

BUILDING VALUE SPIRITEDLY



ANNUAL REPORT 2020

RE-DEFINING NORMS



Total assets of
RM2.1billion

Net assets of
RM1.4billion

Revenue of
RM589.3million

Profit of
RM53.5million

Land bank
of **1,380 acres**



Theme For Cover Design

Companies faced a series of concerns simultaneously due to the Covid-19 pandemic: lessened demand, office closures, supply-chain disruptions, changing health-related and other policies prescribed by relevant Authorities, and many more. In short, the pandemic became a **'game-changer'**, changing business norms as we know them and creating a **'new reality'**.

Hence, **2020 was a year of change**, as the Group strived to transform its businesses and operations to adopt behaviours and practices that best suit the new reality. It was a year where norms were re-defined, paving the way for a nimbler operating model to facilitate future sustainability of the Group.

Disclaimer: The featured photographs and perspective drawings in this report are subject to amendment as maybe required by the Authorities or project consultants and cannot form part of an offer or contract. Whilst every care has been taken in providing them, Naim cannot be held responsible for any inaccuracy.



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

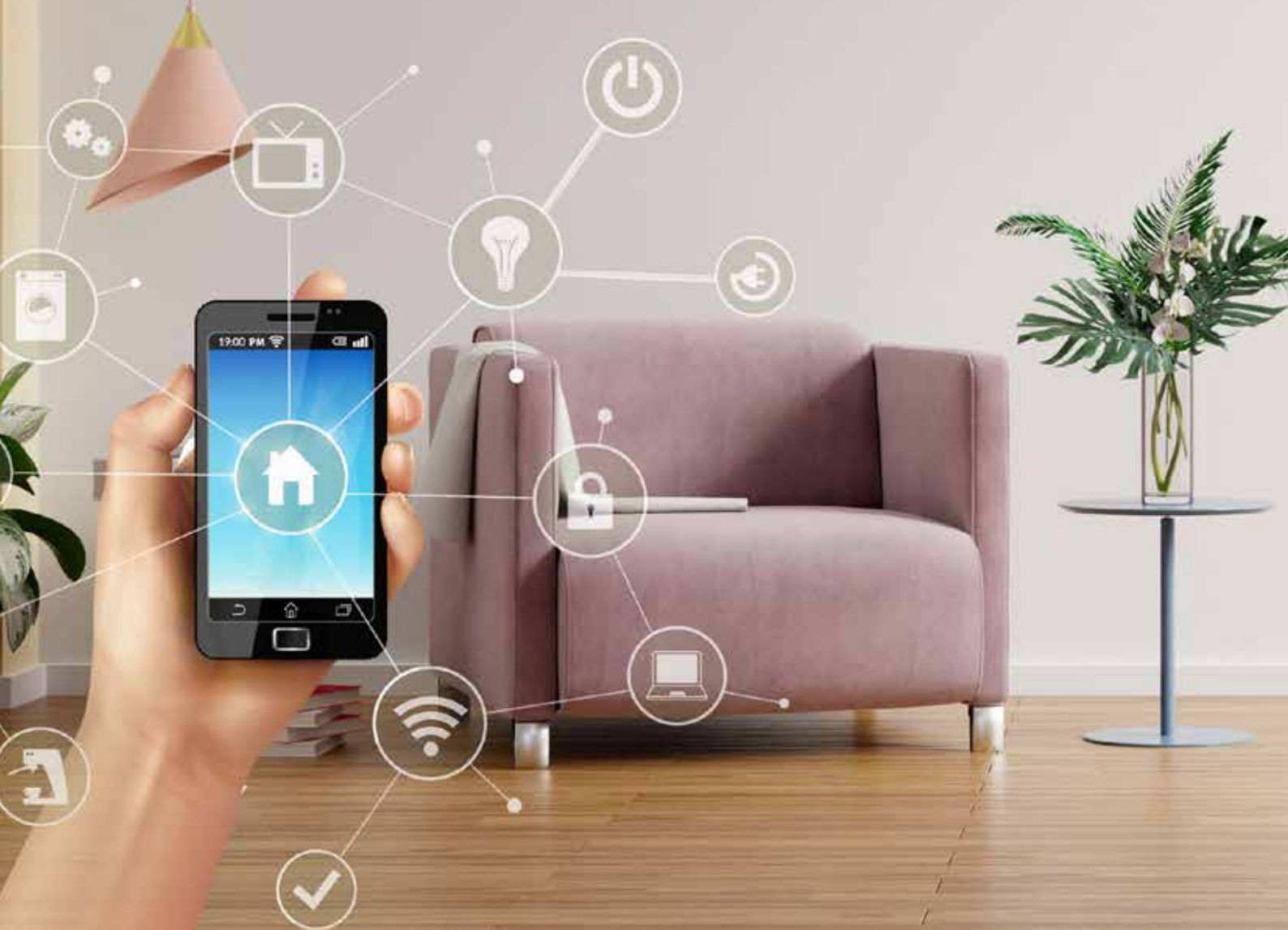
Our Vision

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:

H HUMILITY

I INTEGRITY

C COURAGE

O OPTIMISM

D DETERMINATION

E ENTHUSIASM

S SPIRITED

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

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.



PART 1

Performance At A Glance

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Spirited Builder: **Building Affordable & Intelligent (AI) Homes For 1 Million People & More**



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.



Pujut 7 bridge, Miri



Naim SouthLake Permyjaya, Miri

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 Board of Bursa Malaysia 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 in Bintulu**, 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 39 industry awards and accolades being won since 2002, an acknowledgement of Naim's significant contribution in the property and construction sectors.



