PART 6

Economic Outlook

Economic Outlook


Kuching, Sarawak

Outlook for Malaysia

International Monetary Fund (IMF) (as reported in The Edge Markets, 18 March 2021)
https://www.theedgemarkets.com/article/imf-malaysian-economy-set-recover-2021-growth-projected-

The Malaysian economy is set to recover in 2021, with growth projected at 6.5%, driven by a strong recovery in manufacturing and construction, according to the International Monetary Fund (IMF).

The recovery is expected to be uneven across sectors, resting on an improvement in both domestic and external demand.

Inflation would recover to 2% and the current account surplus is on course to decline as demand for pandemic-related products starts receding and the rebound in domestic demand raises imports.

RAM Holdings Berhad (article titled 'RAM revises Malaysia's GDP forecast for 2021; recovery still at risk from further containment measures' dated 29 January 2021)
https://www.ram.com.my/pressrelease/?prviewid=5599

RAM expects the present movement control order (colloquially known as MCO 2.0) until 4 February 2021 to lower Malaysia's GDP growth by 1.3 percentage points (ppt). Consequently, we have revised 2021's GDP growth from our initial forecast of 7.1% to 5.8%. Every subsequent day of extension after that is estimated to trim 0.04 ppt off growth this year.

While the restrictions under MCO 2.0 are tighter than the conditional and recovery MCOs of the preceding two months, the overall impact is still less severe than MCO 1.0. We estimate daily economic losses during MCO 2.0 to average about RM500 mil-RM600 mil - much lower than the RM2.4 bil estimated by the Government under MCO 1.0. That said, it is much higher than the RM200 mil-RM300 mil projected by Bank Negara Malaysia (BNM) amid the conditional MCO (CMCO) in October-November 2020. Under MCO 2.0, more essential sectors are allowed to operate (including most activities along the supply chain), thereby curtailing some supply chain disruptions faced under MCO 1.0. Industries can also operate at a capacity deemed optimal as long as they adhere to strict SOPs. This contrasts against the mandatory 50% cut in workforce capacity at the onset of MCO 1.0.

Another indicator of the economic impact of MCO 2.0 is manifested through initial observations on population mobility. Data suggests that the drop in spending activity in the first week of MCO 2.0 was less severe than during MCO 1.0. As proxied by Google's mobility indicator, travel to points of sale such as grocery and retail stores fell a respective 20% and 52% in the first week of MCO 2.0. The average decline in footfall during MCO 1.0 was larger at a respective 45% and 75%. That said, the numbers for MCO 2.0 are still much higher than the 8% and 30% dips during the CMCO in November 2020.

The services sector is seen to be the hardest hit by MCO 2.0, as evident by its past sensitivity to changes in restriction conditions. The observed retail capacity utilisation plunged to a low of 43% in April 2020, relative to 68% for essential manufacturing sectors. Recovery for the services sector also appears slower after the lifting of restrictions. As of November 2020, the capacity utilisation

of the retail sector (67%) had yet to claw back to the pre-pandemic normal (of circa 75%) - in sharp contrast to the rebound of the essential manufacturing sector last June. MCO 2.0 will further aggravate the unevenness in cross-sector recovery this year.

The World Bank (as reported in the Star, 22 February 2021) *https://www.thestar.com.my/business/business-news/2021/02/22/malaysian-economy-to-recover-in-2021-on-effective-vaccine-deployment-says-world-bank*

Malaysia's economy is expected to return to positive growth this year, along with other economies globally on the sustained progress in the vaccine rollouts that will boost consumption worldwide, the World Bank Group said.

Its Macroeconomics, Trade and Investment Global Practice lead economist, Richard Record said the group expects the vaccine deployment can be mostly completed in 2021 in most economies, leading to strong recovery and demand, as well as boosting trade and commodity prices.

"We are projecting a global growth of 4.0 per cent this year. As for Malaysia, we project economic growth this year to range between 5.6 and 6.7 per cent," he said during the virtual 2021 Malaysia's Economic and Strategic Outlook Forum (MESOF) titled: "The Post-COVID-19 New Normal - Where Do We Go From Here" on Monday.

However, he cautioned the downside risks to growth is the slow progress of the vaccine deployment and new containment that could lead to another movement control order, adding that consumption is the largest part of the Malaysian economy.

"Risks to growth outlook include the unexpected delay in vaccine rollout, ineffective containment, elevated number of vulnerable households and domestic political uncertainty.

"In the near-term, policies should focus on containing the outbreak and protecting the most vulnerable and on re-building fiscal buffers as economic conditions improve," he added.

Outlook for Sarawak

CBRE | WTW (as reported in The EdgeProp dated 25 January 2021)
https://www.edgeprop.my/content/1791859/sarawak-still-seeing-growth-opportunities-sabah%E2%80%99s-outlook-remains-bleak-%E2%80%93-cbre-wtw

Amidst a general gloomy outlook, Sarawak property market is still seeing a silver lining, led by the development of the state's oil and gas industry in Bintulu and agricultural sector, said C H Williams Talhar Wong & Yeo managing director Robert Ting.

In a virtual press launch of the "Market Outlook Report 2021" by CBRE | WTW, Ting mentioned that the opportunities of the Sarawak property market will still look promising despite the current Covid-19 situation.

Sarawak received RM2.95 billion in Sales and Services Tax (SST) from petroleum products' sales value in 2019 from Petronas, in accordance with the provisions of the Sarawak State Sales Tax Ordinance, 1998, which has contributed significantly to the public coffers in a most needful year.

PART 7

Financial Statements

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

Created by Pressfoto - Freepik.com

Directors' Report for the year ended 31 December 2020

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

Principal activities

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

Subsidiaries

The details of the subsidiaries are disclosed in Note 4 to the financial statements.

Results	**Group RM'000**	**Company RM'000**
Profit for the year attributable to:		
Owners of the Company	53,537	78,203
Non-controlling interests	(3,916)	-
	49,621	78,203
	=========	=========

Dividend

Since the end of previous financial year, the Company declared an interim single tier dividend of RM0.099 per share totalling RM49,574,000 in respect of the year ended 31 December 2020, which was paid on 20 November 2020.

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

Reserves and provisions

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

Directors of the Company

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

Datuk Amar Abdul Hamed Bin Haji Sepawi*
Datuk Hasmi Bin Hasnan*
Dato Ir. Abang Jemat Bin Abang Bujang
Datin Mary Sa'diah Binti Zainuddin
Datuk Ahmad Bin Abu Bakar
Chin Chee Kong
Tan Chuan Dyi
Sulaihah Binti Maimunni
Beh Boon Ewe (appointed on 26.11.2020)*
Wong Ping Eng (retired on 1.1.2021)*

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

Directors of the subsidiaries

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

Datu Haji Halmi Bin Ikhwan
Dato' Ir. Ha Tiing Tai
Dato' Ubull A/L Din Om
Datu Abang Mohamad Shibli Bin Abg Mohamad Nailie (appointed on 18.6.2020)
Datuk Haji Abang Abdul Wahap Bin Haji Abang Julai (appointed on 18.6.2020)
Monaliza Binti Zaidel
Lingoh Anak Gara
Nona Zaharia Binti Fadzil
Allan Anak Micheal Rimong
Alexander Manyin
Lau Kiu Huat (alternate to Datu Haji Halmi Bin Ikhwan)
Ting Pin Sing
Yap Hon Kong
Hasmiah Binti Anthony Hasbi
Emily Hii San San
Lim Khong Guan
Wong See Hing

Directors' Report for the year ended 31 December 2020 (continued)

Directors of the subsidiaries (continued)

Yeo Ling Hui
Muhd Syahiskandar bin Sahmat (appointed on 15.10.2020)
Kon Ted Jee (appointed on 1.12.2020)
Charles Arthur Bateman (resigned on 10.6.2020)
Abang Mahathir Bin Mohamed (resigned on 14.10.2020)
Sim Kwong Yong (resigned on 1.12.2020)
Wong Ching Sen (resigned on 30.12.2020)

