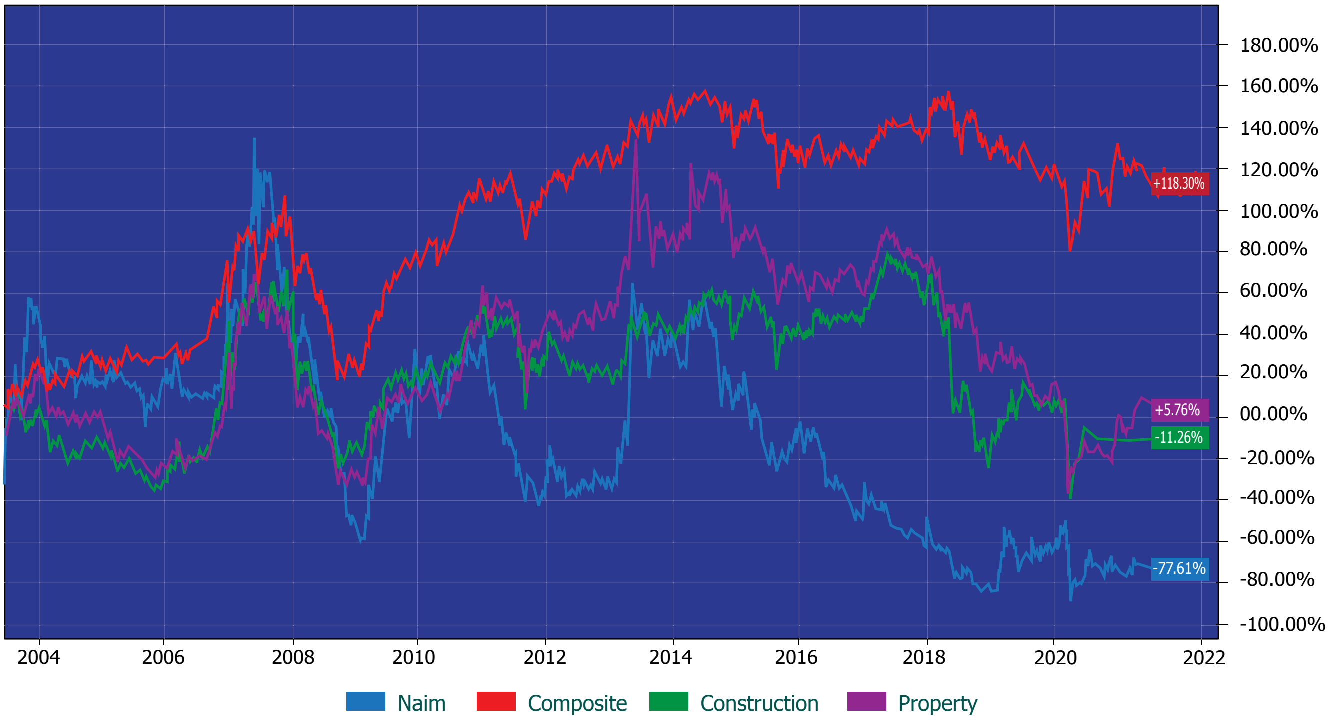
Announcement of Results	1st quarter	27 May 2021
	2nd quarter	28 September 2021
	3rd quarter	30 November 2021
	4th quarter	24 February 2022
Notice of Annual General Meeting		24 May 2021
Annual General Meeting		24 June 2021

Investor Relations Service

The Group maintains a website (www.naim.com.my) which provides detailed information on the Group's operations and latest developments. For further details, please forward your queries to **investorrelations@naim.com.my**

Share Performance

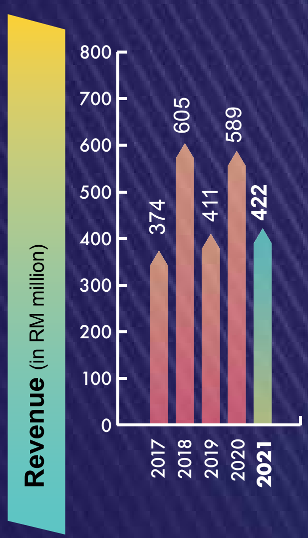
NAIM HOLDINGS BERHAD Share Performance Chart from 12 September 2003 to 31 March 2022

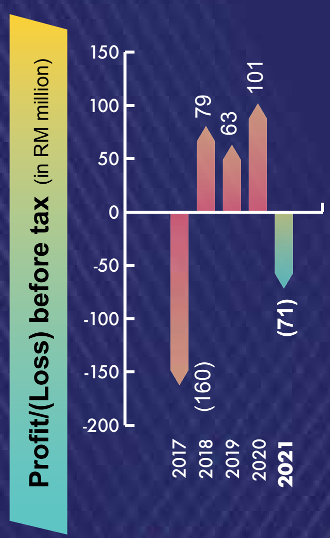


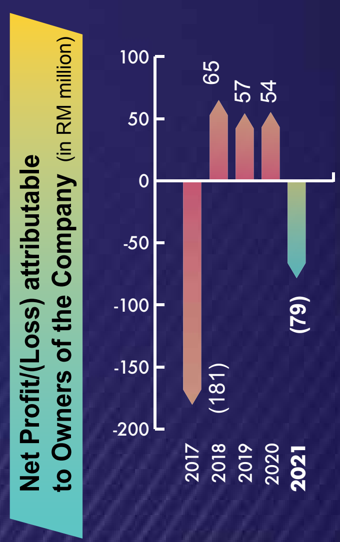
5-Year Financial Highlights *(in RM million)*

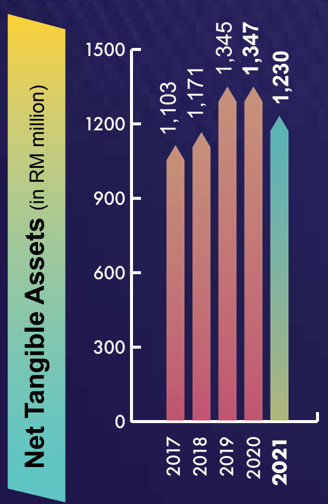
Year	2017*	2018	2019	2020	2021
Revenue	374	605	411	589	**422**
Profit/(Loss) before tax	(160)	79	63	101	**(71)**
Net Profit/(Loss) attributable to Owners of the Company	(181)	65	57	54	**(79)**
Earnings/(Loss) per share (sen)	(76.54)^	27.43^	11.71**	10.69^^	**(15.71)^^**
Total Assets	2,120	2,265	2,244	2,060	**1,848**
Shareholders' Equity	1,108	1,175	1,349	1,349	**1,231**
Net Tangible Assets	1,103	1,171	1,345	1,347	**1,230**
Net Tangible Assets per Share (RM)	4.41	4.68	2.62	2.63	**2.39**
Total Number of Shares (gross) (in million)	250	250	514	514	**514**

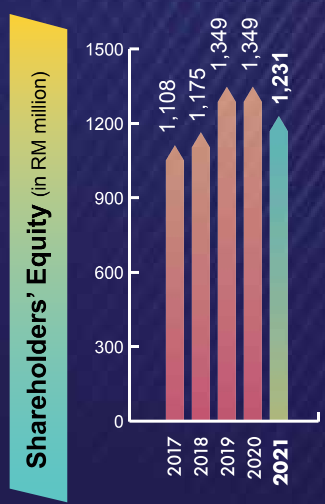
* *Restated upon the adoption of Malaysian Financial Reporting Standards (MFRS)*
^ *Based on total no. of shares of 236.9 million (net of treasury shares of 13.6 million)*
** *Based on total weighted average no. of shares of 483.4 million (net of treasury shares of 13.6 million)*
^^ *Based on total no. of shares of 500.7 million (net of treasury shares of 13.6 million)*

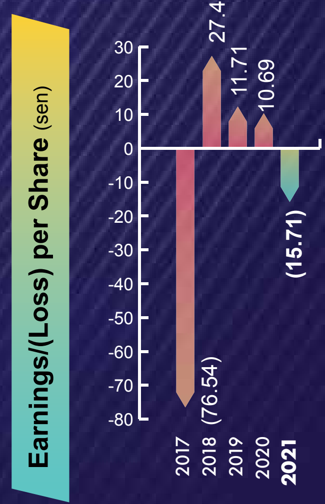












PART 2

Created by Pressfoto - Freepik.com

Corporate Information

Corporate Information

BOARD OF DIRECTORS

Chairman
- Datuk Amar Abdul Hamed Bin Haji Sepawi

Managing Director
- Datuk Hasmi Bin Hasnan

Executive Director
- Beh Boon Ewe

Independent Non-Executive Directors
- Datin Mary Sa'diah Binti Zainuddin
- Tan Chuan Dyi
- Sulaihah Binti Maimunni
- Datuk Ahmad Bin Abu Bakar

Non-Independent Non-Executive Director
- Chin Chee Kong

Company Secretaries
- Bong Siu Lian (MAICSA 7002221)
  SSM Practising Certificate No. 201908001493
- Hasmiah Binti Anthony Hasbi (SAA0772-KH004)
  SSM Practising Certificate No. 201908002509

Registered Corporate Office
9th Floor, Wisma Naim, 2½ Mile, Rock Road
93200 Kuching, Sarawak, Malaysia
Tel: **+6 082 411 667** Fax: **+6 082 429 869**

Registrar
Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A Vertical Business Suite
Avenue 3, Bangsar South No. 8, Jalan Kerinchi 59200
Kuala Lumpur, Malaysia
Tel: **+6 03 2783 9299** Fax: **+6 03 278 39222**

Stock Exchange Listing
Bursa Malaysia Securities Berhad
Listed on 12 September 2003
Sector : **Property Stock**
Code : **5073**
Stock Name : **Naim**

Auditor
KPMG PLT

Corporate Structure *(as at date of Annual Report)*

BUILDING VALUE SPIRITEDLY

NAIM

NAIM HOLDINGS BERHAD

REGISTRATION NO. 200201017804 (585467 - M)

PROPERTY

- **Naim Land Sdn. Bhd.** 199301006476 (261213-T)

PROPERTY DEVELOPMENT

- **Khidmat Mantap Sdn. Bhd.** 200001004847 (507452-T)
- **Desa Ilmu Sdn. Bhd.** 199601041500 (413853-U)
- **Naim Commercial Sdn. Bhd.** 199501030503 (359709-W)
- **Peranan Makmur Sdn. Bhd.** 200601030374 (750132-X)
- **Samalaju Properties Sdn. Bhd.** 200601032936 (752695-D)*

PROPERTY INVESTMENT AND MANAGEMENT

- **Yakin Pelita Sdn. Bhd.** 199901009501 (484401-H)
- **Naim Realty Sdn. Bhd.** 199501030756 (359962-P)
- **Naim Assets Sdn. Bhd.** 200101024882 (560640-X)
- **Harmony Faber Sdn. Bhd.** 201201023318 (1007810-K)
- **Naim Hotel Sdn. Bhd.** 201401044371 (1120553-M)
- **Petrochemical Hub Sdn. Bhd.** 200001014100 (516706-K)
- **Naim Property Services Sdn. Bhd.** 201301009801 (1039643-U)
- **Miri Specialist Hospital Sdn. Bhd.** 201001032447 (916372-H)*

ENGINEERING / CONSTRUCTION

- **Naim Engineering Sdn. Bhd.** 199701004707 (420203-W)
- **Naim Capital Sdn. Bhd.** 199501030360 (359566-U)
- **Naim Capital Port Sdn. Bhd.** 201201018905 (989050-T)
- **Naim Capital Housing Sdn. Bhd.** 201201015373 (988890-K)
- **NAIM GAMUDA (NAGA) JV SDN. BHD.** 201601024286 (1195225-X)
- **GAMUDA NAIM ENGINEERING AND CONSTRUCTION (GNEC) SDN. BHD.** 201601023739 (1194678-D)*
- **Kempas Sentosa Sdn. Bhd.** 199301007338 (262075-U)*

OTHER BUSINESSES

TRADING / SERVICES

- **Naim Supply & Logistic Sdn. Bhd.** 199501032222 (361428-K)
- **Naim Human Capital Sdn. Bhd.** 201401031921 (1108005-W)

QUARRY OPERATIONS

- **Simbol Warisan Sdn. Bhd.** 200601030446 (750204-D)
- **Jelas Kemuncak Resources Sdn. Bhd.** 200601026936 (746691-M)
- **Naim Cendera Lapan Sdn. Bhd.** 200001014105 (516711-V)

OIL & GAS

- **Dayang Enterprise Holdings Bhd.** 200501030106 (712243-U)*
- **Perdana Petroleum Berhad** 199501042909 (372113-A)*

TWENTY SIX OTHER SEMI-ACTIVE AND DORMANT COMPANIES

* *Associates*

Directors' Profiles

Datuk Amar Abdul Hamed Bin Haji Sepawi

Chairman

Aged 72, Male, Malaysian

Date of Appointment
25 July 2003

Academic/Professional Qualification(s)
- BSc (Hons) from University of Malaya
- Undergraduate studies in forestry at the Australia National University
- MSc in Forest Products from Oregon State University, USA

Board Committees
- Chairman, Nominating Committee
- Member, Risk Management Committee

Present Directorship in other Public Listed Companies
- Ta Ann Holdings Berhad
- Sarawak Plantation Berhad

Present Directorship in Non-Listed Public Company
- Sarawak Energy Berhad

Working Experience and Occupation
He was Non-Executive Chairman of Naim Land Sdn. Bhd. since 12 October 1995. Whilst remaining active in the timber and plantation industries, Datuk Amar Abdul Hamed developed his career around his keen personal interest in the construction sector, which was first acquired through school vacation jobs in Miri. For more than 40 years, he has been active as an investor, manager and director in companies carrying out civil works, offshore engineering, construction, housing and property development.

He was conferred the coveted Sarawak State Outstanding Entrepreneurship Award 2014 by the Ministry of Industrial Development, in association with the Sarawak Chamber of Commerce and Industries (SCCI) and Ernst & Young in recognition of his contribution towards the State's economic development. In 2015, he was adjudged The BrandLaureate's prestigious 'Man of the Year' Brand ICON Leadership Award 2015, an internationally recognised award honouring great iconic brand leaders who have transformed their brands into powerful brands which sustain the test of time.

He was also a member of the National Economic Consultative Council II.

Datuk Hasmi Bin Hasnan

Managing Director

Aged 69, Male, Malaysian

Date of Appointment
25 July 2003

Academic/Professional Qualification(s)
- BSc in Estate Management from the London South Bank University, UK
- Senior Certified Valuer with the International Real Estate Institute, USA
- Member of the International Real Estate Federation (FIABCI)

Board Committee
- Member, Remuneration Committee

Present Directorship in other Public Listed Companies
- Dayang Enterprise Holdings Bhd
- Perdana Petroleum Berhad

Present Directorship in Non-Listed Public Companies
- Naim Incorporated Berhad
- Kebajikan Dayang Fatimah Berhad (non-profit company, limited by guarantee)

Working Experience and Occupation
He began his career in 1979 as a valuer in the Land and Survey Department of Sarawak. Since 1982, he has been involved in a wide range of businesses, including valuation, project management, property development and management, construction, timber, manufacturing, trading and publishing. In June 1993, he became the Managing Director of Naim Land Sdn. Bhd. and has since been the main driving force behind the Naim Group's growth and expansion. He was awarded the Property Man of the Year for 2008 by FIABCI in Kuala Lumpur.

Directors' Profiles *(continued)*

Beh Boon Ewe

Executive Director

Aged 61, Male, Malaysian

Date of Appointment
26 November 2020

Academic/Professional Qualification(s)
- Bachelor of Civil Engineering, Monash University, Victoria, Australia

Working Experience and Occupation
Prior to joining Naim, he has about 23 years of working experience in construction project management involved in projects such as infrastructure, housing, resettlement scheme, airport and smelting plant.

He joined Naim in May 2006 as Project Manager. Since then, he held various positions in the construction division such as Senior Project Manager, Project Director, Head of Planning & QC, Senior Regional General Manager of Miri and Joint Vice President of Operations. He was assigned to Fiji from 2010 to 2012 as the Project Director for the Project Upgrading of Kings Road from Waito to Wailotua. On 1 February 2020, he was promoted to Chief Operating Officer – Construction, a position he holds to this day.

Datin Mary Sa'diah Binti Zainuddin

Independent Non-Executive Director

Aged 66, Female, Malaysian

Date of Appointment
27 February 2013

Academic/Professional Qualification(s)
- Bachelor of Social Science (Hons), Universiti Sains Malaysia

Board Committees
- Chairman, Risk Management Committee
- Member, Nominating Committee
- Member, Remuneration Committee

Present Directorship in other Public Listed Company
- KKB Engineering Berhad

Working Experience and Occupation
She has more than 30 years of experience in the oil and gas industry and was the General Manager, Petronas Sarawak Regional Office Kuching since 2009 till her retirement on 31 December 2012. Her 30 years' of wide experience in Petronas includes management, public relations, administration, marketing, procurement and corporate affairs. She is also the President of Hockey Association of Sarawak, Vice President of Malaysia Hockey Confederation and a member of the Kuching North City Commission.

Directors' Profiles *(continued)*

Chin Chee Kong

Non-Independent and Non-Executive Director

Aged 64, Male, Malaysian

Date of Appointment
1 October 2015

Academic/Professional Qualification(s)
- Member, Malaysian Institute of Certified Public Accountants & Malaysian Institute of Accountants

Board Committees
- Member, Audit Committee

Present Directorship in other Public Listed Company
- Perdana Petroleum Berhad

Present Directorship in Non-Listed Public Companies
- Industrial and Commercial Bank of China (Malaysia) Berhad
- Kebajikan Dayang Fatimah Berhad (non-profit company, limited by guarantee)

Working Experience and Occupation
He joined Peat Marwick Mitchell & Co (now known as KPMG) in Kuala Lumpur, Malaysia on 2 February 1979 as an audit junior. KPMG registered him as an articled student with The Malaysian Association of Certified Public Accountants (now known as The Malaysian Institute of Certified Public Accountants or MICPA) in the second half of 1979. After having passed the Foundation and Professional examinations set by MICPA and in the process won all the 5 gold medals on offer for the Professional I and Professional II examinations, he was seconded to the tax division of KPMG Melbourne, Australia from October 1984 to March 1985. In August 1985, he was transferred to take charge of the Kuching Office of the firm and on 1 October 1990, he was promoted to be a partner of KPMG Malaysia. During his tenure with the Firm, he was principally involved in the provision of audit, taxation, financial advisory and corporate advisory services to corporate clients, both public listed and privately held. He retired from the Firm on 1 January 2014.

Tan Chuan Dyi

Independent Non-Executive Director

Aged 50, Male, Malaysian

Date of Appointment
23 February 2017

Academic/Professional Qualification(s)
- Bachelor of Science in Business Administration – Finance from California State University of Fresno

Board Committee
- Chairman, Audit Committee
- Member, Anti-Bribery & Corruption Compliance Committee

Working Experience and Occupation
He joined PRG Holdings Bhd in 2014 and is currently the Chief Operating Officer, Manufacturing Division of Furniweb Holdings Limited listed on GEM of the Stock Exchange of Hong Kong Limited. He has 19 years of experience in the financial services industry, particularly in the areas of fund management, institutional broking, investment banking and capital markets.

Prior to joining PRG Group, he was with Kenanga Investment Bank where during his tenure, he held several positions namely Director, Head of Equity Syndication, Institutional Business and Projects.

Prior to Kenanga Investment Bank, he was Head, Equity Capital Markets of RHB Investment Bank Bhd. He started his career in the industry with Arab-Malaysian Asset Management before moving to Affin Securities and CIMB as Senior Vice President, Institutional Sales.

Directors' Profiles (continued)

Sulaihah Binti Maimunni

Independent Non-Executive Director

Aged 65, Female, Malaysian

Date of Appointment
1 August 2018

Academic/Professional Qualification(s)
- Bachelor of Science in Civil Engineering (Hons), Swansea University, United Kingdom

Board Committees
- Member, Risk Management Committee
- Member, Nominating Committee
- Member, Anti-Bribery & Corruption Compliance Committee

Working Experience and Occupation
She has 30 years of experience in the development and project management of privatised and non-privatised construction projects in Malaysia and in several other countries. She also has some experience in financial analysis of projects and management of companies. Her experience in roads, expressways, infrastructure, land development and dam with notably the roads in Sabah, Fiji, expressways in Malaysia, Qatar and India, land development in Malaysia, Vietnam and Qatar and dam in Malaysia. She has also undertaken several feasibility studies in Pakistan, Sri Lanka, Ghana, Sudan, Morrocco, Indonesia, Chile and several countries in the Middle East.

Her career development has been via Minconsult Sdn. Bhd., a consultancy firm where she spent 8 years developing her career from graduate engineer to senior engineer, the UEM Group, for 17 years rising from project engineer in Penguruan Lebuhraya Bhd to Executive Director/Chief Executive Officer of UEM Construction Sdn. Bhd. with responsibilities in project development/management, company management and directorship in several non-listed companies, Sarawak Hidro Sdn. Bhd., the developer of Bakun Dam where she, on secondment from the UEM Group, spent 2 years as the Managing Director to progress the more than 2 years delayed project and lastly with Naim Holdings Berhad for 3 years from 2009, as Vice President at the Managing Director's office with additional appointment as Executive Director of Naim Holdings Berhad and Director of Dayang Enterprise Holdings Bhd, both public listed companies.

Datuk Ahmad Bin Abu Bakar

Independent Non-Executive Director

Aged 67, Male, Malaysian

Date of Appointment
1 June 2019

Academic/Professional Qualification(s)
- Fellow Member of the Chartered Association of Certified Accountants (UK)
- Chartered Accountant under the Malaysian Institute of Accountants.

Board Committee
- Chairman, Anti-Bribery & Corruption Compliance Committee
- Chairman, Remuneration Committee
- Member, Audit Committee

Working Experience and Occupation
He has more than three decades of experience in accounting, banking, manufacturing, managerial and directorial roles alongside his vast insight in the field of property development, oil and gas, oil palm and timber-related industries. He was a board member of various listed, including Land & General Berhad, Naim Holdings Berhad, UDA Holdings Berhad Group and other non-listed companies. He was a manager for Sime Darby subsidiary companies, DMIB Berhad and Consolidated Plantations Bhd.

Please refer to page 203 for Directors' securities holdings in the Company.

There is no other family relationship between the Directors and/or major shareholders of the Company.

Apart from directors who are also substantial shareholders, none of the other directors have family relationship with major shareholders.

None of the Directors has been convicted of any offence within the past 5 years other than traffic offences.

Please refer to page 73 for Directors' attendance at board meetings held during the financial year.

Chief Officers' Profiles

Emily Hii San San

Senior Vice President Cum Chief Financial Officer

Aged 44, Female, Malaysian

Academic/Professional Qualification(s)
- Bachelor of Commerce Degree, major in Accountancy and Diploma for Graduates, University of Otago, New Zealand, 2000
- Chartered Accountant of Chartered Accountants Australia and New Zealand, March 2005
- Member of MIA, August 2005

Working Experience and Occupation
She joined Naim on 1 June 2010 as Finance Manager and then promoted to Deputy Director – Finance in August 2012 to oversee the finance and corporate planning units. On 1 February 2019, she was promoted to Senior Vice President cum Chief Financial Officer. With close to 20 years of working experience in accounting and tax related matters, she is an experienced finance chief.

Chen King Yu

Chief Operating Officer, Strategic Planning and New Businesses

Aged 44, Male, Malaysian

Academic/Professional Qualification(s)
- Bachelor of Commerce, majoring in Accounting and Finance, University of Melbourne, Australia, 2000

Working Experience and Occupation
He joined Naim in February 2021 as Chief Operating Officer for Strategic Planning and New Businesses Department. He has over 18 years of work experience in the oil and gas, and construction sectors, and has held leadership positions in these sectors. A specialist in corporate transformation, he has worked overseas for extended periods developing new businesses in new markets.

He started his career with the UEM Group. Prior to joining Naim, he was a Resident Director of PwC Malaysia, responsible for leading and developing its practice in East Malaysia and initiating business collaboration with the state.

Alexander Lim Kuok Hui

Chief Information Officer

Aged 45, Male, Malaysian

Academic/Professional Qualification(s)
- Bachelor of Science (Hons) in Computer Science majoring in Computing and Software Engineering, Oxford Brookes University, United Kingdom, 1999
- Master of Science in Computer Science, Oxford Brookes University, United Kingdom, 2000

Working Experience and Occupation
He joined Naim in March 2012 as Information Technology (IT) Manager leading the system and software development unit. He was promoted to Head of Information Technology (IT) in January 2017 overseeing system, software development, IT infrastructure and network units. In March 2021, he was promoted to Chief Information Officer to facilitate Naim's technological advancements and transformation.

He has more than 20 years of work experience in information technology, particularly in software engineering.

Ng Yee Ming

Chief People Officer

Aged 55, Male, Malaysian

Academic/Professional Qualification(s)
- Bachelor of Science in Architectural Studies University of Nebraska Lincoln, USA, 1989.

Working Experience and Occupation
He joined Naim on 3 Jan 2022, driving the human capital needs, from learning & development to talent attraction and engagement. He will be tasked to look into Naim's more essential people matters like succession planning, rebuilding talents and resetting culture, to ensure Naim's workforce stays competitive, spirited and sustainable; moving forward into a more disruptive & challenging business world. Yee Ming comes in with more than 30 years' experience in Human Resources, having worked in Singapore with multinational brands and big local conglomerates like Tropicana, Mudajaya, Mulpha International and Matrix Concepts Holdings.

- None of the chief officers holds directorship in public companies and listed issuers except the following:
  - Chen King Yu is a director of Dayang Enterprise Holdings Berhad and an alternate director to Datuk Hasmi Bin Hasnan in Perdana Petroleum Berhad.
- There is no family relationship between the chief officers and Directors and/or Major Shareholders of the Company.
- The chief officers have no conflict of interests with the Company.
- None of the chief officers has been convicted of any offences within the past 5 years other than traffic offences.

Our Awards and Accolades

2002	●	CIDB Builders Building Works Category Awards: **Institutional Building Project**
2003	●	The Malaysian Construction Industry Excellence Project Awards: **Medium Building Category**
	●	SCCI Annual Corporate Report Awards: **Best Annual Report Award**
2004	●	Malaysia Canada Business Council Excellence Awards: **Industry Excellence for Construction Award**
	●	The Malaysian Construction Industry Excellence Project Awards: **Medium Scale Project Engineering Category**
	●	The Malaysian Construction Industry Excellence Awards: **Builder of The Year Award**
	●	KPMG **Shareholder Value Awards**
2005	●	17th International Construction Awards: **New Millennium Award Spain, Madrid**
	●	**Malaysia Corporate & Social Environment Responsibility** Award
2007	●	The Malaysian Construction Industry Excellence Awards: **Contractor Award Grade7**
2008	●	**FIABCI Malaysia Property Award: Property Man of The Year**
2009	●	SHEDA Execellence Awards: **Top Developer In Residential Development**
2010	●	The Sarawak CMEA Award: **Large Enterprise Category (Construction)**
2011-2012	●	The BrandLaureate Best Brands Awards 2011-2012: **The BrandLaureate Conglomerate Awards 2011-2012**
2012	●	The Sarawak CMEA Award: **Large Enterprise Category (Construction)**
2013	●	APEA **Outstanding Entrepreneurship Category**
2014	●	AREA **Social Empowerment Category**
	●	Readers' Choice **Malaysian Reserve Property Press Awards** Best Commercial Development - Bintulu Paragon
	●	**Malaysian Reserve Property Press Awards** Most Prestigious Integrated Lifestyle Residential Development - Southlake Permyjaya
	●	**Malaysian Reserve Property Press Awards** Most Prestigious Integrated Development - Bintulu Paragon
	●	The Sarawak CMEA Award: **Large Industries (Services and Other Sectors - Construction)**
	●	One of Malaysia's **Top 20 Property Developers** (The Edge Malaysia's Top Property Developers Awards 2014) & the **ONLY East Malaysia-based** developer award recipient

2015
- Malaysia Property Insight **Prestigious Developer Awards: Outstanding Developer East Malaysia**
- Award for PLWS Practitioners
- One of Malaysia's **Top 20 Property Developers** (The Edge Malaysia's Top Property Developers Awards 2015) & the **ONLY East Malaysia-based** developer award recipient

2016
- **The Best Qlassic Achievement** Non-Residential (Large) Category
- SHEDA Excellence Awards: **Property Man of The Year**
- **Sarawak State Outstanding Entrepreneurship Award**
- The Sarawak CMEA Award: **Large Enterprise (Construction)**

2017
- SHEDA Property Expo **Best Booth Award**
- **Gold Award 2017** 13th Moshpa OSH Excellence Award 2017
- One of Malaysia's **Top 30 Property Developers** (The Edge Malaysia's Top Property Developers Awards 2017) & the **ONLY East Malaysia-based** developer award recipient

2018
- SHEDA Property Expo: **Best Booth Award**
- **Malaysia's Best Employer Brand Award 2018** (World HRD Congress)

2019
- StarProperty.my Awards: **The Borneo Star Award (Honours)** Naim Sapphire Condominium Homes
- SHEDA Property Expo: **Best Booth Award**
- One of Malaysia's **Top 30 Property Developers** (The Edge Malaysia's Top Property Developers Awards 2019) & the **ONLY East Malaysia-based** developer award recipient
- The BrandLaureate **Iconic Brand of the Decade Industry Champion Award** in Property & Infrastructure

2020-2021
- **Asia Pacific Property Awards Development AWARD WINNER**
  Residential High Rise Development Malaysia - Naim Sapphire Condominium Homes

2021
- One of Malaysia's **Top 30 Property Developers** (The Edge Malaysia's Top Property Developers Awards 2021) & the **ONLY East Malaysia-based** developer award recipient


NAIM
SAPPHIRE
ON THE PARK
Naim Sapphire Luxury Homes


AGE OMNE BONUM
ASIA PACIFIC PROPERTY AWARDS
DEVELOPMENT
in association with
American Standard
AWARD WINNER
RESIDENTIAL HIGH RISE DEVELOPMENT MALAYSIA
NAIM Sapphire on the Park Condominium Homes by Naim Holdings Berhad
2020-2021

PART 3

Business Review

Letter to our Shareholders

2021 at a Glance

The year 2021 began with the hope that the COVID-19 pandemic would stabilise, bringing with it a return to normalcy for the global and Malaysian economy. There were encouraging signs of global recovery, however the momentum has weakened due to the emergence of the highly transmissible Delta variant in late 2020, followed by the Omicron variant. Other than the pandemic, the global economy was also confronted with financial market volatility, higher commodity prices and labour shortages. Several of these factors resulted in inflationary pressures, amid a recovery in demand as economies began to reopen. Overall, risks to economic prospects have increased, and policy trade-offs have become more complex[1].

The Malaysian economy mirrored the global economy as local COVID-19 cases began to surge in May 2021, the Government re-introduced strict nationwide containment measures under the first phase of the National Recovery Plan (NRP) in June 2021. This affected the recovery momentum. Nonetheless, the swift progress of the National COVID-19 Immunisation Programme enabled economic sectors to gradually reopen in the third quarter of the year, Malaysia's economy registered a 3.1% growth for 2021 compared with a contraction of 5.6% in 2020, while the unemployment rate stood at 4.6%[2].

Our Performance in 2021

The property industry during the year under review remained challenging, faced with global and regional economic headwinds.

Against this challenging backdrop, we recorded a total revenue of **RM422.3 million**, a decline from RM589.3 million achieved in 2020, whilst loss before tax was RM71.4 million compared with a profit before tax of RM101.2 million registered in 2020.

We would like to highlight that our performance in 2020 included a land sale of RM340 million which generated RM145.4 million net profit before tax to the Group. Should the said sale be excluded, the Group actually recorded an improvement in revenue in the current year under review, mainly contributed by higher construction revenue due to the increased work progress on site.

1 *World Economic Outlook (International Monetary Fund), October 2021*
2 *Economic and Financial Developments in Malaysia in the Fourth Quarter of 2021 - Bank Negara Malaysia (bnm.gov.my)*

The key aspects influencing our performance for the current year under review were:

- Substantial amount of share of loss of about RM89.3 million (2020: share of profit of RM11.5 million) from our associate Dayang Enterprise Holdings Berhad (DEHB) and its subsidiary, Perdana Petroleum Berhad (PPB) mainly due to significant impairment losses made on certain property, plant and equipment, and additional depreciation expense of certain marine vessels.

- On the other hand, the Group registered a segment profit before tax of **RM13.0 million**, an improvement from a segment loss before tax of about RM34.2 million in 2020 (excluding the profit from the abovementioned land disposal) mainly due to factors such as increased work progress from the construction and development projects, as well as some income savings from certain completed projects.

Notwithstanding the challenging business environment, our efforts to continuously innovate and deliver quality living spaces that meet the needs of our customers have been recognised, as we were being adjudged as one of Malaysia's Top 30 property developers by the Edge Malaysia Property Excellence Awards (TEPEA) – the only Sarawak-based property developer to have made it within Malaysia's Top 30 since the establishment of the awards in 2003. This has made the award more memorable.

We also spared no effort in our strategic planning exercise, which involved going back to the drawing board to re-strategise our business plans in order to achieve our long-term aspirations of the Group. In deriving this plan, we also paid close attention to key operational areas such as human capital development and digitalisation as these core areas would help us achieve growth and deliver added value in the future. To take us through 2021, we focused on our turnaround plan - Re-set, Re-direct and Re-energise- which is set to put in place actions that would strengthen our position and our ability to deliver growth across our core business areas.

Vessel of Dayang Enterprise Holdings Bhd


Vessel of Perdana Petroleum Berhad

Naim Bintulu Paragon, Bintulu's largest integrated development

Outlook for 2022

The global economic recovery is facing significant headwinds amid new waves of COVID-19 infections, persistent labour market challenges, lingering supply-chain challenges and rising inflationary pressures.

With the highly transmissible Omicron variant driving unprecedented surge of infections globally, the human and economic toll of the pandemic are expected to increase again – the pandemic remains the greatest risk to sustainable recovery of the world economy.

The same sentiment seemed to prevail in terms of the Malaysian economic outlook. In Bank Negara Malaysia's (BNM) statement on 30 March 2022, it stated that while it expected the Malaysian economy to expand between 5.3% and 6.3% in 2022 underpinned by the reopening of the economy and international borders, better COVID-19 management and higher vaccination rates, less disruption to domestic economic activity, continued expansion in global demand and higher private consumption[3], while risks to the outlook comprised slower-than-expected global growth risk, worsening supply chain disruptions and emergence of more severe COVID-19 variants[4].

Material Cost and Labour Shortage Remain Key Challenges for the Construction Sector

We expect escalating prices of building materials and shortage of labour to continue to dampen the Construction sector.

Labour shortage is a serious problem as contractors would not be able to complete jobs or projects on time, and it would also affect the general unwillingness among contractors to undertake new projects. The was further compounded by the increase in building material costs, which have increased from 20% to 50%[5] in recent years.

A Year of 'Re-set' for the Retail and Mall Sector

The closure of physical retail stores and malls due to lockdowns and social distancing measures have led consumers to resort to online shopping, which in turn strengthened the e-commerce market growth nationwide. This change in consumer behaviour has resulted in a need for retailers and malls to rethink their product and channel strategies to address this behavioural change. At the same time, they also needed to implement appropriate health and safety protocols to protect staff and customers.

Moving forward, our retailer outlets would need to consider providing a truly omni-channel experience by adopting elements of online experience alongside brick-and-mortar retail set-up, such as artificial intelligence (AI) and virtual reality (VR). In addition, stores and malls should also focus on enhance their physical outlook and services aspect, so that they become experience-driven destinations.

As such, it is crucial for retailers and mall managements to take a long-term view and make investments to address such shift in consumer behaviour and preferences.

3 *BNM publishes AR 2021, EMR 2021 and FSR 2H2021 - Bank Negara Malaysia*
4 *World Bank trims Malaysia's GDP expansion to 5.5%, with Russia-Ukraine war a key growth risk | The Edge Markets*
5 *https://www.thestar.com.my/metro/metro-news/2022/02/12/look-into-material-cost-labour-shortage*

Letter to Our Shareholders (continued)

Fairfield by Marriott Bintulu Paragon Hotel Facade


LNG Train 9 Project, Bintulu

Uncertainties in the Hotel Sector

The hospitality sector was among the worst hit during the pandemic, with the country receiving almost no foreign tourists since early 2020 due to the closure of international borders and domestic travel restrictions.

While domestic demand is finally picking up driven by higher vaccination rates nationwide and lifting of domestic travel restrictions, various challenges remain such as when international borders reopen to facilitate foreign arrivals and the uncertainties surrounding the Omicron variant.

With domestic spending power being much lower than foreign spending and the prevalent Omicron-related uncertainties, we expect year 2022 to continue being a year of 'hard survival' for the sector.

A Silver Lining for Sarawak

Despite the challenges, we do believe that there are several bright spots for Sarawak.

The State Budget 2022 which provided a RM6.6 billion allocation[6] to finance the implementation of various development programmes and projects is expected to create opportunities for industry players and facilitate job creation for the communities. In addition, the incorporation of 'Invest Sarawak' in 2022 as a vehicle to drive foreign investments into the State[7] is expected to help create a vibrant local economy.

We remain confident in the potential of Bintulu Petrochemical Hub, an initiative by the State Government to increase Sarawak's participation in added value downstream petrochemical industries, as an economic catalyst for Bintulu and the State as a whole.

Besides the above, the announcement that Shell Malaysia will move its regional headquarters from Kuala Lumpur to Miri[8] also augurs well for Miri's economy, and such relocation is expected to benefit the growth of the local economy as well.

6 *https://www.newsarawaktribune.com.my/sarawak-approves-rm10-646-bln-budget-for-2022/*
7 *https://www.theborneopost.com/2022/01/24/sarawak-to-establish-invest-sarawak-to-facilitate-investment-in-statesays-abg-johari/*
8 *https://www.dailyexpress.com.my/news/161183/shell-s-exodus-to-miri-is-positive-cm/*

Naim Group in 2022

Leveraging on lessons learnt over the past year and as a result of the recalibration of our Group's business directions, we will be intensifying our efforts to increase productivity, profitability and competitiveness of our Group.

<u>Refinement of the Group's Organisation Structure, Key Processes and Levels of Empowerment</u>

To futureproof our operations and enhance business agility, we embarked on structural and process improvements Group-wide. These improvements will not only help us adjust to market and internal changes, but also provide a framework that will strengthen our fundamentals and be well-prepared to capitalise on future growth opportunities.

<u>Property</u>

Market sentiments showed some signs of improvements, albeit at a slower pace as more business activities resumed across various industries when Sarawak entered into phase 3 of the NRP in the last quarter of 2021[9].

