

Sustainability Statement



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In early 2020, the Covid-19 pandemic outbreak had evolved into a global pandemic endangering lives and creating large-scale healthcare challenges that required urgent mobilisation of resources globally. In response to the pandemic, governments around the world imposed containment measures such as “stay at home”, “work from home”, reduced social contacts, physical distancing, lockdowns and varying degrees of movement restriction. Likewise, the Malaysian Government had imposed and is still continuing to impose various movement restrictions, from movement control order (“MCO”) to conditional movement control order (“CMCO”) to recovery movement control order (“RMCO”) and to enhanced movement control order (“EMCO”), besides enforcing other measures expedient under the circumstances. Such measures had severely affected the global supply chains, labour force, cash flows of businesses, and consumer demand, among others, due to the temporary closure of non-essential businesses. As a result, the calamitous impacts of the pandemic could be felt across industries globally and locally.

Similarly, our organisation was not spared: our construction operations came to a standstill, while our property business went south as buyers and investors were not willing to commit to high ticket items like property in view of the economic uncertainties and the prospect of some losing their sources of income.

Survival became the key focus for businesses under such challenging environment, as companies grappled with the ‘new reality’. The market witnessed business closures and retrenchments.

On the other hand, the Covid-19 pandemic had become a catalyst of change, affecting the of Environmental, Social, and Governance (“ESG”) factors in what is regarded as in the new norm in the business world.

On the environment front, social distancing and movement restrictions had forced meetings to be conducted virtually and resulted in a reduction in travels – this had led to a reduction of the CO2 emissions. While working from home had reduced electricity consumption at the offices, this reduction may be evened out by the fact that electricity consumption at the employees’ homes had increased.

Nevertheless, global CO2 emissions have fallen sharply during the lockdown period in an effort to fight the pandemic outbreak.¹ Having said that, some experts believe in the need for systemic change through initiatives such as green energy and electric cars to sustain the reduction of CO2 emissions rather than temporary reductions of the said emissions due enforced behaviours.

Business operations moved from the traditional ‘contact’ operations to ‘contactless operations’, accelerating the rise of digitalisation and digital economy.

During this period, we witnessed a rise in e-wallet usage as consumers embraced contactless payments. This development may save the country a substantial sum of money to print paper currency, which in turn reduces deforestation and the corresponding paper footprint.

¹ <https://futureearth.org/2020/05/19/global-carbon-emissions-fall-sharply-during-covid-19-lockdown/>

Sustainability Statement (continued)





At the same time, we also witnessed the rise in e-commerce as the new way of doing business. Technology had played a big role in the sustainability of business operations during this challenging time and this is expected to continue in time to come.

The pandemic signalled a new era for the property sector, more so in the aspect of sales, marketing and customer engagement: it is now the era of social media and other forms of digital marketing, virtual property tours and digital execution of contracts.

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 financial 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, energy, water and waste footprint and conserve biodiversity;
- iii. Apply a sustainable approach to 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 corporate offices and shopping malls;
- 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 to the United Nation’s Sustainability Development goals (“SGD”).



Ensure healthy lives and promote well-being for all regardless of age



Provide quality education

Sustainability Statement (continued)



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 revitalize global partnership for sustainable development

3. SUSTAINING THE BUSINESS DURING THE COVID-19 PANDEMIC

In order to sustain our businesses during such challenging times, Naim management had implemented survival strategies under the Naim Survival Plan to mitigate financial and operation risk exposure.

The survival strategies included among others, the following:

- Cost cutting to reduce administrative expenses;
- Staff retrenchment, rightsizing and pay cut;
- Loan restructuring exercise; and
- Sale of selected assets and share investments for cash.

Naim Group had put in place technology infrastructure to support remote working and virtual collaboration capabilities when the lockdown began on 18 March 2020 and which was extended to 18 May 2020 – this prevented major disruptions to office operations. However, construction operations were halted due to the prescribed policies by the Authorities.

In spite of the slowdown in economic activities and soft market sentiment which affected our property sales, we launched our ‘25th Anniversary Super Deals’ property promotions digitally which garnered good response. We also intensified digital engagements with customers, via e-mails, social media, websites and virtual showrooms.

To further reduce the risk arising from Covid-19 pandemic, Naim Group had also implemented contactless payments such as internet banking services (a secured online banking platform) to pay creditors and other platforms such as Sarawak Pay.

4. SUSTAINABILITY APPROACH

The term “triple bottom line” was first headed by the business community in the mid 1990’s, when John Elkington, a business writer from London, England began emphasising on the importance of sustainable development. He believed in corporate responsibility and the idea that modern businesses should be accountable for what they put into the world, not just the money they earned from it.

This had sparked a movement and paradigm shift in the business world, a belief that businesses can generate revenue and still achieve a social and environmental impact.

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 facilitate greater bonding and relationship with them. With better relationship, this in turn will promote stakeholders’ buy-in, which will facilitate the success and sustainability of the businesses.

Stakeholder	Areas of Interest	Mode of Engagement
Customer	<ul style="list-style-type: none"> Complaint management and resolution Customer relations Safety and Security Personal Data Protection Act compliance 	<ul style="list-style-type: none"> 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

Stakeholder	Areas of Interest	Mode of Engagement
Employee	<ul style="list-style-type: none"> • Performance-driven management • Learning and development • Ethics and integrity • Safety and hygiene 	<ul style="list-style-type: none"> • 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 • Birthday vouchers & lunches • Festive vouchers
Regulatory Bodies	<ul style="list-style-type: none"> • Regulatory compliance • Labour law • Environmental management and compliance • Occupational Health and Safety 	<ul style="list-style-type: none"> • Local authorities conduct regular inspection of Naim's completed properties to ensure compliance with local regulatory requirements • Emails issued to shareholders to download the Company's Annual Report from the Company's website • Naim construction processes are ISO 9001: 2015, ISO 14001: 2015 and ISO45001:2018 certified
Shareholders & Investors	<ul style="list-style-type: none"> • Financial Performance • Sustainable income 	<ul style="list-style-type: none"> • Issuance of media releases and Bursa announcements to keep all our shareholders and investors informed of the Company's financial performance and corporate developments • All Bursa announcements and media releases are uploaded to the company's website (www.naim.com.my)
Bankers	<ul style="list-style-type: none"> • Financial performance and cash flows • Property launches • Property sales 	<ul style="list-style-type: none"> • 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 projects and the performance of the Company
Contractors, Suppliers and Service Providers	<ul style="list-style-type: none"> • Procurement practices • Competence and performance • Payment schedules • Pricing or services • Quality of product or services • Project completion and timely delivery • Health, Safety and Environment ("HSE") compliance 	<ul style="list-style-type: none"> • Regular meetings between management team and contractors, suppliers or service providers • Procurements are conducted in compliance with Financial Authority Limits • All contractors, suppliers and service providers are required to declare and comply with Anti-Bribery & Corruption Policy • Internal and external audits on business practices and risk are conducted yearly
Communities	<ul style="list-style-type: none"> • Community activities 	<ul style="list-style-type: none"> • 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

Sustainability Statement (continued)

6. NAIM KEY SUSTAINABILITY THEMES FOR YEAR 2020

In view of the Covid-19 pandemic and the global financial crisis, Naim Group had identified the following key sustainability themes for year 2020:

- a. Digitalisation at workplace;
- b. Integrated lean and sustainability principles into management processes;
- c. Rightsizing and nurturing talent growth; and
- d. Building communities.

7. ETHICS AND INTEGRITY

On 1 June 2020, the Naim Group implemented the Anti-Bribery & Corruption Policy (“ABC Policy”) and the Code of Conduct & Business Ethics (“the Code”). The ABC Policy sets out the responsibilities of the Naim Group and those who work for and within the

Group, including employees, contractors, suppliers and service providers, with regard to observing and upholding the Group’s zero-tolerance position on bribery and corrupt gratification whereas, the Code sets out the values, principles and standards of professional conduct that are expected to be upheld at the Naim Group.

To demonstrate the Naim Group’s commitment to zero-tolerance on bribery and corruption, the Naim Group had set up an Anti-Bribery & Corruption Compliance Committee and it has also appointed a Compliance Officer to implement and safeguard the Naim Group from corrupt practices.