Intertek



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Financial Calendar

Announcement of Results	1st quarter	25 June 2020
	2nd quarter	27 Aug 2020
	3rd quarter	26 Nov 2020
	4th quarter	26 Feb 2021
Notice of Annual General Meeting		27 May 2020
Annual General Meeting		24 June 2020
Notice of Extraordinary General Meeting		6 Oct 2020
Extraordinary General Meeting		21 Sept 2020

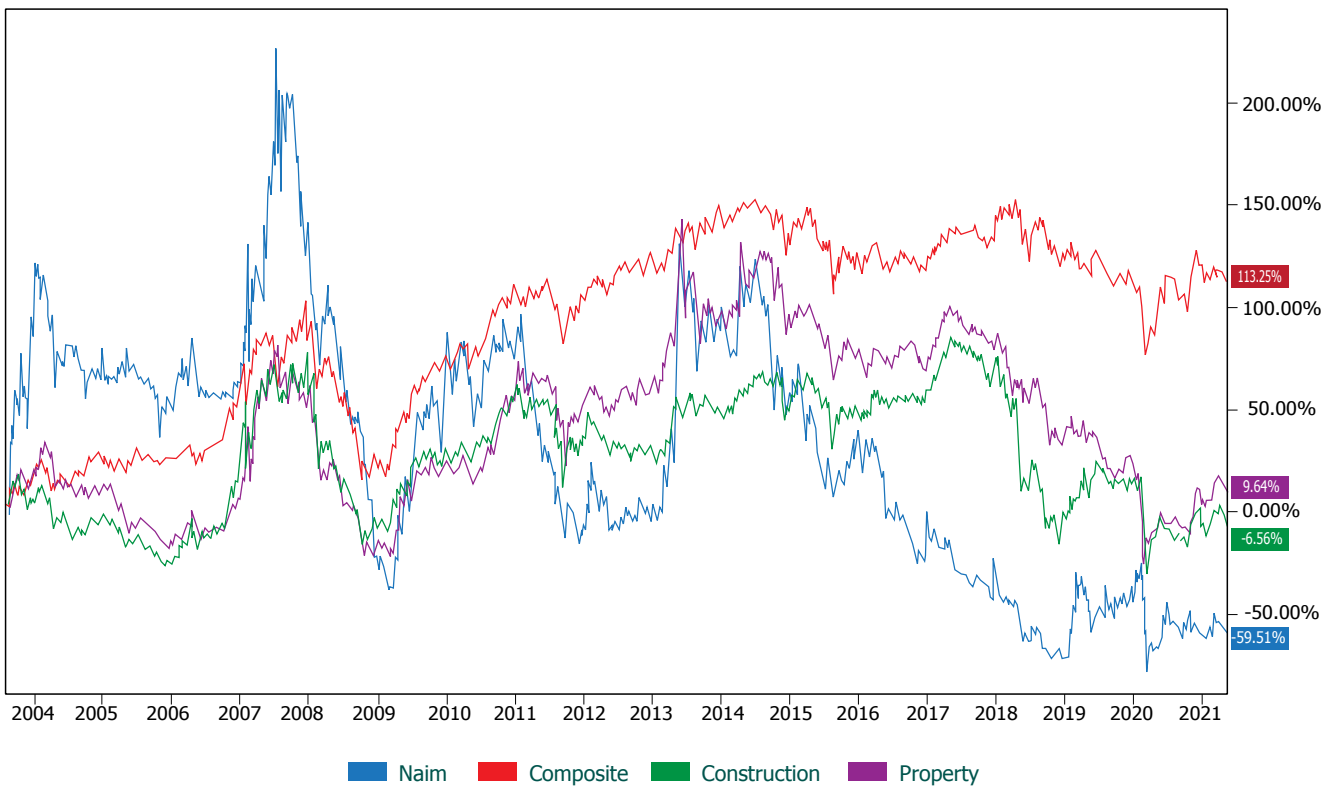
Investor Relations Service

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 30 April 2021**



5-Year Financial Highlights (in RM million)

Year	2016 [#]	2017 [*]	2018	2019	2020
Revenue	428	374	605	411	589
Profit/(Loss) before tax	4	(160)	79	63	101
Net Profit/(Loss) attributable to Owners of the Company	1	(181)	65	57	54
Earnings/(Loss) per share (sen)	0.30 [^]	(76.54) [^]	27.43 [^]	11.71 ^{**}	10.69 ^{^^}
Total Assets	2,228	2,120	2,265	2,244	2,060
Shareholders' Equity	1,315	1,108	1,175	1,349	1,349
Net Tangible Assets	1,309	1,103	1,171	1,345	1,347
Net Tangible Assets per Share (RM)	5.24	4.41	4.68	2.62	2.63
Total Number of Shares (gross) (in million)	250	250	250	514	514

[#] Reported as transition entity under old Financial Reporting Standards (FRS) Framework

^{*} Restated upon the adoption of Malaysian Financial Reporting Standards (MFRS)

[^] Based on total no. of shares of 236.9million (net of treasury shares of 13.6million)

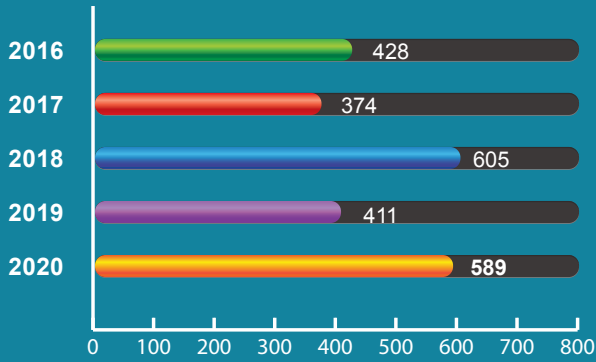
^{**} Based on total weighted average no. of shares of 483.4million (net of treasury shares of 13.6million)