While we expect the property market to remain soft, it will gradually stabilise and recover in the short to medium term, backed by prevailing low bank interest rates and various government initiatives to drive overall market recovery.

Given the continued demand for medium range and affordable properties, we remain committed in our efforts in introducing more properties in this segment. With our aim to deliver the 'best of the best' products to our customers, where focus will be given to aspects such as product design in line with new lifestyle trends and incorporate more environmental as well as social governance (ESG) elements. We will continue to improve the quality of our products and deliver service excellence.

9 *Whole Sarawak under NRP Phase 3 from Oct 1; gaming outlets, spas can reopen (theborneopost.com)*

Letter to Our Shareholders (continued)

We will also be introducing our 'luxury' segment, focusing on niche lifestyle-inspired developments in prime locations under the umbrella brand of 'Naim Luxury Collection'. Our maiden project in this segment, the ultra-low density and exclusive concept George Y. Residence at Naim Kuching Paragon is expected to be completed in 2022 provides a springboard in this segment.

As part of our medium-term plans, we are also actively increasing our current land bank of over 1,300 acres to support our long-term development plans, particularly for mass affordable housing developments supported by various lifestyle amenities.

Construction

On the Construction front, the current priority will be to complete on-going or secured projects satisfactorily. We remain committed to improve efficiency, productivity and cost management by leveraging on technology. At the same time, we will be selective in project tendering and focus particularly on those projects where we have proven records and experiences, supported by current project management resources.

Despite a challenging economic outlook, we are cautiously optimistic on the potential opportunities introduced by the State Budget 2022. We will continue to monitor the prevailing situation and pivot accordingly.

Other Business Segments

We expect our other business segments to gradually improve, particular in terms of retail leasing and hotel businesses when market reopens. Nevertheless, we expect the rental market to remain competitive as more efforts would be focused on retaining tenants while maintaining fair returns on yield, against the backdrop of increasing e-commerce businesses.

Our focus in the near term will be the revitalisation of our malls, including the continuation of the revamp of our Naim Street Mall in Bintulu and enhancement of Naim Permy Mall in Miri. We will also revisit our tenant mix to ensure that it serves the needs of the surrounding communities, in

The Luxury George Y. Residence

addition to stepping up our digital marketing efforts to better promote these malls.

We will also focus on better cost management and continue to assist our tenants at the respective malls.

<u>Investing in Quality Education</u>

We believe in the importance of reaching out and ensuring quality education is provided to our homeowners, a key focal point in building holistic and vibrant township. On this note, we expect to diversify into the education business in 2022 as this diversification not only creates a new revenue stream for the Group but will also provide synergy, as the education component within our developments will increase the marketability of our property products and enhance the performance of our investment properties.

Appreciation

We would like to express our appreciation to the Board of Directors and Management Team for their valuable counsel and commitment to Naim throughout the year in review. We would also like to thank Dato' Ir. Abang Jemat Abang Bujang who served as our independent Non-Executive Director from 21 March 2011 to 24 June 2021 for his contributions that have proven invaluable to Naim.

To our loyal colleagues and employees, customers, shareholders, investors, financiers, business partners, business associates and the authorities, we would like to extend our heartfelt gratitude for their unceasing loyalty and support.

Despite market uncertainties over the short-term, we believe that pockets of opportunities and value creation remain boundless. With solid fundamentals, robust strategies and dynamic TEAM NAIM, we will R**e-set, Re-direct** and **Re-energise** for a better future for all of us!

Thank you.

Datuk Amar Abdul Hamed Bin Haji Sepawi
Chairman

Datuk Hasmi Bin Hasnan
Managing Director

Review of Performance and Operations

Naim Sappire on the Park, Kuching

Naim SouthLake Permyjaya, Miri

COVID-19 pandemic has upended the way we live and work. The effects of the pandemic continue to permeate all levels of society. As a Group, Naim was faced with challenges such as business disruptions due to movement controls and lockdowns, as well as the need to maintain high service quality and customer engagement despite operating at reduced capacity.

Despite the uncertainties brought on by the COVID-19 pandemic, the Group achieved a total revenue of RM422.3 million on the back of higher construction revenue due to the increased work progress on site. This is against the backdrop of fast-evolving conditions and uncertainties surrounding COVID-19 developments, geopolitical conflicts and supply chain disruptions, among others.

Property

The segment achieved a revenue and profit of RM92.6 million and RM9.0 million respectively, primarily due to higher work progress achieved from existing on-going projects and some cost savings from certain completed projects. Nevertheless, the revenue and profit performance in the year under review was some 79.2% and 94.4% lower than that achieved in 2020 mainly due to a land sale in 2020.

Naim Meadow Villas (Single Storey Semi-Detached House)

Artist's Impression Only

Meanwhile, the Group managed to achieve new property sales of about RM80.0 million as compared with RM107.7 million registered in 2020, a direct reflection of the continued soft market sentiments during the year.

Our property segment is mainly active in Kuching, Bintulu and Miri, with an array of properties catering to different levels of affordability. In line with our continued focus on affordable residential properties, we launched our single storey terrace homes at Naim SouthLake Permyjaya, a mixed development in Miri during the year, which garnered encouraging response from the surrounding communities.

Over in Kuching, we continued to promote our flagship Naim Sapphire Condominium Homes, comprising three upmarket condominium towers - the Classic, Deluxe and George Y. Residence, our first luxury phase within the affluent Naim Kuching Paragon integrated development. The Classic tower has been fully taken up, while sales are still ongoing for the Deluxe tower, with works for the said tower expected to be completed in early 2022. In addition, works for the luxury George Y. Residence are also expected to complete in 2022.

Meanwhile in Bintulu, we stepped up our efforts for Naim 'The Peak' Condominium Homes, Sarawak's tallest condominium tower located within our Naim Bintulu Paragon integrated development.

On the sales and marketing front, we introduced various value-added home ownership packages such as 'move-in' and

Naim Bintulu Paragon, Bintulu

'smart home' packages to drive sales of our residential properties. We also increased our efforts in digital marketing to better connect with our target audience.

Construction

The segment recorded an improvement in both revenue and profit of RM310.3 million and RM10.0 million respectively, as compared to our performance in 2020 (2020: RM125.6 million revenue and RM21.9 million segment loss). This was mainly contributed by higher work progress achieved from existing on-going projects and additional income savings from certain completed projects upon finalisation of contract sum with clients. In addition, measures such as tightened project planning, execution and monitoring were in place to ensure that projects were completed within the targeted schedule and expected margin.

Our key ongoing projects comprise the Pan Borneo Highway (Pantu Junction to Batang Skrang, UCTS Phase 3 project, which is a JV project and the Batang Lupar Bridge project.

Other Business Segments

Our other business segments registered an improvement in revenue and loss of RM19.4 million and RM5.2 million respectively, as compared with 2020 (2020: RM18.7million revenue and RM25.7 million segment loss). The improvement was mainly due to lower level of loss reported by our hotel operation in Bintulu which recorded high occupancy rates during the year under review.

During the year, our hotel introduced value-added packages to drive its business travel segment, while efforts were expended to retain our malls' existing tenants and attract new tenants via various tenant assistance programmes, and closely monitor debt collection.

Major Associates

Our associate, Dayang Enterprise Holdings Berhad (DEHB) reported an unaudited loss after tax and attributable to owners of some RM318.9 million[1] against a profit after tax of RM56.4 million achieved in 2020.

The said net loss was mainly due to impairment loss made by its subsidiary, Perdana Petroleum Berhad (PPB) on certain marine vessels and the resultant impairment of goodwill arising from DEHB's investment in PPB.

In spite of the substantial losses reported, the DEHB group (including PPB) remains financially strong with a solid asset base of approximately RM2.3 billion[1]. Besides this, DEHB group still has an estimated call orders of about RM1.9 billion, which is expected to contribute positively to its performance in future years.


Batang Lupar Bridge project

1 *Extracted from the announced quarterly report of DEHB*

Sustainability Statement

The COVID-19 pandemic, which started in 2020, continues into 2022. It has had far-reaching economic impact on, inter alia, global supply chain, inflation, labour, cash flows and prices of goods, leading to governments providing an unprecedented amount of stimulus. The pandemic was also a factor in the 2021–2022 global energy crisis and 2022 food crises.

With the implementation of the National COVID-19 Immunisation Programme (PICK) starting from February 2021 as part of the Government's measures to curb the spread of COVID-19, 25.84 million Malaysians (about 82% of the population) have received two doses of vaccine while 15.88 million have been administered with booster shots as at 6 April 2022.

After over two years of living with strict nationwide containment measures to curb COVID-19, Malaysia joins the global movement to transition from pandemic status to endemicity starting 1 April 2022. The Malaysian economy is expected to remain on its recovery path in line with continued expansion in global growth and higher private sector spending. [1]

In the year under review, our Group's performance continued to recover as restrictions for construction activities were lifted during the National Recovery Plan while the outlook for the property sector maintained soft as buyers and investors remained cautious in view of continuing economic uncertainties.

In addition to the challenges brought by the COVID pandemic, businesses today have no choice but to respond to the need for greater sustainability in the face of a potential climate disaster. Increasingly, Chief Operating Officers of major corporations globally continue to push for the Environmental, Social and Governance (ESG) agenda.

Closer to home, the Group has continued what was started in 2020, the reduction of commute from home to work by transitioning to work from home arrangements as well as scheduling alternate teams to be on site where necessary, providing self-test kits and educating staff on SOP implemented in the day-to-day operation of the Group.

The Group has also implemented among others, customer engagement, sales and marketing via social media and digital marketing and virtual property tours.

We remain committed towards developing sustainability strategies that are intertwined together with financial targets of key business units, while at the same time, inculcating a culture of employee awareness on actions taken to realise our sustainability strategies across the Group.

1 https://www.bnm.gov.my/-/4q-gdp-2021

Naim Desa Ilmu Development, Kota Samarahan

Sustainability Statement *(continued)*

1. SUSTAINABILITY POLICY

a. Mission Statement for Sustainable Property Developer and Construction Contractor

"We aim to be the industry leader as a responsible property developer and construction contractor, contributing to a sustainable world and better future for our customers.'

b. Scope

This Policy applies to all operations of Naim Group including the holding of assets.

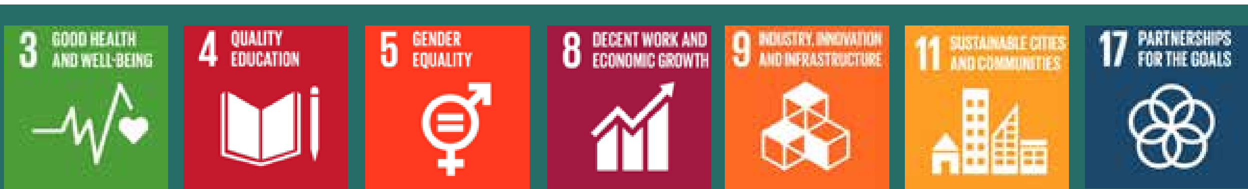
c. Our Commitment

Naim Group continues to commit to:

i. Support the well-being of the communities;
ii. Reduce the greenhouse gas emissions, manage our energy, water and waste footprint as well as protect and conserve biodiversity;
iii. Apply a sustainable approach in our development projects;
iv. Provide employment conditions that help attract and develop employees, support their well-being and encourage gender equality;
v. Ensure the health and safety of our offices and premises including corporate office, site offices, malls etc;
vi. Provide education facilities through incorporation of schools in our township developments and township planning, and monetary donations to educational institutions and scholarships to deserving candidates.

2. KEY FOCUS AREAS

Our seven Economic, Environment and Social ("EES") goals remain aligned with the United Nation's Sustainability Development goals ("SGD").



Ensure healthy lives and promote well-being for all regardless of age	Provide quality education	Encourage gender equality and empower women and girls	Promote productive employment	Build resilient infrastructure to achieve economic growth	Make cities and human settlements safe and sustainable	Strengthen implementation and revitalise the global partnership for sustainable development

3. SUSTAINING THE BUSINESS DURING THE COVID-19 PANDEMIC

Naim's management continued to implement survival strategies under the Naim Survival Plan to mitigate continuing financial and operation risk exposure.

A continuous review of the technology infrastructure to support remote working and virtual collaboration capabilities were still ongoing until the government relaxed the movement restrictions allowing for return of operations in reduced capacity.

Against a challenging environment, we focused on implementing our turnaround strategy which focused on mitigating the impact of the pandemic on our operations and financial performance. We also continued to review and strengthen our technology infrastructure to support our workforce who were mostly working from home during the lockdowns.

However, for the period between June to August 2021, construction operations were halted due to the implementation of the FMCO, which was then followed by the phased NRP.

We also continued digital engagements with customers, via e-mails, social media, websites and virtual showrooms.

4. SUSTAINABILITY APPROACH

Naim Group is committed to the 'triple bottom line' of people, planet and prosperity. Our sustainability approach is built on value creation for our stakeholders and communities within which we operate. Our internal stakeholders are shareholders or investors, employees and our external stakeholders are customers, regulators, bankers, contractors, suppliers, communities and the media.

5. STAKEHOLDER ENGAGEMENT

Managing stakeholders' expectations is critical to the success of the business. Engaging stakeholders frequently will demonstrate our culture of inclusivity and strengthen our relationship with them, which in turn will impact positively on the Group's financial performance and overall reputation.

Stakeholder	Areas of Interest	Mode of Engagement
Customer	• Complaint management and resolution • Customer relations • Safety and Security • Personal Data Protection Act compliance	• Property management meetings with tenants and owners • Customer Satisfaction Survey • Community and networking event with customers • Online enquiries on Naim's website and social media such as Facebook and WhatsApp
Employee	• Performance-driven management • Learning and development • Ethics and integrity • Safety and hygiene	• KPI and Performance Appraisal on half yearly basis • Ongoing training and development programs for employees • Internal Customer Satisfaction Survey • Employee Engagement and Motivation Session • Spot Awards • Peer Awards • Induction training for new employees • Town Hall meetings • Festival celebration with staff

Sustainability Statement *(continued)*

5. STAKEHOLDER ENGAGEMENT (continued)

Stakeholder	Areas of Interest	Mode of Engagement
Regulatory Bodies	• Regulatory compliance • Labour law • Environmental management and compliance • Occupational Health and Safety	• Naim construction processes are ISO 9001:2015, ISO14001:2015 and ISO45001:2018 accredited • Local authorities conduct regular inspection of Naim's completed properties to ensure compliance with local regulatory requirements • Inspection by internal audit to ensure regulatory compliance
Shareholders & Investors	• Financial Performance • Sustainable income	• Issuance of media releases and Bursa announcements to keep all our shareholders and investors informed of the Group's financial performance and corporate developments • All Bursa announcements and media releases are uploaded to the Group's website
Bankers	• Financial performance and • Property launches • Property sales	• Quarterly release of financial results and yearly audited financial statements in the annual report. • Periodic meetings and discussions with bankers to update the status of the projects and the performance of the Group
Contractors, Suppliers and Service Providers	• Procurement practices • Competence and performance • Payment schedules • Pricing for services • Quality of product or services • Project completion and timely delivery • Health, Safety and Environment ("HSE") compliance	• Regular meetings between management team and contractors, suppliers or service providers • Procurements are conducted in compliance with Group Authority Limits • All contractors, suppliers and service providers are required to declare and comply with the Group's Anti-Bribery & Corruption Policy • Internal and external audits on business practices and risk are conducted yearly
Communities	• Community activities	• Communities residing around Permyjaya benefit from our facilities such as clubhouse, hospital, schools, shopping mall and places of worship such as surau and church • Donations to schools and religious bodies • Community engagement activities

6. NAIM KEY SUSTAINABILITY THEMES FOR YEAR 2021

In view of the COVID-19 pandemic and the global financial crisis, Naim Group has identified the following key sustainability themes for year 2021:

a. Digitalisation of work processes and workplace;
b. Integrating lean and sustainability principles into management processes;
c. Developing and nurturing talent; and
d. Building communities

7. ETHICS AND INTEGRITY

The Anti-Bribery & Corruption Compliance Committee was constantly briefed by the Compliance Officer and also reviewed 2021 operations to safeguard Naim Group from corrupt practices.

In line with Section 17A of the Malaysian Anti-Bribery & Corruption Commission Amendment Act 2018, the Group has also implemented its Anti-Bribery & Corruption Policy ("ABC Policy") and an Anti-Bribery & Corruption Compliance Committee was formed to monitor and report to the Board in relation thereto.

All staff have undergone ABC Policy and the Code briefing conducted by the Group Legal Department.

8. KEY SUSTAINABILITY MATTERS

The following sustainability considerations will continue to be the Group's sustainability commitment for the future:

Green Objectives	Green Strategies/ features	Green impact	Value
Sustainable site development	• Reduce site disturbance and soil erosion during construction • Use of natural drainage systems • Preserve or restore natural site features	• Lesser impact on the environment and/or eco-system • Improved site aesthetics • Greater public support for development	• IImproved marketability of developments • Protected and conserved biodiversity

Sustainability Statement *(continued)*

8. KEY SUSTAINABILITY MATTERS (continued)

Green Objectives	Green Strategies/ features	Green impact	Value
Energy-efficiency	• Use passive solar heating/cooling and natural ventilation • Enhance penetration of daylight to interior spaces to reduce need for artificial lighting • Use energy-management systems, monitoring and controls to continuously calibrate, adjust and maintain energy-related systems • Staff work from home • Virtual meetings through teleconferencing and video conferencing	• Lower capital costs • Occupant Benefit • Lower energy cost • Operational savings (can offset higher capital costs)	• Reduced operating costs, longer life cycle • Reduce carbon footprint
Reduced consumption of building materials	• Eliminate unnecessary finishes and other products • Design for functionality and adaptability	• Lower maintenance costs	• Improved cost management
Efficient use of natural resources	• Use of captured rainwater or water from the nearby river • Reuse and/or recycling of construction leftovers	• Lower water consumption costs • Lower material costs	• Minimise waste • Emails issued to shareholders to download the Company's Annual Report from the Company's website
Digitalisation of work processes	• Digital reporting methods through online submission of reports	• Target to achieve paperless office	• Reduce carbon footprint.
Social consideration	• Construction of affordable home to house the low income group • Township developments integrating residential with commercial, public and social facilities such as education, public transport and hospital	• Improve the standard of living of the low income group • Providing employment to members of the township community	• Improved social conditions and potentially, income of community members, towards building sustainable communities
Supply Chain	• 80% of our suppliers are Malaysian-based entities.	• Lower transportation cost and less impact on environment	• Create job opportunities for the local community • Support the local economy

9. ENVIRONMENT-RELATED CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES

We have a voluntary fire-fighting team to help the authorities fight bush fires at Kuala Baram, Miri, Sarawak, an area that is prone to frequent bush-fires over the last 20 years. The team comprising staff volunteers who have been trained to fight such fires and haves been very active over the years.

The team actively assisted the authorities to fight bushfires at Kuala Baram and helped to patrol the Group's land parcels and surrounding areas in an effort to detect bushfires.

Formed about two decades ago as part of the Group's corporate social responsibility programmes, the team comprises staff volunteers trained in basic fire-fighting and usage of basic fire-fighting equipment to help fight bushfires.

10. CONTRIBUTIONS TOWARDS BETTER COMMUNITIES

At Naim, we believe that our communities define our future. This became the very core of our existence – to make a difference in every life we touch and a force for good within our communities. Ultimately, we seek to strengthen our communities by driving a positive change at all levels thereby creating a better life and future for all.

Our initiatives in 2021 included the following:

a. Rewarding excellent students: Naim Foundation Academic Excellence Awards
January – March 2021 (Sarawak)

Year 2021 saw excellent students from 36 schools in Sarawak being selected as recipients of the Naim Foundation Academic Excellence Awards.

Naim Foundation, the charitable arm of the Group, launched the awards in 2016 with the objective of driving the culture of academic excellence and rewarding well-rounded learners.

Chung Hua Secondary School No3, Kuching

St. Joseph Private School (SJPS) Kuching

10. CONTRIBUTIONS TOWARDS BETTER COMMUNITIES (continued)

c. Ramadhan contributions to mosques and suraus
April 2021 (Kuching, Miri and Bintulu)

As part of its annual donations during Ramadan month in aid of the religious establishments, Naim handed over financial contributions to Masjid Darul Ilmu and Masjid Darul Falah, Kampung Binyu in Kota Samarahan, Masjid Ar' Rayyan and Surau Sinar Islam in Miri and Masjid Al Taqwa in Bintulu.


Kuching

Miri

d. Caring for our workers: 'Naim Cares Food Aid' programme
17 July 2021 (Miri and Bintulu)

Naim commenced distribution of food aid to its construction workers and security guards in Kuching, Bintulu and Miri as part of its 'Naim Cares Food Aid' corporate social responsibility (CSR) programme. The programme was made possible through the Group's corporate responsibility contribution and more than RM4,000 financial contribution from Naim staff.

Under the programme, food baskets would be distributed to more than 200 workers comprising local and foreign workers over a period of one month. The food baskets comprised daily necessities such as rice, cooking oil, canned food and eggs.


Kuching


Miri


Bintulu


Kuching


Miri

e. Donation of RM35,000 to help pandemic victims
14 September 2021 (Kuching)

Naim Foundation donated RM35,000 via a fund-raising drive by the Sarawak Chamber of Bumiputera Entrepreneurs (DUBS) to help underprivileged rural families affected by the COVID-19 pandemic.

10. CONTRIBUTIONS TOWARDS BETTER COMMUNITIES (continued)

f. Naim contributed PPE to Bomba Miri
25 May 2021 (Miri)

Naim handed over Personal Protection Equipment (PPE) to the Bomba of Miri in support of its cause in fighting the pandemic. The PPE included disposable gloves, face masks, face shields, aprons and disposable protective clothing.

11. SUSTAINABILITY AND REGULATORY CONTROLS

We recognise the importance of managing our environmental footprint and at the same time, integrate green features into the design and infrastructure of our developments. We are ISO 9001: 2015, ISO 14001: 2015 and ISO45001:2018 certified.

We put great efforts to complying with regulations to ensure that all the processes and system meets standards in our daily operation. The regulations that we complied with, in reducing our Economic, Environmental and Social ("EES") impacts are as follows:

COMPLIANCE

√ Environmental Quality Act 1974 and its amendments
√ Environmental Quality (Scheduled Wastes) Regulations 2005
√ Environmental Quality (Industrial Effluent) Regulations 2009
√ Environmental Quality (Sewage) Regulations 2009
√ Environmental Quality (Clean Air) Regulations 2014
√ Environmental Quality (Prescribed Activities)(Environmental Impact Assessment) Order 2015
√ Natural Resources & Environment Ordinance 1958 – NREB (Requirements for Sarawak)
√ NREB (Prescribed Activities) Order 1994
√ Wildlife Protection Ordinance 1998
√ The Sarawak Rivers Ordinance 1993
√ Control of Supplies Regulations 1974
√ Factories and Machinery Act 1967
√ Factories and Machinery Act 1967 (Fencing of Machinery and Safety) Regulations 1970
√ Factories and Machinery Act 1967 (Safety, Health and Welfare) Regulations 1970
√ Construction Industry Development Board Malaysia Act 1994
√ Uniform Building By-Laws 1984
√ Fire Services Act 1988 – Act 341
√ Occupational Safety and Health Act 1994
√ Occupational Safety and Health Act 1994 (Safety and Health Committee) Regulations 1996
√ Personal Data Protection Act 2010 Act 709
√ Minimum Wages Order 2016
√ Employment Act 1955
√ Employees Provident Fund Act 1991
√ Employees' Social Security Act 1969
√ Employment Insurance System Act 2017
√ Income Tax Act 1967
√ Labour Ordinance (Sarawak Cap. 76)
√ Industrial Relations Act 1967
√ Minimum Retirement Age Act (order 2016)

Sustainability Statement (continued)

12. QUALITY HEALTH, SAFETY AND ENVIRONMENT ("QHSE")

We strive to promote a safe and healthy work culture.

As part of our commitment to Quality, Health, Safety and Environment (QHSE), our policy along with our integrated management system are periodically reviewed to ensure their relevance, adequacy and effectiveness.

In compliance to legal and other requirements, HSE Committees are established for offices and project sites. It comprises a Chairman, Secretary, representatives of the employer as well as representatives of the employees.

Our project sites are registered with Construction Industry Development Board (CIDB) and Department of Occupational Safety and Health (DOSH). In addition, DOSH does random audits to our sites to ensure compliance.

Naim engages DOSH registered Safety Offices to enforce safety requirements at our project sites. Standard Operating Procedures (SOP) are in place to ensure compliance.

Contagious Disease Prevention

2021 continued to be a challenging year as the country continuously updated the SOPs in order to transition to economic recovery.

The COVID-19 taskforce diligently monitored the SOPs and implemented necessary actions in a timely manner for the Group to ensure minimum disruptions in operations.

Throughout the year, the Group had continuously monitored the implementation of Standard Operating Procedures to meet health, safety and business requirements of National Security Council (NSC), Ministry of International Trade and Industry (MITI) and the State Disaster Management Committee (SDMC) to ensure Business Continuity. Project sites were regularly visited by the State Department of Health, DOSH and CIDB to ensure our we were in compliance with the SOPs.

13. INCULCATION OF QHSE MINDSET AMONG APPOINTED CONTRACTORS AND JV PARTNERS

We engaged our appointed contractors and JV partners regularly to inculcate the QHSE mindset among them and their workers. Various best practices in relation to QHSE were also set out as requirements in our contracts with these contractors.

Toolbox meeting with contractor's workers

14. LOSS TIME INJURY AND LOSS TIME ACCIDENT

We are also pleased to report that we have achieved zero Loss Time Injury (LTI) and Loss Time Accident (LTA) for 2021.

HSE PERFORMANCE & STATISTIC		2021
TOTAL SAFE MANHOURS WORKED TOTAL ACCUMULATIVE MANHOURS WORK WITHOUT LTI TODATE **44,511,513**		3,054,709

SAFETY		Year (2021)
Fatalities	FAT	Nil
Lost Time Incidents	LTI	Nil
Lost Workday Cases	LWC	1
Restricted Workday Cases	RWC	Nil
Medical Treatment Cases (major)	MTC	Nil
First Aid Cases (<4 days MC)	FA	Nil
Total Recordable Cases (sum FAT, LWC, MTC, or RWC)	TRC	Nil
Near Miss Incidents	NM	Nil
Fire Incidents	FI	Nil
Lost Time Injury Frequency Rate	LTIFR	0.327

ENVIRONMENTAL		Year (2020)
Oil/Chemical Spillage	OP	Nil
Substance Incident Case	SIC	NIL
Erosion Case	EC	4

15. ENVIRONMENT

a. Enhancement in construction processes

As part of our efforts to reduce depletion of natural resources, we introduced the usage of system formwork in our construction process for our condominium projects. As these formworks could be recycled, reliance on wood products was reduced.

b. Bush fire Prevention

We continuously monitor our landbanks in Miri that are prone to bush fires on annual basis. In addition to setting up a volunteer fire fighting team, our Miri Team also works closely with the Natural Resources and Environment Board (NREB), Department of Environment (DoE) and the Fire Brigade to combat bush fire.

Naim has also invested in drone monitoring to combat bush fire for better precision and faster reaction time.

16. COMMITMENT TO QUALITY

In line with the Health, Safety and Environment ("QHSE") Policy, Naim made several organisational and quality improvement. This included the creation of Standard Operation Procedures (SOP) and usage of Consultants' services to ensure we delivered quality products and services to our customers.

Our QHSE Management is a coherent system of ISO 9001:2015 Quality Management System, ISO 45001: 2018 Occupational Health & Safety Management System and 14001:2015 Environmental Management System and is certified by the Intertek International (previously known as Moody International).

Besides the above, some of our initiatives to ensure quality were as follows:

- Surprise checks on site
- Schedule site assessments
- Regular engagement sessions with site teams; and
- Enforcement of actions for non-compliance.

17. BUILDING A SUSTAINABLE WORKFORCE OF THE FUTURE

BUILDING VALUES SPIRITEDLY

Our Group's sustainability focus is aimed at creating an equitable and inclusive environment that drives performance, innovation and service excellence through the attraction, retention, and engagement of a talented and diverse workforce, in alignment with our H.I.-C.O.D.E.S. core values.

HI-CODES Poster

17. BUILDING A SUSTAINABLE WORKFORCE OF THE FUTURE (continued)

Training & Development

At Naim, we focus on upgrading and re-skilling our talent pool by nurturing their skills and competencies to achieve the organisation's immediate and long-term aspiration.

Among the key internal and external training programmes attended by our employees in 2021, include:

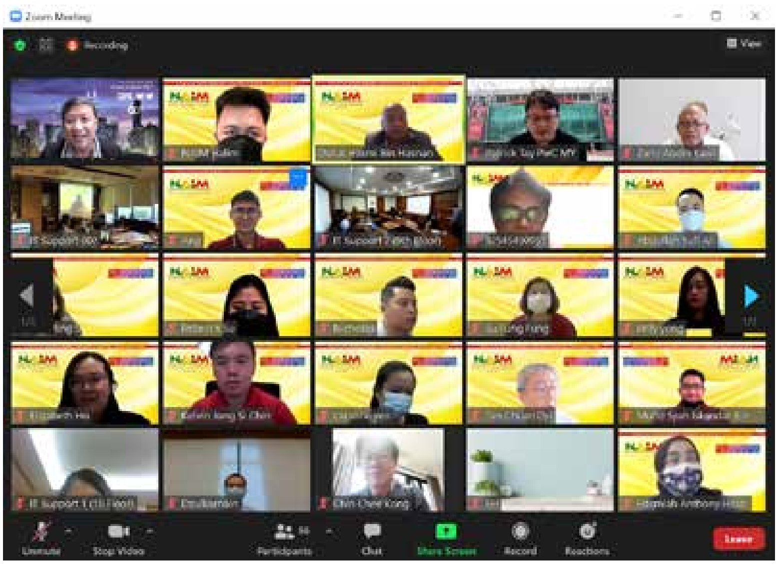
- Pipe Fitter Competency Program
- Primavera P6 Basic
- Fundamental of Project Management
- Internal Audit Report Writing: 8 Key Aspects for Improved Communication, Impact & Assurance
- Effective Purchasing & Negotiation Skills
- Basic First Aid & CPR Training
- Contract & Procurement Fraud
- Autocount Premium Stock Edition
- The Combat of Web Application: Hacker vs. Developer
- Suspension & Termination in Construction Contracts
- Updates on OSH (Noise Regulation) 2019 & ICOP 2019 & Environmental Noise
- The Repercussion of The Recent Federal Court Ruling on LAD for Developers
- MAICSA Annual Conference 2021
- IR Law Conference 2021
- KPMG Tax & Business Summit 2021
- Surveyor's Congress 2021

Due to COVID-19 restrictions since 2020, majority of our training in 2020 - 2021 were conducted/attended virtually or via the hybrid method, and we anticipate this practice to continue in 2022 and beyond.

In 2021, we held our first-ever Naim Virtual Conference, a two-day conference where industry experts and Naim managers from across the regions discuss innovative approaches, new technological concepts and the new "digital mindset" that is required in realising our 2030 Naim Aspiration Plan.

The event was attended by 14 guest speakers from various portfolios, and over 60 participants - ranging from middle to top level management, as well as members of the Company's Board of Directors.

Naim Virtual Conference 2021

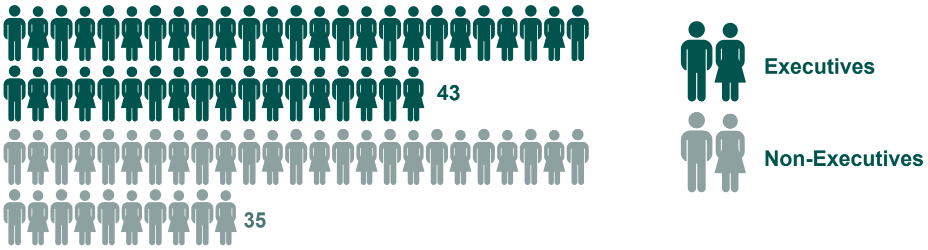


17. BUILDING A SUSTAINABLE WORKFORCE OF THE FUTURE (continued)

Talent Acquisition and Retention

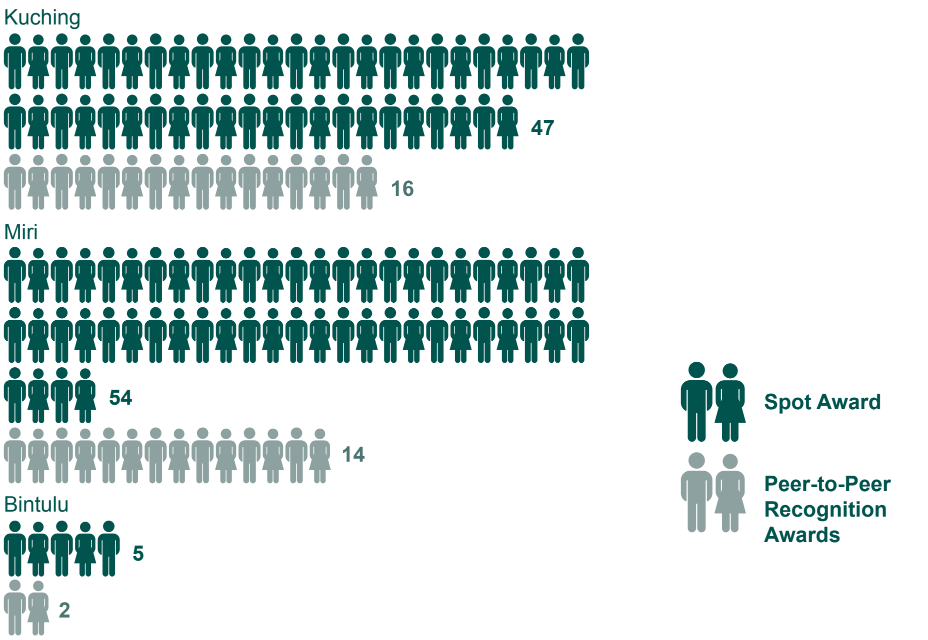
We welcomed a total of 78 new hires in 2021 - 43 executive-level and above, and 35 non-executives.

NEW EMPLOYEE HIRES



In addition to acquiring the best new talents, we also believe in retaining our existing talent pool and developing them to realise their full potential via continuous training and development opportunities. We also conducted various employee recognition programmes such as our monthly SPOT Awards and Peer-to-Peer Recognition Awards.

EMPLOYEE RECOGNITION AWARD RECIPIENTS BASED ON LOCATIONS



The SPOT Award is designed to recognise and reward outstanding individual and/or team efforts, reinforcinge behaviours and values that are important at Naim. We encourage leaders, including Department Heads to submit their nominations in recognition of their own staff.

Similarly, the Peer-to-Peer Recognition Award aims to provide every employee with the opportunity to give and receive recognition, regardless of job title, tenure, or function. Any employee may submit a nomination in recognition of another employee within the Group for this award.

17. BUILDING A SUSTAINABLE WORKFORCE OF THE FUTURE (continued)

Employee Engagement

Employee engagement remains a priority at Naim, as we continue to invest in various activities to improve and measure the level of our employee engagement. These activities include regular town hall meetings, as well as annual employee engagement and internal satisfaction surveys.

In alignment with our aspiration towards digital transformation, all our engagement activities – including town halls and employee surveys were conducted via online platforms.

Workforce and Workplace Diversity

Diversity in the workplace is essential for business sustainability. At Naim, we encourage workplace diversity as it inspires wider range of views, opinions, values, tolerances, respects, innovation enriching every team members.

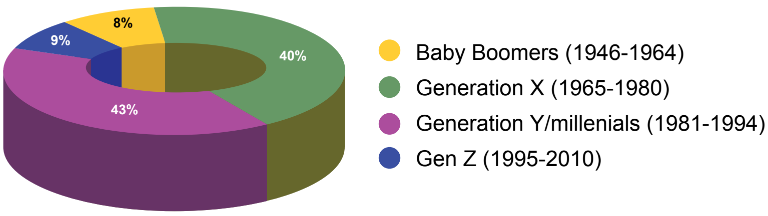
Christmas Gathering at Wisma Naim

17. BUILDING A SUSTAINABLE WORKFORCE OF THE FUTURE
(continued)

The Group's openness to hiring employees from diverse backgrounds, regardless of age, gender, race, religion, nationality and education levels are reflected in our workforce composition below:

Majority of our workforce consists of Gen X's and Gen Y's (i.e., 40% and 43% respectively). Only 9% of our employees are below the age of 27 (Gen Z), with the remaining 9% are 58 years old (Baby Boomers).

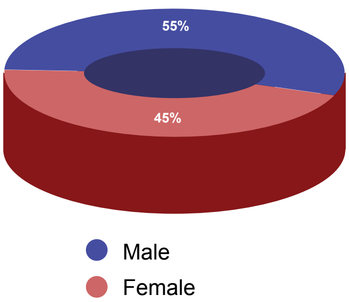
AGE GROUP DISTRIBUTION



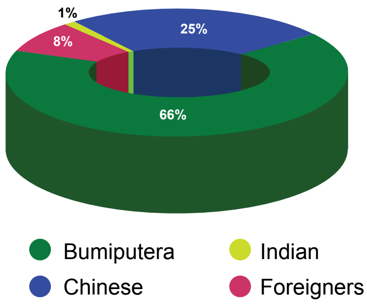
More than half of our workforce are male (55%), whereas female members make up the remaining 45% of the overall total.

The Bumiputera group which consists of Malay, Iban, Bidayuh, and more forms the biggest portion of our diverse workforce (66%), followed by Chinese (25%), foreigners (8%) and finally, a 1% minority of Indians.

GENDER DISTRIBUTION

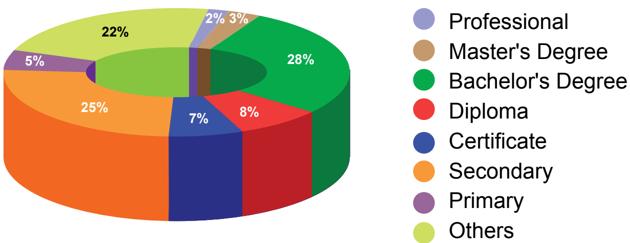


RACE DISTRIBUTION



Almost half of Naim's workforce have completed their post-secondary/tertiary education with majority possessing a bachelor's degree (28%). The second largest group are those who had completed their secondary education (25%), followed by primary education (5%) and others (22%).