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	<ul style="list-style-type: none"> • Reduce site disturbance and soil erosion during construction • Use of natural drainage systems • Preserve or restore natural site features 	<ul style="list-style-type: none"> • Lesser impact on the environment and/or eco-system • Improved site aesthetics • Greater public support for development 	<ul style="list-style-type: none"> • Improved marketability, reduced ongoing maintenance cost, improved natural appearance, higher sales/rents, absorption and re-tenanting benefits. • Preservation of biodiversity and protection of ecosystems.
Energy-efficiency	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Lower capital costs • Occupant Benefit • Lower energy cost • Operational savings (can offset higher capital costs) 	<ul style="list-style-type: none"> • Reduced operating costs, longer life cycle • Lower operating costs and higher return on leases • Reduce carbon footprint • Reduce carbon emissions produced by transportation

Green Objectives	Green Strategies/features	Green impact	Value
Reduced usage of building materials	<ul style="list-style-type: none"> Eliminate unnecessary finishes and other products Design for functionality and adaptability 	<ul style="list-style-type: none"> Lower maintenance costs 	<ul style="list-style-type: none"> Lower construction costs
Efficient use of natural resources	<ul style="list-style-type: none"> Use of captured rainwater or water from nearby rivers Reuse and/or recycling of construction leftovers 	<ul style="list-style-type: none"> Lower water consumption costs Lower material costs 	<ul style="list-style-type: none"> Lower construction costs and minimize wastage
Digitalisation of work processes	<ul style="list-style-type: none"> Digital reporting methods through online submission of reports 	<ul style="list-style-type: none"> Target to achieve paperless office 	<ul style="list-style-type: none"> Save trees Reduce carbon footprint
Social consideration	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Improve the standard of living of the low income group Providing employment to members of the township community 	<ul style="list-style-type: none"> Improved social conditions and potentially, income of community members, towards building sustainable communities
Supply Chain	<ul style="list-style-type: none"> 80% of our suppliers are Malaysian-based entities 	<ul style="list-style-type: none"> Lower transportation cost and less impact on environment 	<ul style="list-style-type: none"> Create job opportunities for the local community Support the local economy

9. CONTRIBUTIONS TOWARDS BETTER COMMUNITIES

At Naim, we believe that our communities define our future. This has become 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.

Sustainability Statement (continued)

Our initiatives in 2020 included the following:

a. Contribution to Sarawak Covid-19 pandemic fund 9 April 2020, Kuching

Naim Group and Ta Ann Group reached out to support the Sarawak Government's initiatives in the fight against the Covid-19 pandemic by contributing RM3.5mil to the Sarawak State Disaster Relief Fund (SRFP).



b. Presentation of Naim Foundation Academic Excellence Awards to Chung Hua Middle School No. 1 20 Jan 2020, Kuching



Naim's representatives posing together with some recipients of the Naim Foundation Academic Excellence Awards

The top performing students from Chung Hua Middle School No. 1 were rewarded for their hard work as they received the Naim Foundation Academic Excellence Awards recently.

Launched in 2016, the awards were part of Naim Foundation's community outreach programme aimed to recognise students demonstrating good academic performance and also well-rounded students overall. Currently, a total of 36 schools in Sarawak are under the programme.

c. Ramadhan contributions to mosques and suraus 23 May 2020, Kuching

Naim Group handed over Ramadhan contributions to various mosques and suraus namely Masjid Darul Ilmu and Surau Kampung Paoh Benyuk in Kota Samarahan, Masjid Ar' Rayyan and Surau Sinar Islam (Kpg Pulau Melayu) in Miri, and Masjid Al Taqwa in Bintulu.

The contributions were part of the Group's annual Ramadhan contributions in aid of religious establishments.



d. “Naim Thanks You” assistance to property purchaser
8 August 2020, Miri

The Group lent a hand to one of its property purchasers, Sergeant Ismail, a Mirian who required help to repair his long-vacant house in Miri under its “Naim Thanks You” corporate responsibility programme launched in conjunction with the Group’s 25th anniversary celebration.

The Group contributed building materials, with its staff volunteering for the works.



e. Handing over of charity pledge to 25 Sarawak charities 5 January 2021, Kuching, Bintulu & Miri

The Group handed over RM250,000 in aid of selected 25 charitable organisations in Sarawak. The contributions were part of the Group’s “Naim Thanks You” 25th anniversary charity campaign launched in December 2019. Under the campaign, Naim pledged to contribute RM250 for every unit of property sold in Year 2020, with a minimum of RM250,000 to be raised.

The charities under the campaign were Society for the Critically Sick Children (SOS Kids), Pertubuhan Bagi Ibumama Kanak-Kanak Cacat Sarawak (PIBAKAT), Lembaga Kebajikan Anak-Anak Yatim Sarawak (PERYATIM), Carnation Club of Kuching and Samarahan, Kuching Autistic Association, Sarawak Society for the Deaf, Sarawak Society for the Blind, Persatuan Bagi Kebajikan Kanak-Kanak Terencat Akal (PERKATA), Pertubuhan Orang Cacat Sarawak, Sarawak Single Mothers Association, Sarawak Cheshire Home, Salvation Army Children’s Home, Sarawak Children’s Cancer Society, Persatuan Cerebral Palsy (Kuching and Samarahan), PERYATIM Miri, Miri Home for the Aged, Palliative Care Association of Miri, Miri Autistic Association, Persatuan Ibu Tunggal Sarawak Cawangan Miri (PITSACM), MRCS Sunflower Centre, Miri, Persatuan Bagi Ibumama Kanak-Kanak Istimewa, Miri (PIBAKIS), Pusat Jagaan Kanak-Kanak Methodist Miri, Persatuan Bagi Rakyat Prihatin Dan Ibumama Kanak-Kanak Cacat, Bintulu, PERYATIM Bintulu and Pusat Perkhidmatan Warga Emas Bintulu (PPWE).



Sustainability Statement (continued)

10. SUSTAINABILITY AND REGULATORY CONTROLS

We are ISO 9001: 2015, ISO 14001: 2015 and ISO45001:2018 certified and we recognize the importance of managing our environmental footprint and at the same time enhancing the green features in our design and infrastructure.

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 have 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)

11. OCCUPATIONAL 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 with 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 on 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.



Site visit and inspection by CIDB



Consultation with DOSH



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Contagious Disease Prevention

2020 was a challenging year. There were several disease-related situations never before encountered by the Group. Naim had made provisions for H1N1 at the beginning of the year. However, Covid-19 pandemic was the disease that had a significant impact on its business operations. The virus spread so swift and wide that it quickly morphed into a global pandemic.

The entire country was placed under a Movement Control Order (MCO 1.0) starting from 18 March 2020 in an attempt to break the spread of the deadly Covid-19. Naim resumed business operation on 13 May 2020 to a very different work culture.

In addition to our existing Emergency Response team, a Covid-19 pandemic taskforce was set up, led by the Deputy Managing Director.

Throughout the year, the Company had drawn up Standard Operating Procedures to meet the health, safety and business requirements of the National Security Council (NSC), Ministry of International Trade and Industry (MITI) and 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 compliance as the Covid-19 pandemic raged on in Malaysia and over the world.

Naim Group of Companies, together with Ta Ann Holdings Berhad, had contributed RM3.5 million to support the SDMC to help combat the spread of the virus within Sarawak.



Entrance to project site

Sustainability Statement (continued)



Toolbox meeting with contractor's workers

12. 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.

13. 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 2020.

HSE PERFORMANCE & STATISTIC		2020
TOTAL SAFE MANHOURS WORKED TOTAL ACCUMULATIVE MANHOURS WORK WITHOUT LTI TODATE 41,406,076		3,270,125
SAFETY		Year (2018)
Fatalities	FAT	Nil
Lost Time Incidents	LTI	Nil
Lost Workday Cases	LWC	Nil
Restricted Workday Cases	RWC	Nil
Medical Treatment Cases (major)	MTC	Nil
First Aid Cases (<4 days MC)	FA	0
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	0.00
Total Recordable Injury Frequency Rate	TRIFR	0.03

HSE PERFORMANCE & STATISTIC		2020
Loss of Primary Containment (Recordable)	LOPC	Nil

14. 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 are recyclable, reliance on wood products was reduced.