Directors' interests in shares

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

	Number of ordinary shares			
	At 1.1.2020	**Bought**	**(Sold)**	**At 31.12.2020**
Direct interests in the Company				
Datuk Amar Abdul Hamed Bin Haji Sepawi	32,553,427	-	-	32,553,427
Datuk Hasmi Bin Hasnan	55,730,768	-	-	55,730,768
Wong Ping Eng	12,500	-	-	12,500
Shareholdings in which Datuk Amar Abdul Hamed Bin Haji Sepawi has deemed interests				
The Company	93,507,433	-	-	93,507,433
Desa Ilmu Sdn. Bhd.	8,000,000	-	-	8,000,000
NAIM GAMUDA (NAGA) JV SDN. BHD.	7,000,000	-	-	7,000,000
Peranan Makmur Sdn. Bhd.	7,000,000	-	-	7,000,000
Jelas Kemuncak Resources Sdn. Bhd.	700,000	-	-	700,000
Unique Composite Sdn. Bhd.	400,000	-	-	400,000
Simbol Warisan Sdn. Bhd.	7,500	-	-	7,500
Naim Engineering Construction (Fiji) Limited	999,999	-	-	999,999
Naim Quarry (Fiji) Limited	999,999	-	-	999,999
Naim Premix (Fiji) Limited	999,999	-	-	999,999
Lotus Paradigm Sdn. Bhd.	70	-	-	70
Shareholdings in which Datuk Hasmi Bin Hasnan has deemed interests				
The Company	135,259,244	-	-	135,259,244
Desa Ilmu Sdn. Bhd.	8,000,000	-	-	8,000,000
NAIM GAMUDA (NAGA) JV SDN. BHD.	7,000,000	-	-	7,000,000
Peranan Makmur Sdn. Bhd.	7,000,000	-	-	7,000,000
Jelas Kemuncak Resources Sdn. Bhd.	700,000	-	-	700,000
Unique Composite Sdn. Bhd.	400,000	-	-	400,000
Simbol Warisan Sdn. Bhd.	7,500	-	-	7,500
Naim Engineering Construction (Fiji) Limited	999,999	-	-	999,999
Naim Quarry (Fiji) Limited	999,999	-	-	999,999
Naim Premix (Fiji) Limited	999,999	-	-	999,999
Lotus Paradigm Sdn. Bhd.	70	-	-	70

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

The other Directors holding office at 31 December 2020 did not have any interest in the shares of the Company and of its related corporations during and at the end of the financial year.

Directors' benefits

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

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

Issue of shares and debentures

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

Options granted over unissued shares

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

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

Indemnity and insurance costs for Officers and Auditors

a. Directors and officers

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

The insurance premium for the DOL Insurance paid during the financial year amounted to RM52,000.

b. Auditors

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

Other statutory information

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

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

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

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

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

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

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

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

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

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2020 have not been substantially affected by any item, transaction or event of a material and unusual nature, nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Directors' Report for the year ended 31 December 2020 (continued)

Significant events during the year

Significant events during the year are disclosed in Note 38 to the financial statements.

Auditors

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

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

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

....
Datuk Amar Abdul Hamed Bin Haji Sepawi

....
Datuk Hasmi Bin Hasnan

Kuching,

Date: 3 May 2021

Statements of Financial Position as at 31 December 2020

		Group		Company	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
Assets					
Property, plant and equipment	3	132,892	152,050	4,881	5,045
Investment in subsidiaries	4	-	-	365,173	396,962
Investment in associates	5	475,395	483,346	181,976	181,983
Investment in joint ventures	6	2,412	2,283	-	-
Inventories	7	172,242	367,833	-	-
Investment properties	8	78,152	80,343	-	-
Intangible asset	9	1,475	3,516	-	-
Deferred tax assets	10	4,433	12,148	-	-
Other investments	11	3,071	3,079	-	-
Trade and other receivables	12	60,463	56,835	-	-
Total non-current assets		930,535	1,161,433	552,030	583,990
Inventories	7	589,771	621,548	-	-
Contract costs	13	4,938	4,514	-	-
Contract assets	13	39,580	111,687	-	-
Trade and other receivables	12	133,253	108,158	97,988	55,016
Deposits and prepayments	14	6,855	6,065	21	26
Current tax recoverable		1,279	999	-	41
Cash and cash equivalents	15	353,313	226,583	15,365	84,480
		1,128,989	1,079,554	113,374	139,563
Assets classified as held for sale	16	82	2,823	-	-
Total current assets		1,129,071	1,082,377	113,374	139,563
Total assets		2,059,606	2,243,810	665,404	723,553
Equity					
Share capital	17	454,802	454,802	454,802	454,802
Reserves	18	893,932	893,741	96,567	67,938
Total equity attributable to owners of the Company		1,348,734	1,348,543	551,369	522,740
Non-controlling interests	4	15,906	19,822	-	-
Total equity		1,364,640	1,368,365	551,369	522,740
Liabilities					
Loans and borrowings	19	95,752	139,954	1,378	25,378
Deferred tax liabilities	10	23,037	23,977	-	-
Total non-current liabilities		118,789	163,931	1,378	25,378
Loans and borrowings	19	218,117	343,555	99,000	128,000
Trade and other payables	20	324,295	342,307	13,418	47,435
Contract liabilities	13	15,940	21,772	-	-
Provisions	21	3,539	3,614	-	-
Current tax payable		14,286	266	239	-
Total current liabilities		576,177	711,514	112,657	175,435
Total liabilities		694,966	875,445	114,035	200,813
Total equity and liabilities		2,059,606	2,243,810	665,404	723,553

The notes on pages 104 to 162 are an integral part of these financial statements.

Statements of Profit or Loss and other Comprehensive Income for the year ended 31 December 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Revenue	22	589,295	410,769	122,907	3,369
Cost of sales		(437,301)	(352,762)	-	-
Gross profit		151,994	58,007	122,907	3,369
Other operating income		19,410	5,107	8	141
Selling and promotional expenses		(4,746)	(8,016)	-	-
Administrative expenses		(24,268)	(23,822)	(9,009)	(9,331)
Other expenses		(19,681)	(8,654)	(31,789)	-
Net changes in impairment loss on financial assets and contract assets		(6,658)	(4,570)	-	-
Results from operating activities	23	116,051	18,052	82,117	(5,821)
Other non-operating (expense)/income	24	(7,701)	2,288	-	2,288
Finance income	25	9,422	13,477	3,720	8,341
Finance costs	25	(20,928)	(26,167)	(7,322)	(10,440)
Net finance costs		(11,506)	(12,690)	(3,602)	(2,099)
Share of results (net of tax) of equity-accounted:					
- associates	5	3,475	54,528	-	-
- joint ventures	6	873	727	-	-
Profit/(Loss) before tax		101,192	62,905	78,515	(5,632)
Tax expense	27	(51,571)	(4,886)	(312)	-
Profit/(Loss) for the year		49,621	58,019	78,203	(5,632)
Other comprehensive (expenses)/income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Change in fair value of equity investments designated at fair value through other comprehensive income ("FVOCI")		(8)	(21)	-	-
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(46)	56	-	-
Share of other comprehensive expenses of equity-accounted associates		(3,718)	(3,298)	-	-
Total other comprehensive expenses for the year		(3,772)	(3,263)	-	-
Total comprehensive income/(expenses) for the year		45,849	54,756	78,203	(5,632)
Profit/(Loss) attributable to:					
Owners of the Company		53,537	56,626	78,203	(5,632)
Non-controlling interests	4	(3,916)	1,393	-	-
Profit/(Loss) for the year		49,621	58,019	78,203	(5,632)
Total comprehensive income/(expenses) attributable to:					
Owners of the Company		49,765	53,363	78,203	(5,632)
Non-controlling interests	4	(3,916)	1,393	-	-
Total comprehensive income/(expenses) for the year		45,849	54,756	78,203	(5,632)
Basic and diluted earnings per ordinary share (sen)	28	10.69	11.71		

The notes on pages 104 to 162 are an integral part of these financial statements.

Consolidated Statement of Changes In Equity for the year ended 31 December 2020

Group	/Attributable to owners of the Company					/		
	/Non-distributable			/ Distributable				
	Share capital RM'000	Foreign currency translation reserve RM'000	Treasury shares RM'000	Other reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2019	336,092	13,158	(34,748)	215	860,389	1,175,106	17,993	1,193,099
Foreign currency translation differences for foreign operations	-	56	-	-	-	56	-	56
Change in fair value of equity investments designated at FVOCI	-	-	-	(21)	-	(21)	-	(21)
Share of other comprehensive expenses of associates	-	(3,278)	-	(20)	-	(3,298)	-	(3,298)
Total other comprehensive expenses for the year	-	(3,222)	-	(41)	-	(3,263)	-	(3,263)
Profit for the year	-	-	-	-	56,626	56,626	1,393	58,019
Total comprehensive (expenses)/income for the year	-	(3,222)	-	(41)	56,626	53,363	1,393	54,756
Contribution by owners of the Company								
- Issue of ordinary shares via Rights Issue	118,710	-	-	-	-	118,710	-	118,710
Changes in ownership interests in a subsidiary	-	-	-	-	1,364	1,364	1,636	3,000
Total transactions with owners of the Company	118,710	-	-	-	1,364	120,074	1,636	121,710
Transaction with non-controlling interests								
- Dividend paid to non-controlling interests	-	-	-	-	-	-	(1,200)	(1,200)
At 31 December 2019/1 January 2020	454,802	9,936	(34,748)	174	918,379	1,348,543	19,822	1,368,365
Foreign currency translation differences for foreign operations	-	(46)	-	-	-	(46)	-	(46)
Change in fair value of equity investments designated at FVOCI	-	-	-	(8)	-	(8)	-	(8)
Share of other comprehensive expenses of associates	-	(3,718)	-	-	-	(3,718)	-	(3,718)
Total other comprehensive expenses for the year	-	(3,764)	-	(8)	-	(3,772)	-	(3,772)
Profit/(Loss) for the year	-	-	-	-	53,537	53,537	(3,916)	49,621
Total comprehensive (expenses)/income for the year	-	(3,764)	-	(8)	53,537	49,765	(3,916)	45,849
Distributions to owners of the Company								
- Dividend paid to owners of the Company (Note 29)	-	-	-	-	(49,574)	(49,574)	-	(49,574)
At 31 December 2020	454,802	6,172	(34,748)	166	922,342	1,348,734	15,906	1,364,640
	(Note 17)	(Note 18)	(Note 18)	(Note 18)	(Note 18)		(Note 4)	

The notes on pages 104 to 162 are an integral part of these financial statements.