EDUCATION LEVEL DISTRIBUTION



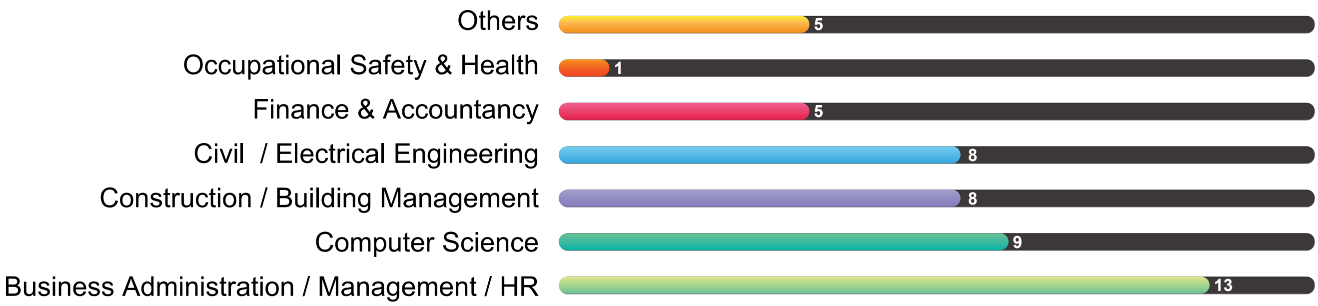
17. BUILDING A SUSTAINABLE WORKFORCE OF THE FUTURE
(continued)

Internships

The Naim Internship Programme offers undergraduates the opportunity to gain direct practical working experience with the Group, with the aim of better preparing the students for the "real work environment" upon graduation.

In 2021, we have provided internship opportunities for a total of 49 interns/practical students from various field of studies and institutions of higher learnings/vocational institutes:

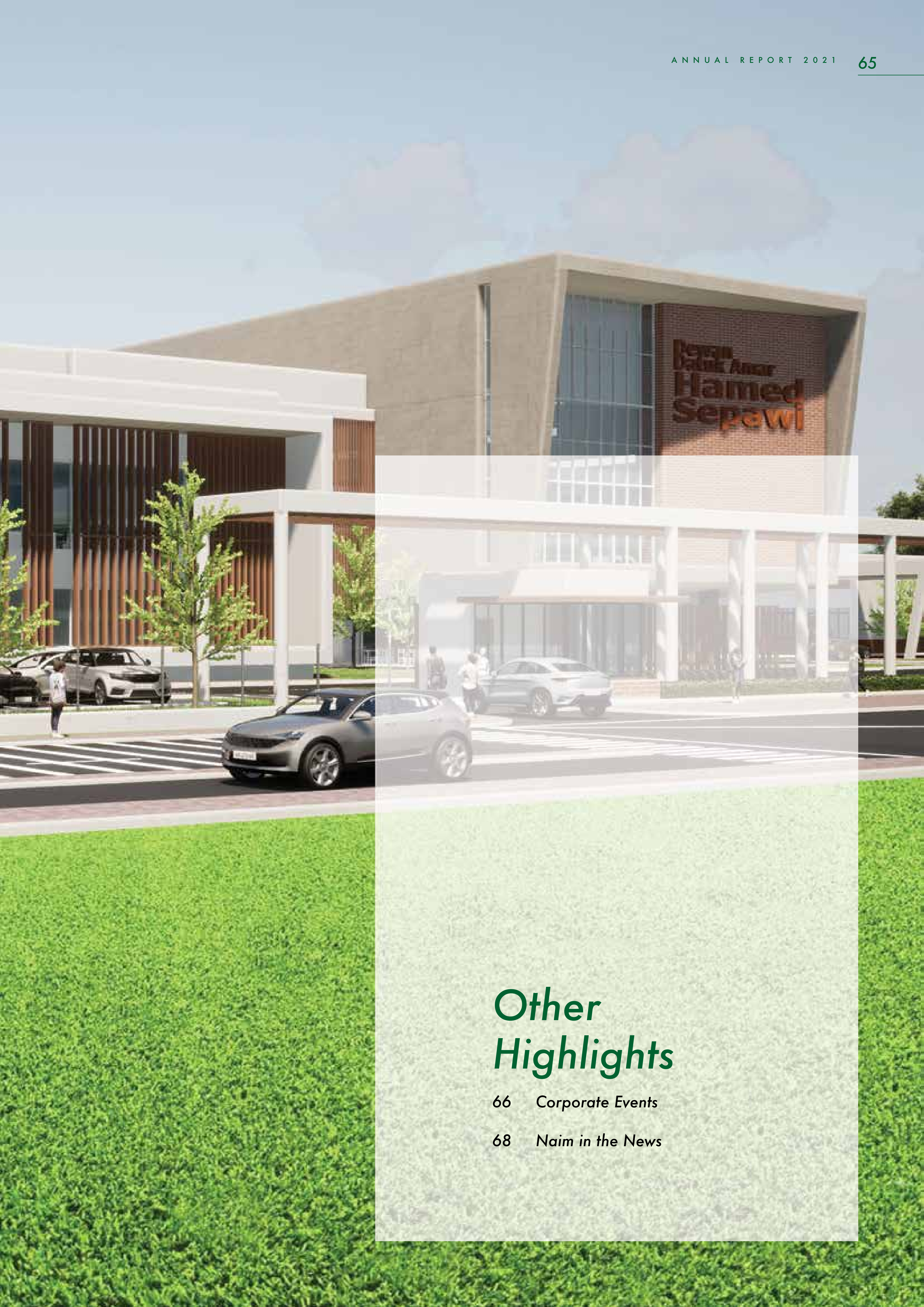
INTERNSHIPS BASED ON AREA OF STUDIES



Internship opportunities are available all year-round and undergraduates may write in and apply at any time.

Artist's Impression Only

PART 4



Other Highlights

Corporate Events

SPNB-NAIM MOU SIGNING CEREMONY (VISTA PERDANA PHASE 3)
24 November 2021 Miri

Naim signed a Memorandum of Understanding (MOU) with Syarikat Perumahan Negara Berhad (SPNB) for the proposed Vista Perdana Phase 3 affordable housing development located at Naim Bandar Baru Permyjaya township in Miri. The proposed development was expected to feature 694 units of affordable housing for the community. The ceremony was witnessed by the then Chief Minister of Sarawak.

UNVEILING OF NEW SRI MAWAR SCHOOL COMPLEX 24 November 2021 Miri

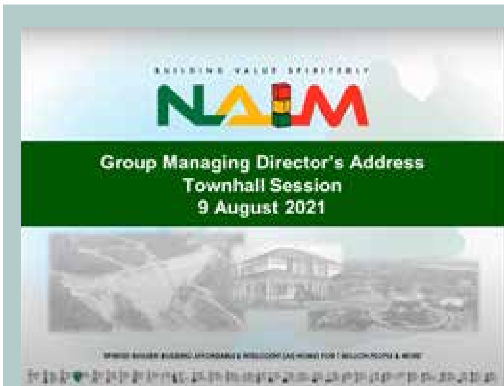
The Sri Mawar schools unveiled its proposed new school complex to be located within Naim SouthLake Permyjaya mixed township in Miri. The proposed new complex was planned as a purpose-built building facility designed based on an integrated school concept. Upon completion, the new complex would house Sri Mawar's branch kindergarten and primary school, and the proposed secondary school, complemented by a host of learning and recreational facilities and services on a 23-acre land.

NAIM TO COLLABORATE WITH LAKMB AND TBS TO DEVELOP A COMMERCIAL HUB IN BINTANGOR

3 December 2021 Bintangor

NAIM entered into a Memorandum of Understanding (MOU) with the Bintangor Malay Charitable Foundation (LAKMB) and Tabung Baitulmal Sarawak (TBS) for a proposed commercial hub development in Bintangor. The proposed development was expected to feature various development components such as shophouses, offices and food court to be developed in phases, on land approved by the Authorities for LAKMB.

The brief ceremony was held at the Al-Taqwa Mosque in Bintangor.



NAIM HOLDS VIRTUAL TOWNHALL

6 May 2021 & 9 August 2021

In line with new norms, Naim organised two townhall sessions virtually as part of its staff engagement initiatives.

NAIM LISTED AMONG NATION'S TOP 30 PROPERTY DEVELOPERS

Sri Mawar private schools to be relocated

collaboration cost houses

Naim's firefighting team on high alert against bushfire

KUCHING: Naim Group of Companies' (Naim) voluntary fire-fighting team is on high alert during the current hot dry weather.

According to its statement yesterday, the team formed about two decades ago as part of the Group's corporate social responsibility has 50 staff who are voluntary firefighters trained in basic fire-fighting with basic fire-fighting equipment to assist authorities.

The team is actively assisting authorities fight bushfires at Kuala Baram besides patrolling the Group's sites and surrounding areas to detect bushfires.

According to Naim's regional general manager for Miri Alice Ting, the Group heeds the advice of authorities to prevent and contain bushfires in Miri particularly Transport Minister Datuk Lee Kim Shin.

"The frequency of patrols is increased during the dry season due to high possibility of such fires. Currently, we conduct three patrols daily.

"Besides patrols, we use drones to monitor the sites. In fact, we are going to purchase a higher-space surveillance drone soon to view what is happening on the ground in real time with more accuracy and response to add value to our operations, especially emergency responses," she revealed.

Ting added that Naim has also constructed fire breakers at its sites to prevent spread of bushfires besides putting up signages to prohibit trespassing and open burning at its sites.

"We will continue to be vigilant and remain committed to helping the authorities address this concern," she added.

Ubah wajah bandar Bintangor

Naim In The News

Abang Johari welcomes Perdana delegation

KUCHING: A Perdana Petroleum Berhad (Perdana) delegation paid a courtesy visit on Chief Minister Datuk Patinggi Abang Johari Tun Openg to discuss how the company could contribute to the growth of the state's oil and the gas sector.

As a major player in the oil and gas sector, Perdana provides offshore marine support services for the upstream oil and gas industry in domestic and regional markets.

The aim of the courtesy call was to provide an overview of Perdana's business operations as well as update the Chief Minister on its current business activities in Sarawak.

The Perdana delegation was led by Perdana's director Datuk Hasmi Hasnan as well as Naim Group of Companies (Naim) chairman Datuk Amar Abdul Hamed Sepawi and Perdana's newly appointed managing director Jamalludin Obeng.

A Sarawakian who hails from Kuching, Jamalludin has 30 years' working experience in the oil and the gas industry. He started his career with Petronas in 1990 and was involved in operations, corporate strategies and business planning, both locally and in Vietnam. He is currently the vice president of Malaysian Oil and Gas Services Council.

ABANG Johari (second left) with (from left) Hasmi, Jamalludin and Hamed during the courtesy visit.

NAIM'S H1 REVENUE JUMPS 45% TO RM143.4 MLN

Ekonomi

YAYASAN NAIM iktiraf kecemerlangan PELAJAR

AFFORDABLE HOUSES FOR SARAWAKIANS

BUSINESS ST

NEW PROPERTY SALES SHARPLY UP

Commercial properties no big risk to financial stability


82%
64%
800
700
600
500
400
300
200
100
JAN FEB MAR APR MAY JUN JUL AUG

PART 5

Corporate Governance

Corporate Governance Overview Statement

***A Note on Terminology:** Naim Holdings Berhad is the ultimate holding company for Naim Land Sdn Bhd, Naim Engineering Sdn. Bhd. and other subsidiary companies, both direct and indirect. As the principles and practices of good corporate governance apply not only to the ultimate holding company but also to all of its subsidiaries, we have chosen to forgo the use of the term "Company" in this statement unless the context requires, and instead emphasise the use of the term "Group", which encompasses all companies operating under the control of Naim Holdings Berhad.*

The Board is pleased to present this Corporate Governance ("CG") Overview Statement ("Statement") to the shareholders and investors with an overview on the application of CG practices of the Group during the financial year 2021. The Corporate Governance Overview Statement sets out the principal features of the Group corporate governance.

This statement is prepared in accordance with Bursa Malaysia Securities Berhad's ("Bursa Securities") Main Market Listing Requirements ("MMLR") and it shall be read together with the Corporate Governance Report ("CG Report") of the Company for the financial year ended 31 December 2021. The CG Report provides the details on how the Company has applied each of the practices as set out in the Malaysian Code of Corporate Governance 2021 ("MCCG"). The CG Report is available on the Company's website: http://www.naim.com.my as well as via an announcement on the website of Bursa Malaysia.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board's Roles and Responsibilities

The Board of Directors is committed in ensuring that the highest standards of corporate governance are practiced throughout the Group as a fundamental part in discharging its responsibilities to protect and enhance shareholders' value and the performance of the Group. The Board believes that adopting and operating in accordance with high standards of corporate governance is essential for sustainable long-term performance and value creation.

The Board, being responsible for the corporate governance practices of the Group, has established a governance framework where specific powers of the Board are delegated to the Board Committees and the Management.

The Board, together with the Management, is committed to promoting good CG culture within the Group which reinforces ethical, prudent and professional behavior.

There is a clear division of roles and responsibilities of the Board and Management. The Board is responsible for the strategic objectives and policies of the Group in addition to the oversight and overall management of the Company.

The roles of the Chairman and the Managing Director are held by different individuals with clear and distinct roles. The division of duties and responsibilities ensures an appropriate balance of roles and responsibilities at the Board level. The Chairman conducts meetings of the Board and shareholders and ensures they are properly briefed at the respective meetings.

The Managing Director and Executive Director, supported by a team of management staff, are responsible for the day-to-day running of the business operations of the Group. Management performance is monitored on a quarterly basis by the Board. The Board conducts quarterly reviews of the performance targets set by the Board against the actual performance achieved to-date and at the same time receives and deliberates on the appropriate action plans to manage the performance of the Group.

The following are the main roles and responsibilities of the Board towards meeting the objectives of the Group:

- Reviews, adopts and monitors the implementation of the Group's strategic plans.
- Reviews and deliberates on the Management's proposals, as well as challenges the Management's views.
- Provides guidance and comment on the market, business and operational initiatives.
- Ensures that the necessary resources are available to achieve the strategic aims and objectives of the Group.
- Together with the Senior Management, promotes good corporate governance culture within the Group reinforcing ethical prudent and professional behaviour.
- Reviews the principal risks and ensures the implementation of appropriate internal control measures to achieve an appropriate balance between risks incurred and returns to stakeholders.

All the Directors act with reasonable care, skill and diligence. They maintain a sound understanding of the business and keep abreast of relevant developments to ensure that they are able to discharge their duties and responsibilities effectively.

The Board Committees are established to assist the Board in the execution of its duties, to allow detailed consideration of complex issues and to ensure diversity of opinions, suggestions and recommendations. Each Board Committee comprises members of the Board of Directors, and is mandated to carry out specified functions, programmes or projects assigned by the Board. Each Committee is given a written charter with specific roles and responsibilities, composition, structure, membership requirements, and the manner in which the Committee is to operate.

The Committees are to ensure effective Board processes, structures and roles. Annual assessments of the performance of the Board, Board Committee and Board of Directors are carried out by the Nominating Committee. All matters determined by the Committees are promptly reported to the Board through their respective Chairpersons as opinions and/or recommendations for Board's endorsement and/or decision.

Membership of each Committee shall be determined by the Board, acting on the recommendation of the Nominating Committee. It is the view of the Board that the size of each Committee and the blend of skills and experience of its members are sufficient to enable the Committee to discharge its responsibilities in accordance with the charter. Members of each Committee are drawn from the Board, based on their respective skills, responsibilities and areas of expertise.

The Nominating Committee conducts a yearly review of the Board Committees. The Chairman of each Committee will develop the agenda for each meeting and will determine the frequency of the meetings.

The Board Charter of the Company documents the governance and structure of the Board, authority, major responsibilities and Terms of References of the Board and Board Committees. The Board Charter can be viewed at the Company's website www.naim.com.my. The website is updated periodically to ensure that it reflects the Group's current corporate governance information.

Board Meetings

The Board meets at least five (5) times annually, with additional meetings being convened as and when necessary.

During the financial year 2021, the Board met five (5) times. All Directors have complied with the minimum fifty per centum (50%) attendance as required under Paragraph 15.05 (3)(c) of the MMLR as follows:

Current Directors	Scheduled meetings	
	Attendance	%
Datuk Amar Abdul Hamed Bin Haji Sepawi Chairman	4/5	80
Datuk Hasmi Bin Hasnan Managing Director	5/5	100
Mr. Beh Boon Ewe Executive Director	5/5	100
Datin Mary Sa'diah Binti Zainuddin Independent Non-Executive Director	5/5	100
Mr. Chin Chee Kong Non-Executive Director	5/5	100
Mr. Tan Chuan Dyi Independent Non-Executive Director	5/5	100
Cik Sulaihah Binti Maimunni Independent Non-Executive Director	5/5	100
Datuk Ahmad Bin Abu Bakar Independent Non-Executive Director	5/5	100
Dato Ir. Abang Jemat Bin Abang Bujang Independent Non-Executive Director (Resigned on 24 June 2021)	3/3	100

Corporate Governance Overview Statement *(continued)*

Directors who are unable to attend Board meetings in person, may attend the meetings via telephone, video conferencing or any other form of electronic or instantaneous communication as permitted by the Company's Constitution. In the past, Directors who intend to participate in the meetings through video conferencing should give prior notice to the Company to arrange for the setting up of the facilities. The COVID-19 has affected our ability to hold board meetings face-to-face, All the board meetings have been online meetings or hybrid models for the past 2 years.

The Board meets at least once every quarter for the purpose of reviewing the Group's past quarterly financial performance against its annual operating plan, budget, future strategy and business plans. On top of the quarterly meetings, the Board holds an additional meeting to approve the annual audited financial statements. These statutory board meetings are scheduled before the end of the preceding financial year, to allow Directors to plan ahead and block meeting dates in advance in their calendar.

All Directors have full, free and unrestricted access to the Senior Management, Accountants, Internal and External Auditors and Company Secretaries.

Board Composition

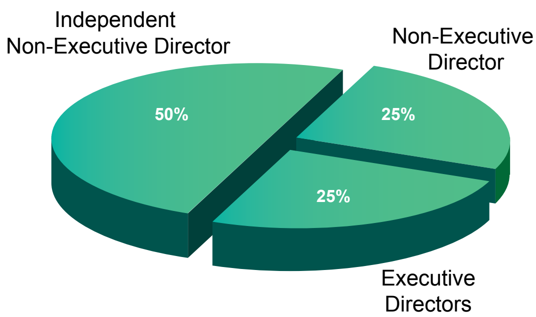
The number of Directors shall be determined by the Board within the limits as prescribed in the Constitution of the Company of not more than fifteen (15), taking into consideration the size and breadth of the business and the need for Board diversity.

During the year, Dato Ir. Abang Jemat Bin Abang Bujang resigned as an Independent Non-Executive Director due to health reasons. Following the resignation of Dato Ir. Abang Jemat Bin Abang Bujang, no new recruitment was made last year, and the number of Directors on the Board was reduced from 9 to 8.

The current Board's composition is as follows:

Category	As at 31 December 2021	
	No. of Directors	%
Executive Director	2	25
Non-Executive Director	2	25
Independent Non-Executive Director	4	50
Total	**8**	**100**

As at 31 December 2021, the Board had eight (8) Board Members of which 25% were Executive Directors, 25% Non-Executive Directors and the balance of 50% Independent Non-Executive Directors.



During the year under review, the composition of the Board complied with the requirements of Practice 5.2 of the MCCG whereby at least half of the Board comprises Independent Directors. In addition thereto, the Company also complied with Paragraph 15.02 which requires at least two (2) directors or 1/3 of the Board to be Independent Directors.

None of the Independent Directors has served a cumulative period of more than 12 years of service.

The members of the Board comprise persons of integrity and calibre from a diverse group of individuals with broad experiences and accomplishments in audit, banking, finance, property, construction, project management, engineering, oil and gas, timber, plantation and energy. The Directors' profiles are set out on pages 20 to 27 of the Annual Report 2021.

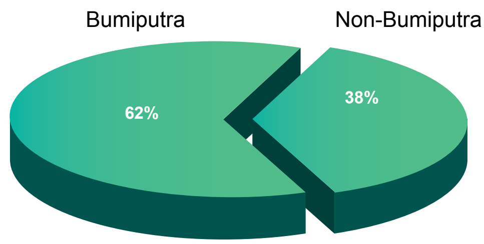
All members of the Board have demonstrated their ability to exercise sound business judgment. The Non-Executive Directors do not participate in the routine operations and they bring unbiased guidance to the Group. They constructively challenge and at the same time contribute to the development of strategies. Being independent of management and free of any business or other relationship, they are therefore able to promote arm's-length oversight and at the same time bring independent thinking, views and judgments to bear in decision making. The Board monitors the independence of each Director on a half yearly basis, in respect of their interests disclosed by them. The segregation of duties between Executive and Non-Executive Directors is to ensure an appropriate balance of role and accountability at the Board level.

Board Diversity

The Board acknowledges the importance of diversity in the Board, including gender, age, ethnicity, experience and skills. Diversity in the Board composition facilitates optimal decision-making by harnessing different insights and perspectives. The current board composition in terms of experience, skills, ethnic, gender and age is as follows:

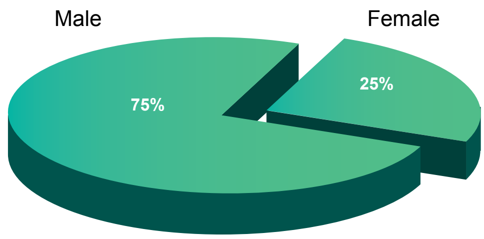
	Experience & Skills											Ethnic		Gender		Age	
	Property	Construction	Timber	Plantation	Energy / Oil & Gas	Audit/Accounting / Finance	Electrical / Telecommunication	Civil Engineering	Banking / Finance	Land & Building Survey	Manaufacturing	Bumiputra	Non-Bumiputra	Male	Female	Below 60	Above 60
Datuk Amar Abdul Hamed Bin Haji Sepawi	√	√	√	√	√							√		√			√
Datuk Hasmi Bin Hasnan	√	√								√		√		√			√
Datin Mary Sa'diah Binti Zainuddin					√							√			√		√
Mr. Chin Chee Kong						√			√				√	√			√
Mr. Tan Chuan Dyi									√		√		√	√		√	
Cik Sulaihah Binti Maimunni		√						√				√			√		√
Datuk Ahmad Bin Abu Bakar	√		√	√	√	√						√		√			√
Mr. Beh Boon Ewe	√	√											√	√			√
Dato Ir. Abang Jemat Bin Abang Bujang (resigned on 24 June 2021)							√					√		√			√

At the end of the year, the Board comprised 62% Bumiputra and 38% Non-Bumiputra. The Board believes that diversity leads to the consideration of all facets of an issue and consequently, better decisions and performance.

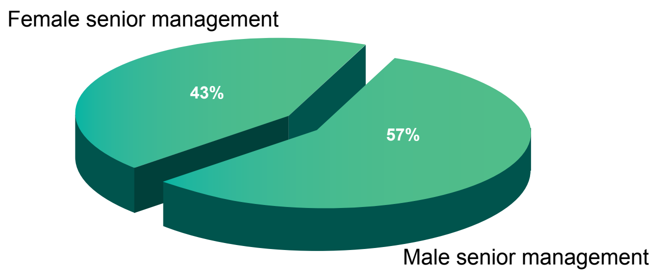


Corporate Governance Overview Statement *(continued)*

As at end of the year, the Board comprised six (6) male directors, representing 75% of the Board, and two (2) female directors, representing 25% of the Board.



At the end of the year, the Senior Management team comprised (4) male senior management staff, representing 57% and three (3) female senior management staff, representing 43% of the team.



Retirement of Directors

All Directors, including the Managing Director, shall retire by rotation once every three years in accordance with Article 85 of the Constitution of the Company. The Directors to retire shall be those longest in service since their last appointment. Retiring Directors may offer themselves for re-election to the Board at the Annual General Meeting.

In addition, any newly appointed Director will submit himself/herself for retirement and re election at the Annual General Meeting immediately following his/her appointment pursuant to Article 92 of the Constitution of the Company. Thereafter he/she shall be subject to the one-third rotation retirement rule.

The Nominating Committee is entrusted to review the retirement of Directors.

Directors' Training

During the year under review, Board members have attended various training programmes and workshops on issues relevant to the Group. The training programmes, conferences and forums attended by the Directors for the financial year ended 31 December 2021 were as follows:

- Work-Play Mental Health Series (Anger Management I)
- Mandatory Accreditation Programme for Directors of Public Listed Companies
- Succession Planning – Briefing to Head of Departments 2021
- Risk Culture Building – The Future of Risk Management
- Intention Integrity: How Smart Companies Can Lead an Ethical Revolution
- Cyber Security Briefing
- KPMG Webinar – Sustainable Finace: Making Better Decisions
- Investment Opportunities in RMB and Prospect of Green Bonds
- Implementing Amendments in the Malaysian Code of Corporate Governance
- JC3 Identifying and Reporting Climate-related Financial Risk Workshop (Climate-related Disclosures)
- JC3 Annual Flagship Conference 2021: Sustainability as a Business Strategy and the Role of Finance
- JC3 Annual Flagship Conference 2021: Sustainability as a Business Strategy for Financial Institutions (Institutional Banking Track)
- JC3 Annual Flagship Conference 2021: Outcomes and Implications for Malaysian Financial Institutions
- JC3 Annual Flagship Conference 2021: Sustainable Finance for the Private Sector
- Exploring Market Developments and Outlook
- A Dialogue with the CEO of IRB
- Asian School of Business "Malaysian Code on Corporate Governance"
- AFA-MIA-CPA Australia "Integrated Reporting – The Asean Experience"
- KPMG "Board and Audit Committee Priorities 2021"
- KPMG "A Dialogue with the CEO of IRB"
- RDS "Corporate Fraud – Looking Beyond the Boardroom"
- Deloitte "Digital Finance – Seeing is Believing"
- The National Recovery Summit
- Anti-Money Laundering/Counter Financing of Terrorism Annual Refresher Training
- KPMG Tax and Business Summit 2021
- KPMG 2021 MFRS Updates Seminar
- GO ESG ASEAN 2021 Virtual Summit
- Naim Virtual Conference 2021
- Securities Commission Malaysia Audit Oversight Board Conversation with Audit Committees
- KPMG: Proposed Special Voluntary Disclosure and Amnesty Program ("VA") Indirect Tax
- Sustainability Management & Reporting
- MIA Webinar Series : ESG Risk Management and Due Diligence

The Directors will continue to attend relevant seminars and trainings from time to time as they consider necessary to equip themselves so that they are able to discharge their duties effectively.

Nominating Committee

The Nominating Committee comprises exclusively Non-Executive Directors, of whom a majority is independent. The Nominating Committee is chaired by a Non-Independent and Non-Executive Director.

The Nominating Committee met once during the financial year under review.

The activities undertaken by the Nominating Committee for the financial year ended 31 December 2021 were as follows:

a. Assessed and evaluated the performance and effectiveness of the Board, Board Committees, self and peer assessment.
b. Assessed the effectiveness of the Board and Board Committees as a whole, on areas such as Board composition, structure, the required mix of skills, experience and other qualities
c. Reviewed the Directors retiring by rotation to be put forward for re-election at the Company's Annual General Meeting.
d. Reviewed the performance and effectiveness of the Audit Committee and its members. The Nominating Committee was of the opinion that the Audit Committee and its members have carried out their duties in accordance with their Terms of Reference.
e. Reviewed the succession planning of the key positions in the Company.

Succession Planning

Succession planning is a process for identifying and developing internal people with the potential to fill key business leadership positions in the Group. Business continuity relies on succession planning.

The succession for various key positions has been planned and lined up in the Group to ensure that suitably qualified talents are groomed so that they are able to take over when the current generation of key staff retire or resign. The Group has put in place a structured succession planning process for key senior management positions.

In the event that there is no suitable candidate with the "right fit" available from the existing pool, an executive search may be launched to identify an appropriate candidate from external source.

Board Effectiveness

The Board effectiveness evaluation questionnaires comprised the Board, Board Committee, Self and Peer Assessment were issued to Board/Committee members in February 2022. The results indicated that the performance of the Board, the Board Committee and individual Directors during the assessment period were satisfactory and they had been effective in the overall discharge of their functions and responsibilities.

Commitment to Integrity
Code of Conduct and Business Ethics

In order to promote and maintain a high ethical standard, the Board has adopted a Code of Conduct and Business Ethics, a standard for acceptable behaviour to all stakeholders in the Group. The Code of Conduct and Ethics covers, amongst others, areas of integrity, core value and culture, accountability, conflicts of interest, confidentiality, anti-corruption and bribery, and insider trading.

Whistleblowing Policy

Naim has also established its Whistleblowing Policy with the objective of providing a mechanism for employees and members of public to report any improper conduct such as suspected wrongdoing, misconduct relating to fraud, corrupt practices and abuse of power for management action. Investigation on whistleblowing cases will be conducted by the Head of Internal Audit and/or the Compliance Officer and the outcome of the investigation is reported to the Audit Committee.

Anti-Bribery and Corruption Policy

In compliance with Section 17A of the Malaysian Anti-Corruption Commission Amendment Act 2018 enforced on 1 June 2020, and Paragraph 15.29 of the Bursa Securities MMLR, the Board has adopted an Anti-Bribery & Corruption Policy ("ABC Policy") on 31 May 2020 and an Anti-Bribery and Corruption Compliance Committee ("ABC Compliance Committee") was established on 25 June 2020. The ABC Policy provides guidance to all employees and associates of Naim Group relating to acts of bribery and corruption.

The Code of Conduct and Business Ethics, Whistleblowing Policy and Anti-Bribery and Corruption Policy are available at the Company's website at www.naim.com.my.

Disclosure of Interests in Contracts/Conflict of Interest

Section 212 of the Companies Act 2016 requires every Director of the Company, who is in any way, whether directly or indirectly, interested in a contract or proposed contract with any entity of the Group, shall, as soon as practicable after the relevant facts have come to his knowledge, declare the nature of his interest at a meeting of the Directors of the Company.

Corporate Governance Overview Statement (continued)

The Directors update the list of companies which they have interests in, on a half yearly basis and accordingly the list of their respective interests are tabled to the Board for notation. In the same document, the Directors also confirm the number of directorships he/she holds in listed entities. None of the Directors holds more than five (5) directorships in listed entities.

In addition to the half yearly confirmation/disclosure, members of the Board are also required to declare or disclose their interest in any transaction involving the Naim Group as and when a potential conflict of interest arises. Where the Directors are deemed as interested and/or having a conflict of interest in a transaction, they would excuse themselves from the discussion and decision and leave the meeting room.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

The Board is responsible for the Group's internal control, the overall purpose of which is to protect shareholders' investments and the Group's assets. The Board is assisted by the Audit Committee in monitoring the Group's internal control system, internal audit process, related party transactions, conflict of interest situations, accounting policies, financial reporting, and overseeing the performance, independence and objectivity of the external auditors and the quality of the audit. The Chairman of the Audit Committee is to inform the Directors during Board meetings of any salient matter noted by the Audit Committee arising from audit findings that may require the Board's attention or direction.

The Audit Committee had on 13 April 2022, assessed the suitability, objectivity, independence and re-appointment of the external auditor, Messrs KPMG. In November 2021, Messrs KPMG had submitted its Transparency Report for the year ended 31 December 2020 to members of the Audit Committee. The Transparency Report contained a comprehensive information on KPMG's Global Code of Conduct, Audit Quality Framework and Enterprise Risk Management process. The Audit Committee also reviewed the adequacy of their experience and resources, their audit engagements and also the provision of non-audit services to the Group. The Audit Committee was satisfied that Messrs KPMG had met the relevant criteria prescribed under Pagaraph 15.21 MMLR and it had recommended the re-appointment of Messrs KPMG for the ensuing financial year.

Having considered the outcome of the assessment of the external auditors by the Audit Committee, the Board approved the recommendation for shareholders' approval to be sought at the forthcoming Annual General Meeting on the re-appointment of Messrs KPMG.

Related party transactions of the Group for the financial year ended 31 December 2021 are disclosed in Note 34 of Page 189 of the Annual Report. Except for those disclosed in the Financial Statements, there were no material contracts of the Group involving Directors' and major shareholders' interest during the financial year under review.

The Audit Committee also reviewed the related party transactions to ensure that the transactions were fair, reasonable, not detrimental to the minority shareholders and were in the best interests of the Group.

The performance of the Audit Committee and each of its members were reviewed annually by the Nominating Committee pursuant to Paragraph 15.20 MMLR and recommendations were submitted to the Board for its endorsement.

The Chairman of the Audit Committee is Mr. Tan Chuan Dyi, an Independent Non-Executive Director and he is not the Chairman of the Board. All members of the Audit Committee are financially literate.

The roles of the Audit Committee are explained in pages 81 to 83 of this Annual Report.

Risk Management and Internal Control Framework

The Board is responsible for the Group's system of risk management and internal control. The Group has a system of risk management and internal control to identify the risks the Group faces in its businesses and put controls in place to counter the risks. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, but not absolute assurance against the occurrence of any material misstatement or loss.

The Group has established policies and framework for the oversight and management of material business risks. The Group Risk Management Department consolidates the Corporate Risk Profile from the respective business units/ divisions/ departments risk registers outlining the risks, controls and risk mitigation plans that the Management has taken in mitigating the risks for submission to the Risk Management Committee on a quarterly basis. The identified high risks areas including risk mitigation plans are reported and deliberated at Board Meetings.

Further information on the Group's risk management and internal framework is made available on the Statement of Risk Management and Internal Control on pages 84 to 85 of this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Stakeholders

The dissemination of timely and accurate information is important for shareholders and investors to enable them to make informed investment decisions. The Company ensures that its communication with shareholders and other stakeholders is timely and transparent. The Company aims to engage with shareholders transparently and regularly in order to build a mutual understanding of respective objectives. The other communication modes include Annual Report, General Meetings, Circulars, quarterly results announcements and corporate disclosures via Bursa LINK, press releases, information on the Company's website and other investor relation activities.

The Company also maintains a website at www.naim.com.my that allows shareholders and investors to gain access to information about the Group as well as to direct their queries and feedback to the Board of Directors/ or Management through the email, investorrelations@naim.com.my posted at the aforesaid website.

The Group abides by the following main principles in its investor relations:

- Thoughtful analysis of our market value relative to estimates of our intrinsic value, that is, the present value of our Group based on a series of future expected net cash flows.
- Ensuring that all information disclosed to our investors is consistent with our strategies, plans and actual performance.
- Providing transparency on our operations and performance.
- Understanding our investor base and their requirements.

Conduct of General Meetings

The Annual/Extraordinary General Meetings have been the main forum for dialogue with shareholders. Ample opportunities are given to shareholders to raise questions and/or seek clarification on the Group's business and performance.

As COVID-19 pandemic continued into year 2021, the Company's Annual General Meeting ("AGM") was convened fully virtual on 24 June 2021. The virtual 19th AGM was conducted by leveraging on technology in accordance with Section 327(1) and (2) of the Companies Act 2016 and Securities Commission Revised Guidance Note on the Conduct of General Meetings for listed issuers issued on 12 January 2021.

All the resolutions put forward at the AGM were voted by poll in accordance with paragraph 8.29A of the MMLR via Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. through its TIIH Online website at https://tiih.online.

Tricor Investor & Issuing House Services Sdn. Bhd. was appointed as the Poll Administrator and Scrutineer Solutions Sdn. Bhd. as Independent Scrutineer to oversee the polling processes at the AGM. All ordinary resolutions were passed by a majority of votes by members present either in person or by proxy.

The external auditors, Messrs KPMG PLT were invited to attend the AGM pursuant to Section 285 Companies Act 2016, to respond to any question which might be raised in respect of the audit of the financial statements.

Answers to the queries raised by shareholders prior to the AGM were shared with shareholders during the meeting and at the same time, the Managing Director addressed live questions posed by shareholders through the query box.

Compliance Statement

The Board has deliberated, reviewed and approved this Statement and is satisfied that the Company has substantially complied and applied the 3 key principles of the MCCG for the financial year ended 31 December 2021.

Details of how the Company has applied the MCCG Principles and complied with the Practices are set out in the Corporate Governance Report 2021 ("CG Report").

Statement of Directors' Responsibility in preparing the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with the Malaysian Financial Reporting Standards, the International Financial Reporting Standards and the requirements of Companies Act 2016 in Malaysia. The Directors are also responsible for such internal controls necessary to enable the preparation of the financial statements that are free from material misstatements, whether due to fraud or error.

The Statement by Directors pursuant to Section 251(2) of the Companies Act 2016 is outlined in page 193 Details of the Company and the Group's financial statements for the year ended 31 December 2021 are set out in page 92 to 199 of the Annual Report.

Corporate Governance Overview Statement *(continued)*

MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP'S BUSINESS OPERATIONS AND PERFORMANCE

The management discussion and analysis of the Group's business operations and performance are addressed in the Letter to Shareholders from page 36 to 43 and Review of Performance and Operations from page 44 to 45.

Additional Compliance Information

1. Utilisation of Proceeds from the Disposal of Land

As at 31 December 2021, the status of the utilisation of proceeds raised from the disposal of land by the Company's wholly-owned subsidiary, Petrochemical Hub Sdn. Bhd. ("PHSB") of RM340 million in the financial year 2020 was as follows:

Purpose	Approved Utilisation RM million	Actual Utilisation as at 31/12/2021 RM million	Expected timeframe for *utilisation* upon receipt of the proceeds RM million
Repayment of bank borrowings	117	117	Within 12 months
Dividends to shareholders	90	90	Within 12 months
Working capital for property development activities	75	75	Within 18 months
Capital investment	15	-	Within 24 months
Estimated expenses in relation to the Disposal	43	43	Within 9 months
Total	**340**	**325**	

2. Audit and Non-Audit Fees

The amount of audit and non-audit fees paid/payable to the external auditors by the Company and the Group in the financial year ended 31 December 2021 were as follows:

Item	Nature of services rendered	Company RM' 000	Group RM'000
A	Audit Fees	80	384
B	Non-Audit Fees	31	239
	Total	**111**	**623**

The non-audit fees comprised the following:

Item	Nature of services rendered	RM'000
a.	Tax fee	168
b.	Other advisory fees	71
	Total	**239**

3. Material Contracts involving interests of Directors/Chief Executive/Major Shareholders

There were no material contracts entered into by the Company or its subsidiaries involving Directors, Chief Executive who is not a Director or Major Shareholders still subsisting at the end of the financial year ended 31 December 2021.

4. Employee Share Scheme - Long Term Incentive Plan ("LTIP")

During the financial year ended 31 December 2021, no grants were issued.

No grants were issued since the LTIP was approved for implementation in May 2015.