Formwork at Sapphire

b. Monitoring of environmental impacts

We engaged third party consultants to monitor the environmental impacts of our activities, such as those undertaken for our Naim Sapphire Condominium project in Kuching and Naim SouthLake Permyjaya development in Miri.



Consultants to monitor the environmental impacts of our activities



Naim's volunteers fire-fighting team helping to put out bush fires



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).



Intertek

014

c. Bush fire Prevention

Naim takes serious measures in monitoring our land banks that are prone to bush fires annually in Miri. In addition of setting up a volunteer fire fighting team, our Miri Team also works closely with Authorities like Natural Resources and Environment Board (NREB), Department of Environment (DoE) and the Fire Brigade to combat bush fires.

Naim had invested in drone monitoring to combat bush fires with better precision and faster reaction time.

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

- Surprise checks on site
- Scheduled site assessments
- Regular engagement sessions with site teams
- Enforcement of actions for non-compliance

15.COMMITMENT TO QUALITY

As part of our commitment to Quality, Health, Safety and Environment (“QHSE”) Policy, Naim introduced several steps towards organizational and quality improvement. This included the drawing up of Standard Operation Procedures (SOP) and usage of Consultants’ services in ensuring quality in our products and services delivered to our customers.



Inspections and visits by Natural Resources and Environment Department (NREB)

Sustainability Statement (continued)



Naim Corporate Retreat 2020

16. BUILDING A SUSTAINABLE WORKFORCE OF THE FUTURE

Our Group's sustainability focus is aimed at creating an equitable and inclusive environment that drives high 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.

a. Training & Development

At Naim, we focus on retaining our talent pool by fostering their continuing development of skills and competencies to achieve the organization's immediate and long-term goals.

Among the key internal and external training programmes attended by our employees in 2020, are:

- Anti-Bribery & Corruption Prevention Awareness Sessions
- CIDB Qlassic Awareness Workshop
- Covid-19 pandemic Financial Reporting Implications and Recent MFRS Developments, Updates & Amendments
- Data Innovation Audit
- IBS & IOT in Construction
- Issues & Recent Development on CIPAA 2012
- MAICSA Annual Conference 2020
- Managing Changes to Our Employment Laws
- Network Security and Penetration Testing
- Neuroscience Development Programme for Effective Business Leaders
- PMS / EPA / JDE / EPA / eProspect System Training
- Primavera Project Management Course

- PWC Malaysia Budget 2021 Webinar: Paving the Way Towards a Resilient Future
- Resilient Leadership Seminar
- RISM Survey Seminar 2020
- Uplifting Service: The 6 Levels of Service
- Work-Play Mental Health Series



Google Meet Training on Anti-Bribery & Corruption



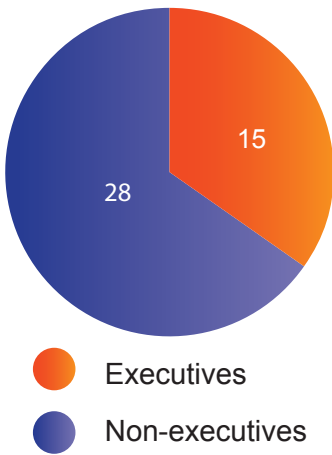
Product Knowledge Briefing at Kuching Sales Gallery (for non-executives staff)



b. Talent Acquisition and Retention

In 2020, we employed a total of 43 new hires, 15 of whom are executives and 28 non-executives.

NEW EMPLOYEE HIRES



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

EMPLOYEE RECOGNITION AWARD RECIPIENTS BASED ON LOCATIONS



Sustainability Statement (continued)



c. Employee Engagement

Employee engagement remains a priority to Naim, as we continue to invest in various activities to improve and measure the level of our employee engagement. These activities include new staff onboarding programmes, quarterly 1-to-1 performance engagement sessions between individual staff and their respective supervisors, face-to-face/virtual town hall meetings, employee engagement survey, internal satisfaction survey, employee suggestion scheme, as well as the development of a HR portal for staff-related information and communication.

d. Workforce and Workplace Diversity

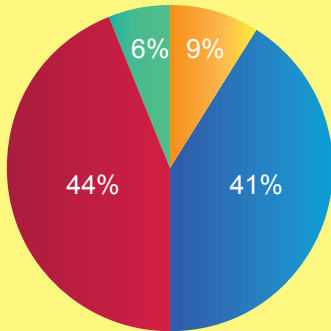
Diversity in the workplace is essential for business sustainability. In Naim, we encourage workplace diversity as it inspires creativity and innovation from all team members who bring along with them, their own unique backgrounds, experiences, and perspectives.

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:



Christmas Gathering at Wisma Naim

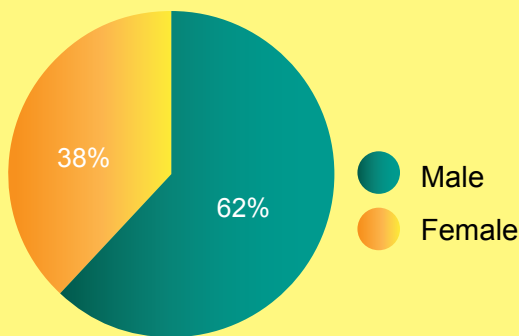
AGE GROUP DISTRIBUTION



- Baby Boomers (1946-1964)
- Generation X (1965-1980)
- Generation Y/millennials (1981-1994)
- Gen Z (1995-2010)

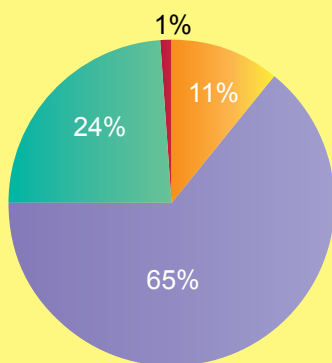
The majority of our workforce consists of Gen X's and Gen Y's (i.e., 41% and 44% respectively). Only 6% of our employees are below the age of 27 (Gen Z), with the remaining 9% above 57 years old (Baby Boomers).

GENDER DISTRIBUTION



More than half of our workforce are male (62%), whereas female members make up 38% of the overall total.

RACE DISTRIBUTION

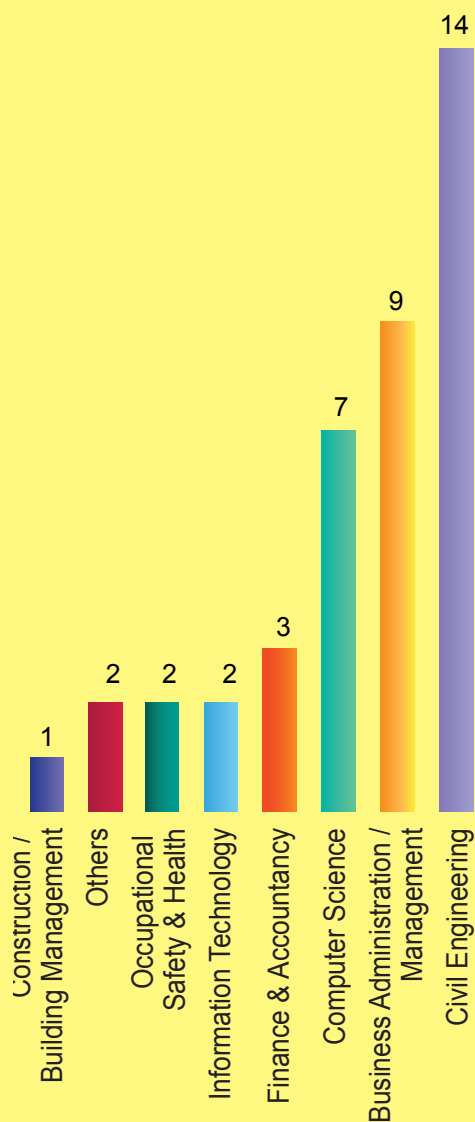


- Bumiputera
- Chinese
- Indian
- Foreigners

The Bumiputera group which consists of Malay, Iban, Bidayuh, etc. forms the biggest portion of our diverse workforce, followed by Chinese (24%), foreigners (11%) and finally, Indians (1%).

e. Internships

The Naim Internship Programme offers undergraduates the opportunity to gain direct practical experience with Naim's work, to help better prepare them for the real workplace. In 2020, we provided internship opportunities for a total of 40 interns/practical students from various field of studies:



INTERNSHIPS BASED ON AREA OF STUDIES

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



PART 4

Other Highlights

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



Tracing our Corporate Journey

A Humble Beginning . . .