Statement of Changes In Equity for the year ended 31 December 2020

		/Attributable to owners of the Company			/
		/Non-distributable	/	*Distributable*	
Company	**Note**	**Share capital RM'000**	**Treasury shares RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
At 1 January 2019		336,092	(34,748)	108,318	409,662
Loss and total comprehensive expenses for the year		-	-	(5,632)	(5,632)
Contribution by owners of the Company					
- Issue of ordinary shares via Rights Issue	17	118,710	-	-	118,710
At 31 December 2019/1 January 2020		454,802	(34,748)	102,686	522,740
Profit and total comprehensive income for the year		-	-	78,203	78,203
Distribution to owners of the Company					
- Dividend paid to owners of the Company	29	-	-	(49,574)	(49,574)
At 31 December 2020		454,802	(34,748)	131,315	551,369
		(Note 17)	(Note 18)	(Note 18)	

The notes on pages 104 to 162 are an integral part of these financial statements.

Statements of Cash Flows for the year ended 31 December 2020

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash flows from operating activities				
Profit/(Loss) before tax	101,192	62,905	78,515	(5,632)
Adjustments for:				
Amortisation of:				
- intangible assets (Note 9)	680	680	-	-
- investment properties (Note 8)	2,125	2,075	-	-
Change in fair value of equity investments designated at FVOCI	8	21	-	-
Depreciation of property, plant and equipment (Note 3.3)	9,038	5,648	166	204
Dividend income from:				
- a subsidiary	-	-	(120,000)	-
- other investments	(249)	(4)	-	-
(Gain)/Loss on disposal of:				
- property, plant and equipment (Note 23)	(4,057)	(416)	-	-
- assets held for sale (Note 16)	(9,729)	(235)	-	-
- an associate [Note 36(ii)]	(8)	-	(8)	-
- investment properties	66	-	-	-
- rights to redeemable convertible preference shares ("RCPS") of an associate (Note 24)	-	(2,288)	-	(2,288)
- deemed disposal of an associate [Note 36(i)]	7,701	-	-	-
Finance costs (Note 25)	20,928	26,167	7,322	10,440
Finance income (Note 25)	(9,422)	(13,477)	(3,720)	(8,341)
Property, plant and equipment written off (Note 23)	32	5	-	-
Net change in impairment loss on financial assets and contract assets	6,658	4,570	-	-
Impairment loss on other assets:				
- property, plant and equipment (Note 3)	3,323	-	-	-
- intangible asset (Note 9)	1,361	-	-	-
- investment in a subsidiary (Note 4)	-	-	31,789	-
Inventories written down	554	-	-	-
Share of results of equity-accounted associates and joint ventures	(4,348)	(55,255)	-	-
Unrealised foreign exchange (gain)/loss	(129)	358	83	184
Operating profit/(loss) before changes in working capital	125,724	30,754	(5,853)	(5,433)
Changes in working capital:				
Inventories	219,847	38,170	-	-
Contract costs	(340)	1,002	-	-
Contract assets/liabilities	66,275	72,050	-	-
Trade and other receivables, deposits and prepayments	(20,072)	60,920	(41,359)	(19,438)
Trade and other payables	(12,865)	(106,244)	(34,830)	30,016
Provisions	(75)	(4,380)	-	-
Cash generated from/(used in) operations	378,494	92,272	(82,042)	5,145
Tax (paid)/refunded	(31,332)	(1,126)	(32)	243
Net cash from/(used in) operating activities	347,162	91,146	(82,074)	5,388
Cash flows from investing activities				
Acquisition of property, plant and equipment [Note (iii)]	(1,385)	(27,702)	(2)	(2)
Proceeds from disposal of:				
- property, plant and equipment	7,664	192	-	-
- assets held for sale	3,341	750	-	-
- subsidiary [Note 35(ii)]	-	3,000	-	-
- an associate [Note 36(ii)]	15	-	15	-
- rights to RCPS of an associate	-	2,288	-	2,288
Increase in investment of:				
- an associate [Note 36(iii)]	-	(23,453)	-	(23,453)
- a subsidiary	-	-	-	(10,000)
Change in pledged deposits	(176)	(570)	(42)	(510)
Dividends received	249	4	120,000	-
Distribution of profits from a joint venture (Note 6)	1,020	3,060	-	-
Interest received	9,829	12,988	2,112	5,957
Net cash from/(used in) investing activities	20,557	(29,443)	122,083	(25,720)

Statements of Cash Flows for the year ended 31 December 2020 (continued)

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Cash flows from financing activities				
Dividend paid to:				
- owners of the Company (Note 29)	(49,574)	-	(49,574)	-
- non-controlling interests	-	(1,200)	-	-
Proceeds from issuance of new shares (Note 17)	-	118,710	-	118,710
Proceeds from loans and borrowings	17,242	17,862	10,000	13,063
Repayment of loans and borrowings	(186,926)	(92,070)	(63,000)	(27,000)
Repayment of finance lease liabilities	(10)	(22)	-	-
Repayment of hire purchases	(6)	-	-	-
Interest paid	(21,808)	(26,856)	(6,509)	(8,887)
Net cash (used in)/from financing activities	(241,082)	16,424	(109,083)	95,886
Net increase/(decrease) in cash and cash equivalents	126,637	78,127	(69,074)	75,554
Effect of exchange rate fluctuations on cash held	(83)	(184)	(83)	(184)
Cash and cash equivalents at beginning of year	211,396	133,453	81,770	6,400
Cash and cash equivalents at end of year [Note (i)]	337,950	211,396	12,613	81,770

Notes

i. Cash and cash equivalents

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

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Deposits placed with licensed banks with maturities less than three months (excluding deposits pledged)	289,228	157,748	9,353	72,820
Cash in hand and at banks	45,584	52,575	3,260	8,950
Housing Development Accounts	3,138	1,073	-	-
Total cash and cash equivalents as shown in the statements of cash flows (also see Note 15)	337,950	211,396	12,613	81,770

ii. Cash outflows for leases as a lessee

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

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Payment relating to:				
- short-term leases	133	283	234	234
- leases of low-value assets	289	150	6	13
Total cash outflows for leases	422	433	240	247

Notes (continued)

iii. Property, plant and equipment

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

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Paid using internal funds	1,385	27,702	2	2
In the form of hire purchases [Note (iv)]	60	-	-	-
Total (Note 3)	1,445	27,702	2	2

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

Group	Term loans RM'000	Revolving credits RM'000	Finance lease RM'000	Hire purchases RM'000	Total RM'000
At 1 January 2019	215,690	342,000	49	-	557,739
Changes in financing cash flows	(26,208)	(48,000)	(22)	-	(74,230)
At 31 December 2019/1 January 2020	189,482	294,000	27	-	483,509
Acquisition via hire purchases	-	-	-	60	60
Changes in financing cash flows	(42,684)	(127,000)	(10)	(6)	(169,700)
At 31 December 2020	146,798	167,000	17	54	313,869

Company	Term loans RM'000	Revolving credits RM'000	Finance lease RM'000	Hire purchases RM'000	Total RM'000
At 1 January 2019	52,315	115,000	-	-	167,315
Changes in financing cash flows	(3,937)	(10,000)	-	-	(13,937)
At 31 December 2019/ 1 January 2020	48,378	105,000	-	-	153,378
Changes in financing cash flows	(23,000)	(30,000)	-	-	(53,000)
At 31 December 2020	25,378	75,000	-	-	100,378

Notes to the Financial Statements

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

The consolidated financial statements as at and for the year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interests in associates and joint ventures. The financial statements of the Company as at and for the year ended 31 December 2020 do not include other entities.

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

These financial statements were authorised for issue by the Board of Directors on 3 May 2021.