^{^^} Based on total no. of shares of 500.7 million (net of treasury shares of 13.6million)

Naim Bintulu Paragon,
Bintulu's largest integrated development



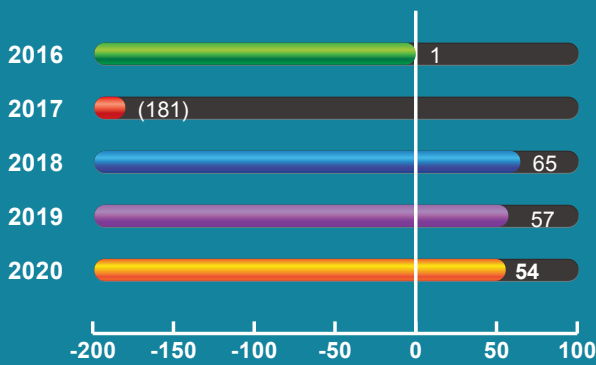
Revenue (in RM million)



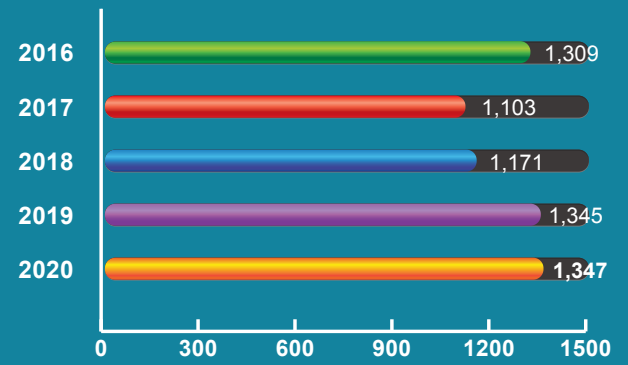
Profit/(Loss) before tax (in RM million)



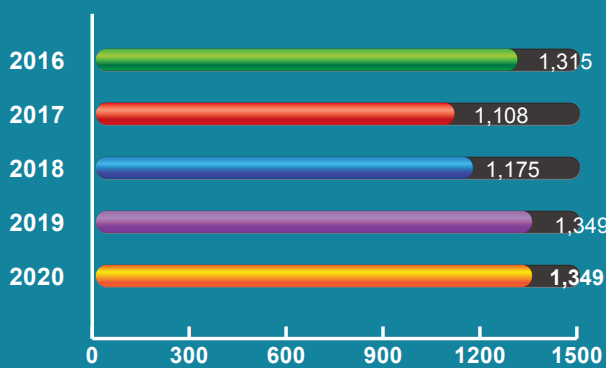
Net Profit/(Loss) attributable to Owners of the Company (in RM million)



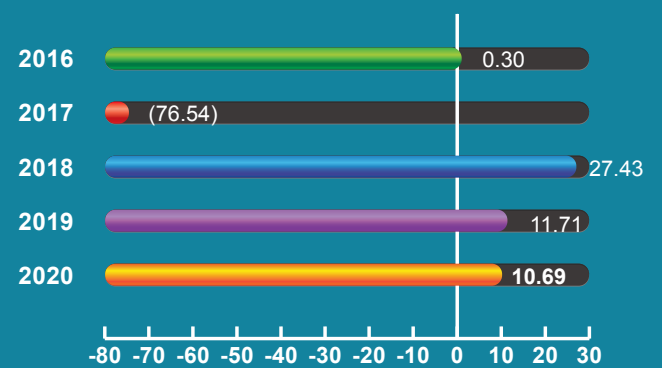
Net Tangible Assets (in RM million)



Shareholders' Equity (in RM million)



Earnings/(Loss) per Share (sen)



PART 2

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Spirited Builder: **Building Affordable & Intelligent (AI) Homes For 1 Million People & More**



SPNB Desa Bahagia housing project

Corporate Information

BOARD OF DIRECTORS

Chairman

- Datuk Amar Abdul Hamed Bin Haji Sepawi

Managing Director

- Datuk Hasmi Bin Hasnan

Independent Non-Executive Directors

- Dato Ir. Abang Jemat Bin Abang Bujang
- Datin Mary Sa'diah Binti Zainuddin
- Datuk Ahmad Bin Abu Bakar
- Tan Chuan Dyi
- Sulaihah Binti Maimunni

Non-Independent Non-Executive Director

- Chin Chee Kong

Executive Director

- Beh Boon Ewe

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



Naim Listing on KLSE Main Board, 2003

Corporate Structure (as at date of Annual Report)

BUILDING VALUE SPIRITEDLY



NAIM HOLDINGS BERHAD

REGISTRATION NO. 200201017804 (585467 - M)

OIL & GAS

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

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)*

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)

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)*

TWENTY FIVE OTHER SEMI-ACTIVE AND DORMANT COMPANIES

* Associates

Board of Directors



Directors' Profiles



Datuk Amar
Abdul Hamed
Bin Haji Sepawi



Datuk Hasmi
Bin Hasnan

Datuk Amar Abdul Hamed Bin Haji Sepawi

Chairman

Aged 71, 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

Prior to the Naim listing, 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 68, 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)

Dato Ir. Abang Jemat Bin Abang Bujang

Independent Non-Executive Director

Aged 67, Male, Malaysian

Date of Appointment

- i. As Independent Non-Executive Director
(25 July 2003)
- ii. Re-designated to Non-Independent Non-Executive
Director
(14 March 2005)
- iii. Reinstated as Independent Non-Executive Director
(21 March 2011 until now)