Audit Committee Report

Members

The Audit Committee comprises the following:

Mr. Tan Chuan Dyi – Chairman
Independent Non-Executive Director

Datuk Ahmad Bin Abu Bakar – Member
Independent Non-Executive Director (Appointed as member of Audit Committee on 6 August 2021)

Mr. Chin Chee Kong – Member
Non-Independent Non-Executive Director

Dato Ir. Abang Jemat Bin Abang Bujang – Member
Independent Non-Executive Director (Resigned as a Director and ceased to be a member of Audit Committee on 24 June 2021)

The Audit Committee is the Board's primary tool for exercising guardianship of shareholder value and imposing the highest standards of ethical behaviour. It is responsible for assessing risks, overseeing financial reporting, evaluating internal and external audit processes and reviewing conflict of interest situations and related party transactions.

The composition of the Audit Committee is as follows:

Category	No. of Directors	Percentage
Independent Non-Executive Director	2	66.67%
Non-Independent Non-Executive Director	1	33.33%
Total	**3**	**100%**

Two (2) of its members, Mr. Chin Chee Kong and Datuk Ahmad Bin Abu Bakar are members of the Malaysian Institute of Accountants.

The Chairman of the Audit Committee is not the Chairman of the Board.

ATTENDANCE OF MEETINGS

The Audit Committee met seven (7) times during the year 2021 and the details of attendance are as follows:

Audit Committee Members	No. of Meetings	Attendance attended (%)
Mr. Tan Chuan Dyi	7/7	100
Datuk Ahmad Bin Abu Bakar#	3/3	100
Mr. Chin Chee Kong	7/7	100
Dato Ir. Abang Jemat Bin Abang Bujang*	4/4	100

* *Dato Ir. Abang Jemat Bin Abang Bujang resigned w.e.f. 24 June 2021.*
# *Datuk Ahmad Bin Abu Bakar was appointed as member w.e.f. 6 August 2021.*

External auditors, internal auditors and relevant management staff were invited when necessary to attend the Audit Committee meetings to, inter alia, discuss the results of the Group, the internal and external audit findings and financial reporting issues.

The members of the Audit Committee also met twice during the year in independent sessions with the external auditors without the presence of the Management.

The Terms of Reference of the Audit Committee can also be found on the corporate website at www.naim.com.my.

1. SUMMARY OF ACTIVITIES

During the year, the Audit Committee carried out the following activities in the discharge of its functions and duties:

1.1 Financial Reporting

- Reviewed quarterly interim reports and unaudited year-end financial statements before recommending the same for approval by the Board of Directors, focusing on:
  i. changes in or implementation of new or revised major accounting standards,
  ii. significant matters including financial reporting issues and how they were addressed,
  iii. compliance with accounting standards and other legal requirements.
- Reviewed and recommended for Board's approval the annual audited financial statements.
- Reviewed the internal control aspects of the Statement on Risk Management and Internal Control and made recommendations thereon to the Risk Management Committee for its consideration.

Audit Committee Report *(continued)*

1.2 Related Party Transactions

- Reviewed the related party transactions that arose within the Group on a quarterly basis, to ensure that the transactions were fair and reasonable, not detrimental to the minority shareholders and were in the best interest of the Group.

1.3 Internal Audit

- Reviewed and approved the annual audit plan proposed by the Internal Audit Department ("IAD") to ensure the adequacy of scope and coverage over the activities of the Group.
- Reviewed the internal audit reports issued by the IAD on the effectiveness and adequacy of governance, risk management, operational and compliance processes.
- Reviewed the adequacy and effectiveness of agreed corrective actions taken by the Management on audit issues raised.
- Reviewed the effectiveness and adequacy of audit process, resource requirements and assessed the performance of the internal audit team.
- Reviewed and endorsed the changes to the Internal Audit Policies.

1.4 External Audit

- Reviewed and deliberated on the external auditors' presentation of their terms, areas of responsibilities, audit plan and approach, areas of audit emphasis, financial reporting changes and requirements, proposed fee, key accounting and audit judgements, and unadjusted differences identified during the audit.
- Reviewed and deliberated on the external auditors' reports in relation to the statutory audit, major audit findings and the Management's responses arising from the audit.
- Reviewed and assessed the independence and suitability of external auditors pursuant to Paragraph 15.21 Bursa Listing Requirements in the following areas:

  i. Quality of services provided;
  ii. Sufficiency of resources;
  iii. Communication and interaction; and
  iv. Independence, objectivity and scepticism.

- Ensured that the audit engagement and concurring review partners are rotated every seven years, with a three-year cooling-off period before the same partners can again be involved in the audit of the financial statements of the Group and group entities.
- Considered and recommended to the Board for approval, the re-appointment of external auditors, as well as their remuneration.
- Met with external auditors twice, in the absence of the Management.
- Discussed and considered the significant accounting adjustments and auditing issues arising from the interim audit as well as the final audit with the external auditors.

2. INTERNAL AUDIT FUNCTION

The Group is served by an in-house IAD, whose primary function is to assist the Audit Committee in discharging its duties and responsibilities. The IAD reports directly to the Audit Committee on its activities based on the approved annual Internal Audit Plan. The approved plan is designed to cover high risks areas and entities across all levels of operations within the Group, other than associates and joint ventures. The Internal Audit role and responsibilities are defined in the Internal Audit Charter with the mission to provide independent, objective assurance and consulting services to add value and improve the organisation's operations.

Their role is to provide the Audit Committee with independent and objective reports on the adequacy and effectiveness of the system of internal controls and procedures in the operating units within the Group and the extent of compliance with the Group's established policies, procedures and guidelines, and also compliance with applicable laws, regulations, directives and other enforced compliance requirements.

The IAD comprises those who possess tertiary qualifications in the field of Business Administration, Construction Management and Engineering. The Department is made up of a total of 3 internal auditors.

2.1 Authority

To accomplish its primary objectives in examining and evaluating whether the Group's governance, risk and internal control processes are adequate and functioning properly, the internal auditors are authorised to have full, free and unrestricted access to Group's operations, activities, information, functions, records, properties and personnel relevant to the performance of internal audit at any time.

2.2 Independence

The IAD is independent of the activities audited and performs with impartiality and due professional care. The IAD reports directly to the Audit Committee. In addition, the Audit Committee assesses the performance of the Head of Internal Audit.

2.3 Duties and Responsibilities

Each year the IAD develops an audit plan detailing engagements to be conducted during the year and submits the same to the Audit Committee for approval before carrying out the planned assignments. Reports on the internal audit activities are submitted to the Audit Committee every quarter.

Reports submitted include the status and results of the annual audit plan on the activities being reviewed.

Cases of fraud which demand urgent attention, shall be reported to the Audit Committee and the Managing Director immediately upon discovery by the IAD.

2.4 Internal Audit Functions and Activities

The IAD has carried out its activities based on planned audits and special reviews during the year. During the financial year ended 31 December 2021, the internal audit activities carried out included, inter alia, the following:

a. Evaluated the system of internal controls and key operating processes based on the approved annual plan.
b. Evaluated the efficiency of processes, functions and current practices and provided suitable recommendations to relevant risk/process owners.
c. Provided assurance on compliance with statutory requirements, laws, Group policies and guidelines.
d. Evaluated the risk management framework and recommended improvements on the adequacy and effectiveness of management's risk processes.
e. Recommended appropriate controls to overcome deficiencies and enhance operations.
f. Carried out investigations and special reviews at the request of the Audit Committee, the Board of Directors and the Management.

Follow-up audits were also conducted and the status of implementation on the agreed corrective actions were highlighted to the Audit Committee. Such regular monitoring is essential to ensure the integrity and effectiveness of the Group's system of internal control.

A total cost of RM170,678 was incurred by the IAD in respect of the financial year under review.

3. TRAINING

The internal auditors attended the following internal and external training sessions:

Date	Description of Training
23 February 2021	Work-Play Mental Health Series (Anger Management) by Mental Health Association of Sarawak (MHAS)
15-16 March 2021	Sapphire Site Visit conducted in-house
30 August 2021	New eDMS User Briefing (DC) conducted in-house
2 September 2021	New eDMS User Briefing (End Users) conducted in-house
1-2 October 2021	Naim Virtual Conference 2021 conducted in-house
11-12 October 2021	Internal Audit Report Writing "8 Key Aspects for Improved Communication, Impact & Assurance" by Institute of Internal Auditors Malaysia (IIAM)
13-14 October 2021	Contract & Procurement Fraud by Institute of Internal Auditors Malaysia (IIAM)
17 November 2021	New Onboarding Process – Departmental Coordination Meeting conducted in-house

Statement on Risk Management and Internal Control

Introduction

This Statement on Risk Management and Internal Control by the Board of Directors is made pursuant to Bursa Malaysia Listing Requirements about the Group's compliance with the principles and best practices for internal control as provided in the Malaysian Code of Corporate Governance (MCCG 2021).

The Board of Naim believes in good corporate governance and managing the affairs of the Group in accordance with the MCCG 2021. In addition, the Board believes that it is very much the voluntary good behaviour and credibility of the Board which will create a good governance culture for the entire organisation and its business partners.

Responsibility

The Board acknowledges its responsibilities for maintaining a sound system of risk management and internal control to safeguard shareholders' investment and the Group's assets as well as reviewing the adequacy and integrity of the system. In discharge of these responsibilities, the Board has put in place a process at all levels of the organisation to provide reasonable assurance that the Group's business objectives will be achieved. The system covers inter alia financial, operational and compliance system controls, as well as risk management. Due to the limitations that are inherent in any system of risk management and internal control, it is designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss.

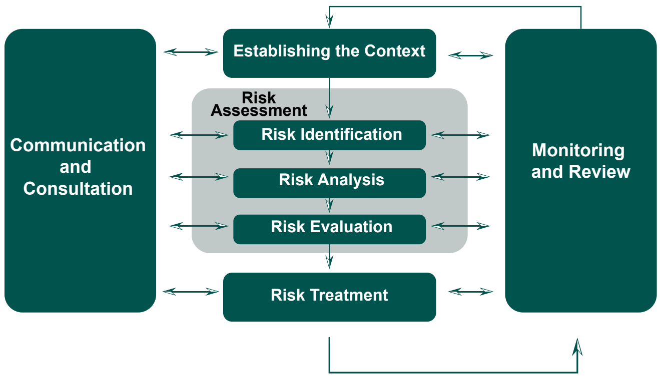
Risk Management Framework

The Board acknowledges that the Group's activities involve certain degree of risks and is committed to ensure that it has an effective risk management framework which allows the Group to identify, evaluate and manage risks that affect the achievement of the Group's business objectives.

The Risk Management Committee is chaired by an Independent Non-Executive Director, and comprises mostly Independent Non-Executive Directors. The Committee is supported by an independent Group Risk Management Department (GRMD) to assist in the coordination of the Group's risk management activities as well as the establishment and communication of the framework, policies, processes and reporting requirements to the business units, and to coordinate Group-wide review of risks and risks profile and to promote risk awareness within the Group.

The Group's Risk Management Framework is continuously improved to ensure its relevance and adaptability to the current environment and business operations. The Group has adopted the risk management framework that is aligned with the principles and guidelines of ISO 31000.

Risk Management Process



Risk Management Process

The management of each business unit in the Group is responsible for the implementation of the approved framework to manage all the possible risks that can affect the achievement of the Group's objectives, by ensuring that effective controls are in place and appropriate risk mitigation plans are carried out. The GRMD facilitates the risk assessment process through dialogues with the key managers from business units, operations and support services units. The result from the risk assessment is reported and deliberated during the Risk Management Committee meeting held on a quarterly basis. The Risk Management Committee, after reviewing the same, escalates them to the Board.

Key Processes of Internal Control

The key processes of Internal Control include the following and will be revised regularly and updated when necessary:

- An organisational structure that lays down clear lines of responsibility and reporting.
- Clear documented and formalised standard operating policies and procedures to ensure compliance with internal controls, relevant laws and regulations, which are subject to regular reviews and improvements, have been communicated to all levels and are easily accessible on the Company's intranet platform. In particular, the Group Procedures and Group Authority Limit (GAL) [previously known as Financial Authority Limit (FAL)] set out the operating control procedures pertaining to finance, accounting, credit control, human resources, procurements and inventory. The control procedures, inter alia, include setting limits for approving expenditure and procurements. These procedures and GAL (previously known as FAL) are updated when necessary.
- Real-time budgetary control, where actual performance is regularly monitored against budgets.
- The Group uses various line-of-business systems and applications to improve operational efficiency and transparency.
- The Employee Handbook, which sets out general employment terms and the Group's corporate code of ethics.

- A management system comprises Quality, Environmental and Occupational, Health and Safety Management System requiring the Management and staff of the Group's principal operating subsidiaries, such as Naim Land Sdn. Bhd. and Naim Engineering Sdn. Bhd. to adhere to a set of well-established standard operating procedures covering all major critical processes to enable the optimal achievement of their business objectives. Surveillance audits are conducted yearly to ensure compliance with the system.
- Establishment of Standard Operating Procedures, guidelines and other health-related management and provision of personal protective equipment (PPEs) to combat contagious diseases such as COVID-19. This is to ensure Business Continuity, meeting the needs of ISO45001 requirements relating to employee health protection and those of local, statutory and legal requirements like Sarawak Disaster Management Committee (SMDC) and Department of Occupational Safety & Health (DOSH).
- A Whistleblowing Policy provides a mechanism for all level of employees and stakeholders of the Group acting in good faith, to disclose any misconduct and to provide protection for employees and members of the public who report such allegations. Such misconducts include but are not limited to fraud, conflict of interest, abuse of power etc.
- In conjunction with the introduction of corporate liability provision under Section 17A of the MACC Act 2009, the Group has in place an Anti-Bribery & Corruption Policy and has adopted a zero-tolerance policy against all forms of bribery and corruption. The policy serves as formal guidance and reference to those working for and/or associated with the Group to deal with, manage and handle bribery and corrupt gratification issues.
- Additionally, the Group's Code of Conduct and Business Ethics sets the standard for how we work together with customers, suppliers, contractors and others in the development and delivery of products and services, and how we protect the value of the Group.
- A performance management system whereby business objectives are clearly defined and targets are set for each employee. Employees' performances are monitored, appraised and rewarded according to the achievement of targets set.
- Training and development programmes are identified and scheduled for employees to acquire the necessary knowledge and competency to meet their performance and job expectation.

The process of risk management and internal control of the Group covers the holding company and its subsidiaries only and does not extend to associates and joint ventures.

Internal Audit

The Group has established a formal structure for its internal audit function that clearly defines the roles and responsibilities of the persons involved in the internal audit. As an integral part of the audit process, key areas of importance pertaining to internal control, risk assessment, risk mitigation and proper governance processes are identified. Focusing its review and audit on these key areas, the internal audit provides independent assurance on the efficiency and effectiveness of the internal control system implemented by the Management. The internal audit function reports to the Audit Committee on at least a quarterly basis, and more frequently where appropriate. The Chairman of the Audit Committee in turn presents summaries of the internal audit reports (including the Management's responses to audit findings and recommendations) at Board meetings.

Assurance to the Board

The Board has received assurance from the Group Managing Director and Group Chief Financial Officer that the Group's risk management and internal controls 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 auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guides ("AAPG") 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 2021, and reported to the Board that nothing has come to their attention that caused them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

a. has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
b. is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and the Management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problem disclosed in the annual report will, in fact, remedy the problem.

This Statement is made in accordance with a resolution of the Board of Directors dated 13 April 2022.

PART 6

Economic Outlook

Economic Outlook

Outlook for Malaysia

International Monetary Fund (IMF)

https://www.imf.org/en/News/Articles/2022/02/11/pr2234-imf-staff-completes-2022-article-iv-mission-with-malaysia#:~:text=Malaysia's%20economy%20is%20set%20for,of%20economic%20policy%20support%20measures.

The Malaysian economy is set to recover gradually from the COVID-19 downturn. The severe Delta outbreak in the middle of 2021 prompted strict nationwide containment measures, which significantly lowered real GDP growth to 3.1 percent. The export-oriented manufacturing sector underpinned growth, while agriculture and contact-intensive sectors remained hard hit. A more severe downturn was averted thanks to the swift, substantial, and multi-pronged pandemic policy response targeted to support affected households and businesses.

"Growth in 2022 is projected at about 5 ¾ percent driven by pent-up domestic demand and continued strong external demand. However, the pandemic crisis is set to leave implications that could linger over the medium to long run. The recovery will likely be uneven, with output remaining well below its potential level. Inflation is projected to stabilise at about 2½ percent despite transitory supply-chain challenges. Downside risks cloud the recovery outlook, notably a possible re-intensification of the pandemic with vaccine-resistant variants.

"In the near term, fiscal policy should continue to be nimble and increasingly targeted, with a focus on further buttressing the recovery, minimising economic scarring, protecting the vulnerable segments of the population, and scaling up productive investments, in line with the authorities' spending priorities.

Bank Negara Malaysia (BNM)
https://www.bnm.gov.my/-/ar2021_en_pr
https://www.bnm.gov.my/-/4q-gdp-2021

Further to BNM statement published on 11 February 2022 , BNM on 30 March highlighted that the Malaysian economy is expected to grow between 5.3% and 6.3% in 2022, underpinned by the reopening of the economy and international borders, better COVID-19 management and higher vaccination rates, less disruption to domestic economic activity, continued expansion in global demand and higher private consumption.

Nevertheless, risk to the outlook for 2022 remain, arising from a weaker-than-expected global growth, worsening supply chain disruptions, and the emergence of severe and vaccine-resistant COVID-19 variants of concern.

The World Bank (as reported in The Edge Markets, 5 April 2022)
https://www.theedgemarkets.com/article/world-bank-cuts-2022-malaysia-gdp-growth-forecast-55-58

The World Bank has lowered its Malaysia gross domestic product (GDP) growth forecast for 2022 to 5.5% from 5.8% previously.

Speaking at the bank's April 2022 East Asia and Pacific virtual media briefing on Tuesday (April 5), World Bank Senior Country Economist, Shakira Teh Sharifuddin said risks to the outlook comprised slower-than-expected global growth risk, worsening supply chain disruptions and emergence of more severe COVID-19 variants.

On a positive note, she also expects the resumption of more economic sectors, including the reopening of borders, to be a major catalyst to boost the local economy's prospects.

"Domestically, in terms of private consumption, it will definitely benefit from the reopening of the economy. We think the recent measures announced by the government, including the Employees Provident Fund (EPF) withdrawal [facility] as well as the announcement of minimum wage hike, would also bring some positive spillovers on private consumption. Indeed, private consumption is expected to be the main driver for growth this year."

"We also expect investments to improve given there is a little bit of clarity, at least domestically, of where things are going to be. Also, externally, we expect the external sector will continue to lend support [to the economy], particularly in the electric and electronic goods and medical and rubber gloves segments," she added.

Outlook for Sarawak

The Borneo Post (13 October 2021)
https://www.theborneopost.com/2021/10/13/cm-sarawaks-economy-to-grow-5-6-pct-in-2022/

Sarawak's economy is expected to grow between five per cent and six per cent next year, says Chief Minister Datuk Patinggi Abang Johari Tun Openg.

Speaking at the special meeting on 2022 State Budget yesterday, he said this year's economic growth is supported by external demand and improvement in domestic economic activities.

"For 2022, the growth is projected to improve to between five per cent and six per cent with the reopening of global economies and domestic businesses under Phase 3 of the National Recovery Plan," he said at the meeting held at Borneo Convention Centre Kuching (BCCK).

Abang Johari also said the state government's continuous efforts in ensuring Sarawakians are fully vaccinated and creating a safer environment for all segments of the population, have stepped up the progress of recovery.

CH Williams Talhar Wong & Yeo (Sarawak Property Bulletin, 2H 2021)
http://www.wtwy.com/files/reports/SPB%202H%202021.pdf

Sarawak's property market for 2021 improved y-o-y but remained soft and challenging for 2021, due to spike in COVID-19 infections for most parts of the year, which has stalled the timing of its recovery phase. The economic re-set which started in Q4 2021 is expected to be slow going into 2022 and subject to hiccups and uncertainty

The market for 2022 is expected to improve following anticipated economic recovery with the loosening of restrictions on businesses and travel as the Country and State progress from pandemic to endemic stage. However, the outlook remains cautiously optimistic for 2022, weighing heavily on the economic resilience and political climate. Another long-drawn lockdown seems unlikely due to the detrimental toil on the economy.

The State government had drawn up a Post COVID-19 Development Strategy 2030 in 2021 to steer Sarawak towards becoming a high-income developed State by 2030.

PART 7

Created by Pressfoto - Freepik.com

Financial Statements

Directors' Report for the Year Ended 31 December 2021

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

Principal activities

The Company is principally engaged in investment holding and the provision of management services to its subsidiaries. There has been no significant change in the nature of these activities during the financial year.

Subsidiaries

The principal activities and other details of the subsidiaries are disclosed in Note 4 to the financial statements.

Results

	Group RM'000	Company RM'000
(Loss)/Profit for the year attributable to:		
Owners of the Company	(78,665)	(20,546)
Non-controlling interests	1,699	-
	(76,966)	(20,546)

Dividend

Since the end of previous financial year, the Company declared an interim single tier dividend of RM0.079 per share totalling RM39,559,000 in respect of the year ended 31 December 2021, which was paid on 6 August 2021.

The Directors do not recommend any final dividend to be paid for the year under review.

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review, except as disclosed in the financial statements.

Directors of the Company

Directors who served during the year and up to the date of this report are:

Datuk Amar Abdul Hamed Bin Haji Sepawi*
Datuk Hasmi Bin Hasnan*
Datin Mary Sa'diah Binti Zainuddin
Datuk Ahmad Bin Abu Bakar
Chin Chee Kong
Tan Chuan Dyi
Sulaihah Binti Maimunni
Beh Boon Ewe*
Dato Ir. Abang Jemat Bin Abang Bujang (resigned on 24.6.2021)

** These Directors are also directors of certain subsidiaries of the Company.*

Directors of the subsidiaries

The following is the list of directors of the subsidiaries (excluding those who are also directors of the Company as mentioned above) in office during the year and up to the date of this report:

Datu Haji Halmi Bin Ikhwan
Dato' Ir. Ha Tiing Tai
Dato' Ubull A/L Din Om
Datu Abang Mohamad Shibli Bin Abg Mohamad Nailie
Datuk Haji Abang Abdul Wahap Bin Haji Abang Julai
Monaliza Binti Zaidel
Lingoh Anak Gara
Nona Zaharia Binti Fadzil
Allan Anak Micheal Rimong
Alexander Manyin
Lau Kiu Huat (alternate to Datu Haji Halmi Bin Ikhwan)
Yap Hon Kong
Chen King Yu (appointed on 16.11.2021)
Hasmiah Binti Anthony Hasbi
Emily Hii San San
Lim Khong Guan
Muhd SyahIskandar Bin Sahmat
Kon Ted Jee
Tuan Haji Abang Mat Ali Bin Abang Masagus (appointed on 9.11.2021)
Wong See Hing (resigned on 13.8.2021)
Ting Pin Sing (resigned on 10.12.2021)
Kelvin Kang Kian Lai (appointed on 17.11.2021 and resigned on 23.12.2021)
Yeo Ling Hui (resigned on 8.4.2022)

Directors' Report for the Year Ended 31 December 2021 *(continued)*

Directors' interests in shares

The interests and deemed interests of the Directors (including where applicable, the interests of their spouses or children who themselves are not directors of the Company), in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) during and at the end of the financial year as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.1.2021	Bought	(Sold)	At 31.12.2021
Direct interests in the Company				
Datuk Amar Abdul Hamed Bin Haji Sepawi	32,553,427	-	-	32,553,427
Datuk Hasmi Bin Hasnan	55,730,768	-	-	55,730,768
Shareholdings in which Datuk Amar Abdul Hamed Bin Haji Sepawi has deemed interests				
The Company	93,507,433	-	(20,000,000)	73,507,433
Desa Ilmu Sdn. Bhd.	8,000,000	-	-	8,000,000
NAIM GAMUDA (NAGA) JV SDN. BHD.	7,000,000	-	-	7,000,000
Peranan Makmur Sdn. Bhd.	7,000,000	-	-	7,000,000
Unique Composite Sdn. Bhd.	400,000	-	-	400,000
Simbol Warisan Sdn. Bhd.	7,500	-	-	7,500
Naim Engineering Construction (Fiji) Limited	999,999	-	-	999,999
Naim Quarry (Fiji) Limited	999,999	-	-	999,999
Naim Premix (Fiji) Limited	999,999	-	-	999,999
Lotus Paradigm Sdn. Bhd.	70	-	-	70
Shareholdings in which Datuk Hasmi Bin Hasnan has deemed interests				
The Company	135,259,244	-	-	135,259,244
Desa Ilmu Sdn. Bhd.	8,000,000	-	-	8,000,000
NAIM GAMUDA (NAGA) JV SDN. BHD.	7,000,000	-	-	7,000,000
Peranan Makmur Sdn. Bhd.	7,000,000	-	-	7,000,000
Unique Composite Sdn. Bhd.	400,000	-	-	400,000
Simbol Warisan Sdn. Bhd.	7,500	-	-	7,500
Naim Engineering Construction (Fiji) Limited	999,999	-	-	999,999
Naim Quarry (Fiji) Limited	999,999	-	-	999,999
Naim Premix (Fiji) Limited	999,999	-	-	999,999
Lotus Paradigm Sdn. Bhd.	70	-	-	70

Datuk Amar Abdul Hamed Bin Haji Sepawi and Datuk Hasmi Bin Hasnan, by virtue of their interests in the ordinary shares of the Company, are deemed interested in the shares of the subsidiaries to the extent the Company has an interest.

The other Directors holding office at 31 December 2021 did not have any interest in the shares of the Company and of its related corporations during and at the end of the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit [other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors (including remuneration received as a full-time employee, where applicable) as shown in the financial statements of the Company and/or of its related corporations disclosed as part of the key management personnel compensation (see Note 26)] by reason of a contract made by the Company or a related corporation with the 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, other than certain Directors who have substantial financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 34 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

There were neither changes in the issued and paid-up capital of the Company, nor issuances of debentures by the Company during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

No shares have been granted during the current year pursuant to the Long Term Incentive Plan, a share scheme which was approved by the shareholders of the Company in May 2015.

Indemnity and insurance costs for Officers and Auditors

a. Directors and officers

The Directors and officers of the Group and of the Company are covered by Directors' and Officers' Liability Insurance ("DOL Insurance") for the purpose of Section 289 of the Companies Act 2016. The total insured limit for the DOL Insurance effected for the Directors and officers of the Group was RM50 million in aggregate.

The insurance premium for the DOL Insurance paid during the financial year amounted to RM57,000.

b. Auditors

Any indemnity given to or insurance effected for the auditors of the Company is to be made to the extent as permitted under Section 289 of the Companies Act 2016. There is no amount of such indemnity given or insurance effected for its auditors during the year.

Directors' Report for the Year Ended 31 December 2021 *(continued)*

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i. all known bad debts have been written off and adequate provision made for doubtful debts, and

ii. any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

i. that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or

ii. that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii. which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv. not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

i. any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii. any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2021 have not been substantially affected by any item, transaction or event of a material and unusual nature, nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 23 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....
Datuk Hasmi Bin Hasnan

....
Chin Chee Kong

Kuching,

Date: 13 April 2022

Statements of Financial Position as at 31 December 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Assets					
Property, plant and equipment	3	124,879	132,892	5,300	4,881
Investment in subsidiaries	4	-	-	315,373	365,173
Investment in associates	5	396,062	475,395	172,358	181,976
Investment in joint ventures	6	1,904	2,412	-	-
Inventories	7	172,242	172,242	-	-
Investment properties	8	76,086	78,152	-	-
Intangible asset	9	794	1,475	-	-
Deferred tax assets	10	2,396	4,433	-	-
Other investments	11	3,028	3,071	-	-
Trade and other receivables	12	46,268	60,463	-	-
Total non-current assets		823,659	930,535	493,031	552,030
Inventories	7	549,053	589,771	-	-
Contract costs	13	4,883	4,938	-	-
Contract assets	13	43,389	39,580	-	-
Trade and other receivables	12	126,996	133,253	105,888	97,988
Deposits and prepayments	14	8,179	6,855	20	21
Current tax recoverable		1,103	1,279	103	-
Cash and cash equivalents	15	290,172	353,313	35,517	15,365
		1,023,775	1,128,989	141,528	113,374
Assets classified as held for sale	16	82	82	-	-
Total current assets		1,023,857	1,129,071	141,528	113,374
Total assets		1,847,516	2,059,606	634,559	665,404
Equity					
Share capital	17	454,802	454,802	454,802	454,802
Reserves	18	776,023	893,932	36,462	96,567
Total equity attributable to owners of the Company		1,230,825	1,348,734	491,264	551,369
Non-controlling interests	4	21,737	15,906	-	-
Total equity		1,252,562	1,364,640	491,264	551,369

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Liabilities					
Loans and borrowings	19	68,459	95,752	388	1,378
Deferred tax liabilities	10	22,097	23,037	-	-
Total non-current liabilities		90,556	118,789	388	1,378
Loans and borrowings	19	200,358	218,117	86,466	99,000
Trade and other payables	20	292,326	324,295	56,441	13,418
Contract liabilities	13	5,566	15,940	-	-
Provisions	21	3,472	3,539	-	-
Current tax payable		2,676	14,286	-	239
Total current liabilities		504,398	576,177	142,907	112,657
Total liabilities		594,954	694,966	143,295	114,035
Total equity and liabilities		1,847,516	2,059,606	634,559	665,404

The notes on pages 109 to 192 are an integral part of these financial statements.

Statements of Profit or Loss and other Comprehensive Income for the Year Ended 31 December 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Revenue	22	422,251	589,295	46,653	122,907
Cost of sales		(380,892)	(437,301)	-	-
Gross profit		41,359	151,994	46,653	122,907
Other operating income		6,482	19,410	161	8
Selling and promotional expenses		(3,909)	(4,746)	-	-
Administrative expenses		(18,993)	(24,268)	(7,024)	(9,009)
Other expenses		(9,057)	(19,681)	(59,618)	(31,789)
Net changes in impairment loss on financial assets and contract assets		(4,011)	(6,658)	-	-
Results from operating activities	23	11,871	116,051	(19,828)	82,117
Other non-operating expense	24	(2,004)	(7,701)	-	-
Finance income	25	9,758	9,422	3,850	3,720
Finance costs	25	(12,151)	(20,928)	(4,880)	(7,322)
Net finance costs		(2,393)	(11,506)	(1,030)	(3,602)
Share of results (net of tax) of equity-accounted:					
- associates	5	(79,619)	3,475	-	-
- joint ventures	6	777	873	-	-
(Loss)/Profit before tax		(71,368)	101,192	(20,858)	78,515
Tax (expense)/income	27	(5,598)	(51,571)	312	(312)
(Loss)/Profit for the year		(76,966)	49,621	(20,546)	78,203

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Other comprehensive (expenses)/income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Change in fair value of equity investments designated at fair value through other comprehensive income ("FVOCI")		(43)	(8)	-	-
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(5)	(46)	-	-
Realisation of reserves to profit or loss arising from deemed disposal of equity interest in an associate		(1,344)	-	-	-
Share of other comprehensive income/(expenses) of equity-accounted associates		7,839	(3,718)	-	-
Total other comprehensive income/(expenses) for the year		6,447	(3,772)	-	-
Total comprehensive (expenses)/income for the year		(70,519)	45,849	(20,546)	78,203
(Loss)/Profit attributable to:					
Owners of the Company		(78,665)	53,537	(20,546)	78,203
Non-controlling interests	4	1,699	(3,916)	-	-
(Loss)/Profit for the year		(76,966)	49,621	(20,546)	78,203
Total comprehensive (expenses)/income attributable to:					
Owners of the Company		(72,218)	49,765	(20,546)	78,203
Non-controlling interests	4	1,699	(3,916)	-	-
Total comprehensive (expenses)/income for the year		(70,519)	45,849	(20,546)	78,203
Basic and diluted (loss)/earnings per ordinary share (sen)	28	(15.71)	10.69		

The notes on pages 109 to 192 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2021

Group	Share capital RM'000	Foreign currency translation reserve RM'000
At 1 January 2020	454,802	9,936
Foreign currency translation differences for foreign operations	-	(46)
Change in fair value of equity investments designated at FVOCI	-	-
Share of other comprehensive expenses of associates	-	(3,718)
Total other comprehensive expenses for the year	-	(3,764)
Profit/(Loss) for the year	-	-
Total comprehensive (expenses)/income for the year	-	(3,764)
Distributions to owners of the Company		
- Dividend paid to owners of the Company (Note 29)	-	-
At 31 December 2020/1 January 2021	454,802	6,172
Foreign currency translation differences for foreign operations	-	(5)
Realisation of reserves to profit or loss arising from deemed disposal of equity interest in an associate	-	(1,344)
Change in fair value of equity investments designated at FVOCI	-	-
Share of other comprehensive income of associates	-	7,839
Total other comprehensive income/(expenses) for the year	-	6,490
(Loss)/Profit for the year	-	-
Total comprehensive income/(expenses) for the year	-	6,490
Changes in ownership interests in a subsidiary [Note 35(ii)]	-	-
Dividend paid to:		
- owners of the Company (Note 29)	-	-
- non-controlling interests	-	-
At 31 December 2021	454,802	12,662
	(Note 17)	(Note 18)

Attributable to owners of the Company					
Non-distributable		*Distributable*			
Treasury shares RM'000	Other reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
(34,748)	174	918,379	1,348,543	19,822	1,368,365
-	-	-	(46)	-	(46)
-	(8)	-	(8)	-	(8)
-	-	-	(3,718)	-	(3,718)
-	(8)	-	(3,772)	-	(3,772)
-	-	53,537	53,537	(3,916)	49,621
-	(8)	53,537	49,765	(3,916)	45,849
-	-	(49,574)	(49,574)	-	(49,574)
(34,748)	166	922,342	1,348,734	15,906	1,364,640
-	-	-	(5)	-	(5)
-	-	-	(1,344)	-	(1,344)
-	(43)	-	(43)	-	(43)
-	-	-	7,839	-	7,839
-	(43)	-	6,447	-	6,447
-	-	(78,665)	(78,665)	1,699	(76,966)
-	(43)	(78,665)	(72,218)	1,699	(70,519)
-	-	(6,132)	(6,132)	6,132	-
					-
-	-	(39,559)	(39,559)	-	(39,559)
-	-	-	-	(2,000)	(2,000)
(34,748)	123	797,986	1,230,825	21,737	1,252,562
(Note 18)	(Note 18)	(Note 18)		(Note 4)	

Statement of Changes in Equity for the Year Ended 31 December 2021

Company	Note	/__Attributable to owners of the Company __/ /__Non-distributable_/ Share capital RM'000	Treasury shares RM'000	Distributable Retained earnings RM'000	Total equity RM'000
At 1 January 2020		454,802	(34,748)	102,686	522,740
Profit and total comprehensive income for the year		-	-	78,203	78,203
Distribution to owners of the Company					
- Dividend paid to owners of the Company	29	-	-	(49,574)	(49,574)
At 31 December 2020/1 January 2021		454,802	(34,748)	131,315	551,369
Loss and total comprehensive expenses for the year		-	-	(20,546)	(20,546)
Distribution to owners of the Company					
- Dividend paid to owners of the Company	29	-	-	(39,559)	(39,559)
At 31 December 2021		454,802	(34,748)	71,210	491,264
		(Note 17)	(Note 18)	(Note 18)	

The notes on pages 109 to 192 are an integral part of these financial statements.

Statements of Cash Flows for the Year Ended 31 December 2021

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Cash flows from operating activities				
(Loss)/Profit before tax	(71,368)	101,192	(20,858)	78,515
Adjustments for:				
Amortisation of:				
- intangible assets (Note 9)	681	680	-	-
- investment properties (Note 8)	2,125	2,125	-	-
Change in fair value of equity investments designated at FVOCI	43	8	-	-
Depreciation of property, plant and equipment (Note 3.3)	9,399	9,038	146	166
Dividend income from:				
- a subsidiary	-	-	(40,000)	(120,000)
- an associate	-	-	(4,206)	-
- other investments	(42)	(249)	-	-
(Gain)/Loss on disposal of:				
- property, plant and equipment (Note 23)	(511)	(4,057)	(1)	-
- assets held for sale (Note 23)	-	(9,729)	-	-
- an associate [Note 36(ii)]	-	(8)	-	(8)
- investment properties	-	66	-	-
- deemed disposal of associates (Notes 24 and 36)	2,004	7,701	-	-
Finance costs (Note 25)	12,151	20,928	4,880	7,322
Finance income (Note 25)	(9,758)	(9,422)	(3,850)	(3,720)
Property, plant and equipment written off (Note 23)	4	32	-	-
Net change in impairment loss on financial assets and contract assets	4,011	6,658	-	-
Impairment loss on other assets:				
- property, plant and equipment (Note 3)	-	3,323	-	-
- intangible asset (Note 9)	-	1,361	-	-
- investment in a subsidiary (Note 4)	-	-	50,000	31,789
- investment in an associate	-	-	9,618	-
Inventories written down	26	554	-	-
Share of results of equity-accounted associates and joint ventures	78,842	(4,348)	-	-
Unrealised foreign exchange (gain)/loss	(159)	(129)	(159)	83
Operating profit/(loss) before changes in working capital	27,448	125,724	(4,430)	(5,853)
Inventories	40,978	219,847	-	-
Contract costs	105	(340)	-	-
Contract assets/liabilities	(16,816)	66,275	-	-
Trade and other receivables, deposits and prepayments	17,586	(20,072)	(5,123)	(41,359)
Trade and other payables	(31,644)	(12,865)	41,830	(34,830)
Provisions	(67)	(75)	-	-
Cash generated from/(used in) operations	37,590	378,494	32,277	(82,042)
Tax paid	(16,181)	(31,332)	(30)	(32)
Net cash from/(used in) operating activities	21,409	347,162	32,247	(82,074)

Statements of Cash Flows for the Year Ended 31 December 2021 *(continued)*

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows from investing activities				
Acquisition of:				
- property, plant and equipment [Note (iii)]	(972)	(1,385)	(89)	(2)
- investment properties (Note 8)	(59)	-	-	-
- a subsidiary [(Note 35(iv)]	-	-	(200)	-
Proceeds from disposal of:				
- property, plant and equipment	512	7,664	1	-
- assets held for sale	-	3,341	-	-
- an associate [Note 36(ii)]	-	15	-	15
Change in pledged deposits	(58)	(176)	(36)	(42)
Dividends received	4,248	249	44,206	120,000
Distribution of profits from a joint venture (Note 6)	1,530	1,020	-	
Interest received	9,922	9,829	1,074	2,112
Net cash from investing activities	15,123	20,557	44,956	122,083
Cash flows from financing activities				
Dividend paid to:				
- owners of the Company (Note 29)	(39,559)	(49,574)	(39,559)	(49,574)
- non-controlling interests	(2,000)	-	-	-
Proceeds from loans and borrowings	55,000	17,242	50,000	10,000
Repayment of loans and borrowings	(100,779)	(186,926)	(64,000)	(63,000)
Repayment of finance lease liabilities	(17)	(10)	-	-
Repayment of hire purchases	(11)	(6)	-	-
Interest paid	(12,524)	(21,808)	(3,687)	(6,509)
Net cash used in financing activities	(99,890)	(241,082)	(57,246)	(109,083)
Net (decrease)/increase in cash and cash equivalents	(63,358)	126,637	19,957	(69,074)
Effect of exchange rate fluctuations on cash held	159	(83)	159	(83)
Cash and cash equivalents at beginning of year	337,950	211,396	12,613	81,770
Cash and cash equivalents at end of year [Note (i)]	274,751	337,950	32,729	12,613

Notes

i. Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Deposits placed with licensed banks with maturities less than three months (excluding deposits pledged)	227,067	289,228	28,047	9,353
Cash in hand and at banks	39,161	45,584	4,682	3,260
Housing Development Accounts	8,523	3,138	-	-
Total cash and cash equivalents as shown in the statements of cash flows (also see Note 15)	274,751	337,950	32,729	12,613

ii. Cash outflows for leases as a lessee

Included in the net cash from operating activities comprise the following payments made for leases as a lessee:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Payment relating to:				
- short-term leases	88	133	234	234
- leases of low-value assets	337	289	4	6
Total cash outflows for leases	425	422	238	240

iii. Property, plant and equipment

During the year, the Group acquired property, plant and equipment in the following manner:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Paid using internal funds	972	1,385	89	2
In the form of hire purchases [Note (iv)]	755	60	476	-
Total (Note 3)	1,727	1,445	565	2

Statements of Cash Flows for the Year Ended 31 December 2021 (continued)

Notes (continued)

iv. Reconciliation of movement of liabilities to cash flows arising from financing activities (see Note 19)

Group	**Term loans RM'000**	**Revolving credits RM'000**	**Finance lease RM'000**	**Hire purchases RM'000**	**Total RM'000**
At 1 January 2020	189,482	294,000	27	-	483,509
Acquisition via hire purchases	-	-	-	60	60
Changes in financing cash flows	(42,684)	(127,000)	(10)	(6)	(169,700)
At 31 December 2020/1 January 2021	146,798	167,000	17	54	313,869
Acquisition via hire purchases	-	-	-	755	755
Changes in financing cash flows	(50,779)	5,000	(17)	(11)	(45,807)
At 31 December 2021	96,019	172,000	-	798	268,817

Company					
At 1 January 2020	48,378	105,000	-	-	153,378
Changes in financing cash flows	(23,000)	(30,000)	-	-	(53,000)
At 31 December 2020/1 January 2021	25,378	75,000	-	-	100,378
Acquisition via hire purchases	-	-	-	476	476
Changes in financing cash flows	(24,000)	10,000	-	-	(14,000)
At 31 December 2021	1,378	85,000	-	476	86,854

The notes on pages 109 to 192 are an integral part of these financial statements.