1993

Datuk Hasmi Bin Hasnan
- *Managing Director*



Survey of the swamp area in Tudan, Miri

Datuk Amar Abdul Hamed Bin Haji Sepawi
- *Chairman*

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Our Journey: 1995 - 2020

1995

Naim Bandar Baru Permyjaya, Miri



Commenced operations, with landmark development in Tudan, Miri, now known as Naim **Bandar Baru Permyjaya**

Pujut 7 Bridge

1997



Ventured into construction with its first low-cost housing contract for the Housing and Development Commission and **Pujut 7 Bridge** across Miri River

1999

Naim Desa Ilmu Development, Kota Samarahan



Expanded to Kuching with Naim **Desa Ilmu** development in Kota Samarahan

Naim Riveria, Kota Samarahan

2003



Developed Naim **Riveria**, a modern satellite township in Kota Samarahan

2003



Listed on **Main Board of Bursa Malaysia**

Tabung Amanah Naim (Naim Trust Fund)

2004



Established **Tabung Amanah Naim (Naim Trust Fund)** to provide assistance in the areas of education, disaster relief, sports, arts and culture and other charitable causes

2010

Sabah Oil and Gas Terminal (SOGT)



Ventured into Sabah for our maiden oil and gas project (alliance contract with Samsung Korea) for **Sabah Oil and Gas Terminal**

Naim Permy Mall, Miri

2011



Opening of our first mall, **Naim Permy Mall, Miri**

2012



Built **16,000 houses** for the Sarawak community

2012



Adjudged the winner of the **BrandLaureate Conglomerate Award** and **Sarawak Chief Minister's Environmental Award**, bringing the number of awards won to 15

2012

Upgrading of King's Road from Waito to Wailotua, Fiji



Letter of Commendation from The Right Honourable Minister of Works, Transport and Public Utilities, Mr. Timoci L. Natuva on the completion of the upgrading of Kings Road from Waito to Wailotua

Naim Bintulu Paragon Integrated Development

2013



Launched **Naim Bintulu Paragon integrated development** in Bintulu, the largest GDV development in our Group's history

2013



Voted '**Best Small Cap**' company by Finance Asia in its 13th annual poll of Asia's top companies

Naim SouthLake Permyjaya, Miri

2014



The official launch of Naim **SouthLake Permyjaya, Miri**

2014



Won a total of 6 awards comprising **1 Corporate Social Responsibility award, 1 Environmental award and 4 Property awards**, the highest number of awards being won in a single year in the Group's history

Naim Sapphire Condominium Homes, Kuching

2014



Launch of Naim **Sapphire Condominium Homes Kuching**

2015

Phileo Damansara MRT Station's Link Bridge



Successfully installed the **Phileo Damansara MRT Station's Link Bridge** (Peninsular Malaysia), dubbed the 'largest lifting operation'

Celebrated our 20th Anniversary

2015



Celebrated our 20th Anniversary upon commencement of operations with a bang!

2016

Pan Borneo Highway - WPC 04



Secured one of the packages in the **Pan Borneo Highway Sarawak Mega Project**

Malaysia Best Employer Brand Awards

2016



Adjudged winner of the **Malaysia Best Employer Brand Awards**, joining the ranks of Malaysia's Top 50 employer brands (World HRD Congress & Stars of the Industry Group, endorsed by the Asian Confederation of Businesses)

2016



Our very first 'Naim Run'

University College of Technology Sarawak

2016



Adjudged the winner of the **QLASSIC Excellence Awards 2016** (for building construction quality) in the Non-Residential (Large) category for our JV project with Hock Peng Furniture & General Contractor Sdn Bhd, the **University College of Technology Sarawak (UCTS)** (Phase 2, Stage 1) in Sibul

2018

Naim Street Mall, Christmas Bazaar



Naim Christmas Bazaar to raise funds for charity

Star Property.my Awards 2019

2019



All smiles at The Star Property.my Awards 2019

2019

SHEDA Best Booth Award (2017-2019)



SHEDA Expo's Best Booth for 3 consecutive years

Naim's 'Better Homes' Charity Project

2019



A truly unforgettable Christmas for John Ak Away via Naim's 'Better Homes' Charity Project

2019

Fairfield by Marriott, Bintulu Paragon Hotel



Opening of the **first Fairfield by Marriott brand hotel in Malaysia & the first International Brand Hotel in Bintulu**

Asia Pacific Property Awards

2020



Asia Pacific Property Awards (AWARD WINNER)
Residential High Rise Development Malaysia - **NAIM Sapphire Condominium Homes**

Corporate Diary 2020

NAIM ORGANISES “MEET & GREET” EVENT 26 August 2020, Bintulu

As part of Naim’s engagement initiatives with its stakeholders, the Group organised a “Meet & Greet” event with its Naim Street Mall’s tenant and purchasers

in a bid to gauge their feedback to facilitate continuous improvements of the street mall.

The Group also shared the upcoming Naim Street Mall improvement plans during the event.



NAIM’S FAIRFIELD BY MARRIOTT BINTULU PARAGON HOTEL RECEIVES HALAL CERTIFICATE 10 September 2020, Bintulu

The Fairfield By Marriott Bintulu Paragon Hotel received the halal certification for its kitchen at the hotel’s “KAVA All-Day Dining Restaurant”, with a brief certificate handover ceremony being held to mark the event.

The event saw the certificate being handed over by Ustaz Hamdan Bin Jar’ee, the Director of Jabatan Kemajuan Islam Malaysia (JAKIM) (Sarawak region) and the Committee Member for Halal Certification of Majlis Islam Sarawak to Derrick Felix, the General Manager for the hotel.

Located within the Group’s flagship Naim Bintulu Paragon integrated development, the hotel is the first hotel within the Group and also Bintulu’s first international hotel.

NAIM WINS ASIA PACIFIC PROPERTY AWARDS 20 September 2020, Kuching

The Group added another feather to its cap with its win of the Asia Pacific Property Awards 2020-21 for one of its signature developments, Naim Sapphire Condominium Homes, Kuching. The development was adjudged a winner in the high rise residential development category for Malaysia. With this win, Naim Sapphire emerged as one of the top 4 high rise residential developments in Malaysia.

The Asia Pacific Property Awards were part of the renowned International Property Awards which sought to recognise the best property developments and property-related players globally. The Awards were in their 27th year and covered 45 different residential and commercial categories.



NAIM HOLDS TOPPING-UP CEREMONY FOR GEORGE Y. RESIDENCE 5 October 2020, Kuching

A topping-up ceremony for George Y. Residence was held to symbolise the upcoming completion of the said residence and in commemoration of George Yong of Architecture Design Practice (ADP), the architect who designed the multi-award winning Naim Sapphire Condominium Homes situated at Kuching's Batu Lintang Road. George Y. Residence was the third condominium tower within Naim Sapphire development.

With generous living spaces, facilities and availability of personalised services, George Y. Residence was set to create a benchmark in luxurious living in the region.



NAIM LAUNCHES "SUPER DEALS" MEGA PROPERTY PROMOTION 15 October 2020, Kuching

The Group launched its "Super Deals" mega property promotion in conjunction with its 25th Anniversary celebration and as a gesture of appreciation for the communities' support towards the Group over the years. The limited-time promotion was well received.



Naim in the News

A tribute to an architect



The late George Y. Residenc

George Y. Residenc named after him yesterday.