1. Basis of preparation

a. Statement of compliance

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

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

MFRSs / Amendments / Interpretations	**Effective date**
Amendment to MFRS 16, *Leases – Covid–19–Related Rent Concessions*	1 June 2020
Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases - Interest Rate Benchmark Reform - Phase 2*	1 January 2021
Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*	1 April 2021
Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)*	1 January 2022
Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*	1 January 2022
Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018−2020)*	1 January 2022
Amendments to Illustrative Examples accompanying MFRS 16, Leases *(Annual Improvements to MFRS Standards 2018−2020)*	1 January 2022
Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*	1 January 2022
Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets − Onerous Contracts − Cost of Fulfilling a Contract*	1 January 2022
Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018−2020)*	1 January 2022
MFRS 17, *Insurance Contracts*	1 January 2023
Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies*	1 January 2023
Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*	1 January 2023
Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128*, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Yet to be confirmed

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

- from the annual period beginning on 1 January 2021, those amendments that are effective for annual periods beginning on or after 1 June 2020 and 1 January 2021, except for Amendments to MFRS 4, which is assessed as presently not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2022, those amendments that are effective for annual periods beginning on or after 1 April 2021 and 1 January 2022, except for Amendments to MFRS 1 and Amendments to MFRS 141, which are assessed as presently not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2023, the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 which is assessed as presently not applicable to the Group and the Company.

The Group and the Company are currently assessing the financial impact that may arise from the initial application of the abovementioned accounting standards and amendments.

b. Basis of measurement

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

c. Functional and presentation currency

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

1. Basis of preparation (continued)

d. Use of estimates and judgements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- ***Impairment assessment of investment in subsidiaries*** *[see Note 4]*

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

Notes to the Financial Statements (continued)

2. Significant accounting policies

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

a. Basis of consolidation

i. Subsidiaries

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

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

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

ii. Business combinations

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

Acquisition on or after 1 January 2017

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

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

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

For each business combination, the Group elects to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

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

Acquisition on or before 1 January 2017

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

iii. Acquisitions of non-controlling interests

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

iv. Acquisitions of entities under common controls

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

v. Loss of control

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

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

2. Significant accounting policies (continued)

a. Basis of consolidation (continued)

vi. Associates

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

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

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

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

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

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

vii. Joint arrangements

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

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group has rights to the assets and obligations for the liabilities relating to an arrangement. The Group accounts for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.
- A joint arrangement is classified as "joint venture" when the Group has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investments in joint venture are measured in the statement of financial position at cost less any impairment losses unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

viii. Non-controlling interests

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

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

ix. Transactions eliminated on consolidation

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

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

Notes to the Financial Statements (continued)

2. Significant accounting policies (continued)

b. Foreign currency

i. Foreign currency transactions

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

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

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

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

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

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

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

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

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

c. Financial instruments

i. Recognition and initial measurement

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

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

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

ii. Financial instrument categories and subsequent measurement

Financial assets

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

a. Amortised cost

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

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

2. Significant accounting policies (continued)

c. Financial instruments (continued)

ii. Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

b. Fair value through other comprehensive income

Debt investments

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

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

Equity investments

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

c. Fair value through profit or loss

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

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

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

Financial liabilities

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

a. Fair value through profit or loss

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

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

a. if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
b. a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or
c. if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

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

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

Notes to the Financial Statements (continued)

2. Significant accounting policies (continued)

c. Financial instruments (continued)

ii. Financial instrument categories and subsequent measurement (continued)

Financial liabilities (continued)

b. Amortised cost

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

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

iii. Financial guarantee contracts

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

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

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

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

iv. Regular way purchase or sale of financial assets

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

Trade date accounting refers to:

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

Settlement date accounting refers to:

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

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

v. Derecognition

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

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

vi. Offsetting

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

2. Significant accounting policies (continued)

d. Property, plant and equipment

i. Recognition and measurement

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

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

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

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

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

ii. Subsequent costs

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

iii. Depreciation

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

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

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

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

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

e. Leases

i. Definition of a lease

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

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

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

Notes to the Financial Statements (continued)

2. Significant accounting policies (continued)

e. Leases (continued)

ii. Recognition and initial measurement

a. As a lessee

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

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

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

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

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

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

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

b. As a lessor

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

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

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

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

iii. Subsequent measurement

a. As a lessee

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

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

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

b. As a lessor

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

2. Significant accounting policies (continued)

f. Intangible assets

i. Goodwill

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

ii. Other intangible asset

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

iii. Subsequent expenditure

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

iv. Amortisation

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

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

Stone quarry licence is amortised over the term of licence.

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

g. Investment properties

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

i. Recognition and measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs. Right-of-use asset held under a lease contract that meets the definition of investment properties is also measured similarly as other right-of-use assets.

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

ii. Amortisation

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

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

iii. Reclassification to/from investment property

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

Notes to the Financial Statements (continued)

2. Significant accounting policies (continued)

h. Inventories

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

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

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

Inventories of the Group comprise the following:

i. Land held for property development

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

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

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

ii. Property development costs

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

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

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

iii. Completed development properties held for sale

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

iv. Other inventories

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

i. Receivables

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

j. Contract costs

Contract costs comprise the following:

i. Incremental cost of obtaining a contract

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

ii. Costs to fulfil a contract

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

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

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

2. Significant accounting policies (continued)

k. Contract asset/Contract liability

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

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

l. Non-current assets held for sale

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

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

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

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

m. Cash and cash equivalents

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

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

n. Impairment

i. Financial assets

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

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

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

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

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

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

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

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

Notes to the Financial Statements (continued)

2. Significant accounting policies (continued)

n. Impairment (continued)

i. Financial assets (continued)

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

ii. Other assets

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

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

The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit.

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

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

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

o. Equity instruments

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

i. Issue expenses

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

ii. Ordinary shares

Ordinary shares are classified as equity.

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

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

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

2. Significant accounting policies (continued)

p. Employee benefits

i. Short-term employee benefits

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

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

ii. State plans

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

q. Payables

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

r. Provisions

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

s. Revenue and other income

i. Revenue from contracts with customers

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

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

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

a. the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;
b. the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
c. the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

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

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

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

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

<u>Construction contracts</u>

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

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

<u>Sales of goods</u>

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

Notes to the Financial Statements (continued)

2. Significant accounting policies (continued)

s. Revenue and other income (continued)

i. Revenue from contracts with customers (continued)

Hotel room rental and other related revenue from hotel operation

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

Services rendered

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

ii. Other income

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

i. Dividend income

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

ii. Rental income

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

iii. Interest income

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

t. Government grant

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

u. Borrowing costs

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

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

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

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

v. Income tax

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

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

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

2. Significant accounting policies (continued)

v. Income tax (continued)

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

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

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

w. Earnings per ordinary share

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

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

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

x. Operating segments

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

y. Contingent liabilities

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

z. Fair value measurements

Fair value of an asset or a liability, except for share-based payments and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the assets or liability.

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

Notes to the Financial Statements (continued)

3. Property, plant and equipment

Group	**Freehold land RM'000**	**(Right-of-use assets) Leasehold land RM'000**	**Buildings RM'000**	**Hotel property RM'000**	**Furniture and fittings RM'000**	**Motor vehicles RM'000**	**Office and factory equipment RM'000**	**Plant and machinery RM'000**	**Jetty and wharf RM'000**	**Assets under construction RM'000**	**Total RM'000**
Cost											
At 1 January 2019	747	7,351	57,494	-	20,125	16,769	27,138	34,300	1,952	58,635	224,511
Additions	-	-	-	4,518	1,282	-	719	2,347	-	18,836	27,702
Disposals/Write - offs	-	-	(62)	-	(35)	(2,348)	(435)	(157)	-	-	(3,037)
Reclassifications	-	-	-	43,266	21,638	-	-	12,567	-	(77,471)	-
At 31 December 2019/ 1 January 2020	747	7,351	57,432	47,784	43,010	14,421	27,422	49,057	1,952	-	249,176
Additions	-	-	-	78	843	98	229	197	-	-	1,445
Disposals/Write-offs	-	(412)	(3,332)	-	(396)	(1,887)	(223)	(3,678)	-	-	(9,928)
Adjustment*	-	-	-	(2,451)	(119)	-	-	(1,539)	-	-	(4,109)
At 31 December 2020	747	6,939	54,100	45,411	43,338	12,632	27,428	44,037	1,952	-	236,584
		(Note 3.4)									
Depreciation and impairment loss											
At 1 January 2019											
- Accumulated depreciation	-	1,209	10,531	-	11,371	16,257	19,797	32,463	1,952	-	93,580
Depreciation for the year	-	74	1,492	10	1,948	481	1,792	1,005	-	-	6,802
Disposals/Write-offs	-	-	(62)	-	(26)	(2,614)	(428)	(126)	-	-	(3,256)
At 31 December 2019/ 1 January 2020											
- Accumulated depreciation	-	1,283	11,961	10	13,293	14,124	21,161	33,342	1,952	-	97,126
Depreciation for the year	-	79	1,428	911	4,278	213	1,427	1,196	-	-	9,532
Impairment loss (Note 3.6)	-	-	-	3,323	-	-	-	-	-	-	3,323
Disposals/Write-offs	-	(9)	(183)	-	(321)	(1,887)	(211)	(3,678)	-	-	(6,289)
At 31 December 2020											
- Accumulated depreciation	-	1,353	13,206	921	17,250	12,450	22,377	30,860	1,952	-	100,369
- Accumulated impairment loss	-	-	-	3,323	-	-	-	-	-	-	3,323
	-	1,353	13,206	4,244	17,250	12,450	22,377	30,860	1,952	-	103,692
		(Note 3.4)									
Carrying amounts											
At 31 December 2019	747	6,068	45,471	47,774	29,717	297	6,261	15,715	-	-	152,050
At 31 December 2020	747	5,586	40,894	41,167	26,088	182	5,051	13,177	-	-	132,892
		(Note 3.4)									