Notes to the Financial Statements

Naim Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of its registered office is 9th Floor, Wisma Naim, 2 ½ Mile, Rock Road, 93200 Kuching, Sarawak, Malaysia.

The consolidated financial statements as at and for the year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interests in associates and joint ventures. The financial statements of the Company as at and for the year ended 31 December 2021 do not include other entities.

The Company is principally engaged in investment holding and the provision of management services to its subsidiaries while the principal activities of the subsidiaries are as stated in Note 4 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 13 April 2022.

1. Basis of preparation

a. Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs / Amendments	Effective date
Amendment to MFRS 16, *Leases – COVID-19-Related Rent Concessions beyond 30 June 2021*	1 April 2021
Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)*	1 January 2022
Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*	1 January 2022
Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018−2020)*	1 January 2022
Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018−2020)*	1 January 2022
Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*	1 January 2022
Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets − Onerous Contracts − Cost of Fulfilling a Contract*	1 January 2022
Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018−2020)*	1 January 2022
MFRS 17, *Insurance Contracts*	1 January 2023
Amendments to MFRS 17, *Insurance Contracts− Initial application of MFRS 17 and MFRS 9 −Comparative Information*	1 January 2023
Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies*	1 January 2023
Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*	1 January 2023
Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Yet to be confirmed

Notes to the Financial Statements *(continued)*

1. Basis of preparation (continued)

a. Statement of compliance (continued)

The Group and the Company plan to apply the abovementioned accounting standards and amendments:

- from the annual period beginning on 1 January 2022, those amendments that are effective for annual periods beginning on or before 1 January 2022, except for Amendments to MFRS 1 and Amendments to MFRS 141, which are assessed as presently not applicable to the Group and the Company.

- from the annual period beginning on 1 January 2023, the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 and Amendments to MFRS 17 which are assessed as presently not applicable to the Group and the Company.

The initial application of the abovementioned accounting standards and amendments are not expected to have any material financial impacts to the current and prior periods financial statements of the Group and of the Company.

b. Basis of measurement

The financial statements have been prepared on the historical cost basis, other than as disclosed in Note 2.

c. Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

d. Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Although these estimates and judgements are based on the management's best knowledge of current events and actions, actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected thereby.

Key areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements are disclosed in Note 2 and as follows:

- ***Revenue recognition from contracts with customers*** *[also see Note 2(s)(i) and Note 22]*

  Revenue is recognised as and when the control of the assets is transferred to the customers and it is probable that the Group will be entitled to recover the consideration in exchange for transferring the promised assets to the customers. If the amount of consideration varies due to discounts, rebates, penalties, incentives and other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value of the most likely outcome. If the contract with customers contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling price of the assets.

  Timing of control of the assets transferred to customer may be over time or at a point in time, depending on the terms of contract.

  The Group recognises revenue from contracts over time if it creates an asset with no alternative use to the Group and the Group has enforceable right to payment for the performance completed to-date. Revenue is recognised over the period of contract by reference to the progress towards complete satisfaction of performance obligation, which is measured based on the proportion that costs incurred to-date as a percentage of the estimated total costs of contract.

1. Basis of preparation (continued)

d. Use of estimates and judgements (continued)

- ***Revenue recognition from contracts with customers*** *[also see Note 2(s)(i) and Note 22]* (continued)

  For the portion of performance obligations that is not satisfied over time, the revenue is recognised at a point in time at which the customer obtains controls of the promised assets.

  Significant judgement is required in determining the progress towards complete satisfaction of performance obligations, identification of performance obligations to be fulfilled under contract and estimated total costs to complete as well as the recoverability of the contracts. In making such estimations and judgements, the Group relies on, *inter alia*, past experiences and the assessment of its experienced team and experts.

- ***Recognition of deferred tax assets*** *(see Note 10)*

  The Group recognises deferred tax assets to the extent that the temporary deductible differences can be utilised against future taxable profits. The estimation of future taxable profits requires estimation and significant judgement.

- ***Impairment assessment of contract assets and trade receivables*** *[see Note 13.2(c) and Note 31.3(a)]*

  The Group has measured impairment losses of its trade receivables and contract assets based on the risk of loss of each customer individually based on their financial information, historical payment trends and other external available information. This evaluation is however inherently judgemental and requires material estimates, including the amounts and timing of future cash flows expected to be received, which may be susceptible to changes.

- ***Impairment assessment of property, plant and equipment*** *[see Note 3]*

  The Group assesses whether there is any indication that its property, plant and equipment used in the hotel operation may be impaired. The recoverable amount of the property, plant and equipment is determined using discounted cash flows projections. Nevertheless, the estimation is judgemental in determining appropriate key assumptions that may affect the value of estimated recoverable amount, which include level of occupancy rates and room rates to be achieved over a period of time as well as rate of profit returns.

- ***Impairment assessment of investment in subsidiaries and associates*** *[see Notes 4 and 5]*

  At each reporting date, the Company performs assessment whether there is any indication that investment in a subsidiary and/or an associate may be impaired. In determining the estimated recoverable amount of the investments, the Company evaluates the anticipated future performance of the said investee companies and considers other external and internal sources of information that may affect the value of estimated recoverable amount such as anticipated sales and appropriate profit margin which requires substantial level of estimation and judgements.

Notes to the Financial Statements *(continued)*

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

a. Basis of consolidation

i. Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has the rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

ii. Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

Acquisition on or after 1 January 2017

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects 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 at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Acquisition on or before 1 January 2017

When the Group first adopted MFRSs, the Group elected not to restate those business combinations that occurred before the date of transition to MFRSs, i.e. 1 January 2017.

iii. Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

2. **Significant accounting policies** (continued)

a. **Basis of consolidation** (continued)

iv. Acquisitions of entities under common controls

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the acquirees' financial statements without restatement. The components of equity of the acquired entities are added to the same components within Group equity and any resulting gain/loss is recognised directly in equity.

v. Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a financial asset depending on the level of influence retained.

vi. Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over their financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses [unless it is classified as held for sale or distribution]. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments, if any, to align their accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest (including any long-term investments) is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation, or has made, payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of the investment includes transaction costs.

Notes to the Financial Statements (continued)

2. Significant accounting policies (continued)

a. Basis of consolidation (continued)

vii. Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group has rights to the assets and obligations for the liabilities relating to an arrangement. The Group accounts for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.

- A joint arrangement is classified as "joint venture" when the Group has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investments in joint venture are measured in the statement of financial position at cost less any impairment losses unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

viii. Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

ix. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

b. Foreign currency

i. Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rates at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value, which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

2. Significant accounting policies (continued)

b. Foreign currency (continued)

i. Foreign currency transactions (continued)

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising from the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge risk, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

ii. Operations denominated in functional currencies other than Ringgit Malaysia ("RM")

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

c. Financial instruments

i. Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

Notes to the Financial Statements *(continued)*

2. Significant accounting policies (continued)

c. Financial instruments (continued)

ii. Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

a. Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets [see Note 2(n)(i)] where the effective interest rate is applied to the amortised cost.

b. Fair value through other comprehensive income

Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets [see Note 2(n)(i)] where the effective interest rate is applied to the amortised cost.

Equity investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

2. Significant accounting policies (continued)

c. Financial instruments (continued)

ii. Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

c. Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment [see Note 2(n)(i)].

Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

a. Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

a. if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;

b. a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or

c. if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

Notes to the Financial Statements *(continued)*

2. Significant accounting policies (continued)

c. Financial instruments (continued)

ii. Financial instrument categories and subsequent measurement (continued)

Financial liabilities (continued)

b. Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

iii. Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- The amount of the loss allowance; and
- The amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers.*

Liabilities arising from financial guarantees are presented together with other provisions.

iv. Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to:

a. the recognition of an asset to be received and the liability to pay for it on the trade date, and

b. the derecognition of an asset that is sold, the recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:

a. the recognition of an asset on the day it is received by the Group or the Company, and

b. the derecognition of an asset and the recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in fair value of the asset to be received during the period between the trade date and settlement date is accounted in the same way as it accounts for the acquired asset.

2. Significant accounting policies (continued)

c. Financial instruments (continued)

v. Derecognition

A financial asset or a part thereof is derecognised when, and only when, the contractual rights to the cash flows from the financial assets expire or are transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part thereof is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

vi. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

d. Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs [see Note 2(u)].

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and is recognised net within “other operating income” or “administrative expenses” respectively in profit or loss.

Notes to the Financial Statements (continued)

2. Significant accounting policies (continued)

d. Property, plant and equipment (continued)

ii. Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

iii. Depreciation

Depreciation is based on the cost of an asset less its residual value, if any. Significant component of individual assets is assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Assets under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives of assets for the current and comparative periods are as follows:

Leasehold land (right-of-use asset)	over remaining lease terms of 49 years to 99 years
Buildings	5, 10 and 50 years
Hotel property	50 years
Furniture and fittings	6 to 10 years
Motor vehicles	5 years
Office and factory equipment	2 to 10 years
Plant and machinery	5 years and over quarry licence period
Jetty and wharf	over quarry licence period

Depreciation methods, useful lives and residual values are reviewed and adjusted as appropriate at the end of the reporting period.

e. Leases

i. Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

2. Significant accounting policies (continued)

e. Leases (continued)

i. Definition of a lease (continued)

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

ii. Recognition and initial measurement

a. As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Leasehold land, being a right-to-use asset held under a lease contract, is classified under different category of assets namely property, plant and equipment, investment property or as inventories, depending on its nature of use.

Notes to the Financial Statements (continued)

2. Significant accounting policies (continued)

e. Leases (continued)

ii. Recognition and initial measurement (continued)

b. As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

iii. Subsequent measurement

a. As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

b. As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

f. Intangible assets

i. Goodwill

Goodwill with an indefinite useful life arising from business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates and joint ventures.

2. Significant accounting policies (continued)

f. Intangible assets (continued)

ii. Other intangible asset

This comprises a stone quarry licence which has finite useful life. It is stated at cost less accumulated amortisation and accumulated impairment losses, if any.

iii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally-generated goodwill, is recognised in profit or loss as incurred.

iv. Amortisation

Goodwill with indefinite useful life are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets, with finite useful lives, are based on the cost of an asset less any residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

Stone quarry licence is amortised over the term of licence.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, as appropriate.

g. Investment properties

Investment properties are properties which are owned or right-to-use assets held under a lease contract to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administration purposes. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

i. Recognition and measurement

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Investment properties comprising property interests held under an operating lease are stated at fair value.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for its intended use and borrowing costs as capitalised in accordance with the accounting policy on borrowing costs [see Note 2(u)]. Right-of-use asset held under a lease contract that meets the definition of investment properties is also measured similarly as other right-of-use assets.

An investment property is derecognised on disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

Notes to the Financial Statements *(continued)*

2. Significant accounting policies (continued)

g. Investment properties (continued)

ii. Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of depreciable investment property. Buildings under construction are not depreciated until the assets are ready for their intended use. The estimated useful lives for the current and comparative periods are as follows:

Leasehold land (right-of-use asset)	over remaining lease terms of 60, 85 and 98 years
Buildings	10 and 50 years

iii. Reclassification to/from investment property

When an item of property, plant and equipment or inventories is transferred to investment property or vice versa following a change in its use, the transfer do not change the carrying amount of the property transferred. No remeasurement of cost of property is required, as permitted under paragraph 59 of MFRS 140, *Investment Property.*

h. Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories of the Group comprise the following:

i. Land held for property development

This comprise land or such portions thereof on which no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle of 2 to 3 years. Such land is classified as non-current portion of inventory.

When development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle, such land is transferred and included as part of property development costs (i.e. current portion of inventory).

Cost of land includes expenditure that are directly attributable to the acquisition of the land and any other costs directly attributable to bringing the land to working condition for its intended use.

ii. Property development costs

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Property development costs are initially measured at cost and subsequently recognised as an expense to profit or loss when the control of the inventory is transferred to the customer, either over time or at a point in time.

2. Significant accounting policies (continued)

h. Inventories (continued)

ii. Property development costs (continued)

When the development activities are completed, the associated property development costs for the unsold property is reclassified as completed development properties held for sale.

iii. Completed development properties held for sale

Cost of completed development properties consists of costs associated with the acquisition of land, direct costs and appropriate proportions of common costs attributable to developing the properties to completion.

iv. Other inventories

Raw materials, consumables and manufactured/trading inventories (comprising building and construction materials) are measured based on the weighted average cost method.

i. Receivables

Trade and other receivables are categorised and measured as amortised costs in accordance with Note 2(c).

j. Contract costs

Contract costs comprise the following:

i. Incremental cost of obtaining a contract

The Group recognises incremental costs of obtaining contracts when the Group expects to recover these costs.

ii. Costs to fulfil a contract

The Group recognises a contract cost that relate directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group, will be used in satisfying performance obligations in the future and it is expected to be recovered.

These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates.

An impairment loss is recognised in the profit and loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised has there been no impairment loss recognised previously.

2. Significant accounting policies (continued)

k. Contract asset/Contract liability

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance with the accounting policy on impairment of financial assets [see Note 2(n)(i)].

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

l. Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities that are expected to be recovered primarily through sale or distribution to owners rather than through continuing use, are classified as held for sale.

Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal groups are measured at the lower of their carrying amount and fair value less costs of disposal.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on *pro rata* basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification of non-current assets or disposal groups as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets, property, plant and equipment or investment properties once classified as held for sale are not amortised or depreciated. In addition, equity accounting of equity-accounted associates and joint ventures ceases once classified as held for sale.

m. Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short-term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

Cash and cash equivalents are categorised and measured as amortised costs in accordance with Note 2(c).

2. Significant accounting policies (continued)

n. Impairment

i. Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost and contract assets. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balances and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised costs and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedures for the recovery of the amounts due therefrom.

Notes to the Financial Statements *(continued)*

2. Significant accounting policies (continued)

n. Impairment (continued)

ii. Other assets

The carrying amounts of other assets [except for inventories, contract assets, deferred tax assets, assets arising from employee benefits and non-current assets (or disposal groups) classified as held for sale] are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill with indefinite useful lives, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purpose. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows 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 or the cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or a group of cash-generating units) and then to reduce the carrying amount of the other assets in the cash-generating unit (or a group of cash-generating units) on a *pro rata basis*.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

o. Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not re-measured subsequently.

i. Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

2. Significant accounting policies (continued)

o. Equity instruments (continued)

ii. Ordinary shares

Ordinary shares are classified as equity.

iii. Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

Where treasury shares are sold or reissued subsequently, the differences between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

p. Employee benefits

i. Short-term employee benefits

Short-term employee benefits obligations in respect of salaries and annual bonuses are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group or the Company has a present legal or constructive obligation to pay this amount as a result of past services provided by the employees and the obligation can be estimated reliably.

ii. State plans

Contributions to statutory pension funds are charged to profit or loss in the year to which they relate.

q. Payables

Trade and other payables are categorised and measured as amortised costs in accordance with Note 2(c).

r. Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

s. Revenue and other income

i. Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to the customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it satisfies a performance obligation and transfers a promised good or service to customer, i.e. when the customer obtains control of the goods or services.

A performance obligation under the contract may be satisfied at a point in time or over time, depending on the timing when the performance is performed and the controls of goods or services are passed to customers.

Notes to the Financial Statements *(continued)*

2. Significant accounting policies (continued)

s. Revenue and other income (continued)

i. Revenue from contracts with customers (continued)

The Group or the Company transfers control of a good or service at a point in time unless one of the following over time criteria is met:

a. the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;

b. the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

c. the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

<u>Sales of land and properties</u>

Revenue from sales of land and properties (comprising landed properties, condominiums and apartments as well as vacant land lots) is recognised as and when the controls of the properties is transferred to customer, either over time or at a point in time.

Controls of the assets are transferred over time when the Group is restricted contractually from directing the properties for alternative use as they are being developed and has an enforceable right to payment for performance completed to-date. Revenue is recognised over the contract period based on the progress towards completion of that performance obligation by using cost incurred method. Otherwise, the revenue is recognised at a point in time when the customer obtains control of the properties.

Revenue from sales of properties are measured at the fixed transaction prices under sale contract. The contracts may sometime include multiple promises to customers and therefore accounted for as separate performance obligations. The total consideration in a sale contract is allocated to all identified distinct performance obligations based on their relative stand-alone selling prices. When there is not directly observable price, the Group applies expected cost plus margin to derive stand-along selling price.

<u>Construction contracts</u>

Construction revenue is recognised over time when a contract customer controls all of the works in progress as construction works take place. When the different elements of the construction contracts are not highly inter-related with, or dependent on, other contracting activities, the Group segregates each performance obligation for individual contract revenue recognition.

When one of the performance obligations in the construction contract is to arrange for the provision of goods or services by another party, the Group recognises such revenue on a net basis, in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the other party to provide its goods or services.

<u>Sales of goods</u>

Revenue is recognised at a point in time when the goods are delivered and accepted by customers.

2. Significant accounting policies (continued)

s. Revenue and other income (continued)

i. Revenue from contracts with customers (continued)

Hotel room rental and other related revenue from hotel operation

Hotel room revenue is recognised in profit or loss over time during the period of stay by hotel guests. Revenue from food and beverage and other ancillary services are recognised at a point in time at which customers receive and consume the goods and services.

Services rendered

Revenue (comprising management fee income and property maintenance services) is recognised at a point in time when the services are rendered, at a rate as agreed with customer.

ii. Other income

The following is description of principal activities from which the Group and the Company generate other revenue:

i. Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

ii. Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Rental income from sub-leased property, if any, is recognised as other income.

iii. Interest income

Interest income is recognised as it accrues, using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of financing a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs [see Note 2(u)].

t. Government grant

Upon the fulfilment of conditions associated with a government grant (being the reimbursement of development cost incurred) for a mixed development project, the Group recognised the grant initially as reduction in cost of developed properties and systematically realised to profit or loss when the developed properties under the said project are sold.

u. Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

Notes to the Financial Statements *(continued)*

2. Significant accounting policies (continued)

u. Borrowing costs (continued)

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation, if any.

v. Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

w. Earnings per ordinary share

The Group presents basic and diluted earnings per share (“EPS”) data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares that are issued by the Company and/or its subsidiaries, associates and joint ventures.

2. Significant accounting policies (continued)

x. Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

y. Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

z. Fair value measurements

Fair value of an asset or a liability, except for share-based payments and lease transactions, is determined as 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 measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement 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.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the assets or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

Notes to the Financial Statements *(continued)*

3. Property, plant and equipment

Group	Freehold land RM'000	(Right-of-use assets) Leasehold land RM'000	Buildings RM'000
Cost			
At 1 January 2020	747	7,351	57,432
Additions	-	-	-
Disposals/Write-offs	-	(412)	(3,332)
Adjustment*	-	-	-
At 31 December 2020/1 January 2021	747	6,939	54,100
Additions	-	-	-
Disposals/Write-offs	-	-	-
Reclassification	-	-	-
At 31 December 2021	747	6,939	54,100
Depreciation and impairment loss			
At 1 January 2020			
- Accumulated depreciation	-	1,283	11,961
Depreciation for the year (Note 3.3)	-	79	1,428
Impairment loss (Note 3.6)	-	-	-
Disposals/Write-offs	-	(9)	(183)
At 31 December 2020/1 January 2021			
- Accumulated depreciation	-	1,353	13,206
- Accumulated impairment loss	-	-	-
	-	1,353	13,206
Depreciation for the year (Note 3.3)	-	77	1,366
Disposals/Write-offs	-	-	-
At 31 December 2021			
- Accumulated depreciation	-	1,430	14,572
- Accumulated impairment loss	-	-	-
	-	1,430	14,572
Carrying amounts			
At 31 December 2020	747	5,586	40,894
At 31 December 2021	747	5,509	39,528
		(Note 3.4)	

* *Adjustment related to over accrual of estimated cost to completion for certain hotel assets in prior years.*

Hotel property RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office and factory equipment RM'000	Plant and machinery RM'000	Jetty and wharf RM'000	Assets under construction RM'000	Total RM'000
47,784	43,010	14,421	27,422	49,057	1,952	-	249,176
78	843	98	229	197	-	-	1,445
-	(396)	(1,887)	(223)	(3,678)	-	-	(9,928)
(2,451)	(119)	-	-	(1,539)	-	-	(4,109)
45,411	43,338	12,632	27,428	44,037	1,952	-	236,584
71	86	878	473	29	-	190	1,727
-	(64)	(2,342)	(682)	(6,309)	-	-	(9,397)
(475)	284	-	(3)	194	-	-	-
45,007	43,644	11,168	27,216	37,951	1,952	190	228,914
10	13,293	14,124	21,161	33,342	1,952	-	97,126
911	4,278	213	1,427	1,196	-	-	9,532
3,323	-	-	-	-	-	-	3,323
-	(321)	(1,887)	(211)	(3,678)	-	-	(6,289)
921	17,250	12,450	22,377	30,860	1,952	-	100,369
3,323	-	-	-	-	-	-	3,323
4,244	17,250	12,450	22,377	30,860	1,952	-	103,692
898	4,069	134	1,164	2,027	-	-	9,735
-	(64)	(2,342)	(677)	(6,309)	-	-	(9,392)
1,819	21,255	10,242	22,864	26,578	1,952	-	100,712
3,323	-	-	-	-	-	-	3,323
5,142	21,255	10,242	22,864	26,578	1,952	-	104,035
41,167	26,088	182	5,051	13,177	-	-	132,892
39,865	22,389	926	4,352	11,373	-	190	124,879

Notes to the Financial Statements *(continued)*

3. Property, plant and equipment (continued)

Company	Buildings RM'000	Furniture and fittings RM'000	Office equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost					
At 1 January 2020	5,952	1,123	366	-	7,441
Additions	-	-	2	-	2
At 31 December 2020/1 January 2021	5,952	1,123	368	-	7,443
Additions	-	-	5	560	565
Disposals/Write-offs	-	-	(51)	-	(51)
At 31 December 2021	5,952	1,123	322	560	7,957
Depreciation					
At 1 January 2020	972	1,069	355	-	2,396
Depreciation for the year (Note 3.3)	119	40	7	-	166
At 31 December 2020/1 January 2021	1,091	1,109	362	-	2,562
Depreciation for the year (Note 3.3)	119	13	5	9	146
Disposals/Write-offs	-	-	(51)	-	(51)
At 31 December 2021	1,210	1,122	316	9	2,657
Carrying amounts					
At 31 December 2020	4,861	14	6	-	4,881
At 31 December 2021	4,742	1	6	551	5,300

3. Property, plant and equipment (continued)

3.1 Titles to properties

Strata titles of certain buildings have yet to be issued by the relevant authority, analysed as follows:

	Group	
	2021 RM'000	2020 RM'000
Carrying amount		
Hotel property	39,865	41,167

3.2 Motor vehicle under finance lease/hire purchases

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Carrying amount of leased assets				
- Finance lease	-	5	-	-
- Hire purchases	917	82	551	-
	917	87	551	-

3.3 Allocation of depreciation

Depreciation for the year is allocated as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Recognised in profit or loss (Note 23)	9,399	9,038	146	166
Capitalised in:				
- contract costs	50	84	-	-
- inventory under property development costs	286	410	-	-
	9,735	9,532	146	166

3. Property, plant and equipment (continued)

3.4 Leasehold land (Right-of-use)

	(Right-of-use assets) Leasehold land (unexpired lease term more than 50 years) RM'000	(unexpired lease term less than 50 years) RM'000	Total RM'000
Cost			
At 1 January 2020	5,991	1,360	7,351
Disposals/Write-offs	-	(412)	(412)
At 31 December 2020/1 January 2021 and 31 December 2021	5,991	948	6,939
Depreciation			
At 1 January 2020	928	355	1,283
Depreciation for the year	58	21	79
Disposals/Write-offs	-	(9)	(9)
At 31 December 2020/ 1 January 2021	986	367	1,353
Depreciation for the year	59	18	77
At 31 December 2021	1,045	385	1,430
Carrying amount			
At 31 December 2020	5,005	581	5,586
At 31 December 2021	4,946	563	5,509

3.5 Assets charged to banks as security for borrowings (see also Note 19.1)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Right of use assets – Leasehold land	740	748	-	-
Hotel property	39,865	41,167	-	-
Motor vehicles	917	87	551	-
	41,522	42,002	551	-

3. Property, plant and equipment (continued)

3.6 Impairment loss

Following unprecedented disruptions to the hotel business with declined performance due to various national lockdowns and travel restrictions arising from the COVID-19 pandemic, the Group tested its hotel property for impairment and recognised an impairment loss of RM3,323,000 to profit or loss with respect to the hotel property in the last financial year ended 31 December 2020 (see Note 23).

The recoverable amount of the hotel property was estimated based on its value in use by reference to the discounted cash flow projections over the remaining useful life of 49 years. The estimation of value in use was determined using a pre-tax discount rate of 8%. Other key assumptions used in the estimation include average room rate, occupancy rate, food and beverages revenue and appropriate rate of profit return.

During the current year under review, following the continuing effect of the COVID-19 pandemic, the Group re-evaluated the recoverable amount of the hotel property based on the same basis applied thereto and concluded that neither further impairment loss is necessary nor any reversal of impairment loss previously made is required.

4. Investment in subsidiaries

	Company	
	2021	**2020**
	RM'000	**RM'000**
Cost of investment		
Unquoted shares, at cost	397,162	396,962
Less: Impairment loss (Note 23)	(81,789)	(31,789)
	315,373	365,173

Impairment loss

During the current financial year, an impairment loss of RM50,000,000 (2020: RM31,789,000) is recognised as other expenses in profit or loss against the carrying amount of the investment in a subsidiary based on the estimated recoverable amount of RM25,211,000 of the said investment. The recoverable amount is based on the estimated value in use with reference to the anticipated future performance of the said subsidiary. Key assumptions used in the estimation include projected revenue from secured projects and expected projects, other income and administrative expenses adjusted for some appropriate annual rate of increment over the projection periods of 5 years. The estimation of value in use was determined using a pre-tax discount of 6%.

Notes to the Financial Statements (continued)

4. Investment in subsidiaries (continued)

Information of subsidiaries

Details of the subsidiaries, all of which the principal place of business and country of incorporation is in Malaysia except for Naim Engineering Construction (Fiji) Limited, Naim Quarry (Fiji) Limited and Naim Premix (Fiji) Limited, which were incorporated in Fiji and the Company's interests therein are shown as follows:

Name of subsidiary	Principal activities	Effective ownership interest and voting interest (%) 2021	2020
Direct subsidiaries			
Naim Land Sdn. Bhd. ("NLSB")	Property developer and civil and building contractor	100.0	100.0
Naim Engineering Sdn. Bhd. ("NESB")	Civil, building and earthwork contractor	100.0	100.0
Naim Assets Sdn. Bhd. ("NASB")	Investment holding	100.0	100.0
Naim Academy Sdn. Bhd. ("NACSB")	Inactive	100.0	-
Subsidiaries of NLSB			
Desa Ilmu Sdn. Bhd.	Property developer	60.0	60.0
Peranan Makmur Sdn. Bhd. ("PMSB")	Property developer	70.0	70.0
Khidmat Mantap Sdn. Bhd.	Property developer	100.0	100.0
Naim Realty Sdn. Bhd.	Property investment	100.0	100.0
Naim Supply & Logistic Sdn. Bhd.	Trading of construction materials	100.0	100.0
Naim Commercial Sdn. Bhd.	Property developer	100.0	100.0
Naim Human Capital Sdn. Bhd.	Provision of management services	100.0	100.0
Naim Cendera Lapan Sdn. Bhd.	Quarry licensee and operator	100.0	100.0
Simbol Warisan Sdn. Bhd.	Quarry licensee	75.0	75.0
Jelas Kemuncak Resources Sdn. Bhd.	Quarry operator	100.0	70.0
Yakin Pelita Sdn. Bhd.	Property investment	100.0	100.0
Petrochemical Hub Sdn. Bhd.	Property investment	100.0	100.0
Dataran Wangsa Sdn. Bhd.	Property developer	100.0	100.0
Yakin Jelas Sdn. Bhd.	Property investment	100.0	100.0
Pavilion Quest Sdn. Bhd.**	Property investment	100.0	100.0
Solid Greenland Sdn. Bhd.**	Property investment	100.0	100.0
Naim Ready Mix Sdn. Bhd.	Inactive	100.0	100.0
TR Green Sdn. Bhd.	Inactive	100.0	100.0
Naim (MM2H) Sdn. Bhd. (formerly known as Naim Utilities Sdn. Bhd.)	Inactive	100.0	100.0
Naim Incorporated Berhad	Inactive	100.0	100.0

4. Investment in subsidiaries (continued)

Name of subsidiary	Principal activities	Effective ownership interest and voting interest (%) 2021	2020
Subsidiaries of NLSB (continued)			
Naim Academy Sdn. Bhd.	Inactive	-	100.0
Naim Oil & Gas Sdn. Bhd.	Inactive	100.0	100.0
Permyjaya Sino Education Sdn. Bhd.	Inactive	-	100.0
Kuching Paragon Sdn. Bhd.	Inactive	100.0	100.0
Miri Paragon Sdn. Bhd.	Inactive	100.0	100.0
Naim Data Sdn. Bhd.**	Inactive	100.0	100.0
Naim Mortgage Sdn. Bhd	Inactive	100.0	-
Lotus Paradigm Sdn. Bhd.	Inactive	70.0	70.0
Subsidiaries of NESB			
Naim Capital Sdn. Bhd. ("NCSB")	Investment holding	100.0	100.0
Naim Overseas Sdn. Bhd. ("NOSB")	Investment holding	100.0	100.0
NAIM GAMUDA (NAGA) JV SDN. BHD.	Civil contractor	70.0	70.0
Naim Binaan Sdn. Bhd.	Inactive	100.0	100.0
Naim Premix Sdn. Bhd.	Inactive	100.0	100.0
Naim Equipment Sdn. Bhd.	Inactive	100.0	100.0
Naim Recruitment & Agency Sdn. Bhd. **	Inactive	100.0	100.0
Unique Composite Sdn. Bhd.	Inactive	80.0	80.0
Subsidiaries of NASB			
Naim Hotel Sdn. Bhd.	Hotel operation	100.0	100.0
Naim Property Services Sdn. Bhd. **	Provision of property management services	100.0	100.0
Bintulu Paragon Sdn. Bhd.	Inactive	100.0	100.0
Subsidiary of NACSB			
Permyjaya Sino Education Sdn. Bhd.	Inactive	100.0	-
Subsidiaries of NCSB			
Naim Capital Port Sdn. Bhd.	Civil contractor	100.0	100.0
Naim Capital Housing Sdn. Bhd.	Civil contractor	100.0	100.0
Subsidiary of PMSB			
Harmony Faber Sdn. Bhd.	Property investment	70.0	70.0
Subsidiaries of NOSB			
Naim Engineering Construction (Fiji) Limited #	Inactive	99.9	99.9
Naim Quarry (Fiji) Limited #	Inactive	99.9	99.9
Naim Premix (Fiji) Limited #	Inactive	99.9	99.9

** *Not audited by KPMG PLT.*
# *Audited by other member firms of KPMG International.*

4. Investment in subsidiaries (continued)

Non-controlling interests ("NCI") in subsidiaries

The Group's subsidiaries that have material NCI are as follows:

31.12.2021	Desa Ilmu Sdn. Bhd. ("DISB") RM'000	NAIM GAMUDA (NAGA) JV SDN. BHD. ("NAGA") RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
NCI percentage of ownership/voting interest	40%	30%		
Carrying amount of NCI	14,201	8,813	(1,277)	21,737
Profit/(Loss) allocated to NCI	96	1,883	(280)	1,699

The following table summarises the financial information of the Group's material NCI in DISB and NAGA:

	DISB RM'000	NAGA RM'000
Summarised financial information before intra-group elimination		
As at 31 December 2021		
Non-current assets	567	-
Current assets	40,475	127,309
Current liabilities	(5,540)	(97,932)
Net assets	35,502	29,377
Year ended 31 December 2021		
Revenue	1,687	299,719
Profit and total comprehensive income for the year	240	6,276
Cash flows from/(used in):		
- operating activities	32	6,129
- investing activities	668	341
- financing activities	(5,000)	-
Net (decrease)/increase in cash and cash equivalents	(4,300)	6,470

31.12.2020	Desa Ilmu Sdn. Bhd. ("DISB") RM'000	NAIM GAMUDA (NAGA) JV SDN. BHD. ("NAGA") RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
NCI percentage of ownership/voting interest	40%	30%		
Carrying amount of NCI	16,105	6,930	(7,129)	15,906
(Loss)/Profit allocated to NCI	(569)	570	(3,917)	(3,916)

4. **Investment in subsidiaries** (continued)

Non-controlling interests ("NCI") in subsidiaries (continued)

The following table summarises the financial information of the Group's material NCI in DISB and NAGA:

	DISB RM'000	NAGA RM'000
Summarised financial information before intra-group elimination		
As at 31 December 2020		
Non-current assets	957	-
Current assets	46,642	96,525
Current liabilities	(7,337)	(73,423)
Net assets	40,262	23,102
Year ended 31 December 2020		
Revenue	5,023	126,168
(Loss)/Profit and total comprehensive (expenses)/income for the year	(1,423)	1,901
Cash flows from:		
- operating activities	17,000	6,214
- investing activities	1,136	484
Net increase in cash and cash equivalents	18,136	6,698

5. **Investment in associates**

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
At cost				
Shares in Malaysia				
- unquoted	32,416	32,416	-	-
- quoted	181,976	181,976	181,976	181,976
Share of post-acquisition reserves	181,670	261,003	-	-
Less: Impairment loss	-	-	(9,618)	-
	396,062	475,395	172,358	181,976
Market value				
Quoted shares in Malaysia	236,364	343,961	236,364	343,961

Impairment loss

During the current financial year, an impairment loss of RM9,618,000 is recognised as other expense in profit or loss against the carrying amount of the investment in an associate based on the estimated recoverable amount of RM18,097,000 of the said investment.

The recoverable amount is determined with reference to the underlying assets and liabilities of the associate as well as the anticipated future performance of the associate. The recoverable amount was subsequently adjusted from the higher of the estimated value in use or the estimated fair value less costs of disposal used in the impairment testing in the associate.

Notes to the Financial Statements *(continued)*

5. Investment in associates (continued)

Details of the material associates, all of which are incorporated in Malaysia, are as follows:

Name of entity	Nature of relationship	Effective ownership interest and voting interest (%) 2021	Effective ownership interest and voting interest (%) 2020
Dayang Enterprise Holdings Bhd. ("DEHB")	Provision of offshore topside maintenance services, minor fabrication works, offshore hook-up and commissioning works, chartering of marine vessels and equipment. This is one of the vehicles through which the Group has ventured into the oil and gas industry	24.22	26.42
Samalaju Properties Sdn. Bhd. ("SPSB") #	Property and township development, including providing temporary accommodation facilities, in line with Group's existing property segment operation	39.00	39.00
GAMUDA NAIM ENGINEERING AND CONSTRUCTION (GNEC) SDN. BHD. ("GNEC") ** @	One of civil contractors to the Group	35.00	35.00
Perdana Petroleum Berhad ("PPB")	Provision of marine support services for the oil and gas industry	3.47^	3.48^
Kempas Sentosa Sdn. Bhd. **	One of civil contractors to the Group and hiring of plant and equipment to the Group	40.00	40.00
Miri Specialist Hospital Sdn. Bhd. ("MSHSB") #	Specialist hospital operator	15.53^^	30.00

\# *Held through NLSB*
** *Held through NESB*
@ *Financial year end of 31 July*

^ *Although the Group's direct shareholdings is less than 20% in PPB, i.e. 3.47% as of 31 December 2021, the Directors have determined that the Group has significant influence, partly because it has two (2) board representatives in PPB. In addition, the Group's effective equity interest in PPB, if taking into accounts of the Group's share of the equity interest in PPB held through DEHB, is about 18.90% (2020: 20.33%) as at financial year end.*

^^ *While the Group's equity interest in MSHSB is less than 20% as a result of the dilution of equity interest therein during the year as explained in Note 36(iii), the Group has determined that it still has significant influence in the investee company because of the two (2) representatives the Group currently has on the board of MSHSB.*

5. Investment in associates (continued)

All associates' financial year ends on 31 December, other than that marked with "@". For the purpose of applying the equity method for associates with different financial year from the Group's, the last available audited financial statements and/or management accounts up to 31 December 2021 have been used.