The ceremony was attended by Naim's chairman, Datuk Amar Abdul Hamed Segawi, the group's managing director, Datuk Hasmid Hassan as well as the late George's spouse, Irene Lim who is also an architect and partner of ADP and family members.

Hasmid said the naming of George Y. Residenc is a tribute to the late architect whose vision and perseverance helped to create what will be a benchmark in luxurious living in this region.

"Our chairman, Datuk Amar Hamed Segawi and I knew George many years ago, when George and I just started our businesses. I remember him as someone who was enthusiastic, voluntary and very driven in whatever he did."

"In fact, George was very much a part of our Group of Companies' 20-year journey, as we had collaborated in many of our property developments."

According to Hasmid, the Naim Sapphire's George Y. Residenc was the result of a dream to benchmark in luxury living in the country.

"We call it 'a penthouse tower' - it's a low-density



The topping-up ceremony in commemoration of the late George Yong Nyan Ted.

"The George Y. Residenc was the result of our dream of bringing a benchmark in luxury living in our communities, a personal cause of the residents within the development."

"We call it 'a penthouse tower' - it's a low-density

development featuring 100-unit luxury of space, but also convenience such as lifts ascending directly to your unit, motor exclusive floor and many more" he explained.

Hasmid added that the works for the tower we expected to complete in December this year and he hopes that the remaining can be done soon after.

"He also said that there will be something very exciting in store in conjunction with Naim's 25th anniversary celebration which will commence on October 15.

revenue has fallen by more than 30 percent to RM111.6 million in WQ2020 (WQ2019: RM194.5 million) mainly due to the declining number of projects on hand.

Consequently, the segment incurred loss of RM4.38 million from profit of RM16.9 million in WQ2019 due to recovery of some cost saving from certain substantially completed projects.

"Based on the performance of the other segments, Naim said it recorded a net profit of RM9.9 million in WQ2020 (RM15.5 million) while losses widened to RM9.1 million (RM4.8 million).

The WQ2020 segment reported a loss of RM9.9 million due to substantially lower than expected occupancy rates during the MCO period.

"Based on the group's quarterly sales also reported lower turnover.

On prospects of the property business, Naim said the group anticipates the weak trading environments in the property market to continue as consumers remain cautious in view of the uncertain outlook expected post-Covid-19, coupled with the ongoing trade war and the property market's increased competition and job insecurity due to rising corporate restructurings and pay cuts.

"Some work progress at site may be slower than expected due to shortage of workers as well as short term disruptions to the materials supply resulted from the delay in shipments," it added.

On the construction business, Naim said despite the improved work progress from the existing ongoing projects, the segment

BY ALVIN TANG

NAIM'S NEW PROPERTY SALES UP BY RM13.9M

KUCHING: Naim Holdings Ltd's new property sales have increased by RM13.9 million or 37 percent to RM429.9 million in third quarter to Sept 30, 2020 (Q32020) from RM416 million in Q22020.

During the current quarter, the group completed a land disposal for RM23.2 million and made a gain of RM12.7 million from the sales deal.

The higher sales and land disposal boosted Naim property revenue to about RM42 million from RM10.9 million in Q22020 while the segment profit surged to RM4.6 million from RM2.3 million.

In Q32020, Naim posted sharply lower group profit of about RM6.3 million from RM20.3 million in Q22019 despite a significant jump in revenue to RM67.9 million from RM56.2 million.

"Group revenue had increased mainly attributed by faster stock progress achieved at site and higher new property sales secured during the current 3-month period."

Revenue was expected to be in the moderate to steady range as site work was affected as a result of the movement control order (MCO) imposed by the government from mid-March 2020 to about mid-May 2020 as a result of the Covid-19 pandemic.

Naim said it notes to its financial results:

"Earnings per share declined to 1.07 sen from 1.25 sen.



On a nine-month period in 2020, the leading property developer suffered group loss of RM16.7 million from profit of RM48.2 million in Q32019 as revenue dropped to RM454.5 million from RM531 million.

The lower revenue was mainly due to a 45 percent decline in turnover of the property and construction division.

Naim said its earnings have been impacted by an accounting order (ACCI) imposed by the government from mid-March 2020 to about mid-May 2020 as a result of the Covid-19 pandemic.

Naim said it notes to its financial results:

"Earnings per share declined to 1.07 sen from 1.25 sen.

IN Q32020, Naim

said the property segment recorded a loss in revenue to RM9.2 million from RM11.9 million mainly due to lower new property sales of RM2.2 million (RM3.4 million).

Revenue (WQ2019: RM119.96 million) mainly due to lower new property sales of RM61.2 million (RM73.9 million).

"Sales activities were substantially lower during second quarter of 2020, resulted from the easing of operations following the implementation of the MCO."

"The improvement in the performance was mainly due to the gains arising from the disposal of some assets amounting to about RM16.7 million, but moderated by the increase of fixed overhead costs and interest costs," it added.

On the construction business, Naim said despite the improved work progress from the existing ongoing projects, the segment

revenue has fallen by more than 30 percent to RM111.6 million in WQ2020 (WQ2019: RM194.5 million) mainly due to the declining number of projects on hand.

Consequently, the segment incurred loss of RM4.38 million from profit of RM16.9 million in WQ2019 due to recovery of some cost saving from certain substantially completed projects.

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The WQ2020 segment reported a loss of RM9.9 million due to substantially lower than expected occupancy rates during the MCO period.

"Based on the group's quarterly sales also reported lower turnover.

On prospects of the property business, Naim said the group anticipates the weak trading environments in the property market to continue as consumers remain cautious in view of the uncertain outlook expected post-Covid-19, coupled with the ongoing trade war and the property market's increased competition and job insecurity due to rising corporate restructurings and pay cuts.

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入駐納英古普百樂城 金寶林建新醫療中心

(古晉16日訊) 納英集團及金寶林醫療中心宣布，將在納英于古晉的康悅發展項目，即位於普都林當路的納英古普百樂城 (Naim Kuching Patagon) 興建一座全新的金寶林醫療中心 (TMC)。

該中心董事兼執行委員會成員Chris Goh指出，選擇納英古普百樂城的原因在於其優越的地理位置、位於市中心，距離砂朥越中央醫院及古晉國際機場僅有一小段路程。

他補充，全新的金寶林醫療中心占地5英畝，擁有最先進的康樂環境，有重在建於2024年完成。

"該新建300張床位的醫療中心將提供更廣泛的醫療服務，例如放射診斷學、轉時

改善跨接越的私人醫療保健服務。

納英集團副董事經理 Christina Wong感謝，金寶林醫療中心對於該發展項目的信任感到榮幸，並歡迎後者的加入。

欲了解更多關於納英古普百樂城詳情，可致電 082-416288012-8771984 (Gerald)，或登入納英官網 www.naim.com.my 或 www.naimproperties.com.my 或瀏覽臉書 (www.facebook.com/Naimproperties)；也可在星期一至星期五早上9時至傍晚6時或周末及公眾早上10時至傍晚5時至臨銷場售售售。展示屋開放時間為星期一-星期五早上9時至傍晚6時，星期六及公眾假期早上10時至傍晚5時。

Meaningful 25th anniversary for Naim Group

KUCHING: The 25th anniversary of Naim Holdings Ltd's incorporation in Singapore is being celebrated in a meaningful way by the group's leadership.

Group Chairman Datuk Amar Abdul Hamed Segawi said the group's 25th anniversary is a milestone for the company, which has grown from a small start-up to a leading property developer in Borneo.

"Over the past 25 years, we have achieved many milestones, from our first project to our current portfolio of over 100 projects across Borneo and other regions."

He noted that the group's success is a result of the dedication and hard work of its employees and the support of its stakeholders.

"As we celebrate this anniversary, we are looking forward to continuing our growth and contributing to the development of our communities."

The group's 25th anniversary is being celebrated with a series of events, including a gala dinner and a charity concert.

"We are grateful for the support and trust of our stakeholders, and we look forward to continuing to work together to create a better future for all."



Naim Group office interior

RM3.5 million for SRFP fund

KUCHING: Naim Holdings Ltd has allocated RM3.5 million to the Social Relief and Fund (SRFP) fund to support the fight against Covid-19.