Academic/Professional Qualification(s)

- Bachelor of Engineering (Electrical) from Newcastle University, New South Wales, Australia
- Registered Professional Engineer with the Board of Engineers, Malaysia
- Member of the Institute of Engineers, Malaysia

Board Committees

- Chairman, Remuneration Committee
- Chairman, Anti-Bribery & Corruption Compliance Committee
- Member, Audit Committee
- Member, Long Term Incentive Plan Committee

Working Experience and Occupation

He served Telecom Department Sarawak from 1979 to 1990 as a Telecommunication Engineer and later as Director of Telecom Department Sarawak. He was the General Manager of Syarikat Telekom Malaysia Sarawak Region from 1995 to 1998. From 1999 to 2000, he was the Chief Executive Officer of TM Cellular Sdn. Bhd., a wholly-owned subsidiary of Syarikat Telekom Malaysia. From 2001 until his retirement on 31 October 2012, he was the Managing Director and Chief Executive Officer of Sacofa Sdn. Bhd. He was awarded the Pingat Perkhidmatan Bakti (PPB) in 1997 and Panglima Setia Bintang Sarawak (PSBS) in 2011 by TYT Yang di-Pertua Negeri Sarawak.



Datin Mary Sa'diah Binti Zainuddin

Independent Non-Executive Director

Aged 65, 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
- Member, Long Term Incentive Plan 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)

Datuk Ahmad Bin Abu Bakar

Independent Non-Executive Director

Aged 66, 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

- Member, Anti-Bribery & Corruption Compliance 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 companies, including Land & General Berhad, Naim Holdings Berhad, Sime Darby Berhad Group, UDA Holdings Berhad Group and other non-listed companies.



Tan Chuan Dyi

Independent Non-Executive Director

Aged 49, 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

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 64, 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 privatized and non-privatized 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, Morocco, 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 Pengurusan 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.



Chin Chee Kong

Non-Independent and Non-Executive Director

Aged 63, 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
- Member, Long Term Incentive Plan 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.



Directors' Profiles (continued)

Beh Boon Ewe

Executive Director

Aged 60, 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.



Please refer to page 172 for Directors' securities holdings in the Company.

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

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

Please refer to page 72 for Directors' attendance at board meetings held during the financial year.

Key Senior Management Members' Profiles

Emily Hii San San

Senior Vice President Cum Chief Financial Officer

Aged 43, 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. She has more than 17 years of working experience in accounting and tax related matters.

Chen King Yu

Chief Operating Officer, Strategic Planning and New Businesses

Aged 43, 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 Naim, he was a Resident Director of PwC Malaysia, responsible for leading and developing its practice in East Malaysia.

Alexander Lim Kuok Hui

Chief Information Officer

Aged 44, 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.

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

Key Senior Management Members' Profiles

(continued)

Lim Chang Hiang

Chief Human Resources Officer

Aged 54, Male, Malaysian

Academic/Professional Qualification(s)

- Bachelor of Engineering, Ballarat University College, Australia, 1991

Working Experience and Occupation

He joined Naim in January 2021 as the Chief Human Resources Officer. With capabilities and skills spanning across a wide spectrum, he has more than 20 years of work experience and has held various senior positions with multinational companies in the region.

Prior to joining Naim, he was the Deputy General Manager of Human Resources of a multinational company. He was also the Head of Manufacturing of a company with a new product production start-up. He was actively involved in employees' technical skills development and was appointed as an in-house auditor for various ISO certification programs. He is also familiar with lean manufacturing operations.

The members of the key senior management team were appointed to head the operating subsidiaries.

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

NAIM

SAPPHIRE
ON THE PARK

Naim Sapphire Condominium Homes



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

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 Excellence 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 EastMalaysia-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 Classic 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** 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
- 2020-2021
 - The BrandLaureate **Iconic Brand of The Decade Industry Champion Award** in Property & Infrastructure
 - **Asia Pacific Property Awards Development AWARD WINNER**
 - Residential High Rise Development Malaysia - NAIM Sapphire Condominium Homes

PART 3

Business Review

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Spirited Builder: **Building Affordable & Intelligent (AI) Homes For 1 Million People & More**



Letter to our Shareholders



Digital adoption is now a necessity to operate smoothly as we begin to work remotely or off-site

Dear Shareholders,

2020 in review

The “perfect storm” is how we would sum up 2020. It was a year in which everyone faced difficult personal and professional challenges. As we look back on Naim’s 25-year history, we have weathered the Asian Financial Crisis in 1997, the Global Financial (Subprime) Crisis in 2007, but what we faced in 2020 was unprecedented. The world suffered a staggering loss of lives and economic devastation. By the end of 2020, the Covid-19 pandemic claimed almost 2 million lives globally, including many fellow Malaysians.

As the world came to a standstill because of Covid-19 pandemic, Malaysia’s economy contracted by 5.6%¹ in 2020. Among the worst hit sectors were manufacturing, tourism, and retail - especially for those involved in F&B. Approximately 100,000 Malaysians lost their jobs and many more suffered salary cuts as businesses struggled to stay afloat². Our unemployment rate hit 5.3% in May 2020 - the highest since 1993, and remained above 4.6% as we headed into 2021. While the economy stuttered, a significant number of Malaysians became dependent on the various economic stimulus packages (eg. PRIHATIN and PENJANA) for their basic necessities, costing the Malaysia Government RM320 billion in total³.

This Covid-19 pandemic’s effect was further exacerbated by domestic political uncertainties, stifling investments and any prospect of a quick economic growth. In 2020, the inflow of foreign direct investments (“FDI”) into Malaysia dropped by 68% to US\$ 2.5 billion, making us one of the poorest performing FDI destinations in ASEAN⁴.