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

3. Property, plant and equipment (continued)

Company	Buildings RM'000	Furniture and fittings RM'000	Office equipment RM'000	Total RM'000
Cost				
At 1 January 2019	5,952	1,123	366	7,441
Additions	-	-	2	2
Disposals/Write-offs	-	-	(2)	(2)
At 31 December 2019/1 January 2020	5,952	1,123	366	7,441
Additions	-	-	2	2
At 31 December 2020	5,952	1,123	368	7,443
Depreciation				
At 1 January 2019	853	1,003	338	2,194
Depreciation for the year (Note 23)	119	66	19	204
Disposals/Write-offs	-	-	(2)	(2)
At 31 December 2019/1 January 2020	972	1,069	355	2,396
Depreciation for the year (Note 23)	119	40	7	166
At 31 December 2020	1,091	1,109	362	2,562
Carrying amounts				
At 31 December 2019	4,980	54	11	5,045
At 31 December 2020	4,861	14	6	4,881

3.1 Titles to properties

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

	Group 2020 RM'000	Group 2019 RM'000
Carrying amount		
Buildings	-	70
Hotel property	41,167	47,774
	41,167	47,844

3.2 Motor vehicle under finance lease/hire purchases

	Group 2020 RM'000	Group 2019 RM'000
Carrying amount of leased assets		
- Finance lease	5	25
- Hire purchases	82	-
	87	25

Notes to the Financial Statements (continued)

3. Property, plant and equipment (continued)

3.3 Allocation of depreciation

Depreciation for the year is allocated as follows:

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Recognised in profit or loss (Note 23)	9,038	5,648	166	204
Capitalised in:				
- contract costs	84	958	-	-
- inventory under property development costs	410	196	-	-
	9,532	6,802	166	204

3.4 Leasehold land (Right-of-use)

	(Right-of-use assets) Leasehold land (unexpired lease term more than 50 years) RM'000	(Right-of-use assets) Leasehold land (unexpired lease term less than 50 years) RM'000	Total RM'000
Cost			
At 1 January 2019 and 31 December 2019/1 January 2020	5,991	1,360	7,351
Disposals/Write-offs	-	(412)	(412)
At 31 December 2020	5,991	948	6,939
Depreciation			
At 1 January 2019	876	333	1,209
Depreciation for the year	52	22	74
At 31 December 2019/1 January 2020	928	355	1,283
Depreciation for the year	58	21	79
Disposals/Write-offs	-	(9)	(9)
At 31 December 2020	986	367	1,353
Carrying amount			
At 31 December 2019	5,063	1,005	6,068
At 31 December 2020	5,005	581	5,586

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

	Group 2020 RM'000	Group 2019 RM'000
Right of use assets - Leasehold land	748	758
Hotel property	41,167	47,774
Freehold land	-	667
Motor vehicles	87	25
	42,002	49,224

3. **Property, plant and equipment** (continued)

3.6 Impairment loss

During the year, the Group has conducted an impairment assessment whether the carrying amount of hotel property is stated in excess of its recoverable amount, The evaluation entails, by virtue of the current economic condition due to Covid-19 pandemic, a significant degree of estimation uncertainty and judgement.

In assessing the recoverable amount of the hotel property, the Group has determined the estimated value in use of the asset by reference to the discounted cash flow projections over the remaining useful life of 49 years, at appropriate pre-tax discounting rate of 8%. Key assumptions used in the estimation include average room rate, occupancy rate, food and beverages revenue and appropriate rate of profit return.

An impairment loss of RM3,323,000 (2019: Nil) is recognised to profit or loss when the estimated recoverable amount of the hotel property is lower than its carrying amount as of 31 December 2020 (also see Note 23).

4. **Investment in subsidiaries**

	Company	
	2020 RM'000	2019 RM'000
Cost of investment		
Unquoted shares, at cost	396,962	396,962
Less: Impairment loss (Note 23)	(31,789)	-
	365,173	396,962

Impairment loss

During the current financial year, an impairment loss of RM31,789,000 (2019: Nil) is made against the carrying amount of the investment in a subsidiary, based on the estimated recoverable amount of the said investment. The recoverable amount is based on the estimated value in use with reference to the anticipated future performance of the said subsidiary.

Information of subsidiaries

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

Name of subsidiary	Principal activities	Effective ownership interest and voting interest (%) 2020	2019
Direct subsidiaries			
Naim Land Sdn. Bhd. ("NLSB")	Property developer and civil and building contractor	100.0	100.0
Naim Engineering Sdn. Bhd. ("NESB")	Civil, building and earthwork contractor	100.0	100.0
Naim Assets Sdn. Bhd. ("NASB")	Investment holding	100.0	100.0
Subsidiaries of NLSB			
Desa Ilmu Sdn. Bhd.	Property developer	60.0	60.0
Peranan Makmur Sdn. Bhd. ("PMSB")	Property developer	70.0	70.0
Khidmat Mantap Sdn. Bhd.	Property developer	100.0	100.0
Naim Realty Sdn. Bhd.	Property investment	100.0	100.0
Naim Supply & Logistic Sdn. Bhd.	Trading of construction materials	100.0	100.0
Naim Commercial Sdn. Bhd.	Property developer	100.0	100.0
Naim Human Capital Sdn. Bhd.	Provision of management services	100.0	100.0
Naim Cendera Lapan Sdn. Bhd.	Quarry licensee and operator	100.0	100.0
Simbol Warisan Sdn. Bhd.	Quarry licensee	75.0	75.0
Jelas Kemuncak Resources Sdn. Bhd.	Quarry operator	70.0	70.0
Yakin Pelita Sdn. Bhd.	Property investment	100.0	100.0
Petrochemical Hub Sdn. Bhd.	Property investment	100.0	100.0
Dataran Wangsa Sdn. Bhd.	Property developer	100.0	100.0

Notes to the Financial Statements (continued)

4. Investment in subsidiaries (continued)

Name of subsidiary	Principal activities	Effective ownership interest and voting interest (%) 2020	2019
Subsidiaries of NLSB (continued)			
Yakin Jelas Sdn. Bhd.	Property investment	100.0	100.0
Pavilion Quest Sdn. Bhd.**	Property investment	100.0	100.0
Solid Greenland Sdn. Bhd.**	Property investment	100.0	100.0
Naim Ready Mix Sdn. Bhd.	Inactive	100.0	100.0
TR Green Sdn. Bhd.	Inactive	100.0	100.0
Naim Utilities Sdn. Bhd.	Inactive	100.0	100.0
Naim Incorporated Berhad	Inactive	100.0	100.0
Naim Academy Sdn. Bhd.	Inactive	100.0	100.0
Naim Oil & Gas Sdn. Bhd.	Inactive	100.0	100.0
Permyjaya Sino Education Sdn. Bhd.	Inactive	100.0	100.0
Kuching Paragon Sdn. Bhd.	Inactive	100.0	100.0
Miri Paragon Sdn. Bhd.	Inactive	100.0	100.0
Naim Data Sdn. Bhd.**	Inactive	100.0	100.0
Lotus Paradigm Sdn. Bhd.	Inactive	70.0	70.0
Subsidiaries of NESB			
Naim Capital Sdn. Bhd. ("NCSB")	Investment holding	100.0	100.0
Naim Overseas Sdn. Bhd. ("NOSB")	Investment holding	100.0	100.0
NAIM GAMUDA (NAGA) JV SDN. BHD.	Civil contractor	70.0	70.0
Naim Binaan Sdn. Bhd.	Inactive. Previously engaged as civil contractor as well as sale of RC pile	100.0	100.0
Naim Premix Sdn. Bhd.	Inactive. Previously engaged in manufacture and sale of asphalt	100.0	100.0
Unique Composite Sdn. Bhd.	Inactive	80.0	80.0
Naim Equipment Sdn. Bhd.	Inactive	100.0	100.0
Naim Recruitment & Agency Sdn. Bhd. **	Inactive	100.0	100.0
Subsidiaries of NASB			
Naim Property Services Sdn. Bhd. **	Provision of property management services	100.0	100.0
Naim Hotel Sdn. Bhd.^^	Hotel operation	100.0	100.0
Bintulu Paragon Sdn. Bhd.	Inactive	100.0	100.0
Subsidiaries of NCSB			
Naim Capital Port Sdn. Bhd.	Civil contractor	100.0	100.0
Naim Capital Housing Sdn. Bhd.	Civil contractor	100.0	100.0
Subsidiary of PMSB			
Harmony Faber Sdn. Bhd.	Property investment	70.0	70.0
Subsidiaries of NOSB			
Naim Engineering Construction (Fiji) Limited #	Inactive	99.9	99.9
Naim Quarry (Fiji) Limited #	Inactive	99.9	99.9
Naim Premix (Fiji) Limited #	Inactive	99.9	99.9