The group's contribution is part of its commitment to social responsibility and community support during these challenging times.

The SRFP fund is a government initiative to provide financial assistance to individuals and businesses affected by the economic impact of the pandemic.

Naim Holdings is pleased to contribute to this fund and support the government's efforts to ease the financial burden on its citizens.

The group's contribution is expected to be used to provide relief to those in need and support the recovery of the economy.

"We are committed to supporting our community and contributing to the well-being of our nation during these difficult times."



ABOL Head Office projects the location in Abu Dhabi in the future.

ALVIN TANG

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Kempen amal Naim Thanks You RM250 dari seunit rumah

KUCHING: Naim Holdings Ltd has launched a charity program called "Kempen amal Naim Thanks You RM250 dari seunit rumah" (Naim Charity Campaign RM250 from each unit).

The program aims to collect RM250 from each unit of new property sales to support the fight against Covid-19 and support the recovery of the economy.

"We are grateful for the support and trust of our stakeholders, and we look forward to continuing to work together to create a better future for all."

The group's contribution is expected to be used to provide relief to those in need and support the recovery of the economy.

"We are committed to supporting our community and contributing to the well-being of our nation during these difficult times."



Naim property development site

Naim banks on affordable housing

KUCHING: Naim Holdings Ltd is looking to expand its affordable housing portfolio in Borneo.

The group's focus on affordable housing is part of its commitment to social responsibility and community support during these challenging times.

"We are committed to supporting our community and contributing to the well-being of our nation during these difficult times."

The group's contribution is expected to be used to provide relief to those in need and support the recovery of the economy.

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development featuring 100-unit luxury of space, but also convenience such as lifts ascending directly to your unit, motor exclusive floor and many more" he explained.

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PART 5

Corporate Governance

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and Internal Control

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



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 emphasize the use of the term "Group", which encompasses all companies operating under the control of Naim Holdings Berhad.

Corporate Governance Overview Statement

(continued)

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 2020. 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 2020. 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 (“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 practised throughout the Group as a fundamental part of 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, it 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 organisation 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 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 conducted quarterly reviews of the performance targets set by the Board against the actual performance achieved to-date and at the same time received and deliberated 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 and assumptions for the yearly Budget and 5 years Business Plans.
- Provides guidance and comment on the market, business and operational initiatives to Management for further fine-tuning of its plan for 2021 and beyond.
- Ensures that the necessary resources are available to achieve the strategic aims and objectives of the Group.
- Monitors the conduct of business.
- 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.

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. Arising from the implementation of Section 17A of the Malaysian Anti-Corruption Commission Amendment Act 2018, the Group had adopted an Anti-Bribery & Corruption Policy on 31 May 2020 and an Anti-Bribery & Corruption Compliance Committee (“ABC Compliance Committee”) was established on 25 June 2020. The ABC Compliance Committee is primarily tasked to provide independent oversight to anti-bribery & corruption compliance monitoring of the relevant laws, regulations, internal policies and procedures and to ensure that the management has put in place controls to identify areas prone to corruption risks and steps to mitigate/minimize these risks including their anti-corruption compliance programmes.

The Committees are to ensure effective Board processes, structures and roles. Annual assessments of the performance of the Board, Board Committees 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 summary of committee memberships is as follows:

Name of Directors	Audit Committee	Nominating Committee	Remuneration Committee	Risk Management Committee	Anti-Bribery & Corruption Compliance Committee	Long Term Incentive Plan Committee
Datuk Amar Abdul Hamed Bin Haji Sepawi		√ (Chairman)		√		
Datuk Hasmi Bin Hasnan			√			
Dato Ir. Abang Jemat Bin Abang Bujang	√		√ (Chairman)		√ (Chairman)	√
Datin Mary Sa'diah Bin Zainuddin		√	√	√ (Chairman)		√
Chin Chee Kong	√					√
Tan Chuan Dyi	√ (Chairman)					
Sulaihah Binti Maimunni		√		√	√	
Datuk Ahmad Bin Abu Bakar					√	
Total No. of members	3	3	3	3	3	3

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.

Corporate Governance Overview Statement

(continued)

Board Meetings

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

The Board met six (6) times during the financial year 2020. 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	6/6	100
Datuk Hasmi Bin Hasnan Managing Director	6/6	100
Ms. Wong Ping Eng Deputy Managing Director (Retired on 1 January 2021)	6/6	100
Mr. Beh Boon Ewe Executive Director (Appointed on 26 November 2020)	1/1	100
Dato Ir. Abang Jemat Bin Abang Bujang Independent Non-Executive Director	6/6	100
Datin Mary Sa'diah Binti Zainuddin Independent Non-Executive Director	6/6	100
Mr. Chin Chee Kong Non-Executive Director	6/6	100
Mr. Tan Chuan Dyi Independent Non-Executive Director	6/6	100
Cik Sulaihah Binti Maimunni Independent Non-Executive Director	6/6	100
Datuk Ahmad Bin Abu Bakar Independent Non-Executive Director	6/6	100

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. 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 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 were 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.

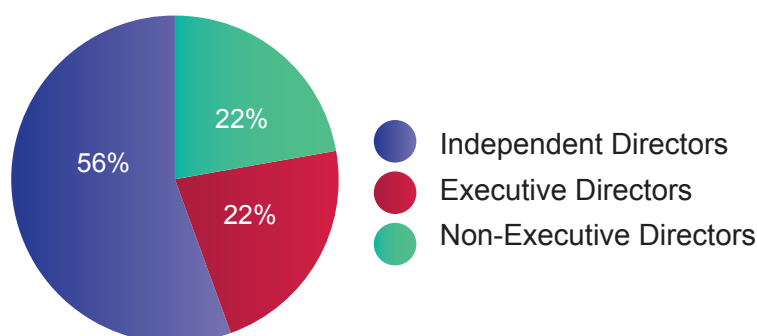
On 26 November 2020, Mr. Beh Boon Ewe was appointed as Executive Director of the Company and on 1 January 2021, Ms Wong Ping Eng, the Deputy Managing Director retired from the Board.

The current Board's composition is as follows:

Category	No. of Directors	%
Executive Director	2	22
Non-Executive Director	2	22
Independent Non-Executive Director	5	56
Total	9	100

Notes:

Paragraph 15.02, MMLR requires 1/3 of the Board to comprise Independent Directors. If the number of Directors is not three (3) or a multiple of three (3), then the number nearest 1/3 shall be used.



The Board is served by nine (9) Board Members of which 22% are Executive Directors, 22% Non-Executive Directors and the balance of 56% Independent Non-Executive Directors.

The MCGG recommends that at least half of the Board comprises independent directors. The Company complies with the aforesaid recommendation. In addition thereto, the Company also complies with Paragraph 15.02 which requires at least two (2) directors or 1/3 of the Board to be independent directors.

The Board is made up of 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. All Members 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.

Corporate Governance Overview Statement

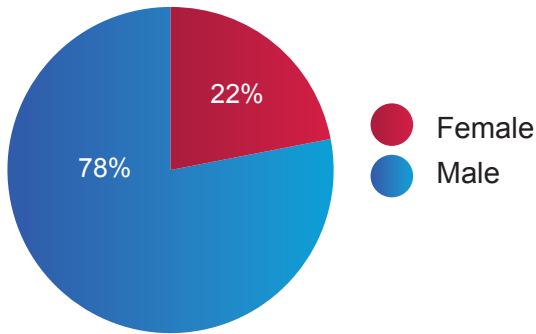
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Board Diversity

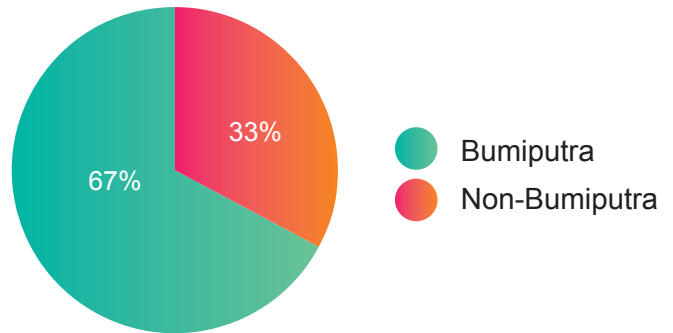
The Board acknowledges the importance of diversity in the Board, including gender, age, ethnicity, experience and skills. The current board composition in terms of experience, skills, ethnic, gender and age is as follows:

	Experience & Skills										Ethnic		Gender		Age	
	Property	Construction	Timber	Plantation	Energy / Oil & Gas	Audit/Accounting/Finance	Electrical / Telecommunication	Civil Engineering Technology / Research / Education	Banking / Finance	Land & Building Survey	Bumiputra	Non-Bumiputra	Male	Female	Below 60	Above 60
Datuk Amar Abdul Hamed Bin Haji Sepawi	✓	✓	✓	✓	✓					✓		✓				✓
Datuk Hasmi Bin Hasnan	✓	✓							✓	✓		✓				✓
Ms. Wong Ping Eng (Resigned on 1 January 2021)	✓	✓				✓					✓		✓	✓		
Dato Ir. Abang Jemat Bin Abang Bujang							✓			✓		✓				✓
Datin Mary Sa'diah Binti Zainuddin					✓					✓			✓			✓
Mr. Chin Chee Kong						✓		✓			✓	✓				✓
Mr. Tan Chuan Dyi								✓			✓	✓		✓		
Cik Sulaihah Binti Maimunni		✓						✓		✓			✓			✓
Datuk Ahmad Bin Abu Bakar	✓		✓	✓	✓	✓				✓		✓				✓
Beh Boon Ewe (Appointed on 26 November 2020)	✓	✓						✓			✓	✓				✓

The Board currently comprises seven (7) male directors, representing 78% of the Board, and two (2) female directors, representing 22% of the Board.



The Board comprises 67% Bumiputra and 33% Non-Bumiputra. The Board believes that diversity leads to the consideration of all facets of an issue and, consequently, better decisions and performance.



Retirement of Directors

All Directors, including the Managing Director, shall retire by rotation once every three years in accordance with Article 85(c) 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 reelection 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

Directors' training is an on-going process to develop, update and enhance the directors' knowledge on related developments in the financial industry and business landscape, both domestically and internationally to harness their skills and benefit for the Group. During the financial year under review, Directors attended the following external seminars and internally facilitated sessions:

Name of Director	Programme Title	Date(s)
Datuk Amar Abdul Hamed Bin Haji Sepawi	<ul style="list-style-type: none"> NAIM Corporate Retreat (Way forwards in changing time) 	24–25 September 2020
Datuk Hasmi Bin Hasnan	<ul style="list-style-type: none"> NAIM Corporate Retreat (Way forwards in changing time) 	24–25 September 2020
Wong Ping Eng	<ul style="list-style-type: none"> Uplifting Service: The 7 Rules of Service Leadership Resilient Leadership Seminar NAIM Corporate Retreat (Way forwards in changing time) 	7 January 2020 24 July 2020 24–25 September 2020
Dato Ir. Abang Jemat Bin Abang Bujang	<ul style="list-style-type: none"> NAIM Corporate Retreat (Way forwards in changing time) 	24–25 September 2020
Datin Mary Sa'diah Binti Zainuddin	<ul style="list-style-type: none"> NAIM Corporate Retreat (Way forwards in changing time) 	24–25 September 2020

Corporate Governance Overview Statement

(continued)

Name of Director	Programme Title	Date(s)
Chin Chee Kong	• NAIM Corporate Retreat (Way forwards in changing time)	24–25 September 2020
	• COVID-19 Impact on Financial Reporting MFRS 2, 15, 102, 119, 121, 137 by MIA Webinar Series	12 October 2020
	• Anti-Bribery and Corruption Briefing by Industrial and Commercial Bank of China (Malaysia) Berhad (“ICBS”)(in-house training)	27 October 2020
	• Anti-Money Laundering/Counter Financing of Terrorism (AML/CFT) (ICBC in-house training)	27 October 2020
	• KPMG Tax and Business Summit 2020 by KPMG	18–19 November 2020
	• Fraud Risk Management Workshop by PwC jointly with Bursa Malaysia	Half day morning session on 23 November 2020
	• The 46th series (Towards the future with confidence) by Deloitte TaxMax	23 (afternoon)-25 November 2020
Tan Chuan Dyi	• NAIM Corporate Retreat (Way forwards in changing time)	24–25 September 2020
	• CIPAA vs PAM Adjudication	14 October 2020
	• Manage Project Risks, Exploit Opportunities and Achieve Profitability	18 November 2020
	• Anti-Bribery and Corruption Policy	23 Nov 2020
Sulaihah Binti Maimunni	• NAIM Corporate Retreat (Way forwards in changing time)	24–25 September 2020

The Directors will continue to pursue relevant seminars and trainings from time to time as they consider necessary to equip themselves to enable them 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 twice (2 times) during the financial year under review.

The activities undertaken by the Nominating Committee for the financial year ended 31 December 2020 were as follows:

- Assessed and evaluated the performance and effectiveness of the Board, Board Committees and individual Directors.
- 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
- Reviewed the profile of Board candidates, who if deemed to possess the requisite competence and caliber will be recommended for appointment as Directors of the Company.
- Reviewed the Directors retiring by rotation to be put forward for re-election at the Company’s Annual General Meeting.
- 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 during the year under review.
- 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.

Succession for various key positions have been planned and lined up in the Group to ensure continued sequence of qualified people to move up and 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.

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.

The directors update the list of companies in 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 confirmed 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 transactions 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 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 matters noted by the Audit Committee arising from audit findings that may require the Board’s attention or direction.

The Audit Committee had on 3 May 2021, reviewed the resources deployed of the external auditor, Messrs KPMG in undertaking its audit functions, its suitability as well as its independence. The Audit Committee was satisfied that Messrs KPMG had met the relevant criteria prescribed under Paragraph 15.21 MMLR and it had recommended the re-appointment of Messrs KPMG for the ensuing financial year.

Related party transactions of the Group for the financial year ended 31 December 2020 are disclosed in Note 34 of Page 160 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 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 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 82 to 85 of this Annual Report.

Corporate Governance Overview Statement

(continued)

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 were 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 86 to 88 of this Annual Report.

Anti-Bribery & Corruption Compliance Committee ("ABC Committee")

In line with the implementation of Section 17A of the Malaysian Anti-Corruption Commission Amendment Act 2018, the Groups had adopted the Code of Conduct & Business Ethics, Anti-Bribery & Corruption Policy and Whistleblowing Policy in its business operation on 31 May 2020.

In conjunction with the adoption of these policies, the ABC Compliance Committee was formed to ensure that the conduct of business of Naim and employees are carried out ethically and with integrity.

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.

In view of the COVID-19 pandemic conditions, the shareholders' meetings were convened fully virtual in line with Securities Commission Guidance Note on the Conduct of General Meetings for listed issuers issued on 18 April 2020.

During the year under review, the following two (2) General Meetings conducted were fully virtual meeting by real-time voting via Remote Participation Voting (“RPV”):

- a. Annual General Meeting (“AGM”) held on 24 June 2020
- b. Extraordinary General Meeting (“EGM”) held on 6 October 2020 for the purpose of approving the Proposed Disposal by Petrochemical Hub Sdn. Bhd., a wholly-owned subsidiary of the Company of 2 parcels of land to Sarawak Economic Development Corporation for a total cash consideration of RM340 million.

All the resolutions put forward at these two (2) General Meetings 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 TIH Online website at <https://tiah.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 above two (2) General Meetings. 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, so as 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 Directors addressed the live questions posed by shareholders through the query box.

This Corporate Governance Overview Statement was approved by the Board of Directors on 3 May 2021.

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 163. Details of the Company and the Group’s financial statements for the year ended 31 December 2020 are set out on page 93 to 167 of the Annual Report.

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 31 to 36 and Performance Overview from page 37 to 40.