The following table summarises the information of the Group's material associates, adjusted for any material differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates.

Summary of financial information

	Group			
31.12.2021	**DEHB RM'000**	**SPSB RM'000**	**GNEC RM'000**	**PPB RM'000**
As at 31 December				
Non-current assets	1,549,627	153,867	19,963	736,050
Current assets	783,820	88,056	232,606	103,555
Non-current liabilities	(479,546)	(5,328)	(2,088)	(168,704)
Current liabilities	(360,420)	(185,172)	(202,212)	(141,597)
Non-controlling interests	(183,870)	-	-	-
Net assets	1,309,611	51,423	48,269	529,304
Redeemable convertible preference shares ("RCPS")	-	(44,100)	-	(8,249)
	1,309,611	7,323	48,269	521,055

31.12.2021				
Year ended 31 December				
(Loss)/Profit for the year	(318,932)	5,508	22,143	(325,196)
Other comprehensive income	25,001	-	-	39,235
Total comprehensive (expenses)/income for the year	(293,931)	5,508	22,143	(285,961)
Included in the total comprehensive income is:				
Revenue	667,736	28,489	281,586	160,557

Notes to the Financial Statements *(continued)*

5. Investment in associates (continued)

Summary of financial information (continued)

31.12.2021 (continued)	**Group** DEHB RM'000	SPSB RM'000	GNEC RM'000	PPB RM'000	Other immaterial associates RM'000	Total RM'000
Reconciliation of net assets to carrying amount as at 31 December						
Group's share of net assets	317,190	2,856	16,894	18,097	4,786	359,823
Group's share of RCPS	-	19,110	-	-	-	19,110
Goodwill	19,674	-	-	-	-	19,674
Elimination of unrealised profit	-	-	-	-	(2,545)	(2,545)
Carrying amount in the statement of financial position	336,864	21,966	16,894	18,097	2,241	396,062
Group's share of results for the year ended 31 December						
Group's share of:						
- (loss)/profit	(78,055)	2,370	7,750	(11,281)	(403)	(79,619)
- other comprehensive income	6,486	-	-	1,353	-	7,839
Group's share of total comprehensive (expenses)/income	(71,569)	2,370	7,750	(9,928)	(403)	(71,780)
Other information						
Dividends received	4,206	-	-	-	-	4,206

31.12.2020	**Group** DEHB RM'000	SPSB RM'000	GNEC RM'000	PPB RM'000
As at 31 December				
Non-current assets	1,979,720	153,536	19,837	1,043,632
Current assets	765,783	95,702	239,584	111,961
Non-current liabilities	(609,699)	(4,017)	(1,770)	(169,562)
Current liabilities	(356,814)	(199,306)	(231,526)	(170,766)
Non-controlling interests	(287,023)	-	-	-
Net assets	1,491,967	45,915	26,125	815,265
RCPS	-	(44,100)	-	(8,801)
	1,491,967	1,815	26,125	806,464

5. Investment in associates (continued)

Summary of financial information (continued)

31.12.2020 (continued)	Group DEHB RM'000	SPSB RM'000	GNEC RM'000	PPB RM'000	Other immaterial associates RM'000	Total RM'000
Year ended 31 December						
Profit/(Loss) for the year	56,412	(13,019)	(3,370)	(65,834)		
Other comprehensive expenses	(11,927)	-	-	(18,704)		
Total comprehensive income/(expenses) for the year	44,485	(13,019)	(3,370)	(84,538)		
Included in the total comprehensive income is:						
Revenue	731,443	24,821	171,595	208,348		
Reconciliation of net assets to carrying amount as at 31 December						
Group's share of net assets	394,464	486	9,144	28,085	5,382	437,561
Group's share of RCPS	-	19,110	-	-	-	19,110
Goodwill	21,462	-	-	-	-	21,462
Elimination of unrealised profit	-	-	-	-	(2,738)	(2,738)
Carrying amount in the statement of financial position	415,926	19,596	9,144	28,085	2,644	475,395
Group's share of results for the year ended 31 December						
Group's share of:						
- profit/(loss)	13,797	(5,300)	(1,179)	(2,293)	(1,550)	3,475
- other comprehensive expenses	(3,067)	-	-	(651)	-	(3,718)
Group's share of total comprehensive income/(expenses)	10,730	(5,300)	(1,179)	(2,944)	(1,550)	(243)

Other information

No dividend was received during the last financial year ended 31 December 2020.

Notes to the Financial Statements *(continued)*

6. Investment in joint ventures - Group

	2021 RM'000	2020 RM'000
At cost		
Capital contribution	4,500	4,500
Share of post-acquisition reserves	(2,596)	(2,088)
	1,904	2,412

The joint arrangements in which the Group participates are all involved in civil and building construction works, including oil and gas related construction projects. As the Group is only entitled to the net assets of the joint arrangements, the Group has therefore classified its interest in the following entities as joint ventures. Details of the joint ventures, all of which are based in Malaysia, are as follows:

	Effective voting interest (%)	
Name of entity	**2021**	**2020**
NESB-Hock Peng JV	51.0	51.0
PPES Works-NLSB JV	45.0	45.0
Sinohydro-Naim JV *	50.0	50.0
Samsung-Naim JV *	10.0	10.0

* *Inactive since the completion of the projects undertaken by joint ventures.*

The following table summarises the information of the Group's material joint ventures, adjusted for any material differences in accounting policies (if any) and reconciles the information to the carrying amount of the Group's interest in the joint venture.

Summary of financial information

<u>31.12.2021</u>	NESB-Hock Peng JV RM'000	PPES Works - NLSB JV RM'000
As at 31 December		
Current assets	14,050	1,418
Current liabilities	(11,670)	(35)
Net assets	2,380	1,383

6. Investment in joint ventures - Group (continued)

Summary of financial information (continued)

<u>31.12.2021</u> (continued)	NESB-Hock Peng JV RM'000	PPES Works - NLSB JV RM'000	Other immaterial joint ventures RM'000	Total RM'000
Year ended 31 December				
Profit/(Loss) and total comprehensive income/(expenses) for the year (before tax)	2,008	(4)		
Included in the total comprehensive income				
Revenue	49,441	-		
Interest income	33	-		
Reconciliation of net assets to carrying amount as at 31 December				
Group's share of net assets and carrying amount in the statement of financial position	1,214	622	68	1,904
Group's share of results for the year ended 31 December				
Group's share of profit/(loss) and total comprehensive income/(expenses), net of tax	778	(1)	-	777
Other information				
Distribution of profit received	1,530	-	-	1,530
<u>31.12.2020</u>				
As at 31 December				
Current assets	10,407	1,461		
Current liabilities	(7,035)	(74)		
Net assets	3,372	1,387		
Year ended 31 December				
Profit and total comprehensive income for the year (before tax)	2,029	254		
Included in the total comprehensive income				
Revenue	45,255	292		
Interest income	41	-		
Reconciliation of net assets to carrying amount as at 31 December				
Group's share of net assets and carrying amount in the statement of financial position	1,720	624	68	2,412

Notes to the Financial Statements (continued)

6. Investment in joint ventures - Group (continued)

Summary of financial information (continued)

31.12.2020 (continued)	NESB Hock Peng JV RM'000	PPES Works - NLSB JV RM'000	Other immaterial joint ventures RM'000	Total RM'000
Group's share of results for the year ended 31 December				
Group's share of profit and total comprehensive income, net of tax	786	87	-	873
Other information				
Distribution of profit received	1,020	-	-	1,020

7. Inventories

	Group 2021 RM'000	Group 2020 RM'000
Non-current		
At cost		
Land held for property development (right-of-use assets) (Note 7.1)	172,242	172,242
Current		
At cost		
Completed goods for sale		
- Developed properties (Note 7.2)	225,725	244,874
- Manufactured/Trading inventories (construction and building materials)	1,062	2,800
Raw materials and consumables	391	457
Properties under construction		
- Property development costs (Note 7.3)	318,978	337,034
	546,156	585,165
At net realisable value		
Completed goods for sale		
- Manufactured/Trading inventories	148	148
- Developed properties	2,749	4,458
	2,897	4,606
	549,053	589,771
Total inventories	721,295	762,013
Recognised in profit or loss:		
- inventories recognised as cost of sales	18,576	238,906
- written down to net realisable value	26	554

7. **Inventories** (continued)

7.1 Land held for property development

Movement in land held for property development during the year includes:

	Group	
	2021	2020
	RM'000	RM'000
Net transfer to properties under construction	-	10,916

Security

Certain parcels of leasehold land with carrying amounts of RM40,160,000 (2020: RM40,160,000) are charged to banks as security for certain term loan facilities (see Note 19.1).

7.2 Government grant

A government grant amounting to RM27,872,000 was received in the last financial year to facilitate and reimburse certain development costs incurred for a mixed development project upon the fulfilment of conditions imposed.

The grant received was initially recognised as reduction in inventory costs and will be subsequently realised to profit or loss when the developed properties are sold. As at year end, accumulated grant of RM12,509,000 (2020: RM12,251,000) has been realised to profit or loss as reduction in cost of sale for the total developed properties sold.

7.3 Property development costs

Movements in property development costs during the year include:

	Group	
	2021	2020
	RM'000	RM'000
Development costs incurred	42,516	75,738
Transfer to completed properties held for sale	-	3,259

Notes to the Financial Statements *(continued)*

8. Investment properties - Group

	(Right-of-use assets) Long-term leasehold land (unexpired lease term more than 50 years) RM'000	Buildings RM'000	Buildings under construction RM'000	Total RM'000
Cost				
At 1 January 2020	32,419	61,752	-	94,171
Disposal*	(66)	-	-	(66)
At 31 December 2020/1 January 2021	32,353	61,752	-	94,105
Additions	-	-	59	59
At 31 December 2021	32,353	61,752	59	94,164
Amortisation				
At 1 January 2020	2,899	10,929	-	13,828
Amortisation for the year (Note 23)	453	1,672	-	2,125
At 31 December 2020/1 January 2021	3,352	12,601	-	15,953
Amortisation for the year (Note 23)	454	1,671	-	2,125
At 31 December 2021	3,806	14,272	-	18,078
Carrying amounts				
At 31 December 2020	29,001	49,151	-	78,152
At 31 December 2021	28,547	47,480	59	76,086
Fair value (see Note 8.4)				
At 31 December 2020	88,834	54,868	-	143,702
At 31 December 2021	88,834	54,868	-^	143,702

* *Being additional cost charged to profit or loss as part of loss on disposal due to a remeasurement of land size upon the completion of sales for an investment property previously classified as asset held for sale in prior year.*

^ *The Group is unable to determine reliably the fair value of investment property under construction at this stage until the construction is complete and the future annual cash flows can be measured reliably, whichever is earlier.*

8.1 Investment property with a carrying amount of RM42,819,000 (2020: RM43,845,000) is charged to a bank as security for a term loan facility granted to a subsidiary (see Note 19.1).

8. Investment properties - Group (continued)

8.2 The following are recognised in profit or loss in respect of investment properties.

	2021 RM'000	2020 RM'000
Lease income	5,000	5,341
Direct operating expenses:		
- income generating investment properties	3,963	3,942
- non-income generating investment properties	44	38

8.3 Maturity analysis of operating lease payments

The operating lease payments (undiscounted) under MFRS 16 to be received are as follows:

As a lessor	2021 RM'000	2020 RM'000
Within one year	3,966	3,980
One to two years	3,233	3,113
More than three years	6,817	8,989
	14,016	16,082

8.4 Fair value information

Fair value of investment properties as at end of the reporting period are categorised as follows:

	2021			2020		
Group	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Leasehold land	40,134	48,700	88,834	40,134	48,700	88,834
Buildings	6,582	48,286	54,868	6,582	48,286	54,868

Level 2 fair value

The Level 2 fair value of investment properties, determined for disclosure purposes, is generally ascertained by the management using the comparative method by reference to similar/comparable properties in markets that are not active, adjusted for differences in key attributes such as property size and areas.

Level 3 fair value

The Level 3 fair value of investment properties, determined for disclosures purposes, is generally ascertained by the management with reference to valuation reports, issued by an external independent property valuer, who has appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued.

For the determination of the fair value of a building, the investment method is mostly used whereby net rental is capitalised at the appropriate market yield and anticipated occupancy rates achieved. For land, the fair value is determined using the comparative method, whereby adjustments for differences in various factors affecting the value are made.

Highest and best use

The land classified as investment property is currently held under titles for residential, commercial and/or mixed development purpose. As the use of certain land is currently undetermined, it is therefore impractical to estimate its highest and best use.

Notes to the Financial Statements *(continued)*

8. Investment properties - Group (continued)

8.4 Fair value information (continued)

Highest and best use (continued)

A major part of the buildings comprise hypermarket malls situated at a prime area, which is the highest and best use of the land on which they were built. Other buildings comprising office lots and commercial retail units are similarly regarded as having been put at their highest and best use.

9. Intangible asset – Group

	Stone quarry licence RM'000
Cost	
At 1 January 2020, 31 December 2020/1 January 2021 and 31 December 2021	10,206
Amortisation and impairment loss	
At 1 January 2020	
- Accumulated amortisation	6,690
Amortisation for the year (Note 23)	680
Impairment loss (Note 9.1)	1,361
At 31 December 2020/1 January 2021	
- Accumulated amortisation	7,370
- Accumulated impairment loss	1,361
	8,731
Amortisation for the year (Note 23)	681
At 31 December 2021	
- Accumulated amortisation	8,051
- Accumulated impairment loss	1,361
	9,412
Carrying amounts	
At 31 December 2020	1,475
At 31 December 2021	794

Intangible asset comprises expenditure incurred to acquire a stone quarry licence.

9.1 Impairment loss

An impairment loss of RM1,361,000 was recognised in the last financial year based on estimated recoverable amount of the intangible asset, which was determined based on estimated value in use of the intangible asset over a period of 2 years.

10. Deferred tax assets and liabilities - Group

Recognised deferred tax

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Fair value adjustment on acquisition of subsidiaries *	-	-	(20,453)	(21,345)	(20,453)	(21,345)
Property, plant and equipment	-	-	(1,750)	(1,839)	(1,750)	(1,839)
Capital allowances carried forward	99	48	-	-	99	48
Tax losses carried forward	505	530	-	-	505	530
Other items	1,898	4,002	-	-	1,898	4,002
Tax assets/(liabilities)	2,502	4,580	(22,203)	(23,184)	(19,701)	(18,604)
Set off of tax	(106)	(147)	106	147	-	-
Net tax assets/(liabilities)	2,396	4,433	(22,097)	(23,037)	(19,701)	(18,604)

* *This relates to fair value adjustments of certain land held for property development, property development costs, property, plant and equipment and investment property of the subsidiaries acquired in prior years. This deferred tax liability is progressively reversed to profit or loss when the subject land is developed and/or sold or when the land are amortised, as the case may be.*

The Group has recognised deferred tax assets of RM2,396,000 (2020: RM4,433,000) based on the estimation of probable utilisation of those deductible temporary differences in the foreseeable future.

Movements in deferred tax during the year are as follows:

<u>Group</u>	**At 1.1.2020 RM'000**	**Recognised in profit or loss RM'000**	**At 31.12.2020/ 1.1.2021 RM'000**	**Recognised in profit or loss RM'000**	**At 31.12.2021 RM'000**
Fair value adjustment on acquisition of subsidiaries	(22,302)	957	(21,345)	892	(20,453)
Property, plant and equipment	(1,846)	7	(1,839)	89	(1,750)
Capital allowances carried forward	122	(74)	48	51	99
Tax losses carried forward	4,502	(3,972)	530	(25)	505
Other items	7,695	(3,693)	4,002	(2,104)	1,898
	(11,829)	(6,775)	(18,604)	(1,097)	(19,701)
		(Note 27)		(Note 27)	

Notes to the Financial Statements *(continued)*

10. Deferred tax assets and liabilities - Group (continued)

Unrecognised deferred tax assets

Deferred tax assets of RM43,889,000 (2020: RM43,130,000) have not been recognised in respect of the following temporary differences (stated at gross) because it is uncertain if sustainable future taxable profits will be available against which the group entities concerned can utilise the benefits therefrom:

	Group	
	2021 RM'000	**2020 RM'000**
Property, plant and equipment	(21,129)	(17,279)
Capital allowances carried forward	32,763	28,239
Unutilised tax losses	169,861	170,148
Other items	1,377	(1,398)
	182,872	179,710

Under prevailing tax laws, unutilised tax losses can be carried forward for a maximum of 10 consecutive years of assessment ("YA"). The total unutilised tax losses as at year end are summarised as follows:

	RM'000
Carried forward until end of YA:	
2028	142,544
2029	7,474
2030	14,970
2031	4,873
	169,861

In the case of a dormant company, such losses will not be available to the company if there has been a change of 50% or more in the shareholdings thereof.

11. Other investments - Group

	2021 RM'000	**2020 RM'000**
Fair value through other comprehensive income		
- unquoted shares in Malaysia	2,963	2,963
- quoted shares in Malaysia	65	108
	3,028	3,071

12. Trade and other receivables

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Non-current				
Trade receivables				
Trade receivables from contracts with customers (Notes 12.2 and 12.3)	40,689	52,624	-	-
Other receivables				
Other receivables (Note 12.2)	5,579	7,839	-	-
	46,268	60,463	-	-
Current				
Trade receivables				
Trade receivables from contracts with customers (Notes 12.1, 12.2 and 12.3)	93,117	97,312	-	-
Amount due from an associate (Note 12.5)	2,523	2,541	-	-
	95,640	99,853	-	-
Other receivables				
Other receivables (Note 12.2)	28,102	29,873	16	15
Amount due from:				
- subsidiaries (Note 12.4)	-	-	105,872	97,973
- associates (Note 12.5)	3,254	3,527	-	-
	31,356	33,400	105,888	97,988
Total current	126,996	133,253	105,888	97,988
Grand total	173,264	193,716	105,888	97,988

12.1 Trade receivables of the Group include retention sums of RM2,190,000 (2020: RM2,190,000) relating to construction contracts, being the unconditional rights to contract considerations with customers. The retention sums are unsecured and interest-free.

12.2 Included in the trade and other receivables of the Group is a remaining sum of RM14,227,000 (2020: RM15,848,000) due from a debtor for sale of two (2) parcels of land in previous years. The amount is expected to be recovered over a period of four years commencing from October 2020.

12. Trade and other receivables (continued)

12.3 The Group's trade receivables also include a sum of RM47,393,000 (2020: RM56,823,000) arising from a construction project undertaken for a government-related entity under a deferred payment scheme where the contract proceeds (including associated financing income) are to be recovered over a period of 10 years.

The outstanding receivable is unsecured, bears interest at 7.80% (2020: 7.80%) per annum and is expected to be collected as follows:

	Group	
	2021 RM'000	**2020 RM'000**
Within 1 year	10,845	9,670
1 - 2 year	11,818	10,808
2 - 3 year	12,641	11,773
More than 3 years	12,089	24,572
	47,393	56,823

12.4 Included in amount due from subsidiaries is a sum of RM98,956,000 (2020: RM93,511,000), which is unsecured and bears interest at rates ranging from 3.75% to 3.81% (2020: 3.81% to 5.22%) per annum. The remaining balances are unsecured, interest-free and repayable on demand.

12.5 The amount due from associates are unsecured and interest-free.

12.6 Offsetting of financial assets and financial liabilities

Certain trade receivables and trade payables were set off for presentation purpose because the Group has legal enforceable right to set off certain recognised receivables and payables amount and intends to settle on a net basis.

The following table provides information of financial assets and liabilities that have been set off for presentation purpose:

	Gross amount RM'000	**Offset balance RM'000**	**Net carrying amount RM'000**
2020			
Trade receivables	9,089	(8,756)	333
Trade payables	8,756	(8,756)	-

13. Contract with customers

13.1 Contract costs

	2021 RM'000	2020 RM'000
Cost to fulfil contract		
- costs incurred directly on contracts with customers	4,883	4,938
Recognised to profit or loss		
- costs incurred directly on contracts with customers	349,655	382,131

13.2 Contract assets/(liabilities)

	2021 RM'000	2020 RM'000
Contract assets	43,389	39,580
Contract liabilities	(5,566)	(15,940)

Contract assets primarily relate to the Group's rights to contract consideration for works completed on properties and/or construction contracts but not yet billed to customers at the reporting date. Typically, the amount will be billed in the manner as established in the contracts with customers. The contract assets are reclassified as trade receivables when the rights to contract consideration become unconditional.

Contract liabilities primarily relate to contract consideration received and/or the Group's unconditional rights to contract consideration in advance of the performance under the contracts. The contract liabilities are expected to be recognised as revenue based on the expected timing of completion of works.

a. Movements in the contract assets/liabilities balances during the year includes:

	2021 RM'000	2020 RM'000
Revenue recognised arising from contract liabilities at the beginning of period	14,678	5,219
Contract assets at the beginning of period reclassified to trade receivables	14,091	78,698
(Decrease)/Increase in revenue recognised in previous periods arising from change in contract considerations	(1,134)	7,181

b. Included in the contract assets of the Group is a sum of RM107,000 (2020: RM11,560,000) held by customers and is regarded as conditional rights to contract considerations until the completion of performance under the contracts with customers. Such amounts will be transferred to trade receivables when the rights become unconditional.

c. Impairment assessment on contract assets

Credit risk on contract assets arose from construction projects and sale of development properties. The Group adopts 'simplified approach' impairment assessment for contract assets. Since the contract assets have substantially the same risk characteristics as the trade receivables, estimation techniques or significant assumptions made in assessing the loss allowance are generally the same. The Group applied similar credit risk management, which is currently applied on its financial instrument for contract assets [see Note 31.3(a)].

Notes to the Financial Statements (continued)

13. Contract with customers (continued)

13.2 Contract assets/(liabilities) (continued)

c. Impairment assessment on contract assets (continued)

Management estimates the loss allowance on contract assets at an amount equal to lifetime expected credit loss ("ECL"), taking into account the historical default experience. None of the contract assets at the end of the reporting period is past due. No aging analysis of contract assets are presented as the outstanding balances as at 31 December 2021 are current. The exposure of credit risk for contract assets as at the end of the reporting period by geographic region is Malaysia.

The following tables provides information about ECLs for contract assets:

Group	**2021 RM'000**	**2020 RM'000**
Gross amount	52,968	46,526
Loss allowance	(9,579)	(6,946)
Net amount	43,389	39,580

The movement in the allowance for impairment loss of contract assets during the financial year are as follows:

Group	**RM'000**
Balance at 1 January 2020	3,090
Net remeasurement of loss allowance	3,856
Balance at 31 December 2020/1 January 2021	6,946
Net remeasurement of loss allowance	2,633
Balance at 31 December 2021	9,579

14. Deposits and prepayments

	Group		**Company**	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Deposits	5,243	5,344	19	19
Prepayments	2,936	1,511	1	2
	8,179	6,855	20	21

15. Cash and cash equivalents

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Deposits placed with licensed banks with maturities less than three months	227,067	289,228	28,047	9,353
Cash in hand and at banks	39,161	45,584	4,682	3,260
Housing Development Accounts (Note 15.1)	8,523	3,138	-	-
Total cash and cash equivalents	274,751	337,950	32,729	12,613
Cash pledged with licensed banks (Note 15.2)	15,421	15,363	2,788	2,752
	290,172	353,313	35,517	15,365

15.1 A balance of RM8,523,000 (2020: RM3,138,000) is maintained in designated Housing Development Accounts ("HDA") pursuant to the Sarawak's Housing Development (Control and Licensing) Ordinance, 2013 and Housing Development (Control and Licensing) Regulations, 2014 in connection with the Group's property development projects. The utilisation of these balances are restricted before completion of housing development projects and fulfilment of all relevant obligations to the purchasers, such that the cash can only be withdrawn from such HDA accounts for the purpose of completing the particular projects in the manner as defined under the ordinance.

15.2 Cash pledged as security

a. Deposits of RM1,143,000 (2020: RM1,126,000) are pledged as security to licensed banks for the issuance of bank guarantee for housing projects.

b. A sum of RM14,278,000 (2020: RM14,237,000) is placed in designated sinking fund bank accounts as part of the requirements for term loan facilities granted to the Group for the purpose of interest and principal payments at intervals of 1 to 3 months periods, as the case may be.

16. Assets held for sale - Group

	2021 RM'000	2020 RM'000
Assets classified as held for sale		
Property, plant and equipment	82	82

Notes to the Financial Statements *(continued)*

17. Share capital

	Group and Company	
	2021	**2020**
Ordinary shares with no par value		
Issued and fully paid shares with no par value classified as equity instruments:		
Number of shares ('000)		
Opening and closing balances	513,799	513,799
Amount (RM'000)		
Opening and closing balances	454,802	454,802

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share during a poll at general meetings of the Company.

18. Reserves

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Retained earnings	797,986	922,342	71,210	131,315
Treasury shares	(34,748)	(34,748)	(34,748)	(34,748)
Foreign currency translation reserve	12,662	6,172	-	-
Other reserves	123	166	-	-
	776,023	893,932	36,462	96,567

Treasury shares

18.1 *Treasury shares*

The shareholders of the Company, via an ordinary resolution passed in the Annual General Meeting held on 24 June 2021, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

There were no repurchases of issued share capital by the Company during the current and previous financial year. As at 31 December 2021, the Company held 13,056,000 (2020: 13,056,000) of the Company's shares. All rights attached to the treasury shares that are held by the Company are suspended until those shares are reissued.

18.2 *Foreign currency translation reserve*

The foreign currency translation reserve arises from the translation of the financial statements of subsidiaries and/or associates whose presentation currency differs from the presentation currency of the Group's financial statements which is RM.

19. Loans and borrowings

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current				
Secured term loans	67,812	95,709	-	1,378
Hire purchases (Note 19.2)	647	43	388	-
	68,459	95,752	388	1,378
Current				
Unsecured revolving credits	172,000	167,000	85,000	75,000
Secured term loans	28,207	51,089	1,378	24,000
Finance lease liabilities (Note 19.2)	-	17	-	-
Hire purchases (Note 19.2)	151	11	88	-
	200,358	218,117	86,466	99,000
Total	268,817	313,869	86,854	100,378

19.1 Security

Term loans - Group and Company

- secured by fixed charges over certain parcels of leasehold land and buildings (erected thereon) [see Notes 3.5, 7.1 and 8.1].
- secured by assignment of proceeds from a construction project undertaken by a subsidiary.
- secured by debentures over future and present assets of certain subsidiaries.
- covered by corporate guarantee from the Company and/or another subsidiary, where applicable.

Revolving credits - Group and Company

The revolving credit facilities granted to direct subsidiaries are covered by way of corporate guarantees from the Company.

The revolving credit facility of the Company, is on a clean basis.

Finance leases – Group

The finance lease liabilities, which were previously secured on the respective finance lease assets, are fully settled during the year (see Note 3.2).

Hire purchases – Group and Company

The hire purchases are secured on the respective leased assets acquired (see Note 3.2).

Notes to the Financial Statements *(continued)*

19. Loans and borrowings (continued)

19.2 Hire purchases are payable as follows:

	2021			2020		
	Payment RM'000	Profit RM'000	Principal RM'000	Payment RM'000	Profit RM'000	Principal RM'000
Group						
Less than one year	180	29	151	14	3	11
Between one to two years	180	23	157	14	3	11
Between two to five years	518	28	490	35	3	32
	878	80	798	63	9	54
Company						
Less than one year	105	17	88	-	-	-
Between one to two years	105	14	91	-	-	-
Between two to five years	314	17	297	-	-	-
	524	48	476	-	-	-

19.2 Finance lease liabilities were payable as follows:

	2020		
	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
Less than one year	17	-	17

19.3 Covenant for term loan facilities

The Group is required to maintain a debt to equity ratio of not exceeding 1 time.

20. Trade and other payables

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Trade payables				
Trade payables (Note 20.1)	80,824	101,284	-	-
Amount due to associates (Note 20.4)	20,569	26,831	-	-
Trade accruals	172,739	172,049	-	-
	274,132	300,164	-	-
Other payables				
Other payables (Note 20.3)	6,931	9,143	54	162
Accruals	5,276	6,431	423	1,432
Advance payments and deposits received	5,567	8,137	195	-
Amount due to:				
- subsidiaries (Note 20.2)	-	-	55,769	11,824
- associates (Note 20.4)	420	420	-	-
	18,194	24,131	56,441	13,418
Total	292,326	324,295	56,441	13,418

20.1 Included in trade payables of the Group are retention sums and performance bonds amounting to RM57,995,000 (2020: RM66,651,000).

20.2 Included in the amount due to subsidiaries is a balance of RM54,787,000 (2020: RM11,680,000) bearing interest ranging from 3.75% to 3.81% (2020: 3.81% to 5.22%) per annum. The remaining balance is interest free and unsecured.

20.3 Included in other payables of the Group is a remaining amount payable of RM3,524,000 (2020: RM3,524,000) relating to the acquisition of leasehold land (classified under investment properties) in prior year. The amount is payable over an extended period up to 7 years until 2022 at an effective interest of 5.22% per annum.

20.4 The amount due to associates are unsecured and interest-free.

21. Provisions

	Group RM'000
Provisions for maintenance	
At 1 January 2020	3,614
Utilised during the year	(75)
At 31 December 2020/1 January 2021	3,539
Utilised during the year	(67)
At 31 December 2021	3,472

Provisions for maintenance are made to cater for some anticipated contract maintenance/rectification works at site for certain completed projects.

Notes to the Financial Statements *(continued)*

22. Revenue

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Revenue from contracts with customers (Note 22.1)	417,911	584,612	2,447	2,907
Other revenue				
- Rental income	4,340	4,683	-	-
- Dividend income from:				
- a subsidiary	-	-	40,000	120,000
- an associate	-	-	4,206	-
	422,251	589,295	46,653	122,907

22.1 Disaggregation of revenue

Disaggregation of the revenue from contracts with customers

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Major products and services				
Construction contracts	310,293	125,630	-	-
Sales of properties	92,582	95,849	-	-
Sale of land held for property development	-	349,152	-	-
Sales of goods	2,868	10,310	-	-
Revenue from hotel operations	11,232	3,485	-	-
Services rendered	936	186	2,447	2,907
	417,911	584,612	2,447	2,907
Timing of recognition				
Over time	384,314	187,907	-	-
At a point in time	33,597	396,705	2,447	2,907
	417,911	584,612	2,447	2,907

22. **Revenue** (continued)

22.2 Nature of goods and services

The following information reflects the typical nature of transactions with customers:

Major goods and services	Timing and method of revenue recognised	Payment terms	Example of variable consideration	Warranty
Construction contracts	Revenue is recognised over time which is measured by actual costs incurred to the estimated total contract cost.	Based on the milestones, as established in contracts.	Liquidated and ascertained damages arising from late completion, as established in contracts.	Defect liability period up to 24 months, depending on the nature of contract works performed.
Sales of properties	Revenue is recognised, either over time, or at a point in time, depending on the timing when controls of the assets pass to buyers.	Based on billings milestones as spelled out in contracts, certified by architects where applicable.	Discounts/rebates granted during promotional periods. Liquidated and ascertained damages arising from late completion, as established in contracts.	Defect liability period up to 24 months, as established in contracts and/or based on historical business practices.
Sale of land held for property development	Revenue is recognised at a point in time depending on the timing when controls of the assets pass to buyer.	Based on payment schedules as spelled out in contracts.	-	-
Sales of goods	Revenue is recognised at a point in time when the goods are delivered and accepted by customers.	Credit period of up to 60 days from invoice date.	-	-
Revenue from hotel operations	Revenue is recognised, either over time, or at a point in time, depending on the timing when the customers receives and consumes the services/goods.	Based on published terms as stated in invoice.	-	-
Services rendered (comprising management fee and maintenance services)	Revenue is recognised at a point in time when the services are rendered.	Credit period of up to 60 days from invoice date.	-	-

Notes to the Financial Statements *(continued)*

22. Revenue (continued)

22.3 *Unsatisfied performance obligations*

The unsatisfied performance obligations at the reporting date are expected to be fulfilled in the following periods at the management's best estimations on the assumptions that there are no significant changes to the existing contractual periods and contract considerations.

	2021 RM'000	2020 RM'000
Within one year	229,646	696,658
More than one year	616,769	552,295
	846,415	1,248,953
Represented by:		
Construction contracts	806,251	1,196,887
Sales of properties	40,164	52,066
	846,415	1,248,953

23. Results from operating activities

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Results from operating activities is arrived at after charging:				
Auditors' remuneration:				
- Audit fee				
KPMG PLT	351	357	80	80
Overseas affiliates of KPMG PLT	20	20	-	-
Other auditors	13	13	-	-
- Non-audit fee				
KPMG PLT	71	71	18	18
Local affiliates of KPMG PLT	162	196	13	13
Overseas affiliates of KPMG PLT	2	13	-	-
Other auditors	4	13	-	-

23. Results from operating activities (continued)

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Results from operating activities is arrived at after charging: (continued)				
Material expense				
Amortisation of:				
- intangible asset (Note 9)	681	680	-	-
- investment properties (Note 8)	2,125	2,125	-	-
Depreciation of property, plant and equipment (excluding those capitalised in inventories and contract costs) (Note 3.3)	9,399	9,038	146	166
Loss on disposal of investment properties	-	66	-	-
Property, plant and equipment written off	4	32	-	-
Personnel expenses (including key management personnel):				
- contributions to state plans	3,258	3,732	-	-
- wages, salaries and others	25,971	31,462	-	-
Net foreign exchange loss				
- unrealised	-	-	-	83
Impairment loss on other assets:				
- property, plant and equipment	-	3,323	-	-
- investment in a subsidiary	-	-	50,000	31,789
- investment in an associate	-	-	9,618	-
- intangible assets	-	1,361	-	-
Inventories written down	26	554	-	-
Net change in impairment loss on:				
Financial assets at amortised cost [Note 31.3(a)]	1,378	6,658	-	-
Contract assets [Note 13.2(c)]	2,633	-	-	-
Expenses arising from leases: (Note 23.1)				
Expense relating to:				
- short-term leases	88	133	234	234
- leases of low-value assets	337	289	4	6
Results from operating activities is arrived at after crediting:				
Material income				
Dividend income from:				
- quoted shares in Malaysia	1	2	4,206	-
- unquoted shares in Malaysia	41	247	40,000	120,000
Gain on disposal of:				
- property, plant and equipment	511	4,057	1	-
- assets held for sale	-	9,729	-	-
- an associate [Note 36(ii)]	-	8	-	8
Foreign exchange gain				
- unrealised	159	129	159	-

Notes to the Financial Statements *(continued)*

23. Results from operating activities (continued)

23.1 The Group leases office equipment and premises with contract terms of 5 years or less. These leases are short-term leases and/or leases of low-value assets. The Group has elected not to recognise them as right-of use assets and the associated lease liabilities for these leases. The lease payments for these short-term leases and low-value assets are recognised as expenses to profit or loss, on a straight-line basis over the lease term.

24. Other non-operating expenses

Other non-operating expenses are related to the recognition of losses on deemed disposals amounting to RM2,004,000 (2020: RM7,701,000) arising from the dilution in the effective equity interest in two associates [see Notes 36(i) and 36(ii)].

25. Finance income and costs

Recognised in profit or loss

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest income of financial assets calculated using the effective interest method that are at amortised costs:				
- fixed deposits and cash funds	4,080	3,946	248	1,110
- interest income from deferred payment scheme	4,310	5,010	-	-
- other finance income	1,368	466	3,602	2,610
	9,758	9,422	3,850	3,720
Interest expense of financial liabilities that are not at fair value through profit or loss				
- loans and borrowings	12,144	20,923	3,474	5,812
- other finance costs	7	5	1,406	1,510
	12,151	20,928	4,880	7,322

26. Compensations to key management personnel

Compensations paid/payable to key management personnel (including remuneration paid/payable to Directors) are as follows:

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Directors of the Company				
- Fees	494	615	494	615
- Short-term employee benefits	3,343	4,456	3,343	4,456
	3,837	5,071	3,837	5,071
Other key management personnel (including subsidiaries' directors)				
- Fees	60	60	-	-
- Short-term employee benefits	4,303	4,363	153	160
	4,363	4,423	153	160
Total	8,200	9,494	3,990	5,231

Other key management personnel comprise persons, other than the Directors of the Company, having authority and responsibility for planning, directing and controlling the activities of the group entities either directly or indirectly.

The estimated monetary value of benefit-in-kind is RM52,000 (2020: RM63,000).

27. Tax expense/income

Major components of tax expense/(income) include:

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Current tax expense/(income)				
- current year	8,236	45,116	-	312
- prior years	(3,735)	(320)	(312)	-
	4,501	44,796	(312)	312
Deferred tax (income)/expense (Note 10)				
- original and reversal of temporary differences	(662)	1,600	-	-
- prior years	1,759	5,175	-	-
	1,097	6,775	-	-
Total tax expense/(income) recognised in profit or loss	5,598	51,571	(312)	312

27. Tax expense/income (continued)

Reconciliation of tax expense/income

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
(Loss)/Profit for the year	(76,966)	49,621	(20,546)	78,203
Total tax expense/(income)	5,598	51,571	(312)	312
(Loss)/Profit excluding tax	(71,368)	101,192	(20,858)	78,515
Share of tax of equity-accounted associates and joint ventures	6,294	16,144	-	-
	(65,074)	117,336	(20,858)	78,515
Tax calculated using Malaysian tax rate of 24%	(15,618)	28,161	(5,006)	18,844
Effect of different tax rates in foreign jurisdiction	4	(374)	-	-
Non-deductible expenses	37,214	28,567	15,654	10,270
Non-taxable income	(8,491)	(2,298)	(10,648)	(28,802)
Movements in unrecognised deferred tax assets	2,159	14,155	-	-
Derecognition of previously recognised tax losses	-	(5,263)	-	-
Utilisation of tax loss previously not recognised	(1,400)	(88)	-	-
Subtotal	13,868	62,860	-	312
(Over-)/Under-provision in prior years	(1,976)	4,855	(312)	-
Less: Share of tax of equity-accounted associates and joint ventures	(6,294)	(16,144)	-	-
Total tax expense/(income)	5,598	51,571	(312)	312

28. Earnings per ordinary share - Group

Basic/Diluted (loss)/earnings per ordinary share

The calculation of basic/diluted (loss)/earnings per ordinary share was based on the (loss)/profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after excluding treasury shares bought back in previous years.