Major corporations such as Tesla, Amazon, Hyundai and Apple have recently announced investing in our neighbouring countries citing a more conducive business and political ecosystem.

On the international front, 2020 was punctuated by the US-China trade war and unstable oil prices. We witnessed the first ever negative oil price on April 20th, something we could never have imagined. As an oil producing country, Malaysia’s petroleum-related revenue was expected to decline by 40.3% to RM 50 billion from 83.8 billion (2019)⁵.

The world ended 2020 a different place. We now regard personal space and hygiene more seriously. Practices such as ‘Social Distancing’ and ‘Face Mask’ are the new social norms. Similarly, we are also having to grapple with new ways of conducting our businesses. For example, digital adoption is now a necessity to operate smoothly as we begin to work remotely or off-site. Finally, international travel is still very restricted except for exceptional circumstances. This is something we would need to expect in the near future.

¹ <https://www.theedgemarkets.com/article/malaysias-4q-gdp-contracts%C2%A034-fullyear-56>

² <https://www.freemalaysiatoday.com/category/nation/2020/10/29/nearly-90000-jobs-lost-this-year-says-socso/>

³ <https://www.nst.com.my/business/2021/01/658965/rm320bil-fiscal-stimulus-packages-less-year-unprecedented-market-observers>

⁴ <https://www.freemalaysiatoday.com/category/nation/2021/01/25/malaysias-fdi-drops-by-68-to-just-us2-5bil/>

⁵ <http://www1.treasury.gov.my/pdf/revenue/2021/section2.pdf>

Letter to our Shareholders (continued)

Our profit before tax increased to RM101 million in 2020 from RM62 million in 2019



Naim Sapphire Condominium Homes, Kuching

Naim's performance in 2020

Against this bleak economic backdrop, Naim's businesses were badly disrupted. We were very much in the survival mode. Our total group revenue increased by 44% from RM410 million in 2019 to RM589 million in 2020 - the increase was mainly due to the Kidurong and Batu Lintang land sales in the sum of RM350 million. Revenue would have dropped to RM240 million if not for the land sales. Our profit before tax also increased to RM101 million in 2020 from RM62 million in 2019. More tellingly, if not for the land sales, we would have suffered net loss before tax of RM56 million. The squeeze on our financial performance and profitability was further illustrated by declining margins across all sectors. The main contributors to our group are from the property development and construction segments.

Our property sector is mainly active in Kuching, Bintulu, and Miri. In Kuching, our notable project is the Naim Sapphire Condominium Homes development, which won the Asia Pacific Property Award 2020-2021. The other on-going property project is the Naim 'The Peak' Condominiums at Naim Bintulu Paragon, featuring Sarawak's tallest condominium tower building in Borneo. Meanwhile in Miri, we continue to develop Naim Southlake Permyjaya, a mixed integrated

development featuring commercial, residential, education, healthcare and recreational components and facilities.

Last year, our property sector achieved RM108 million in sales, 36% below what we achieved in 2019 of RM160 million. Not surprisingly, the under-performance is in line with last year's downward market trend. According to the NAPIC 2020 report, the Sarawak property sector recorded 20,985

transactions worth RM6.4 billion in 2020, a decrease of nearly 11% in volume and 6.2% in value compared to 2019. Of the 20,985 transactions, residential properties accounted for 9,559 units or 44%. Sales were almost non-existent during Q2 2020 as we went into our first Movement Control Order ("MCO") lockdown and business activities came to a virtual standstill. In Q3, there was a small spike in sales from pent-up demand as we gradually exited from MCO. Nonetheless, demand for property remained soft due to customers holding back on big ticket items. This is underlined by the plummeting consumer confidence in 2020 from an all time high in 2018.⁶

⁶ https://www.theglobaleconomy.com/Malaysia/consumer_confidence_survey/



Naim 'The Peak' Condominium Homes, Naim Bintulu Paragon



KPJ Miri Specialist Hospital, Miri



Naim Street Mall @
Naim Bintulu Paragon and
Fairfield by Marriott Bintulu
Paragon hotel

The key assets under our Asset Management sector are the Fairfield by Marriott Bintulu Paragon hotel as well as Naim Permy Mall in Miri

In 2020, our construction sector secured the Batang Lupar Bridge project worth RM223 million, increasing our total order book to some RM1.2 billion. Other significant on-going projects included the Pan Borneo highway and SPNB housing projects. Overall, our construction sector faced a challenging year. Site activities were reduced due to the impact of Covid-19 pandemic on materials supply, foreign labour restrictions and new site standard operating procedures (SOPs). Consequently, costs had increased and billings had reduced due to slower work progress or delivery of projects. An example is the on-going Pan Borneo project which fell behind by more than 5% if without extension of time (EOT). This was the same for the delivery of our various residential packages as we worked overtime to catch up on lost time. At the same time, the team implemented various actions on the ground to minimise or mitigate cost escalations.

The key assets under our Asset Management sector are the Fairfield by Marriott Bintulu Paragon hotel as well as Naim Permy Mall in Miri. Another asset under this sector is Naim Street Mall @ Naim Bintulu Paragon, with units offered for temporary lease. These properties are highly dependent on the tourism and retail industry outlook. Unfortunately, 2020 was the annus horribilis for the industry. This was

reflected in the drastic fall in footfall and occupancy rates at both our shopping malls. We were also obliged to offer rental-rate reductions to alleviate the financial hardship of deserving tenants. This came at the expense of our margins or yield in the short term but will pay off in the long run.