** *Not audited by KPMG PLT.*
^^ *Previously not audited by KPMG PLT in respect of the last financial year ended 31 December 2019.*
# *Audited by other member firms of KPMG International.*

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

Non-controlling interests ("NCI") in subsidiaries

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

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

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

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

31.12.2019	**Desa Ilmu Sdn. Bhd. ("DISB") RM'000**	**NAIM GAMUDA (NAGA) JV SDN. BHD. ("NAGA") RM'000**	**Other subsidiaries with immaterial NCI RM'000**	**Total RM'000**
NCI percentage of ownership/voting interest	40%	30%		
Carrying amount of NCI	16,674	6,360	(3,212)	19,822
Profit/(Loss) allocated to NCI	428	1,237	(272)	1,393

Notes to the Financial Statements (continued)

4. Investment in subsidiaries (continued)

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

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

	DISB RM'000	NAGA RM'000
Summarised financial information before intra-group elimination		
As at 31 December 2019		
Non-current assets	959	-
Current assets	49,126	105,766
Current liabilities	(8,400)	(84,566)
Net assets	41,685	21,200
Year ended 31 December 2019		
Revenue	3,502	187,735
Profit and total comprehensive income for the year	1,071	4,123
Cash flows (used in)/from:		
- operating activities	(1,271)	8,669
- investing activities	1,711	619
- financing activities	(3,000)	-
Net (decrease)/increase in cash and cash equivalents	(2,560)	9,288

5. Investment in associates

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At cost				
Shares in Malaysia				
- unquoted	32,416	32,416	-	-
- quoted	181,976	181,983	181,976	181,983
Share of post-acquisition reserves	261,003	268,947	-	-
	475,395	483,346	181,976	181,983
Market value				
Quoted shares in Malaysia	343,961	734,634	343,961	734,634

An associate, Perdana Petroleum Berhad ("PPB"), in which the Company holds both direct and indirect equity interests, issued approximately 1.46 billion redeemable convertible preference shares ("RCPS") on 30 December 2019. During the current financial year, the Company's direct equity interest in PPB has then been diluted by 6.41%, from 9.89% to 3.48% as a result of the conversion of some 1.44 billion RCPS by the RCPS holders. Dayang Enterprise Holdings Bhd., another 26.42% owned associate of the Company also owns about 63.77% (2019: 60.48%) ownership interest in PPB. The dilution in the resultant equity interest in PPB, after considering the changes in the effective equity interest held therein, was accounted for as a loss on deemed disposal amounting to RM7.70 million, which was recognised as other non-operating expense in the profit or loss [also see Notes 24 and 36(i)].

5. Investment in associates (continued)

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

Name of entity	Nature of relationship	Effective ownership interest and voting interest (%) 2020	2019
Dayang Enterprise Holdings Bhd. ("DEHB")	Provision of offshore topside maintenance services, minor fabrication works, offshore hook-up and commissioning works, chartering of marine vessels and equipment. This is one of the vehicles through which the Group has ventured into the oil and gas industry	26.42	26.42
Samalaju Properties Sdn. Bhd. ("SPSB") #	Property and township development, including providing temporary accommodation facilities, in line with Group's existing property segment operation	39.00	39.00
GAMUDA NAIM ENGINEERING AND CONSTRUCTION (GNEC) SDN. BHD. ("GNEC") ** @	One of civil contractors to the Group	35.00	35.00
Perdana Petroleum Berhad ("PPB")	Provision of marine support services for the oil and gas industry	3.48^	9.89^
Kempas Sentosa Sdn. Bhd. **	One of civil contractors to the Group and hiring of plant and equipment to the Group	40.00	40.00
Miri Specialist Hospital Sdn. Bhd. #	Specialist hospital operator	30.00	30.00

\# *Held through NLSB*
** *Held through NESB*
@ *Financial year end of 31 July*
^ *Although the Group's direct shareholdings is less than 20% in PPB i.e. 3.48% following the dilution of equity interest, as mentioned in the preceding page, the Directors have determined that the Group has significant influence, partly because it has two (2) board representatives in PPB. In addition, the Group's effective equity interest in PPB, if taking into accounts of the Group's share of the equity interest in PPB held through DEHB, is about 20.33% (2019: 25.87%) as at 31 December 2020.*

All associates' financial year ends on 31 December, other than that marked with "@". For the purpose of applying the equity method for associates with different financial year from the Group's, the last available audited financial statements and/or management accounts up to 31 December 2020 have been used.

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

Summary of financial information

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

Notes to the Financial Statements (continued)

5. Investment in associates (continued)

Summary of financial information (continued)

31.12.2020 (continued)	Group DEHB RM'000	SPSB RM'000	GNEC RM'000	PPB RM'000	Other immaterial associates RM'000	Total RM'000
Year ended 31 December						
Profit/(Loss) for the year	56,412	(13,019)	(3,370)	(65,834)		
Other comprehensive expenses	(11,927)	-	-	(18,704)		
Total comprehensive income/(expenses) for the year	44,485	(13,019)	(3,370)	(84,538)		
Included in the total comprehensive income is:						
Revenue	731,443	24,821	171,595	208,348		
Reconciliation of net assets to carrying amount						
As at 31 December						
Group's share of net assets	394,464	486	9,144	28,085	3,380	435,559
Group's share of RCPS	-	19,110	-	-	-	19,110
Goodwill	21,462	-	-	-	(744)	20,718
Elimination of unrealised profit	-	-	-	-	8	8
Carrying amount in the statement of financial position	415,926	19,596	9,144	28,085	2,644	475,395
Group's share of results for the year ended 31 December						
Group's share of:						
- profit/(loss)	13,797	(5,300)	(1,179)	(2,293)	(1,550)	3,475
- other comprehensive expenses	(3,067)	-	-	(651)	-	(3,718)
Group's share of total comprehensive income/(expenses)	10,730	(5,300)	(1,179)	(2,944)	(1,550)	(243)

Other information

No dividend was received during the current financial year.

Summary of financial information

31.12.2019	Group DEHB RM'000	SPSB RM'000	GNEC RM'000	PPB RM'000
As at 31 December				
Non-current assets	2,091,842	167,447	22,210	1,169,786
Current assets	851,688	98,330	209,783	125,736
Non-current liabilities	(772,972)	(4,252)	(1,266)	(106,567)
Current liabilities	(568,534)	(202,590)	(201,232)	(289,152)
Non-controlling interests	(162,480)	-	-	(136)
Net assets	1,439,544	58,935	29,495	899,667
RCPS	-	(44,100)	-	(473,979)
	1,439,544	14,835	29,495	425,688

5. Investment in associates (continued)

Summary of financial information (continued)

31.12.2019 (continued)	**Group** DEHB RM'000	SPSB RM'000	GNEC RM'000	PPB RM'000	Other immaterial associates RM'000	Total RM'000
Year ended 31 December						
Profit/(Loss) for the year	232,203	(13,258)	8,320	(22,853)		
Other comprehensive expenses	(7,252)	-	-	(11,989)		
Total comprehensive income/(expenses) for the year	224,951	(13,258)	8,320	(34,842)		
Included in the total comprehensive income is:						
Revenue	1,046,183	35,410	276,616	239,997		
Reconciliation of net assets to carrying amount						
As at 31 December						
Group's share of net assets	380,356	5,786	10,323	42,116	7,124	445,705
Group's share of RCPS	-	19,110	-	-	-	19,110
Goodwill	21,462	-	-	-	-	21,462
Elimination of unrealised profit	-	-	-	-	(2,931)	(2,931)
Carrying amount in the statement of financial position	401,818	24,896	10,323	42,116	4,193	483,346
Group's share of results for the year ended 31 December						
Group's share of:						
- profit/(loss)	60,726	(5,171)	2,912	(2,260)	(1,679)	54,528
- other comprehensive expenses	(2,112)	-	-	(1,186)	-	(3,298)
Group's share of total comprehensive income/(expenses)	58,614	(5,171)	2,912	(3,446)	(1,679)	51,230

Other information

No dividend was received during the current financial year.

6. Investment in joint ventures - Group

	2020 RM'000	**2019 RM'000**
At cost		
Capital contribution	4,500	4,500
Share of post-acquisition reserves	(2,088)	(2,217)
	2,412	2,283

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

	Effective voting interest (%)	
Name of entity	**2020**	**2019**
NESB-Hock Peng JV	51	51
PPES Works-NLSB JV	45	45
Sinohydro-Naim JV *	50	50
Samsung-Naim JV *	10	10

* *Inactive since the completion of the projects undertaken by joint ventures.*

Notes to the Financial Statements (continued)

6. Investment in joint ventures - Group (continued)

The following table summarises the information of the Group's material joint ventures, adjusted for any material differences in accounting policies (if any) and reconciles the information to the carrying amount of the Group's interest in the joint venture.