	2021	2020
(Loss)/Profit attributable to ordinary shareholders (RM'000)	(78,665)	53,537
Weighted average number of ordinary shares, net of treasury shares of 13,056,000 (2020: 13,056,000) ('000)	500,743	500,743
Basic/Diluted (loss)/earnings per share (sen)	(15.71)	10.69

29. Dividend

	Sen per share	Total amount RM'000	Date of payment
2021			
Interim 2021 ordinary	7.9	39,559	6 August 2021
2020			
Interim 2020 ordinary	9.9	49,574	20 November 2020

The Directors do not recommend any final dividend to be paid for the year under review.

30. Operating segments

The Group has three reportable segments, which are the Group's strategic business units. For each of the strategic business units, the Group Managing Director ("GMD"), being the Chief Operating Decision Maker, reviews internal management reports for resource allocation and decision making at least on a quarterly basis. The following summary describes the operations in each of the Group's existing reporting segments:

Property development	-	Development and construction of residential and commercial properties (including sale of vacant land).
Construction	-	Construction of buildings, roads, bridges and other infrastructure and engineering works (including oil and gas related construction projects).
Others	-	All other business segments with profit contributions less than 10%. This includes manufacture and sale of buildings and construction materials, provision of sand extraction and land filling services, property investment and management, hotel operation as well as quarry operation.

Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the GMD. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within these industries.

There are varying levels of integration between the reportable segments. Inter-segment pricing is determined on negotiated terms. Unallocated items mainly comprise corporate and headquarters expenses and other investment income, which are managed on a group basis and are not allocated to any operating segment.

Segment assets and liabilities

The GMD reviews the statements of financial position of subsidiaries for resource allocation and decision making, instead of a summary of consolidated assets and liabilities by segments. As such, information on segment assets and segment liabilities is not presented.

Notes to the Financial Statements *(continued)*

30. Operating segments (continued)

	Property development 2021 RM'000	Property development 2020 RM'000
Revenue from external customers	92,582	445,001
Inter segment revenue	-	-
Total segment revenue	92,582	445,001
Segment profit/(loss)	8,970	160,057
Share of results (net of tax) of:		
- associates, other than Dayang Enterprise Holdings Bhd. ("DEHB group")[1]	2,370	(5,300)
- joint ventures	-	-
	11,340	154,757
Unallocated expenses		
Loss on deemed disposal of interests in associates, DEHB and Perdana Petroleum Berhad ("PPB")		
Share of results (net of tax) of associates, DEHB group (in oil and gas segment)		
Tax expense		
(Loss)/Profit for the year		
Other comprehensive income/(expenses), net of tax		
Total comprehensive (expenses)/income for the year		
Total comprehensive (expenses)/income attributable to non-controlling interests		
Total comprehensive (expenses)/income attributable to owners of the Company		

Included in the measure of segment profit/(loss) are:
Depreciation and amortisation [including depreciation capitalised in inventories and contract costs]
Finance income
Finance costs
Net changes in impairment loss on:
- financial assets and contract assets
- property, plant and equipment
- intangible assets

Inventories written down

[1] *Share of results of DEHB Group comprised the share of results from two associates, DEHB and PPB*

Construction 2021 RM'000	Construction 2020 RM'000	Others 2021 RM'000	Others 2020 RM'000	Inter-segment elimination 2021 RM'000	Inter-segment elimination 2020 RM'000	Consolidated 2021 RM'000	Consolidated 2020 RM'000
310,293	125,630	19,376	18,664	-	-	422,251	589,295
36,796	47,781	2,828	7,263	(39,624)	(55,044)	-	-
347,089	173,411	22,204	25,927	(39,624)	(55,044)	422,251	589,295
9,961	(21,876)	(5,237)	(25,734)	(698)	(1,239)	12,996	111,208
7,347	(1,143)	-	(1,586)	-	-	9,717	(8,029)
777	873	-	-	-	-	777	873
18,085	(22,146)	(5,237)	(27,320)	(698)	(1,239)	23,490	104,052
						(3,518)	(6,663)
						(2,004)	(7,701)
						(89,336)	11,504
						(5,598)	(51,571)
						(76,966)	49,621
						6,447	(3,772)
						(70,519)	45,849
						(1,699)	3,916
						(72,218)	49,765

Property development 2021 RM'000	Property development 2020 RM'000	Construction 2021 RM'000	Construction 2020 RM'000	Others 2021 RM'000	Others 2020 RM'000	Consolidated 2021 RM'000	Consolidated 2020 RM'000
3,951	4,489	556	714	8,034	7,134	12,541	12,337
(1,368)	(466)	(4,310)	(5,010)	-	-	(5,678)	(5,476)
2,479	3,968	3,569	8,373	6,103	8,587	12,151	20,928
534	689	2,633	800	844	5,169	4,011	6,658
-	-	-	-	-	3,323	-	
-	-	-	-	-	1,361	-	1,361
-	554	-	-	26	-	26	554

Notes to the Financial Statements *(continued)*

30. Operating segments (continued)

Major customers

The following are the major customers with revenue equal to or more than 10% of the Group's total revenue individually:

	Revenue 2021 RM'000	Revenue 2020 RM'000	Segment
Customer A	274,469	120,861	Construction
Customer B	-	340,000	Property development

Geographical information

The Group is mainly domiciled in Malaysia. The contribution from the foreign operations based in Fiji is minimal and immaterial to warrant a disclosure.

31. Financial instruments

31.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

a. Amortised cost ("AC")
b. Fair value through other comprehensive income ("FVOCI") - equity instrument designated upon initial recognition.

	Financial assets			
Group	Other investment RM'000	Trade and other receivables^ RM'000	Cash and cash equivalents RM'000	Total RM'000
At 31.12.2021				
Carrying amount	3,028	173,223	290,172	466,423
AC	-	173,223	290,172	463,395
FVOCI	3,028	-	-	3,028
At 31.12.2020				
Carrying amount	3,071	193,675	353,313	550,059
AC	-	193,675	353,313	546,988
FVOCI	3,071	-	-	3,071

^ *Excluding amount receivable from Royal Malaysian Custom Department.*

31. Financial instruments (continued)

31.1 *Categories of financial instruments* (continued)

Group (continued)	Financial liabilities			
	Loans and borrowings RM'000	Trade and other payables* RM'000	Provisions RM'000	Total RM'000
At 31.12.2021				
Carrying amount	(268,817)	(286,759)	(3,472)	(559,048)
AC	(268,817)	(286,759)	(3,472)	(559,048)
At 31.12.2020				
Carrying amount	(313,869)	(316,158)	(3,539)	(633,566)
AC	(313,869)	(316,158)	(3,539)	(633,566)

* *Excluding advance payment received prior to the execution of contracts and deposit received.*

Company	Financial assets		
	Trade and other receivables RM'000	Cash and cash equivalents RM'000	Total RM'000
At 31.12.2021			
Carrying amount	105,888	35,517	141,405
AC	105,888	35,517	141,405
At 31.12.2020			
Carrying amount	97,988	15,365	113,353
AC	97,988	15,365	113,353

	Financial liabilities		
	Loans and borrowings RM'000	Trade and other payables RM'000	Total RM'000
At 31.12.2021			
Carrying amount	(86,854)	(56,441)	(143,295)
AC	(86,854)	(56,441)	(143,295)
At 31.12.2020			
Carrying amount	(100,378)	(13,418)	(113,796)
AC	(100,378)	(13,418)	(113,796)

31.2 *Net gains and losses arising from financial instruments*

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Net gains/(losses) on:				
Financial assets at AC	8,539	2,893	4,009	3,637
Financial liabilities at AC	(12,151)	(20,928)	(4,880)	(7,322)
Equity instruments designated at FVOCI	(1)	241	-	-
	(3,613)	(17,794)	(871)	(3,685)

Notes to the Financial Statements (continued)

31. Financial instruments (continued)

31.3 Financial risk management

The Group is exposed to the following risks from its use of financial instruments:
- Credit risk;
- Liquidity risk; and
- Market risk

a. Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group's exposure to credit risk arises principally from its receivables from customers and deposits in banks. The Company's exposure to credit risk mainly arises from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to certain subsidiaries. There are no significant changes as compared to prior periods.

Receivables

Risk management objectives, policies and processes for managing the risk

- Receivables from external parties

  The management regularly reviews the credit risk on customers and takes appropriate measures to enhance credit control procedures. At each reporting date, the Group or the Company assesses whether any of its receivables are credit impaired.

  The gross carrying amount of credit impaired receivables will be written off, either partially or in full, when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, the receivables that are impaired (either partially or fully) are still subject to debt recovery enforcement activities to recover the amounts due from the customers. There are no significant changes as compared to prior periods.

  The contract assets [see Note 13.2(c)] have substantially the same risk characteristics as the trade receivables from the same categories of customers. The Group and the Company have therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

  There are no significant changes as compared to previous year.

- Intercompany balances

  The Company sometimes provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by their carrying amounts in the statements of financial position.

31. Financial instruments (continued)

31.3 *Financial risk management* (continued)

a. Credit risk (continued)

Receivables (continued)

Exposure to credit risk, credit quality and collateral (continued)

At the end of the reporting period, there are no significant concentrations of credit risk other than the following receivables due from:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Two (2020: two) external parties	100,401	107,309	-	-
Two (2020: two) subsidiaries	-	-	103,988	95,433

The exposure of credit risk for trade and other receivables as at the end of the reporting period by geographic region was:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Malaysia	173,198	193,651	105,888	97,988
Fiji	25	24	-	-
	173,223	193,675	105,888	97,988

Recognition and measurement of impairment loss

The Group monitors each receivable individually and uses ageing analysis to monitor the credit quality of the receivables. Appropriate debts recovery actions are taken to recover overdue debts. These actions include sending out reminder letters and scheduling repayments such as instalment scheme and contra arrangement, which are closely monitored by delegated team before commencing any legal proceedings against the customers.

For sales of properties, as ownership and titles to properties are only transferred to customers upon full settlement of the purchase consideration, the Group regards the credit risk exposure as low. Moreover, most of these trade receivables are supported with end-financing from reputable end-financiers, which have low risk of default.

As construction contracts only involve a few customers, the Group assessed the risk of loss of each customer individually based on their financial information, historical payment trends and other external available information. The Group regards the risk of defaults from these contract customers, which are mostly government related, as low.

For receivables from sales of goods and services rendered, an allowance matrix is used to measure any expected credit loss ("ECL") for a particular year. The Group analyses and studies prior years' actual credit loss experience, historical payments trends and other available external credit evaluations to derive appropriate loss rates.

Notes to the Financial Statements *(continued)*

31. Financial instruments (continued)

31.3 Financial risk management (continued)

a. Credit risk (continued)

Receivables (continued)

Recognition and measurement of impairment loss (continued)

The following tables provides information about the exposure to credit risk and ECLs for trade and other receivables:

Group	**Gross RM'000**	**Loss allowance RM'000**	**Net RM'000**
2021			
Not past due	129,674	-	129,674
Past due 0-30 days	3,643	(28)	3,615
Past due 31-60 days	1,985	(28)	1,957
Past due 61-90 days	910	(57)	853
Past due 91-180 days	2,675	(441)	2,234
Past due more than 180 days	63,781	(28,891)	34,890
Trade and other receivables	202,668	(29,445)	173,223
2020			
Not past due	143,389	-	143,389
Past due 0-30 days	5,741	(55)	5,686
Past due 31-60 days	4,831	(51)	4,780
Past due 61-90 days	2,018	(108)	1,910
Past due 91-180 days	3,339	(351)	2,988
Past due more than 180 days	62,424	(27,502)	34,922
Trade and other receivables	221,742	(28,067)	193,675

The movements in the allowance for impairment loss of trade and other receivables during the financial year are as follows:

Group	**Trade receivables RM'000**	**Other receivables RM'000**	**Total RM'000**
Balance at 1 January 2020	13,230	8,179	21,409
Additions	6,536	689	7,225
Reversed	(567)	-	(567)
Balance at 31 December 2020/1 January 2021	19,199	8,868	28,067
Additions	718	660	1,378
Balance at 31 December 2021	19,917	9,528	29,445

31. Financial instruments (continued)

31.3 *Financial risk management* (continued)

a. Credit risk (continued)

Receivables (continued)

Intercompany balances

Generally, the Company does not specifically monitor the ageing of the loans and advances to subsidiaries, which are considered to have low credit risk. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances and manage the utilisation of assets, there is no indication that the amounts due from subsidiaries of RM105,872,000 (2020: RM97,973,000) are not recoverable as at the end of the reporting period.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of certain banking facilities extended to certain subsidiaries. Financial guarantees are provided as credit enhancements to the subsidiaries' secured loans. The Company monitors on an on-going basis the results of and repayments made by the subsidiaries to ensure that they are able to meet their obligations when due.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risks, being the outstanding financial guarantees granted to the subsidiaries as at end of the reporting period is summarised as follows:

Company	2021 RM'000	2020 RM'000
Bank guarantees	29,176	62,304
Other loans and borrowings outstanding and recognised in financial statements	181,640	213,647
Total	210,816	275,951

There is no indication that any subsidiary would default on the repayments of its loans and borrowings. The financial guarantees have not been recognised as the probability of the subsidiaries defaulting on the credit lines is remote.

Cash and cash equivalents

The cash and cash equivalents are held with licensed banks. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position. These licensed banks have low credit risks. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

b. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

Risk management objectives, policies and processes for managing the risk

The Group maintains a level of cash and cash equivalents and banking facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due and to mitigate the effects of fluctuations in cash flows. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Notes to the Financial Statements *(continued)*

31. Financial instruments (continued)

31.3 Financial risk management (continued)

b. Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities (which are non-derivatives) as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
2021							
Trade and other payables							
- interest-bearing	3,524	5.22	3,708	3,708	-	-	-
- non interest -bearing	283,235	-	283,235	263,052	7,861	12,322	-
Provisions	3,472	-	3,472	3,472	-	-	-
Loans and borrowings							
- Secured term loans	96,019	3.92 - 6.00	109,221	32,515	22,288	38,232	16,186
- Unsecured revolving credits	172,000	3.38 - 4.06	173,229	173,229	-	-	-
- Hire purchases	798	3.74 - 6.93	878	180	180	518	-
2020							
Trade and other payables							
- interest-bearing	3,524	5.22	3,708	3,708	-	-	-
- non interest -bearing	312,634	-	312,634	304,940	4,892	2,802	-
Provisions	3,539	-	3,539	3,539	-	-	-
Loans and borrowings							
- Secured term loans	146,798	3.67 - 6.00	165,013	57,217	32,879	54,153	20,764
- Unsecured revolving credits	167,000	3.43 - 4.07	168,371	168,371	-	-	-
- Finance lease liabilities	17	5.47	17	17	-	-	-
- Hire purchases	54	6.93	63	14	14	35	-

31. Financial instruments (continued)

31.3 *Financial risk management* (continued)

b. Liquidity risk (continued)

Maturity analysis (continued)

Company	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000
2021						
Other payables						
- interest-bearing	54,787	3.75 - 3.81	54,787	54,787	-	-
- non interest-bearing	1,654	-	1,654	1,654	-	-
Loans and borrowings						
- Secured term loan	1,378	4.20	1,384	1,384	-	-
- Unsecured revolving credits	85,000	3.60 - 3.96	85,436	85,436	-	-
- Hire purchases	476	3.85	524	105	105	314
Financial guarantees*	-	-	210,816	210,816	-	-
2020						
Other payables						
- interest-bearing	11,680	3.81 - 5.22	11,680	11,680	-	-
- non interest-bearing	1,738	-	1,738	1,738	-	-
Loans and borrowings						
- Secured term loan	25,378	4.19	25,985	24,602	1,383	-
- Unsecured revolving credits	75,000	3.78 - 3.96	75,536	75,536	-	-
Financial guarantees*	-	-	275,951	275,951	-	-

* *Being corporate guarantees granted for banking facilities of certain subsidiaries [see Note 31.3(a)], which will only be encashed in the event of default by the subsidiaries. These financial guarantees do not have an impact on group contractual cash flows.*

c. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices risks that will affect the Group's financial position or cash flows.

i. Currency risk

The Group is occasionally exposed to foreign currency risk on bank balances denominated in a currency other than the respective functional currencies of Group entities. The currency giving rise to this risk is primarily United States Dollar ("USD").

Risk management objectives, policies and processes for managing the risk

As it is not possible to predict with any certainty, the movements of foreign exchange rates, this risk is managed on an on-going basis. As at the end of the reporting period, the Group does not have any outstanding forward foreign exchange contracts.

Notes to the Financial Statements *(continued)*

31. Financial instruments (continued)

31.3 Financial risk management (continued)

c. Market risk (continued)

i. Currency risk (continued)

Exposure to foreign currency risk

The exposure to foreign currency risk, attributable to a currency which is other than the functional currency of the Group entities, based on the carrying amounts as at the end of the reporting period was:

	2021 RM'000	2020 RM'000
Cash and cash equivalents denominated in USD		
- Group	4,631	4,469
- Company	4,490	4,325

A 10% (2020: 10%) strengthening of the RM against USD at the end of the reporting period would have decreased equity and post-tax profit by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group/Company considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit or loss	
	2021 RM'000	2020 RM'000
USD		
- Group	(352)	(340)
- Company	(341)	(329)

A 10% (2020: 10%) weakening of RM against USD at the end of the reporting period would have had equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant.

ii. Interest rate risk

The Group's investments in fixed rate term deposits and fixed rate loans and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate loans and borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short-term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group's policy is to manage its interest rate risk on an on-going basis to ensure that there are no undue exposures thereto. Management exercises a certain element of discretion on whether to borrow at fixed or floating interest rates, depending on the market situation and the outlook of the financial market prevailing then.

The investments in interest-earning assets are mainly short-term in nature and they are not held for speculative purposes but have been mostly placed as term deposits and cash funds.

31. Financial instruments (continued)

31.3 Financial risk management (continued)

c. Market risk (continued)

ii. Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on their carrying amounts as at the end of the reporting period was:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Fixed rates instruments				
- Financial assets	282,819	354,353	30,835	12,105
- Financial liabilities	(231,768)	(236,580)	(85,476)	(75,000)
Floating rates instruments				
- Financial assets	-	-	98,956	93,511
- Financial liabilities	(40,573)	(80,813)	(56,165)	(37,059)

Interest rate risk sensitivity analysis

a. Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

b. Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates at the end of the reporting period, taking into account the contractual repayments terms of its floating rate instruments, would have increased/(decreased) equity and post-tax profit or loss by the amounts shown as below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss			
	2021		2020	
	100bp increase RM'000	**100bp decrease RM'000**	**100bp increase RM'000**	**100bp decrease RM'000**
Floating rate instruments				
- Group	(629)	629	(1,104)	1,104
- Company	337	(337)	512	(512)

iii. Other price risk

Equity price risk arises from the Group's investments in equity securities.

Risk management objectives, policies and processes for managing the risk

Management monitors and manages the equity investments on individual basis. The exposure to equity price risk is not material and hence, sensitivity analysis is not presented.

Notes to the Financial Statements *(continued)*

31. Financial instruments (continued)

31.4 Fair value information

The carrying amounts of cash and bank balances, short-term receivables and payables and short-term borrowings reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value		
Group	**(Level 1) RM'000**	**(Level 3) RM'000**	**Total RM'000**
2021			
Financial assets			
Other investments	65	2,963	3,028
Trade and other receivables	-	-	-
Financial liabilities			
Loans and borrowings			
- Unsecured revolving credits	-	-	-
- Secured term loans	-	-	-
- Hire purchases	-	-	-
2020			
Financial assets			
Other investments	108	2,963	3,071
Trade and other receivables	-	-	-
Financial liabilities			
Loans and borrowings			
- Unsecured revolving credits	-	-	-
- Secured term loans	-	-	-
- Finance lease liabilities	-	-	-
- Hire purchases	-	-	-
Company			
2021			
Financial liabilities			
Loans and borrowings			
- Unsecured revolving credits	-	-	-
- Secured term loan	-	-	-
- Hire purchases	-	-	-
2020			
Financial liabilities			
Loans and borrowings			
- Unsecured revolving credits	-	-	-
- Secured term loan	-	-	-

Fair value of financial instruments not carried at fair value (Level 2) RM'000	(Level 3) RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
-	-	-	3,028	3,028
-	47,393	47,393	47,393	47,393
-	172,000	172,000	172,000	172,000
-	96,296	96,296	96,296	96,019
798	-	798	798	798
-	-	-	3,071	3,071
-	56,823	56,823	56,823	56,823
-	167,000	167,000	167,000	167,000
-	147,037	147,037	147,037	146,798
17	-	17	17	17
54	-	54	54	54
-	85,000	85,000	85,000	85,000
-	1,378	1,378	1,378	1,378
476	-	476	476	476
-	75,000	75,000	75,000	75,000
-	25,389	25,389	25,389	25,378

Notes to the Financial Statements (continued)

31. Financial instruments (continued)

31.4 Fair value information (continued)

The Group does not have any outstanding financial derivatives as at 31 December 2021.

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active market for identical financial assets or liabilities that the entity can access at the measurement date.

Fair value of financial assets that are quoted in an active market are determined by reference to their quoted closing bid price at the end of the reporting period.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Fair value of non-derivative financial liabilities, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For finance leases and hire purchases, the market rate of interest is determined by reference to similar lease arrangements.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the current and previous financial year.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets or financial liabilities.

Fair values within Level 3 for financial instruments not carried at fair value, which is determined for disclosures purpose, is derived based on discounted cash flows using unobservable input (i.e. interest rate). The estimated fair value would increase (decrease) when the interest rates were lower (higher).

For financial instruments carried at fair value, the fair value within Level 3 is derived by reference to the net assets of the investee, adjusted for the effect of market value of assets and/or the estimated discounted cash flows of the investee's operations, where applicable.

32. Capital management

The Group's objectives when managing capital is to maintain healthy capital base and safeguard the Group's ability to continue as a going concern, so as to maintain the confidence of investors, creditors and other stakeholders in the Group and to sustain the future development of the business.

There were no changes in the Group's strategy and approach on capital management during the year.

33. Capital expenditure commitments

	Group	
	2021	2020
	RM'000	RM'000
Property, plant and equipment		
- Authorised but not contracted for	15,000	5,536
Investment properties		
- Authorised and contracted for	4,850	-
- Authorised but not contracted for	25,150	-
	45,000	5,536

34. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the parties or exercise significant influence over the parties in making financial and operating decisions, or vice versa, or where the Group or the Company and the parties are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key management personnel services to the Group. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The Group has related party relationships with its subsidiaries, associates, joint ventures, key management personnel and significant shareholders.

Significant related party transactions

Significant related party transactions, other than compensations paid/payable to key management personnel (see Note 26), are disclosed below:

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Subsidiaries				
Management fee income	-	-	(2,447)	(2,907)
Management fee expense	-	-	1,034	887
Rental expense on premises	-	-	234	234
Interest income	-	-	(3,602)	(2,610)
Interest expense	-	-	1,406	1,510
Dividend income	-	-	(40,000)	(120,000)
Associates				
Construction costs payable	161,528	110,601	-	-
Construction contract sum billed	(2,093)	(260)	-	-
Dividend income	(4,206)	-	(4,206)	-
Sale of property, plant and equipment	(160)	-	-	-

34. Related parties (continued)

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Joint venture				
Distribution of profit	1,530	1,020	-	-
Key management personnel				
Sales of properties	-	589	-	-
Consultant fee paid	-	50	-	-

The amount due from/to subsidiaries, associates and joint ventures is disclosed in Notes 12 and 20 to the financial statements.

The above related party transactions are based on negotiated terms.

35. Changes in investments in existing subsidiaries

i Acquisition of a new subsidiary

On 4 August 2021, a direct subsidiary, Naim Land Sdn. Bhd. ("NLSB") subscribed for 2 ordinary shares in Naim Mortgage Sdn. Bhd. ("NMSB"), representing 100% of the equity interest therein, for a cash consideration of RM2. The acquisition did not have a material impact on the Group's assets and liabilities due to the dormancy of NMSB since its incorporation.

ii. Additional investment in an existing subsidiary

In December 2021, NLSB acquired the remaining 30% equity interest in Jelas Kemuncak Resources Sdn. Bhd. ("JKRSB") from its minority shareholder at a cash consideration of RM1. The resultant equity interest held by the Group therein had increased from 70% to 100% following the said acquisition.

This change in the ownership interest in JKR was accounted for as an equity transaction between the Group and non-controlling interest holder. The change in the Group's share of net assets of about RM6,132,000 was adjusted against the Group's retained earnings.

iii. Additional investments arising from new shares issued by an existing subsidiary

On 8 November 2021, NLSB subscribed for additional 99,998 new ordinary shares in Naim (MM2H) Sdn. Bhd. (formerly known as Naim Utilities Sdn. Bhd.) for total consideration of RM99,998, settled by way of capitalisation of debts owing thereto.

The above subscription does not have any material impact to the Group as there is no changes in the Group's equity interest in Naim (MM2H) Sdn. Bhd..

iv. Internal restructuring

During the financial year under review, the Company acquired the entire equity interest of Naim Academy Sdn. Bhd. ("NACSB") from its direct subsidiary, NLSB for a cash consideration of RM200,000. Simultaneously, NACSB acquired the entire equity interest of Permyjaya Sino Education Sdn. Bhd. from NLSB for a cash consideration of RM2.00. These acquisitions do not have any impact to the Group as there are no changes in the group equity interest in these subsidiaries.

36. Movements in investment in associates

i. Dilution in equity interest in Perdana Petroleum Berhad ("PPB")

Following the conversion of some 1.7 million redeemable convertible preference shares ("RCPS") into ordinary shares in PPB by its RCPS holders during the current financial year under review, the Group's equity interest in PPB had decreased from 3.48% as at 31 December 2020 to 3.47% as at 31 December 2021. Dayang Enterprise Holdings Bhd. ("DEHB"), another 24.22% owned associate of the Company also recorded a dilution in its ownership interest in PPB, from 63.77% in 2020 to 63.72% as at year end following such RCPS conversion.

During the last financial year, about 1.44 billion RCPS issued by PPB were converted into the equivalent number of ordinary shares in PPB. The Company's direct equity interest in PPB has then been diluted by 6.41%, from initial 9.89% to 3.48% as a result of such conversion.

The dilution in the equity interest in PPB arising from the above RCPS conversions, after considering both direct and indirect interests held therein, was accounted for as a loss on deemed disposal amounting to RM214,000 (2020: RM7,701,000), which was recognised as other non-operating expense in the profit or loss (see Notes 24).

ii. Decrease in investment in DEHB

In March 2021, the Group's equity interest in DEHB had decreased from 26.42% to 24.22% following a private placement exercise effected by DEHB. The dilution in equity interest was accounted for as deemed disposal with a resultant loss of RM1,790,000 recognised as part of other non-operating expense in profit or loss (see Note 24).

In the last financial year, the Company disposed of 12,700 shares held in DEHB for a cash consideration of RM15,000 for a gain of RM8,000 (see Note 23). The disposal did not have material impact to the Group.

iii Dilution in equity interest in Miri Specialist Hospital Sdn. Bhd. ("MSHSB")

In November 2021, following a new share allotment exercise effected by an associate, MSHSB in which the Group had elected not subscribe for its entitlement, the Group's equity interest in MSHSB was diluted from 30.00% to 15.53% as a result.

Although the Group's shareholding in MSHSB is less than 20% following the dilution in equity interest, the Group determines that it still has significant influence in MSHSB because it has two (2) board representatives in MSHSB.

The dilution in equity interest in MSHSB was accounted for as a deemed disposal. However, there was no impact arising from the dilution in equity interest in MSHSB as the carrying amount of the said investment had been previously reduced to zero following its share of losses up to its interest in MSHSB.

Notes to the Financial Statements *(continued)*

37. Material litigation

i. Contract litigation

On 12 November 2020, Naim Engineering Sdn. Bhd. ("NESB") received a Writ of Summons together with a Statement of Claim from a subcontractor in respect of two completed works package projects. The claims against NESB is for damages and/or compensation in the sum of about RM32,935,000, or alternatively a sum of about RM29,595,000, costs of engaging an expert and/or the continuous costs until the completion of the suit, judgement interest and costs.

Following the stay of proceedings in favour of arbitration as agreed by both parties, a Notice of Arbitration dated 16 July 2021 was received on 19 July 2021. The matter is now pending the appointment of an arbitrator to be agreed by both parties.

Based on our records, the Group is of the view that the claim by the subcontractor is frivolous. As such, the Group does not expect the claim to succeed and is of the view that the claim does not have material financial and/or operational impact to the Group. Notwithstanding, in the event that the claim is allowed by the Arbitrator, the financial impact is limited to what is claimed by the subcontractor in the Statement of Claim. The Group has instructed its solicitor to vigorously contest the claim.

ii. Litigation against a trade debtor

On 30 April 2021, a 70% owned subsidiary, Jelas Kemuncak Resources Sdn. Bhd. ("JKRSB") filed a Writ of Summons and Statement of Claim against its trade debtor, Sia Bintangor Holdings Sdn. Bhd. for a total outstanding debt of RM15,781,000, interest thereon and costs.

Following Settlement Agreement signed by all parties concerned on 28 December 2021, both parties had withdrawn its claims and counterclaims in January 2022.

Statement by Directors pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 98 to 192 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 positions of the Group and of the Company as of 31 December 2021 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....
Datuk Hasmi Bin Hasnan

....
Chin Chee Kong

Kuching,

Date: 13 April 2022

Statutory declaration pursuant to Section 251(1)(b) of the Companies Act 2016

I, Emily Hii San San (MIA CA 24978), the officer primarily responsible for the financial management of Naim Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 98 to 192 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed
in Kuching in the State of Sarawak
on 13 April 2022

....
Emily Hii San San

Before me:

Independent Auditors' Report to the members of Naim Holdings Berhad

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Naim Holdings Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of profit or loss and other 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 98 to 192.

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 2021, 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 auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By- Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *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.

Independent Auditors' Report to the members of Naim Holdings Berhad (continued)

Key Audit Matters (continued)

1. Revenue recognition relating to construction contracts - Group

Refer to Note 1(d), Basis of Preparation and Note 2(s)(i), Accounting policy- Revenue from contracts with customers for Construction Contracts and Note 22, Revenue for construction contracts

The key audit matter	How the matter was addressed in our audit
Revenue derived from construction contracts requires significant management judgement in the assessment of the current and future financial performance of the contracts. Consequently, judgements were required to evaluate contracts with customers, in particular on the number of performance obligations, allocation of transaction price to each performance obligation and the determination of whether revenue for each contract is to be recognised over time or at a point in time and new disclosures were made in the financial statements. Construction contracts revenue is accounted for based on over time recognition using input method (i.e. stage of completion method). The stage of completion is determined by reference to the proportion of contract costs incurred for work performed to-date bear to the total estimated contract costs. As disclosed in Note 1(d) to the financial statements, the accurate recording of revenue is highly dependent on judgement exercised by management in assessing the valuation of contract variations, the completeness and accuracy of estimated costs to complete, and the ability to deliver contracts within the contractual time and claims and penalties for late deliveries. We focused on this area as a key audit matter due to the degree of management judgement involved in the estimation of revenue recognised over the contract life. Changes in judgements and the related estimates throughout a contract life can result in material adjustments to revenue and consequently, the profit margin of contracts. The key risk areas are as follows: i. Risk of inaccurate estimation of the costs required to complete the contracts, which affects the accuracy of revenue recognition; ii. Risk of revenue recognition on variation orders which are disputed; and ii. Risk of penalties not factored in revenue recognition.	We performed the following audit procedures, among others: • We obtained an understanding of the Group's processes, systems and controls implemented, and tested the relevant controls identified. • We obtained an understanding of the method, key assumptions and underlying data used in the process for revenue estimate is developed. • We have obtained an understanding of the basis of the key judgements made for the revenue recognition in particular on the number of performance obligations, allocation of transaction price to each performance obligation and the determination of whether revenue for each contract is to be recognised over time or at a point in time and disclosures were made in the financial statements. • We challenged the basis of estimations applied by the project management team in regard to the required cost to complete the construction contracts and assessed whether there were management biasness as well as the management assessment on the effect of estimate uncertainty. Our procedures include evaluating the historical accuracy of the Group's estimation process by comparing actual costs with the estimated costs that had previously been estimated, and testing estimated costs to sub- contractors' contracts and suppliers' quotations. • We tested the validity and accuracy of variations and claims arising from the contract revenue and sub-contract costs to correspondences, supplementary agreements or variation orders to determine that the variations and claims are approved by the contract customers. • We assessed if any penalties are payable arising from expected and actual delay in completion of contracts by interviewing the project management teams and evaluated the construction progress against the contracted completion date. • We assessed the completeness, accuracy and appropriateness of disclosures as required by MFRS 15.

Key Audit Matters (continued)

2. Recognition of revenue from sales of properties - Group

Refer to Note 1(d), Basis of Preparation, Note 2(s)(i), Accounting policy- Revenue from contracts with customers for sales of properties and Note 22, Revenue for sales of properties

The key audit matter	How the matter was addressed in our audit
Revenue derived from sales of properties is accounted for either over time or at a point in time recognition, depending on the timing when the controls of properties are passed to customers. The over time recognition method is determined using input method (i.e. stage of completion of properties sold), measured by reference to the proportion of property development costs incurred for work performed to-date bear to the estimated total property development costs. Consequently, judgements were required to evaluate contracts with customers, in particular on the number of performance obligations, allocation of transaction price to each performance obligation and the determination of whether revenue for each contract is to be recognised over time or at a point in time and new disclosures were made in the financial statements. As disclosed in Note 1(d) to the financial statements, the accurate recording of revenue is highly dependent on judgement exercised by management in assessing the completeness and accuracy of estimated costs to complete, the ability to deliver properties within the contracted time. We focused on this area as a key audit matter due to the degree of management judgement involved in the estimation of revenue over the course of the project life. Changes in judgements and the related estimates throughout a property development life can result in material adjustments to revenue and profit margin recognised on uncompleted houses. The key risk areas are as follows: i. Risk of inaccurate estimation of the costs to complete the properties, which affects the accuracy of revenue recognition; ii. Risk of customers not able to commit to the purchases and result in the cancellation of sales; and iii. Risk of penalties not factored in revenue recognition.	We performed the following audit procedures, among others: • We obtained an understanding of the Group's processes, systems and controls implemented, and tested the relevant controls identified. • We obtained an understanding of the method, key assumptions and underlying data used in the process for revenue estimate is developed. • We obtained an understanding of the basis of the key judgements made for the revenue recognition recognition in particular on the number of performance obligations, allocation of transaction price to each performance obligation and the determination of whether revenue for each contract is to be recognised over time or at a point in time and disclosures were made in the financial statements. • We challenged the basis of estimations applied by the project management team in regard to the required cost to complete the properties and assessed whether there were management biasness as well as the management assessment on the effect of estimate uncertainty. Our procedures include evaluating the historical accuracy of the Group's estimation process by comparing actual costs with the estimated costs that had previously been estimated, testing estimated costs to contracts and suppliers' quotations. • We checked to the property sales cancellation report after the financial year end to determine that sales cancellation are appropriately reflected in revenue recognition. We identified buyers that defaulted payments and their commitments to complete the purchase by inspecting correspondences with the buyers. • We assessed the completeness, accuracy and appropriateness of disclosures as required by MFRS 15.

Independent Auditors' Report to the members of Naim Holdings Berhad (continued)

Key Audit Matters (continued)

3. Impairment testing of investment in associates - Company

The key audit matter	How the matter was addressed in our audit
An associate of the Company continued to be incurring losses, which indicated that there may be an impairment on the investment in the associate. The Company has evaluated the indicators and performed impairment testing to determine the recoverable amount. We determined this to be a key audit matter due to the degree of judgement involved in preparing and considering the prospective financial information based on the assumptions and events which may occur in the next 12 months and beyond by the Company. In view of the inherent uncertainties involved in forecasting and discounting future cash flows, as well as the appropriateness of the key assumption used to derive the projections, it required us to exercise a significant level of judgement in evaluating the Company's assessment on investment in associates.	We performed the following audit procedures, among others: • We have obtained an understanding on the process in relation to the Company's assessment on investment in associate and evaluated the design and implementation of the controls over the preparation of the valuation model used to determine the recoverable amount of the associate. • We compared the carrying amount of the investment in associate against their recoverable amount which is the higher of share of net assets and market price of the quoted shares. • We considered the adequacy of the Company's disclosure of the impairment assessment in the financial statements.

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 annual report 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 annual report and, in doing so, consider whether the annual report 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 the annual report, 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 ability of the Group and of the Company to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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 internal control of the Group and of the Company.
- 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 ability of the Group or of the Company 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 gives a true and fair view.
- 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, actions taken to eliminate threats or safeguards applied.

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 auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 4 to the financial statements.