On Naim Permy Mall's front, we would like to give credit to our team who successfully negotiated for the Servay Hypermarket to take over the space vacated by the Giant Hypermarket, our previous anchor tenant. We are happy to report that the Servay Hypermarket commenced operations in April 2021 to considerable success albeit difficult times.

At the Naim Street Mall, our major tenants including RHB Bank, Public Bank, KWSP, PETRONAS and ECONSAVE remained steadfast.



Servay Hypermarket, Naim Permy Mall @ Naim Bandar Baru Permyjaya, Miri

However, the retail and F&B tenants faced great hardship. Other than offering financial dispensation, we have also embarked on a revamp to increase the mall's vibrancy - thereby generating more business for our tenants. We will elaborate further on this revamp later in this letter.

As for the Fairfield by Marriott Bintulu Paragon hotel, the scenario was similar. Occupancy was averaging below 10% for a significant part of the year. We have since rebounded slightly. While the numbers were not great, the business was able to keep an even keel. This was greatly helped by its strategic location and the hotel being favoured by corporate clients as it was the only International hotel brand in Bintulu.

In spite of the various operational and business challenges, we have successfully maintained a healthy debt and cash position at Naim.

This was achieved with prudence and various cost management initiatives - including the right sizing exercise. We will also like to take this opportunity to commend our staff for their solidarity in agreeing to a downward salary adjustment as we tightened our belts.

Letter to our Shareholders (continued)

The proposed Sarawak Petrochemical Hub in Bintulu mooted by the Sarawak Government will be an economic catalyst for Bintulu and its local businesses



Naim Bintulu Paragon,
Bintulu's largest integrated development

Finally, it was not all doom and gloom for Naim shareholders as we declared a dividend of 9.9 cents per share, our first since 2015. We hope this will contribute in some way to the well-being of our shareholders during these trying times.

2021 OUTLOOK

The vaccination programme roll-out in Malaysia and globally has definitely improved business sentiments. The worst may be over but we believe we are still headed for turbulent and uncharted waters in 2021 and in all probabilities, also in 2022. Here is why:

Property overhang remains high with more possible incoming supply

As of 1 January 2021, overhang across all properties in Sarawak remains very high at 6604 units. This is especially the case for high-rise residential and shopping mall projects. The situation will worsen as more supply enters the market this year in what clearly is a buyers' market. Buyers are spoilt for choices and have become more discerning in seeking out the best or cheapest deals. Most developers resort to offering generous discounts or delay certain projects - caught between a rock and a hard place. As for shopping mall projects, declining demand for retail space due to the

rapid growth of online or e-commerce is yet another challenge to consider.

Labour shortage and material costs continue to dampen Construction sector

One year on from the pandemic, international borders remain closed. While closing borders is necessary for public health and safety reasons, it has inadvertently led to an acute shortage of foreign labour. This problem cannot be overstated - to the extent contractors are now very hesitant to undertake new projects.

At the time of writing this letter, the price of steel has increased by 30% from the start of the year. Such a significant cost escalation will force the cancellation or deferment of many projects. At the same time, construction margin will continue to be thin.

Uncertainties will cause speed bumps to economic recovery

Will we recover to pre Covid-19 pandemic levels in 2021? We are not hopeful. The vaccination programme is being rolled out but with qualified success. In fact, the daily Covid-19 pandemic infection rate has worsened compared to one year ago. News of new and more

resilient virus variants are deeply concerning. In May 2021, Malaysia entered into our 3rd nationwide MCO as we battled yet another wave. Many are struggling to see the light at the end of this tunnel and the psychological impact will linger well beyond 2021.

Bright Spots in Sarawak

While the general outlook for 2021 is not rose tinted, we do believe that there are several bright spots in Sarawak. Most notably is the proposed Sarawak Petrochemical Hub in Bintulu mooted by the Sarawak Government. This mega project will be an economic catalyst for Bintulu and its local businesses. The hub is expected to generate up to 74,000 jobs and once fully operational, contribute at least RM16 billion to Sarawak's annual GDP.⁷ Secondly, road projects linking Miri to the hinterland regions (eg. Baram, Subis, Telang Usan, etc) has seen an influx of migration into Miri from these areas, thus creating a steady demand for housing as well as other goods and services. Last but not least, relatively high palm oil prices the past year have somewhat softened the blow to smallholders and maintained domestic demand levels, particularly in the areas surrounding Miri.

⁷ <https://www.recoda.com.my/category/2020-2/page/5/#:~:text=BINTULU%3A%20The%20proposed%20Sarawak%20Petrochemical,Patinggi%20Abang%20Johari%20Tun%20Openg.>



Naim Pine Ville (Single-Storey Terrace House), Miri

We will continue to champion this segment with a mission to provide affordable and intelligent ('AI') homes for a million people and more over the next 25 years!

Naim Group in 2021 - What's in Store

Overcoming the turmoils of the past year requires a holistic response. We have taken major steps to refocus on increasing productivity, profitability and competitiveness. Broadly, one of the key initiatives is refining the Group's organisation structure and key processes to be future-proof. The objective is to operate more effectively by balancing empowerment, accountability and agility. We have also increased our investments into digital and automation to enhance our capabilities in analytics and improve efficiency. At the same time,

we are recalibrating the direction of the Group's businesses by taking tentative steps into sectors that will complement or diversify our income base.