Corporate Governance Overview Statement

(continued)

Additional Compliance Information

1. Utilisation of Proceeds

a. Rights Issue

The Company raised a gross proceed of approximately RM118.7 million from the Rights Issue of 263,799,322 new ordinary shares of RM0.45 per share on 25 January 2019. The status of the utilisation of the proceeds as at 31 December 2020 was as follows:

	Amount raised from the Rights Issue RM million	Actual Utilisation RM million	Amount Unutilised RM million
Property development activities	88.7	88.7	Nil
General working capital	4.0	4.0	Nil
Repayment of borrowings	25.0	25.0	Nil
Estimated expense in relation to the proposed rights issue	1.0	1.0	Nil
Total	118.7	118.7	Nil

b. Disposal of Land

The Company's wholly-owned subsidiary Petrochemical Hub Sdn. Bhd. ("PHSB") had on 17 July 2020 and 30 July 2020 entered into a Sale & Purchase Agreement and Supplemental Agreement respectively with Sarawak Economic Development Corporation for the disposal of 2 parcels of vacant land containing a total area of 405.6 hectares held under Lots 789 and 2861 Block 20 Kemena Land District, Bintulu Sarawak for a total cash consideration of RM340 million. The status of the utilization of the proceeds from the disposal as at 31 December 2020 was as follows:

Purpose	Approved Utilisation RM million	Actual Utilisation RM million	Expected timeframe for utilisation upon receipt of the proceeds
Repayment of bank borrowings	117	117	Within 12 months
Dividends to shareholders	90	50	Within 12 months
Working capital for property development activities	75	-	Within 18 months
Capital investment	15	-	Within 24 months
Estimated expenses in relation to the Disposal	43	43	Within 9 months
Total	340	210	

2. Audit and Non-Audit Fees

The amount of audit and non-audit fees paid to the external auditors by the Company and the Group in the financial year ended 31 December 2020 were as follows:

Item	Nature of services rendered	Company RM'000	Group RM'000
A	Audit Fees	80	390
B	Non-Audit Fees	31	293
Total		111	683

The non-audit fees comprised the following:

Item	Nature of services rendered	RM'000
a.	Tax fee	213
b.	Other advisory fees	80
Total		293

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

There were no material contract entered into by the Company and/or its subsidiaries during the financial year ended 31 December 2020 which involves the interest of Directors/Chief Executive/major shareholders.

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

During the financial year ended 31 December 2020, 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

Dato Ir. Abang Jemat Bin Abang Bujang – Member
Independent Non-Executive Director

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

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 the risks, overseeing financial reporting, evaluating the 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%

One (1) of its members, Mr. Chin Chee Kong is member 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 2020 and the details of attendance are as follows:

Audit Committee Members	No. of Meetings attended	Attendance (%)
Mr. Tan Chuan Dyi	7/7	100
Dato Ir. Abang Jemat Bin Abang Bujang	7/7	100
Mr. Chin Chee Kong	7/7	100

External auditors, internal auditors and relevant management staff are invited, when deemed 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 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 the quarterly results and year end financial statements before 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 for recommendation to the Risk Management Committee for its consideration.

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 to ensure the adequacy of scope and coverage over the activities of the Group.
- Reviewed the internal audit reports issued by the Internal Audit Department 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.
- Assessed the independence and suitability of External Auditors.
- 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 up with external auditors twice, in the absence of 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 Internal Audit Function, whose primary function is to assist the Audit Committee in discharging its duties and responsibilities. The Internal Audit Department reports directly to the Audit Committee on its activities based on the approved annual Internal Audit Plan. The approved annual Internal Audit 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 organization's operations.

Audit Committee Report (continued)

Their role is to provide the 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 internal audit staff comprise those that 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 internal control and governance process is 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 Internal Audit Function is independent of the activities audited and performs with impartiality and due professional care. The Internal Audit Function 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 Internal Audit Department will develop an audit plan detailing engagements to be conducted during the year and submit the same to the Audit Committee for approval before carrying out the planned assignments. Reports on the internal audit activities will be submitted to the Audit Committee every quarter.

The report will 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 audit staff.

2.4 Internal Audit Functions and Activities

The Internal Audit Department has carried out its activities based on planned audits and special reviews during the year. During the financial year ended 31 December 2020, 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 recommendation to the Audit Committee.
- 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 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 RM330,196 was incurred by the internal audit department in respect of the financial year under review.

3. TRAINING

Internal audit's training is an on-going process to develop, update and enhance the internal auditors' knowledge and skill to continually keep abreast with developments in the profession and industry. The internal auditors attended the following external and internally facilitated sessions as follows:

Date	Description of Training
29 May, 26 Jun, 24 Jul 2020	Anti Bribery & Corruption conducted in-house
24 Aug 2020	NAIM Ambassador Workshop conducted in-house
24 Sep 2020	Data Innovation in Audit by Cognitive Links Group
29 Sep, 28 Dec, 30 Dec 2020	Work-Play Mental Health Series (Stress Management) by Timberland Medical Centre
28 Feb, 13 Mar 2020	Uplifting Service: The 6 Levels of Service conducted in-house
10 Jan 2020	Uplifting Service: The 7 Rules of Service Leadership conducted in-house
24 Jul 2020	Resilient Leadership conducted in-house
10 Aug 2020	Briefing On Business Continuity Plan (BCP) conducted in-house
10 Feb 2020	Issues & Recent Development on CIPAA 2012 by a Consultant Quantity Surveyor (BQSM), who is also a registered member of RISM and an adjudicator (AIAC)

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 with regard to the Group's compliance with the principles and best practices for internal control as provided in the Malaysian Code of Corporate Governance (MCCG 2017).

The Board of Naim believes in good corporate governance and managing the affairs of the Group in accordance with the MCCG 2017. 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 organization and its business partners.

Responsibility

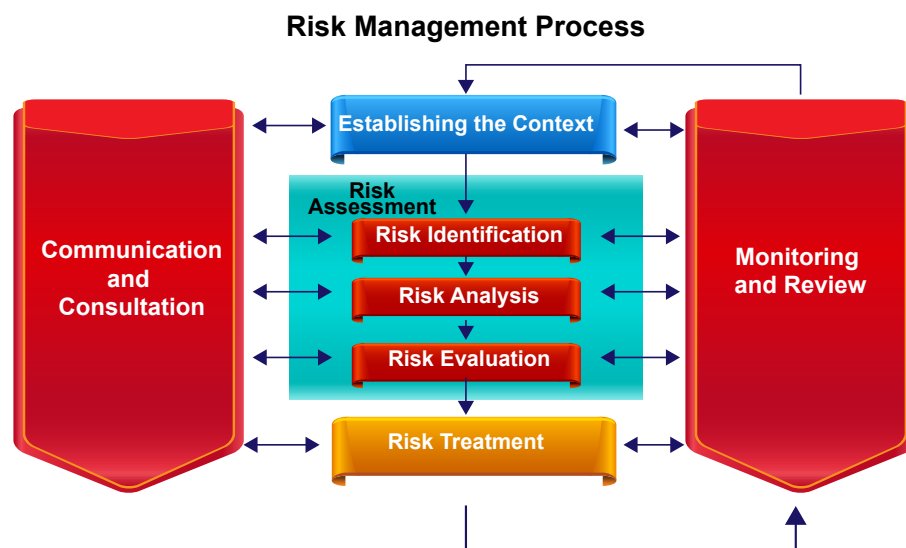
The Board acknowledges its responsibilities for maintaining a sound system of risk management and internal control to safeguard shareholders' investment and the Group's assets as well as reviewing the adequacy and integrity of the system. In discharge of these responsibilities, the Board has put in place a process at all levels of the organization 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.



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 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 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 & 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 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 (SDMC) and Department of Occupational Safety & Health (DOSH).
- A Whistleblowing Policy providing guidelines in dealing with concerns, including fraud, amongst others. If fraud is suspected or uncovered, appropriate and timely actions in accordance with the Fraud Response Plan will be taken.
- 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 lays out the behaviour expected of all employees, directors, as well as third parties who deal with 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.

Statement on Risk Management and Internal Control (continued)

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 management. The internal audit 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 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 2020, and reported to the Board that nothing has come to their attention that cause 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 management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

This statement is made in accordance with a resolution of the Board of Directors dated 3 May 2021.