Other Matter

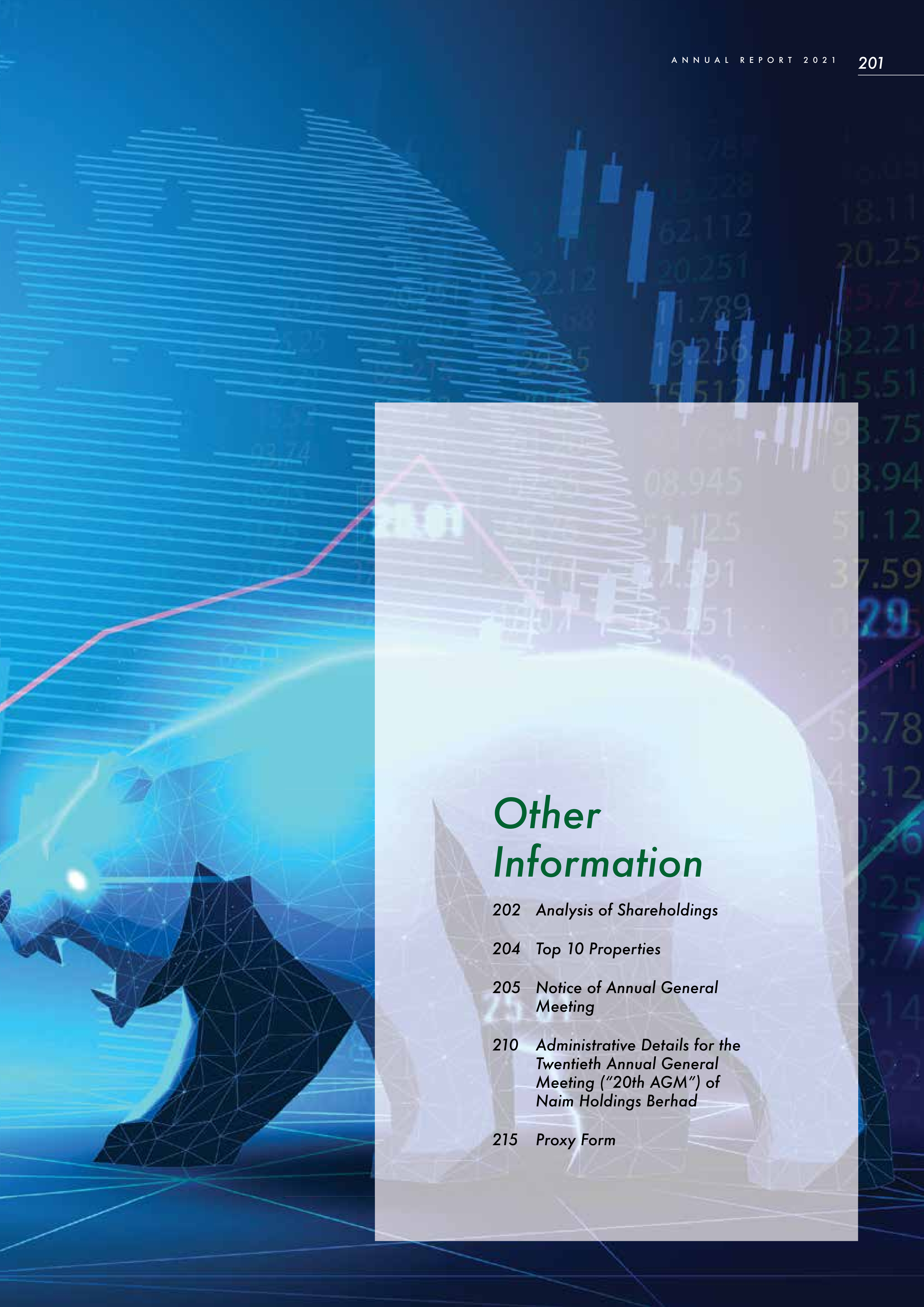
This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Nicholas Chia Wei Chit
Approval Number: 03102/03/2024 J
Chartered Accountant

Kuching,
Date: 13 April 2022

PART 8



Other Information

Analysis of Shareholdings as at 31 March 2022

Number of Issued Shares	:	513,799,322 ordinary shares
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

Size of Holdings	No of Shareholdings	% of Shareholders	No of Shares Held	% of Issued Capital
1 – 99	16	0.25	444	0.00
1 – 99	20	0.28	516	0.00
100 – 1,000	1,053	14.87	637,803	0.12
1,001 – 10,000	3,642	51.44	20,178,215	4.03
10,001 – 100,000	2,039	28.80	67,548,016	13.49
100,001 – 25,037,165 (*)	322	4.55	162,528,296	32.46
25,037,166 and above (**)	4	0.06	249,850,476	49.90
Total	**7,080**	**100.00**	**500,743,322[#]**	**100.00**

Remark: * - *Less than 5% of issued shares*
** - *5% and above of issued shares*
# - *The number of 500,743,322 ordinary shares was arrived at after deduction the* number of *13,056,000 treasury shares retained by the Company from the original number of issued shares of 513,799,322 ordinary shares of the Company*

Top 30 Shareholders

No	Name	No. of Shares Held	% Shareholding
1.	ISLAND HARVESTS SDN BHD	102,373,817	20.44
2.	TAPAK BERINGIN SDN. BHD.	70,272,017	14.03
3.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR HASMI BIN HASNAN (PB)	44,864,692	8.96
4.	HASMI & ASSOCIATES MANAGEMENT SDN BHD	32,339,950	6.46
5.	ABDUL HAMED BIN SEPAWI	23,905,368	4.77
6.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HASMI BIN HASNAN	10,866,076	2.17
7.	ABDUL HAMED BIN SEPAWI	8,648,059	1.73
8.	FOONG KAH HENG	5,900,000	1.18
9.	HWS PROPERTIES SDN BHD	4,312,250	0.86
10.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEE ZHEN XAO (6000085)	2,040,000	0.41
11.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PLASMA CAPITAL SDN. BHD.	2,000,000	0.40
12.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN LEONG KIAT (M02)	1,990,000	0.40
13.	TAN KOK CHUAN	1,931,500	0.39
14.	LEMBAH RAKYAT SDN. BHD.	1,874,983	0.37
15.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR SINCERE SUCCESS SDN BHD (PB)	1,618,000	0.32
16.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR AH NYUK LEN (MQ0340)	1,600,000	0.32
17.	TAN AI BENG	1,460,000	0.30

Top 30 Shareholders

No	Name	No. of Shares Held	% Shareholding
18.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEW POK OI	1,436,100	0.29
19.	CHOY WEE CHIAP	1,400,000	0.28
20.	TAPAK BERINGIN SDN. BHD.	1,360,433	0.27
21.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR IBRAHIM BIN BAKI	1,359,600	0.27
22.	PM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH PECK GUAN (B)	1,312,800	0.26
23.	TING SIEW CHII	1,295,000	0.26
24.	PUBLIC INVEST NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MUHAMAD ALOYSIUS HENG (M)	1,238,300	0.25
25.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JOHN LEONG WIONG YIEY (MK0135)	1,217,700	0.24
26.	MAYBANK NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SAN TUAN SAM	1,211,600	0.24
27.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD UBS AG SINGAPORE FOR TOH HOOI HAK	1,200,000	0.24
28.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR TING KUOK LEY @ DAVID KUOK LEH TING (PB)	1,186,900	0.24
29.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GAN HUA CHA	1,152,100	0.23
30.	NG SIEW KOOI	1,135,000	0.23

Substantial Shareholders

Name of Substantial Shareholders	Direct No. of Shares Held	%	Indirect No. of Shares Held	%
1. ISLAND HARVESTS SDN. BHD.	102,373,817	20.44	-	-
2. TAPAK BERINGIN SDN. BHD.	71,632,450	14.31	-	-
3. HASMI & ASSOCIATES MANAGEMENT SDN. BHD.	32,339,950	6.46	-	-
4. DATUK HASMI BIN HASNAN	55,730,768	11.13	135,259,244	27.01
5. DATUK AMAR ABDUL HAMED BIN HAJI SEPAWI	32,553,427	6.50	73,507,433	14.68

Directors’ Direct and Indirect Interest in the Company

	Direct No. of Shares Held	%	Indirect No. of Shares Held	%
1. DATUK AMAR ABDUL HAMED BIN HAJI SEPAWI	32,553,427	6.50	73,507,433	14.68
2. DATUK HASMI BIN HASNAN	55,730,768	11.13	135,259,244	27.01
3. BEH BOON EWE	-	-	-	-
4. DATUK AHMAD BIN ABU BAKAR	-	-	-	-
5. DATIN MARY SA’DIAH BINTI ZAINUDDIN	-	-	-	-
6. CHIN CHEE KONG	-	-	-	-
7. TAN CHUAN DYI	-	-	-	-
8. SULAIHAH BINTI MAIMUNNI	-	-	-	-

Top 10 Properties

Lot No/Location	Description	Date Of Acquisition/ Lease Expiring Date	Land Area/ (Built up Area) Sq. Meter	Carrying Amount RM'000
PROPERTIES UNDER PROPERTY, PLANT AND EQUIPMENT				
Part of Lot 6180, Block 11 Kuala Baram Land Dsitrict	Clubhouse	20.07.1995 Expiring 26.05.2114	29,220 (5,385)*	24,018
Part of Lot 4532 Bintulu Town District	Hotel Land and Building	06.11.2008 Expiring 04.07.2111	1,969 (12,662)	40,605
PROPERTIES UNDER INVENTORY - LAND HELD FOR DEVELOPMENT				
Lot 6186, Part of Lot 8837, Block 11 Kuala Baram Land District	Land For Development	20.07.1995 Expiring 26.06.2114	459,680	20,778
Lot 5234, Block 25 Muara Tuang Land District	Land For Development	29.05.2008 Expiring 15.01.2112	1,808,000	26,709
Lot 4288, Block 26 Kemena Land District	Land For Development	14.11.2014 Expiring 13.11.2113	114,680	17,204
Lot 2905, Block 20 Kemena Land District	Land For Development	20.05.2013 Expiring 19.05.2112	260,000	15,080
Lot 8619, Block 11 Kuala Baram Land District	Land For Development	12.09.2012 Expiring 11.09.2111	142,000	8,529
Lot 4533 Bintulu Town District	Land For Development	26.09.2008 Expiring 04.07.2111	54,997	12,697
INVESTMENT PROPERTY				
Lot 2597, Block 8 Muara Tebas Land District	Industrial Land	27.07.2016 Expiring 26.07.2076	200,300	10,376
Lot 3244, Block 11 Kuala Baram Land District	Commercial Land and Retail Building	20.07.1995 Expiring 19.07.2094	34,130 (25,560)	42,819

* *excluding outdoor facilities*

Naim Clubhouse
@ SouthLake Permyjaya, Miri

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 20th Annual General Meeting ("AGM") of Members of **NAIM HOLDINGS BERHAD** will be conducted entirely through live streaming from the broadcast venue at Naim Holdings Berhad, 10th Floor, Wisma Naim, 2 ½ Mile, Rock Road, 93200 Kuching, Sarawak, Malaysia ("Broadcast Venue") on Thursday, 26 May 2022 at 10 am for the following purposes:

ORDINARY BUSINESSES

1. Adoption of Financial Statements

To receive and adopt the audited financial statements and reports of Directors and Auditors for the financial year ended 31 December 2021. **[Please refer to Explanatory Note a]**

2. Approval of Directors' fees and remuneration

a. To approve the payment of Directors' remuneration for the Non-Executive Chairman. **ORDINARY RESOLUTION 1**

b. To approve the payment of Directors' remuneration for the Non-Executive Directors. **ORDINARY RESOLUTION 2**

3. Re-Election of Directors

To re-elect the following Directors who retire in accordance with Clause 85(a) of the constitution of the Company:

Datuk Amar Abdul Hamed Bin Haji Sepawi **ORDINARY RESOLUTION 3**

Tan Chuan Dyi **ORDINARY RESOLUTION 4**

Sulaihah Binti Maimunni **ORDINARY RESOLUTION 5**

4. Re-Appointment of Auditors

To re-appoint Messrs. KPMG PLT as Auditors and to authorise the Directors to fix their remuneration. **ORDINARY RESOLUTION 6**

SPECIAL BUSINESSES

To consider and, if thought fit, to pass the following as Ordinary Resolutions:

5. ORDINARY RESOLUTION 7 – RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

"That approval be and is hereby given to Datin Mary Sa'diah Binti Zainuddin to continue to serve as an Independent Non-Executive Director of the Company until the conclusion of the next AGM." **ORDINARY RESOLUTION 7**

6. ORDINARY RESOLUTION 8 - AUTHORITY TO ALLOT AND ISSUE SHARES

"THAT, subject always to the Companies Act, 2016, the Constitution of the Company and the approvals of the relevant governmental/regulatory authorities, if applicable, the Directors of the Company be and are hereby empowered pursuant to Sections 75 and 76 of the Companies Act, 2016, to allot and issue shares in the Company, from time to time, and upon such terms and conditions and for such purposes as the Directors of the Company may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten percent (10%) of total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval for the listing of, and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad ("Bursa Malaysia") AND THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company." **ORDINARY RESOLUTION 8**

Notice of Annual General Meeting *(continued)*

7. ORDINARY RESOLUTION 9 - PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES ("PROPOSED SHARE BUY-BACK")

"THAT, subject always to the Companies Act, 2016 and all other applicable laws, guidelines, rules and regulations, the Company be and are hereby authorised to purchase such number of ordinary shares of the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company, from time to time, through Bursa Malaysia, upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that:

i. the aggregate number of ordinary shares to be purchased pursuant to this resolution shall not exceed ten per centum (10%) of the total number of issued shares of the Company;
ii. the amount not exceeding the retained profits of the Company shall be allocated by the Company for the Proposed Share Buy-Back;

AND THAT at the absolute discretion of the Directors of the Company, upon such purchase by the Company of its own shares, the purchased shares shall be cancelled and/or retained as treasury shares and subsequently be cancelled, distributed as dividends or resold on Bursa Malaysia and/or in any other manner as prescribed by the Companies Act 2016.

AND THAT the Directors of the Company be and are hereby empowered to do all acts and enter into all such transactions, agreements and arrangements, and to execute, sign and deliver for and on behalf of the Company, all such documents as the Directors may deem fit and expedient in order to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as the Directors may in their absolute discretion deem fit and in the best interest of the Company and/or as may be imposed or agreed to by any relevant authorities;

AND THAT such authority conferred by this resolution shall commence immediately and shall continue to be in force until the conclusion of the next Annual General Meeting of the Company following the passing of this ordinary resolution, unless earlier revoked or varied by an ordinary resolution of the shareholders of the Company in a general meeting. **ORDINARY RESOLUTION 9**

8. To transact any other ordinary business of which due notice shall have been given.

BY ORDER OF THE BOARD

BONG SIU LIAN (MAICSA 7002221)
SSM Practising Certificate No. 201908001493
HASMIAH BINTI ANTHONY HASBI (SAA0772-KH004)
SSM Practising Certificate No. 201908002509
Company Secretaries

Kuching, Sarawak
Dated this 27 April 2022

NOTES:

1. Virtual Meeting

The 20th AGM of the Company will be conducted entirely on a virtual basis through live streaming and online remote voting via Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. which are available on its TIIH Online website at https://tiih.online. Please follow the procedures provided in the Administrative Details for the 20th AGM in order to register, participate and vote remotely via the RPV.

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Members will not be allowed to attend the meeting in person at the Broadcast Venue on the day of the meeting.

2. APPOINTMENT OF PROXY

a. A proxy may but need not be a member of the Company but shall be of full age.
b. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the meeting except where the member is an authorised nominee as defined in accordance with the provisions of the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds and where the member is an Exempt Authorised Nominee, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account.
c. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

d. The instrument appointing a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than twenty-four (24) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

i. In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

ii By electronic means

The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online. Kindly refer to the Administrative Details for the 20th AGM.

Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

Last date and time for lodging the proxy form is **Wednesday, 25 May 2022 at 10 am.**

Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than twenty-four (24) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:

i. If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
ii. If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
   a. at least two (2) authorised officers, of whom one shall be a director; or
   b. any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the **Record of Depositors as at 19 May 2022.** Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.

3. A member who has appointed a proxy or attorney or authorised representative to participate at the 20th AGM via RPV must request his/her proxy or attorney or authorised representative to register himself/herself for RPV via TIIH Online website at https://tiih.online. Procedures for RPV can be found in the Administrative Details for the 20th AGM.
4. The Notice of the 20th AGM together with the Form of Proxy, Administrative Details, Annual Report 2021 and the Share Buy-Back Statement are published on the Company's website at www.naim.com.my or Bursa Malaysia's website at www.bursamalaysia.com.
5. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all resolutions set out in this Notice will be put to vote by poll.

Explanatory Notes

a. Item 1 of the Agenda

The Audited Financial Statements laid at this meeting pursuant to Section 340(1)(a) of the Companies Act 2016 are meant for discussion only. It does not require shareholders' approval, and therefore, not put forward for voting.

b. Ordinary Resolutions 1 and 2 – Directors' Remuneration

Pursuant to Section 231(1) of the Companies Act 2016, ("the Act"), the fees and benefits ("Remuneration") payable to the Directors of the Company will have to be approved by the shareholders of the Company at a general meeting. In this respect, the Board of Directors of the Company hereby seek the shareholders' approval for the Directors' remuneration in two (2) separate resolutions as follows:

- Ordinary resolution 1 payment of Directors' remuneration to the Non-Executive Chairman
- Ordinary resolution 2 payment of Directors' remuneration to the Non-Executive Directors

Notice of Annual General Meeting *(continued)*

Details of the estimated Directors' Remuneration for Non-Executive Directors for the period from May 2022 to April 2023 are as follows:

Description	Non-Executive Chairman May 2022 to April 2023 RM	Non-Executive Director May 2022 to April 2023 RM
Fixed allowance per month	73,230	Not applicable
EPF contribution per month	11,717	Not applicable
Directors' Fee per month	Not applicable	7,500
Additional Directors' Fee per month for Senior Independent Non-Executive director	Not applicable	1,000
Meeting allowance per Board meeting	2,000	2,000
Meeting allowance per Board Committees meeting	1,500	1,500
Other Benefits	Car, driver, petrol, medical coverage, professional & club memberships, travel, communication, D&O[@] Liability Insurance coverage and other claimable benefits	reimbursement for travel expenses (to attend meetings and company functions), communication, professional membership fee, D&O[@] Liability Insurance coverage and other claimable benefits

Notes: [@] - Directors & Officers

The Executive Directors are not entitled to Directors' fees and meeting allowances for attending Board and Board Committee meetings.

c. Ordinary Resolutions 3, 4 and 5 – Re-Election of Directors

Clause 85(a) of the Company's constitution provides that one third (1/3) of the Directors of the Company for the time being shall retire by rotation at the AGM of the Company. All Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.

The Directors retiring under Clause 85(a) are as follows:
i. Datuk Amar Abdul Hamed Bin Haji Sepawi;
ii. Tan Chuan Dyi; and
iii. Sulaihah Binti Maimunni
and being eligible have offered themselves for re-election.

The respective profiles of the above Directors are set out in the Profile of Directors pages 20 to27.

The details of interest in securities of the Company (if any) held by the Directors are stated on page 203 of the Annual Report.

d. Ordinary Resolution 6 – Re-appointment of Auditors

The Board has at its meeting held on 13 April 2022 approved the recommendation of the Audit Committee on the re-appointment of Messrs KPMG PLT as Auditors of the Company. The Board is satisfied that Messrs KPMG PLT has met the relevant criteria prescribed under Paragraph 15.21 of the Main Market Listing Requirements of Bursa Securities which was concluded through the assessment carried out by the Audit Committee on the suitability and independence of Messrs. KPMG PLT.

e. Ordinary Resolution 7 – Retention of Independent Non-Executive Directors

Datin Mary Sa'diah Binti Zainuddin has served as Independent Non-Executive Director for a cumulative term of 9 years. The Nominating Committee and the Board have carried out an evaluation and assessment and concluded that Datin Mary Sa'diah Binti Zainuddin continues to be independent and objective in all board deliberations. She continues to comply with the relevant criteria and provisions under the definition of independence of the Main Market Listing Requirements of Bursa Securities. She is not related to any directors and major shareholders of the Company and hence she is not under the influence of other directors and major shareholders. Upon the recommendation by the Nominating Committee, the Board of Directors recommended that Datin Mary Sa'diah Binti Zainuddin to be retained as an Independent Non- Executive Director of the Company until the conclusion of the next AGM.

f. Ordinary Resolution 8 – Authority to Allot and Issue Share pursuant to Sections 75 and 76 of the Companies Act 2016

This resolution is proposed pursuant to Sections 75 and 76 of the Companies Act 2016, and if passed, will empower the Directors of the Company to issue shares in the Company up to an amount not exceeding ten percent (10%) of the total number of issued shares of the Company for the time being for any possible fund-raising activities for purposes as the Directors consider to be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in general meeting will expire at the conclusion of the next AGM.

The renewal of this mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding current and future investment project(s), working capital and/or acquisitions.

The Company did not issue any new shares under the general mandate which was approved at the 19th AGM.

g. Ordinary Resolution 9 – Proposed Renewal of Authority for the Company to Purchase its Own Shares

The Proposed Ordinary Resolution 9, if passed will empower the Directors of the Company to purchase its own shares. The total number of shares purchased shall not exceed 10% of the total number of issued shares of the Company for the time being. This authority will, unless revoked or varied by the Company in general meeting, expires at the next AGM in the Company.

The Share Buy-Back Statement in relation to The Proposed Renewal of Authority for the Company to Purchase of its Own Shares dated 27 April 2022 is enclosed for further information.

Administrative Details for the Twentieth Annual General Meeting ("20th AGM") of Naim Holdings Berhad

Date	:	**Thursday, 26 May 2022**
Time	:	**10.00 a.m.**
Broadcast Venue	:	**Naim Holdings Berhad, 10th Floor, Wisma Naim, 2 ½ Mile, Rock Road, 93200 Kuching, Sarawak, Malaysia**

LIVE STREAMING

Virtual Annual General Meeting

- As part of our continuing safety and precautionary measures, the Company will conduct its 20th AGM on a **virtual basis through live streaming and online remote voting** via Remote Participation and Voting ("RPV") facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's ("Tricor") TIIH Online website at https://tiih.online.

- The venue of the 20th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue of the meeting. No shareholders/proxy(ies) from the public will be physically present at the meeting venue.

- We **strongly encourage** you to attend the 20th AGM via the RPV facilities. You may also consider appointing the Chairman of the Meeting as your proxy to attend and vote on your behalf at the 20th AGM.

Remote Participation and Voting

- The RPV facilities are available on Tricor's TIIH Online website at https://tiih.online.

- Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the 20th AGM using RPV facilities from Tricor.

- Kindly refer to Procedures for RPV as set out below for the requirements and procedures.

Procedures to Remote Participation and Voting via RPV Facilities

- Please read and follow the procedures below to engage in remote participation through live streaming and online remote voting at the 20th AGM using the RPV facilities:

Before the 20th AGM Day

Procedure	Action
i. Register as a user with TIIH Online	• Using your computer, access to website at https://tiih.online. Register as a user under the "e-Services" select "Create Account by **Individual Holder**". Refer to the tutorial guide posted on the homepage for assistance. • Registration as a user will be approved within one (1) working day and you will be notified via e-mail. • If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.
ii. Submit your request to attend 20th AGM remotely	• Registration is open from 10.00 a.m. Wednesday, 27April 2022 until the day of 20th AGM on Thursday, 26 May 2022. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 20th AGM to ascertain their eligibility to participate in the 20th AGM using the RPV. • Login with your user ID (i.e. e-mail address) and password and select the corporate event: **(Registration) Naim Holdings Berhad 20th AGM**

Before the 20th AGM Day (continued)

Procedure	Action
ii. Submit your request to attend 20th AGM remotely (continued)	• Read and agree to the Terms & Conditions and confirm the Declaration. • Select "Register for Remote Participation and Voting". • Review your registration and proceed to register. • System will send an **e-mail to notify** that your registration for remote participation is received and will be verified. • After verification of your registration against the Record of Depositors as at 19 May 2022, the system will send you an **e-mail after 25 May 2022 to approve or reject** your registration for remote participation. (Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV).

On the 20th AGM Day

Procedure	Action
i. Login to TIIH Online	• Login with your user ID and password for remote participation at the 20th AGM at any time from 9.30 a.m. i.e. 30 minutes before the commencement of meeting at 10.00 a.m. on Thursday, 26 May 2022.
ii. Participate through Live Streaming	• Select the corporate event: **(Live Stream Meeting) Naim Holdings Berhad 20th AGM** to engage in the proceedings of the 20th AGM remotely. If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will try to respond to questions submitted by remote participants during the 20th AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.
iii. Online remote voting	• Voting session commences from 10:00 a.m. on Thursday, 26 May 2022 until a time when the Chairman announces the end of the session. • Select the corporate event: **(Remote Voting) Naim Holdings Berhad 20th AGM** or if you are on the live stream meeting page, you can select **"GO TO REMOTE VOTING PAGE"** button below the Query Box. • Read and agree to the Terms & Conditions and confirm the Declaration. • Select the CDS account that represents your shareholdings. • Indicate your votes for the resolutions that are tabled for voting. • Confirm and submit your votes.
iv. End of remote participation	• Upon the announcement by the Chairman on the conclusion of the 20th AGM, the Live Streaming will end.

Administrative Details for the Twentieth Annual General Meeting ("20th AGM") of Naim Holdings Berhad (continued)

Note to users of the RPV facilities:

i. Should your registration for RPV be approved, we will make available to you the rights to join the live stream meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
ii. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
iii. In the event you encounter any issues with logging-in, connection to the live stream meeting or online voting on the meeting day, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 for assistance or e-mail to tiih.online@my.tricorglobal.com for assistance.

Entitlement to Participate and Appointment of Proxy

- Only members whose names appear on the Record of Depositors as at 19 May 2022 shall be eligible to attend, speak and vote at the 20th AGM or appoint a proxy(ies) and/or the Chairman of the Meeting to attend and vote on his/her behalf.

- In view that the 20th AGM will be conducted on a virtual basis, a member can appoint the Chairman of the Meeting as his/her proxy and indicate the voting instruction in the Form of Proxy.

- If you wish to participate in the 20th AGM yourself, please do not submit any Form of Proxy for the 20th AGM. You will not be allowed to participate in the 20th AGM together with a proxy appointed by you.

- Accordingly, proxy forms and/or documents relating to the appointment of proxy/corporate representative/attorney for the 20th AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than **Wednesday, 25 May 2022 at 10.00 a.m**:

i. In Hard copy:

   a. By hand or post to the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur;

   b. By fax at 03-2783 9222 or e-mail to is.enquiry@my.tricorglobal.com

ii. By Electronic form:

All shareholders can have the option to submit proxy forms electronically via TIIH Online and the steps to submit are summarised below:

Procedure	Action
i. Steps for Individual Shareholders	
Register as a User with TIIH Online	• Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". Please refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with TIIH Online, you are not required to register again.
Proceed with submission of form of proxy	• After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. • Select the corporate event: **Naim Holdings Berhad 20th AGM - "Submission of Proxy Form"**. • Read and agree to the Terms and Conditions and confirm the Declaration. • Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes. • Review and confirm your proxy(s) appointment. • Print the form of proxy for your record.
ii. Steps for corporation or institutional shareholders	
Register as a User with TIIH Online	• Access TIIH Online at https://tiih.online • Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects **"Create Account by Representative of Corporate Holder"**. • Complete the registration form and upload the required documents. • Registration will be verified, and you will be notified by email within one (1) to two (2) working days. • Proceed to activate your account with the temporary password given in the email and re-set your own password. Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.
Proceed with submission of form of proxy	• Login to TIIH Online at https://tiih.online • Select the corporate exercise name: "**Naim Holdings Berhad 20th AGM** : Submission of Proxy Form" • Agree to the Terms & Conditions and Declaration. • Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxies by inserting the required data. • Submit the proxy appointment file. • Login to TIIH Online, select corporate exercise name: "**Naim Holdings Berhad 20th AGM** : Submission of Proxy Form". • Proceed to upload the duly completed proxy appointment file. • Select "Submit" to complete your submission. • Print the confirmation report of your submission for your record.

Voting at Meeting

- The voting at the 20th AGM will be conducted on a poll pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The Company has appointed Tricor to conduct the poll voting electronically ("e-voting") via Tricor e-Vote application ("Tricor e-Vote App") and Scrutineer Solutions Sdn Bhd as Independent Scrutineers to verify the poll results.

- Shareholders can proceed to vote on the resolutions before the end of the voting session which will be announced by the Chairman of the Meeting and submit your votes at any time from the commencement of the 20th AGM at 10.00 a.m. Kindly refer to "Procedures to Remote Participation and Voting via RPV Facilities" provided above for guidance on how to vote remotely via TIIH Online.

Results of the voting

- The resolutions proposed at the 20th AGM and the results of the voting will be announced at the 20th AGM and subsequently via an announcement made by the Company through Bursa Malaysia at www.bursamalaysia.com.

No Breakfast / Lunch Pack, Door Gift or Food Voucher

- There will be no distribution of breakfast / lunch packs, door gifts or food vouchers during the 20th AGM since the meeting is being conducted on a virtual basis.

Pre-Meeting Submission of Questions to the Board of Directors

- The Board recognises that the 20th AGM is a valuable opportunity for the Board to engage with shareholders. In order to enhance the efficiency of the proceedings of the 20th AGM, shareholders may in advance, before the 20th AGM, submit questions to the Board of Directors via Tricor's TIIH Online website at https://tiih.online, by selecting "e-Services" to login, post your questions and submit it electronically no later than Wednesday, 25 May 2022. The Board of Directors will endeavor to address the questions received at the 20th AGM.

Annual Report

- The Annual Report is available on the Company's website at https://www.naim.com.my/ and Bursa Malaysia's website at www.bursamalaysia.com under Company's announcements.

- You may request for a printed copy of the Annual Report at https://tiih.online by selecting "Request for Annual Report" under the "Investor Services".

- Kindly consider the environment before you decide to request for the printed copy of the Annual Report. The environmental concerns like global warming, deforestation, climate change and many more affect every human, animal and nation on this planet.

Enquiry

- If you have any enquiry prior to the meeting, please call our Share Registrar, Tricor at +603-2783 9299 during office hours i.e. from 8.30 a.m. to 5.30 p.m. (Monday to Friday).

BUILDING VALUE SPIRITEDLY

NAIM HOLDINGS BERHAD

REGISTRATION NO. 200201017804 (585467 - M)

Form of Proxy

Number of shares held:	CDS account no.	Shareholder's Contact No.

I/We ____

(FULL NAME AS PER NRIC IN BLOCK CAPITAL)

IC No./ID No./Company No. ______________________ (new) ______________________ (old)

of ____

(FULL ADDRESS)

being a member/members of NAIM HOLDINGS BERHAD ("the Company") hereby appoint:

First Proxy

Full Name	NRIC/Passport No.	Proportion of Shareholdings represented	
		No. of Shares	**%**

and or failing him/her

Second Proxy

Full Name	NRIC/Passport No.	Proportion of Shareholdings represented	
		No. of Shares	**%**

Or failing him/her the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the 20th Annual General Meeting of the Company which will be conducted entirely through live streaming from the broadcast venue at Naim Holdings Berhad, 10th Floor Wisma Naim, 2½ Mile, Rock Road, 93200 Kuching, Sarawak, Malaysia. ("Broadcast Venue") on Thursday, 26 May 2022 at 10 am or any adjournment thereof, in the manner indicated below:

Resolutions		FOR	AGAINST
Ordinary Resolution 1	Approval of Directors' fees and remuneration for the Non-Executive Chairman		
Ordinary Resolution 2	Approval of Directors' fees and remuneration for the Non-Executive Directors		
Ordinary Resolution 3	Re-election of Director : Datuk Amar Abdul Hamed Bin Haji Sepawi		
Ordinary Resolution 4	Re-election of Director : Tan Chuan Dyi		
Ordinary Resolution 5	Re-election of Director : Sulaihah Binti Maimunni		
Ordinary Resolution 6	Re-appointment of Auditors : Messrs KPMG PLT as Auditors and authorising the Directors to fix their remuneration		
Special Businesses			
Ordinary Resolution 7	Retention of Datin Mary Sa'diah Binti Zainuddin as Independent Director		
Ordinary Resolution 8	Authority to allot and issue shares		
Ordinary Resolution 9	Proposed renewal of authority to purchase own shares		

(Please indicate with an "X" in the spaces above how you wish your votes to be casted on the resolution specified in the Notice of Meeting. If no specific direction as the voting is indicated, the proxy/proxies will vote abstain from voting as he/she/they think(s) fit.)

Dated this ______________ day of ________________2022

____

Signature of Shareholder(s)/Common Seal

1. Fold here / Lipat di sini

STAMP

Share Registrar

TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD

Unit 32-01, Level 32, Tower A, Vertical Business Suite
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia

2. Fold here / Lipat di sini

NOTES:

1. **Virtual Meeting**
   The 20th AGM of the Company will be conducted entirely on a virtual basis through live streaming and online remote voting via Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. which are available on its TIIH Online website at https://tiih.online. Please follow the procedures provided in the Administrative Details for the 20th AGM in order to register, participate and vote remotely via the RPV.

   The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Members will not be allowed to attend the meeting in person at the Broadcast Venue on the day of the meeting.

2. **APPOINTMENT OF PROXY**
   a. A proxy may but need not be a member of the Company but shall be of full age.
   b. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the meeting except where the member is an authorised nominee as defined in accordance with the provisions of the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds and where the member is an Exempt Authorised Nominee, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account.
   c. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
   d. The instrument appointing a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than twenty-four (24) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:
      i. In hard copy form
         In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
      ii By electronic means
         The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online. Kindly refer to the Administrative Details for the 20th AGM.

      Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

      Last date and time for lodging the proxy form is **Wednesday, 25 May 2022 at 10 am.**

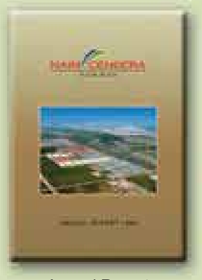
   Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than twenty-four (24) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

   For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:
   i. If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
   ii. If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
      a. at least two (2) authorised officers, of whom one shall be a director; or
      b. any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

   For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the **Record of Depositors as at 19 May 2022.** Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.

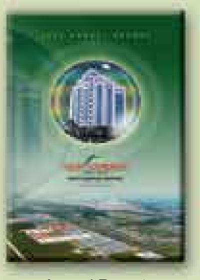
3. A member who has appointed a proxy or attorney or authorised representative to participate at the 20th AGM via RPV must request his/her proxy or attorney or authorised representative to register himself/herself for RPV via TIIH Online website at https://tiih.online. Procedures for RPV can be found in the Administrative Details for the 20th AGM.
4. The Notice of the 20th AGM together with the Form of Proxy, Administrative Details, Annual Report 2021 and the Share Buy-Back Statement are published on the Company's website at www.naim.com.my or Bursa Malaysia's website at www.bursamalaysia.com.
5. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all resolutions set out in this Notice will be put to vote by poll.

From Where We Began . . .

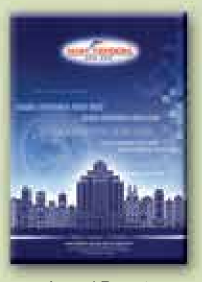


Annual Report
1998
NAIM CENDERA SDN BHD

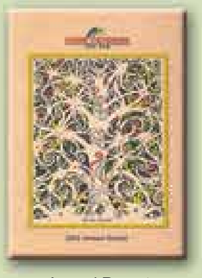
Annual Report
1999
NAIM CENDERA SDN BHD



Annual Report
2000
NAIM CENDERA SDN BHD



Annual Report
2001
NAIM CENDERA SDN BHD

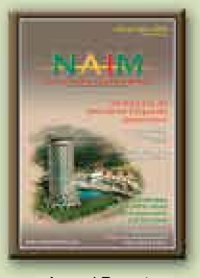


Annual Report
2002
NAIM CENDERA SDN BHD

Annual Report
2003
NAIM CENDERA HOLDINGS BERHAD

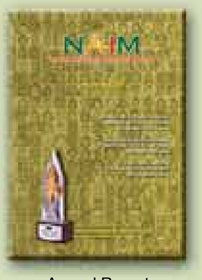
Annual Report
2004
NAIM CENDERA HOLDINGS BERHAD

Annual Report
2005
NAIM CENDERA HOLDINGS BERHAD

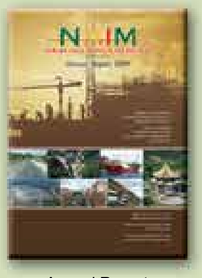


Annual Report
2006
NAIM CENDERA HOLDINGS BERHAD

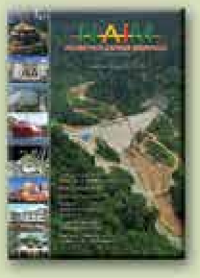
Annual Report
2007
NAIM CENDERA HOLDINGS BERHAD



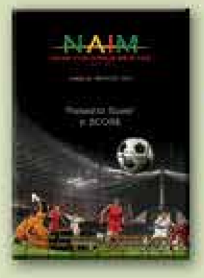
Annual Report
2008
NAIM HOLDINGS BERHAD
(Formerly known as Naim Cendera Holdings Berhad)



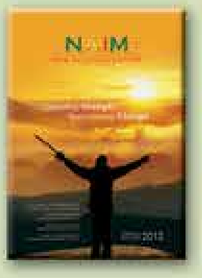
Annual Report
2009
NAIM HOLDINGS BERHAD



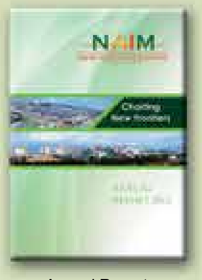
Annual Report
2010
NAIM HOLDINGS BERHAD



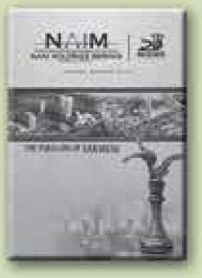
Annual Report
2011
NAIM HOLDINGS BERHAD



Annual Report
2012
NAIM HOLDINGS BERHAD



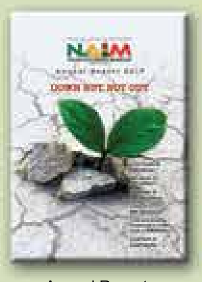
Annual Report
2013
NAIM HOLDINGS BERHAD



Annual Report
2014
NAIM HOLDINGS BERHAD

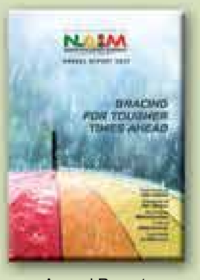
Annual Report
2015
NAIM HOLDINGS BERHAD

Annual Report
2016
NAIM HOLDINGS BERHAD



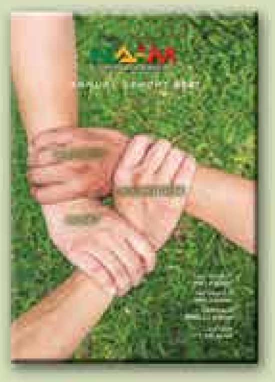
Annual Report
2017
NAIM HOLDINGS BERHAD

Annual Report
2018
NAIM HOLDINGS BERHAD



Annual Report
2019
NAIM HOLDINGS BERHAD

Annual Report
2020
NAIM HOLDINGS BERHAD



Annual Report
2021
NAIM HOLDINGS BERHAD

BUILDING VALUE SPIRITEDLY

NAIM HOLDINGS BERHAD

REGISTRATION NO. 200201017804 (585467 - M)

Registered and Head Office

9th Floor Wisma Naim, 2½ Mile, Rock Road, 93200 Kuching, Sarawak, Malaysia.
Tel: +6 082 411667 Fax: +6 082 429869 E-mail: enquiries@naim.com.my
Website: www.naim.com.my I naimproperties.com.my
Facebook: Naim Properties

Kuching | Bintulu | Miri