For the past 25 years, Naim has established and excelled in affordable and mass housing. Delivering more than 21,000 units of residential properties in Sarawak and the development of Naim Bandar Baru Permyjaya are testament to this success story. We will continue to champion this segment with a mission to provide affordable and intelligent ("AI") homes for a million

people and more over the next 25 years! Substantial effort will be dedicated to new technologies such as Integrated Buildings Systems ("IBS") and innovative product development in order to deliver the best value for money packages to our home buyers. We are also actively increasing Naim's current land bank of over 1,300 acres to support our long term mission. At the same time, we are venturing into the 'premium home' segment, focusing on pocket developments in prime locations. We look to once again raise the bar by introducing differentiated homes with exceptional quality. Our maiden



Naim Bandar Baru Permyjaya, Miri

Letter to our Shareholders (continued)

The George Residence at Naim Kuching Paragon is scheduled to be completed this year. Its high-end luxury, ultra-low density and exclusive concept are curated for a unique lifestyle experience



Naim George Y. Residence Show Unit

such project will be the George Residence at Naim Kuching Paragon scheduled to be completed this year. Its high-end luxury, ultra-low density and exclusive concept are curated for a unique lifestyle experience.

As for our Construction sector, we will be cautious for the short and medium-terms. The current priority will be to complete on-going or secured projects satisfactorily. We will continue to monitor the prevailing situation and pivot accordingly. Under the Asset Management sector, our major undertaking this term will be the revamp of the Naim Street Mall. We have allocated a sizable investment to refresh the outlook of the mall and upgrade the common facilities. We are also taking this opportunity to introduce several technological initiatives such as a Point-of-sales System (“POS”) to improve our management of the mall. At the same time, we will relook at the desired tenant mix that will best serve the surrounding communities.

Dear Shareholders, as you may have noted, there is much to do. Frankly, it is too early to promise you lofty targets as the seeds we have planted require time to flourish. We shall update you in our future communications. Ultimately, our success depends on our people.



Dayang Enterprise Holdings Bhd.

They are the ones serving our customers, designing new products, making strategic decisions or investments and driving continuous improvement. No matter how difficult the challenges or complex the issues are, having a dedicated team of professionals with talent, humility, integrity and spiritedness will ensure we come out stronger and more prosperous.

Meanwhile, our investments in Dayang Enterprise Holdings Berhad and Perdana Petroleum Berhad (collectively “the Dayang Group”) should see an upturn in 2021 as crude oil price stabilises. Clients are initiating projects that were previously postponed leading to expectation of new work orders

and higher vessel utilisation rates. Coupled with an existing order book of around RM2.7 billion, we expect earnings and profitability of the Dayang Group to be steady in the medium term.

Before concluding this letter, we wish you and your loved ones the fortitude, fortune and health to overcome this unprecedented pandemic. We look forward to a brighter future for all of us.

Datuk Amar Abdul Hamed Bin Haji Sepawi
Chairman

Datuk Hasmi Bin Hasnan
Managing Director

Review of Performance and Operations



Our Group recorded higher revenue and profit before tax of RM589.30mil and RM101.19mil respectively

General Business Environment

Malaysia was not spared from the adversities caused by the Covid-19 pandemic, with the economy being almost entirely shut down between March and June 2020, causing its GDP to contract by a significant 17.1% in the second quarter of the year. A resurgence in infections saw partial curbs being introduced in October 2020. The nation recorded another surge in cases at the end of the year, leading to a partial lockdown being instituted in mid January 2021. As a result of the pandemic, Malaysia's GDP shrank by 5.6%, the largest contraction since the 1998 Asian Financial Crisis¹.

Due to these uncertainties, Government-imposed movement control restrictions, policy changes, business shutdowns and shifts in consumer behaviours, business ecosystems have undergone fundamental changes.

At Naim, we know how the world and the dynamics of our sectors are changing as we manage the devastating impacts of the pandemic. More importantly, we recognise the emerging risks and opportunities, which would make us more agile and adaptive, and stronger.

Financial Review

Our Group recorded higher revenue and profit before tax of RM589.30mil and RM101.19mil respectively, as compared with RM410.77mil and RM62.91mil achieved in 2019.

Property

The segment achieved higher revenue and segment profit of RM445.00mil and RM160.06mil respectively, as compared with RM163.67mil and RM1.57mil achieved in 2019.

The huge increase in revenue and segment profit for the current year was mainly due to the net profit from disposal of lands (as mentioned previously) and assets amounting to about RM157.5mil as well as a cost reimbursement grant received of approximately RM12.3mil for an integrated development project.

Nevertheless, the Group had recorded lower new property sales of RM107.7mil as compared with RM159.5mil achieved in 2019.

Construction

In spite of the increased work progress from the existing on-going projects, the segment revenue and

profit had declined by more than 50% (2020: RM125.63mil of revenue and RM21.88mil of segment loss vs. 2019: RM225.82mil of revenue and RM18.08mil of segment profit).

The above performance was due to contribution from lower margin projects, incurrence of fixed overhead costs and interest expense and additional general cost provision of some RM16.0mil made on prudent basis for contract disputes which were under assessment. It is also worthy to note that the higher segment profit of RM18.08mil registered in 2019 was mainly due to recovery of some cost savings from certain substantially completed projects.

Other Segment

The segment reported a decline in revenue of RM18.67mil as compared with RM21.27mil in 2019, and increase in losses, from RM2.40mil in 2019 to RM25.73mil in the year under review.

The decline in performance was partly due to lower trading and quarry sales and loss reported from the hotel operation of about RM15.5mil in view of the substantially lower than expected occupancy rates since the imposition of the Movement Control

¹ <https://www.straitstimes.com/business/economy/malysias-economy-shrinks-faster-than-expected-in-q4-on-tighter-covid-19-curbs>

Review of Performance and Operations (continued)

In line with our continued focus on affordable residential properties, we launched our single storey terrace homes at Naim SouthLake Permyjaya



Naim Melrose (Single-Storey Terrace House), Miri

Order (MCO) by the Government. Following the deterioration of the segment's performance, the Group had made an impairment loss of about RM10.6mil against some assets (including financial assets) of the segment after a detailed assessment of its assets, which led to higher loss reported for this segment.