Summary of financial information

31.12.2020	**NESB-Hock Peng JV RM'000**	**PPES Works - NLSB JV RM'000**	**Other immaterial joint ventures RM'000**	**Total RM'000**
As at 31 December				
Current assets	10,407	1,461		
Current liabilities	(7,035)	(74)		
Net assets	3,372	1,387		
Year ended 31 December				
Profit and total comprehensive income for the year	2,029	254		
Included in the total comprehensive income				
Revenue	45,255	292		
Interest income	41	-		
Tax expense	249	27		
Reconciliation of net assets to carrying amount				
As at 31 December				
Group's share of net assets and carrying amount in the statement of financial position	1,720	624	68	2,412
Group's share of results for the year ended 31 December				
Group's share of profit and total comprehensive income	786	87	-	873
Other information				
Distribution of profit received	1,020	-	-	1,020

31.12.2019	**NESB-Hock Peng JV RM'000**	**PPES Works - NLSB JV RM'000**
As at 31 December		
Current assets	34,789	2,328
Current liabilities	(31,446)	(1,195)
Net assets	3,343	1,133
Year ended 31 December		
Profit and total comprehensive income for the year	934	1,066
Included in the total comprehensive income		
Revenue	42,653	826
Interest income	86	-
Tax expense	114	115

6. **Investment in joint ventures - Group** (continued)

Summary of financial information (continued)

31.12.2019 (continued)	NESB-Hock Peng JV RM'000	PPES Works - NLSB JV RM'000	Other immaterial joint ventures RM'000	Total RM'000
Reconciliation of net assets to carrying amount				
As at 31 December				
Group's share of net assets and carrying amount in the statement of financial position	1,705	510	68	2,283
Group's share of results for the year ended 31 December				
Group's share of profit and total comprehensive income	362	365	-	727
Other information				
Distribution of profit received	3,060	-	-	3,060

7. **Inventories**

	Group 2020 RM'000	Group 2019 RM'000
Non-current		
At cost		
Land held for property development (Note 7.1)	172,242	367,833
Current		
At cost		
Completed goods for sale		
- Developed properties (Note 7.2)	244,874	290,465
- Manufactured/Trading inventories (construction and building materials)	2,800	7,157
Raw materials and consumables	457	468
Properties under construction		
- Property development costs (Note 7.3)	337,034	321,155
Land held for property development held for sale	-	2,155
	585,165	621,400
At net realisable value		
Completed goods for sale		
- Manufactured/Trading inventories	148	148
- Developed properties	4,458	-
	589,771	621,548
Total inventories	762,013	989,381
Recognised in profit or loss:		
- inventories recognised as cost of sales	238,906	47,634
- written down to net realisable value	554	-

Notes to the Financial Statements (continued)

7. Inventories (continued)

7.1 Land held for property development

Movement in land held for property development during the year includes:

	Group 2020 RM'000	Group 2019 RM'000
Net transfer to properties under construction	10,916	3,419

Security

Certain parcels of leasehold land with carrying amounts of RM40,160,000 (2019: RM40,160,000) are charged to banks as security for certain term loan facilities (see Note 19.1).

7.2 Government grant

During the year, the Group received a government grant amounting to RM27,872,000 to facilitate and reimburse certain development costs incurred for a mixed development project upon the fulfilment of conditions imposed. The grant received is initially recognised as reduction in inventory costs and will be subsequently realised to profit or loss when the developed properties are sold. Grant of approximately RM12,251,000 is charged to profit or loss for the current financial year as reduction in cost of sale for the sold developed properties sold.

7.3 Property development costs

Movements in property development costs during the year include:

	Group 2020 RM'000	Group 2019 RM'000
Development costs incurred	75,738	111,977
Transfer to completed properties held for sale	3,259	100,567

8. Investment properties - Group

	(Right-of use assets) Long-term leasehold land (unexpired lease term more than 50 years) RM'000	Buildings RM'000	Total RM'000
Cost			
At 1 January 2019	35,590	61,752	97,342
Transfer to asset held for sale	(3,171)	-	(3,171)
At 31 December 2019/1 January 2020	32,419	61,752	94,171
Adjustment*	(66)	-	(66)
At 31 December 2020	32,353	61,752	94,105
Amortisation			
At 1 January 2019	2,924	9,257	12,181
Amortisation for the year (Note 23)	403	1,672	2,075
Transfer to asset held for sale	(428)	-	(428)
At 31 December 2019/1 January 2020	2,899	10,929	13,828
Amortisation for the year (Note 23)	453	1,672	2,125
At 31 December 2020	3,352	12,601	15,953

8. Investment properties - Groups (continued)

	(Right-of use assets) Long-term leasehold land (unexpired lease term more than 50 years) RM'000	Buildings RM'000	Total RM'000
Carrying amounts			
At 31 December 2019	29,520	50,823	80,343
At 31 December 2020	29,001	49,151	78,152
Fair value (see Note 8.4)			
At 31 December 2019	84,765	69,668	154,433
At 31 December 2020	88,834	54,868	143,702

* *Adjustment made following a remeasurement of land size of an investment property that was transferred to asset held for sale in prior year.*

8.1 Investment property with a carrying amount of RM43,845,000 (2019: RM44,869,000) is charged to a bank as security for a term loan facility granted to a subsidiary (see Note 19.1).

8.2 The following are recognised in profit or loss in respect of investment properties.

	2020 RM'000	2019 RM'000
Lease income	5,341	6,753
Direct operating expenses:		
- income generating investment properties	3,942	4,816
- non-income generating investment properties	38	61

8.3 Maturity analysis of operating lease payments

The operating lease payments (undiscounted) under MFRS 16 to be received are as follows:

As a lessor	2020 RM'000	2019 RM'000
Within one year	3,980	5,347
One to two years	3,113	2,069
More than three years	8,989	8,072
	16,082	15,488

Notes to the Financial Statements (continued)

8. Investment properties - Groups (continued)

8.4 Fair value information

Fair value of investment properties as at end of the reporting period are categorised as follows:

	2020			2019		
Group	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
Leasehold land	40,134	48,700	88,834	40,200	44,565	84,765
Buildings	6,582	48,286	54,868	6,582	63,086	69,668

Level 2 fair value

The Level 2 fair value of investment properties, determined for disclosure purposes, is generally ascertained by the management using the comparative method by reference to similar/comparable properties in markets that are not active, adjusted for differences in key attributes such as property size and areas.

Level 3 fair value

The Level 3 fair value of investment properties, determined for disclosures purposes, is generally ascertained by the management with reference to valuation reports, issued by an external independent property valuer, who has appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued.

For the determination of the fair value of a building, the investment method is mostly used whereby net rental is capitalised at the appropriate market yield. For land, the fair value is determined using the comparative method, whereby adjustments for differences in various factors affecting the value are made.

Highest and best use

The land classified as investment property is currently held under titles for residential, commercial and/or mixed development purpose. As the use of certain land is currently undetermined, it is therefore impractical to estimate its highest and best use.

A major part of the buildings comprise hypermarket malls situated at a prime area, which is the highest and best use of the land on which they were built. Other buildings comprising office lots and commercial retail units are similarly regarded as having been put at their highest and best use.

9. Intangible asset – Group

	Stone quarry licence RM'000
Cost	
At 1 January 2019, 31 December 2019/1 January 2020 and 31 December 2020	10,206
Amortisation and impairment loss	
At 1 January 2019	
- Accumulated amortisation	6,010
Amortisation for the year (Note 23)	680
At 31 December 2019/1 January 2020	
- Accumulated amortisation	6,690
Amortisation for the year (Note 23)	680
Impairment loss (Note 9.1)	1,361
At 31 December 2020	
- Accumulated amortisation	7,370
- Accumulated impairment loss	1,361
	8,731
Carrying amounts	
At 31 December 2019	3,516
At 31 December 2020	1,475

Intangible asset comprises expenditure incurred to acquire a stone quarry licence.

9.1 Impairment loss

During the financial year, the Group has recognised an impairment loss of RM1,361,000 in profit or loss based account based on estimated recoverable amount of the intangible asset. The recoverable amount was determined based on estimated value-in-use of the intangible asset over a period of 2 years.