Our major associate - Dayang Enterprise Holdings Bhd. (DEHB)²

For the financial year ended 31 December 2020, DEHB recorded a revenue of RM731.4 million, which was 30% lower than the revenue of RM1,046.2 million in the previous year ended 31 December 2019. In the current year, DEHB recorded a profit before tax of RM87.7 million, which was lower by RM241.7 million compared to the profit before tax of RM329.5 million in the corresponding year.

The lower revenue in the current year was mainly due to the adverse impact of Covid-19 pandemic. As a result, work orders/contracts awarded from oil majors during the year had slowed down. Vessel utilisation during the current year had reduced from 72% to 53%, as compared with the corresponding

year ended 31 December 2019.

In addition, DEHB recorded a lower profit before tax for the financial year ended 31 December 2020, after taking into account an impairment loss on PPE of RM7.3 million as well as higher operating costs incurred to adhere to the standard operating procedures to combat Covid-19 pandemic since March 2020.

Operations Review

Property

The Group had recorded lower new property sales of RM107.7mil as compared with RM159.5mil achieved in 2019. Sales activities were substantially lower during the year due to the closure of operations following the implementation of the MCO by the Authorities. The said closure had also caused delay in sales execution and slower collection of debts, adversely affecting liquidity.

In addition to the above, the segment performance was further exacerbated by huge discounts given on various selected property stocks during the 'Super Deals' property promotion held in conjunction with the Group's 25th Anniversary celebration and as a strategy to clear unsold stocks.

Although the segment had progressively resumed its operations since May 2020 after the announcement of the Conditional MCO, the weaker buying sentiment in the property market was expected to continue as purchasers remained cautious in view of the uncertainties expected post Covid-19 pandemic, coupled with the ongoing huge overhang in the property market, increased competition and job insecurity due to rising corporate retrenchments and pay cuts.

As part of our on-going exercise to cushion the adverse impact brought about by Covid-19 pandemic, project monitoring and cost control measures had been put in place to ensure projects were completed on time and minimise the possibility of cost overruns. Right sizing and cost cutting exercises were carried out across all operations (including property operations) as part of our process to better manage costs.

In line with our continued focus on affordable residential properties, we launched our single storey terrace homes at Naim SouthLake Permyjaya in early 2020 which garnered interest from the communities. Over in Bintulu, we stepped up our efforts to promote



Artist Impression:
Naim George Y. Residence

We progressively resumed our construction activities since mid-May 2020, with tightened project planning, execution and monitoring to catch up on work progress which had been delayed during the MCO period

Naim 'The Peak' Condominium Homes, known as Sarawak's tallest condominium tower. Located within the Group's Naim Bintulu Paragon integrated development, Naim 'The Peak' had registered more than 80% take-up to date. Meanwhile, sales were ongoing for our Naim Sapphire Condominium Homes located within the Naim Kuching Paragon integrated development – its first tower, the Classic tower had achieved some 95% take-up, while works for its Deluxe tower and George Y. Residence were expected to be completed after mid-2021.

One of the significant changes for this segment was on the sales and marketing front. Due to pandemic-related restrictions and the general sentiment against 'face-to-face' engagements, our sales and marketing initiatives were digitalised, from the creation of digital contents and dissemination of these contents via digital platforms, to digital engagements with customers/prospects. We also increased our utilization of technology in aspects such as market research, data mining and other operational aspects. These had greatly facilitated our learning curve pertaining to digitalisation, making us well-positioned to better manage shifts in consumer behaviours and the business ecosystem in future.

Construction

We progressively resumed our construction activities since mid-May 2020, with tightened project planning, execution and monitoring to catch up on work progress which had been delayed during the MCO

period. This is to ensure that projects were completed within the targeted time-line and achieved the expected margin. In addition, various cost management initiatives such as right sizing and cost cutting measures as aforesaid mentioned were carried out.



Naim "The Peak" Condominium Homes



Naim "The Peak" Condominium Homes - Facilities Floor

Review of Performance and Operations (continued)

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



Pan Borneo Highway (Pantu Junction to Batang Skrang section)

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

Other segment

The Group's first hotel development, Fairfield by Marriott Bintulu Paragon faced great challenges as business and tourist travels came to a standstill due to the pandemic. In order to bring down overhead costs, various cost management measures such as pay cuts and cost deferrals were carried out.

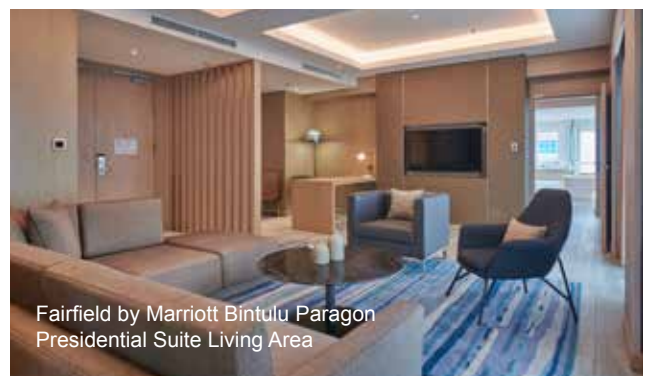
Meanwhile, efforts were expended to retain Naim Permy Mall's existing tenants and attract new tenants via initiatives such as rental assistance programmes. Various digital platforms were also utilized in tenant communication and support in a bid to speed up issue resolution.



Naim Permy Mall



Fairfield by Marriott Bintulu Paragon Hotel Facade



Fairfield by Marriott Bintulu Paragon Presidential Suite Living Area