10. Deferred tax assets and liabilities - Group

Recognised deferred tax

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Fair value adjustment on acquisition of subsidiaries *	-	-	(21,345)	(22,302)	(21,345)	(22,302)
Property, plant and equipment	-	-	(1,839)	(1,846)	(1,839)	(1,846)
Capital allowances carried forward	48	122	-	-	48	122
Tax losses carried forward	530	4,502	-	-	530	4,502
Other items	4,002	7,695	-	-	4,002	7,695
Tax assets/(liabilities)	4,580	12,319	(23,184)	(24,148)	(18,604)	(11,829)
Set off of tax	(147)	(171)	147	171	-	-
Net tax assets/(liabilities)	4,433	12,148	(23,037)	(23,977)	(18,604)	(11,829)

* *This relates to fair value adjustments of certain land held for property development, property development costs, property, plant and equipment and investment property of the subsidiaries acquired in prior years. This deferred tax liability is progressively reversed to profit or loss when the subject land is developed and/or sold or when the land are amortised, as the case may be.*

The Group has recognised deferred tax assets of RM4,433,000 (2019: RM12,148,000) based on the estimation of probable utilisation of those deductible temporary differences in the foreseeable future.

Movements in deferred tax during the year are as follows:

<u>*Group*</u>	At 1.1.2019 RM'000	Recognised in profit or loss RM'000	At 31.12.2019/ 1.1.2020 RM'000	Recognised in profit or loss RM'000	At 31.12.2020 RM'000
Fair value adjustment on acquisition of subsidiaries	(23,595)	1,293	(22,302)	957	(21,345)
Property, plant and equipment	(2,279)	433	(1,846)	7	(1,839)
Capital allowances carried forward	176	(54)	122	(74)	48
Tax losses carried forward	4,475	27	4,502	(3,972)	530
Other items	8,414	(719)	7,695	(3,693)	4,002
	(12,809)	980	(11,829)	(6,775)	(18,604)
		(Note 27)		(Note 27)	

Unrecognised deferred tax assets

Deferred tax assets of RM45,984,000 (2019: RM31,829,000) have not been recognised in respect of the following temporary differences (stated at gross) because it is uncertain if sustainable future taxable profits will be available against which the group entities concerned can utilise the benefits therefrom:

	Group	
	2020 RM'000	2019 RM'000
Property, plant and equipment	(17,600)	(13,330)
Capital allowances carried forward	28,785	23,232
Tax losses carried forward	191,655	140,905
Other items	(11,238)	(18,187)
	191,602	132,620

Notes to the Financial Statements (continued)

10. Deferred tax assets and liabilities - Group (continued)

Unrecognised deferred tax assets (continued)

The unabsorbed capital allowances carried forward and unutilised tax losses carried forward of entities incorporated in Malaysia amount to RM191,611,000 (2019: RM140,349,000). Under the Income Tax Act, 1967, unutilised tax losses from a year of assessment can only be carried forward up to 7 consecutive years of assessment ("YA") effective from YA 2019. Unutilised capital allowances can be carried forward without any time limit. In the case of a dormant company, such losses and allowances will not be available to the company if there has been a change of 50% or more in the shareholdings thereof.

The unutilised tax losses of RM148,841,000, RM7,267,000 and RM35,503,000 can be carried forward up to YA2025, YA2026 and YA2027 respectively under the current tax legislation of Malaysia.

Pursuant to the Fiji tax law, the unutilised tax losses of the subsidiaries incorporated in Fiji can be claimed as a deduction against future taxable income within four years of the incurrence of such losses. Total unutilised tax losses as at 31 December 2020 is RM44,000 (2019: RM556,000).

11. Other investments - Group

	2020 RM'000	2019 RM'000
Fair value through other comprehensive income		
- unquoted shares in Malaysia	2,963	2,963
- quoted shares in Malaysia	108	116
	3,071	3,079

12. Trade and other receivables

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current				
Trade receivables				
Trade receivables from contracts with customers (Notes 12.2 and 12.3)	52,624	56,835	-	-
Other receivables				
Other receivables (Note 12.2)	7,839	-	-	-
	60,463	56,835	-	-
Current				
Trade receivables				
Trade receivables from contracts with customers (Notes 12.1, 12.2 and 12.3)	97,312	78,464	-	-
Amount due from an associate (Note 12.5)	2,541	3,875	-	-
	99,853	82,339	-	-
Other receivables				
Other receivables (Note 12.2)	29,873	22,292	15	326
Amount due from:				
- subsidiaries (Note 12.4)	-	-	97,973	54,690
- associates (Note 12.5)	3,527	3,527	-	-
	33,400	25,819	97,988	55,016
Total current	133,253	108,158	97,988	55,016
Grand total	193,716	164,993	97,988	55,016

12. Trade and other receivables (continued)

12.1 Trade receivables of the Group include retention sums of RM2,190,000 (2019: RM6,981,000) relating to construction contracts, being the unconditional rights to contract considerations with customers. The retention sums are unsecured and interest-free.

12.2 Included in the trade and other receivables of the Group as at 31 December 2020 is an amount of RM15,848,000 due from a debtor for sale of two (2) parcels of land (classified as asset held for sale and land held for property development). The amount is expected to be recovered over a period of four years commencing from October 2020.

12.3 The Group's trade receivables also include a sum of RM56,823,000 (2019: RM65,791,000) arising from a construction project undertaken for a government-related entity under a deferred payment scheme where the contract proceeds (including associated financing income) are to be recovered over a period of 10 years upon the completion of the project in December 2015.

The outstanding receivable is unsecured, bears interest at 7.80% (2019: 7.80%) per annum and is expected to be collected as follows:

	Group	
	2020	**2019**
	RM'000	**RM'000**
Within 1 year	9,670	8,956
1 - 2 year	10,808	9,360
2 - 3 year	11,773	10,430
More than 3 years	24,572	37,045
	56,823	65,791

12.4 Included in amount due from subsidiaries is a sum of RM93,511,000 (2019: RM47,369,000), which is unsecured and bears interest at rates ranging from 3.81% to 5.22% (2019: 5.23% to 5.57%) per annum. The remaining balances are unsecured, interest-free and repayable on demand.

12.5 The amount due from associates are unsecured and interest-free.

12.6 Offsetting of financial assets and financial liabilities

Certain trade receivables and trade payables were set off for presentation purpose because the Group has legal enforceable right to set off certain recognised receivables and payables amount and intends to settle on a net basis.

The following table provides information of financial assets and liabilities that have been set off for presentation purpose:

	Gross amount RM'000	**Offset balance RM'000**	**Net carrying amount RM'000**
2020			
Trade receivables	9,089	(8,756)	333
Trade payables	8,756	(8,756)	-
2019			
Trade receivables	24,546	(16,400)	8,146
Trade payables	16,400	(16,400)	-

Notes to the Financial Statements (continued)

13. Contract with customers

13.1 Contract costs

	2020 RM'000	2019 RM'000
Cost to fulfil contract		
- costs incurred directly on contracts with customers	4,938	4,514
Recognised to profit or loss		
- costs incurred directly on contracts with customers	382,131	301,503

13.2 Contract assets/(liabilities)

	2020 RM'000	2019 RM'000
Contract assets	39,580	111,687
Contract liabilities	(15,940)	(21,772)

Contract assets primarily relate to the Group's rights to contract consideration for works completed on properties and/or construction contracts but not yet billed to customers at the reporting date. Typically, the amount will be billed in the manner as established in the contracts with customers. The contract assets are reclassified as trade receivables when the rights to contract consideration become unconditional.

Contract liabilities primarily relate to contract consideration received and/or the Group's unconditional rights to contract consideration in advance of the performance under the contracts. The contract liabilities are expected to be recognised as revenue based on the expected timing of completion of works.

a. Movements in the contract assets/liabilities balances during the year includes:

	2020 RM'000	2019 RM'000
Revenue recognised arising from contract liabilities at the beginning of period	5,219	20,932
Contract assets at the beginning of period reclassified to trade receivables	78,698	141,765
Increase in revenue recognised in previous periods arising from change in contract considerations	7,181	1,255

b. Included in the contract assets of the Group is a sum of RM11,560,000 (2019: RM12,120,000) held by customers and is regarded as conditional rights to contract considerations until the completion of performance under the contracts with customers. Such amounts will be transferred to trade receivables when the rights become unconditional.

c. Impairment assessment on contract assets

Credit risk on contract assets arose from construction projects and sale of development properties. The Group adopts 'simplified approach' impairment assessment for contract assets. Since the contract assets have substantially the same risk characteristics as the trade receivables, estimation techniques or significant assumptions made in assessing the loss allowance are generally the same. The Group applied similar credit risk management, which is currently applied on its financial instrument for contract assets [see Note 31.3(a)].

Management estimates the loss allowance on contract assets at an amount equal to lifetime expected credit loss ("ECL"), taking into account the historical default experience. None of the contract assets at the end of the reporting period is past due. No aging analysis of contract assets are presented as the outstanding balances as at 31 December 2020 are current. The exposure of credit risk for contract assets as at the end of the reporting period by geographic region is Malaysia.

13. Contract with customers (continued)

13.2 Contract assets/(liabilities) (continued)

c. Impairment assessment on contract assets (continued)

The following tables provides information about ECLs for contract assets:

Group	**2020 RM'000**	**2019 RM'000**
Gross amount	46,526	118,633
Loss allowance	(6,946)	(6,946)
Net amount	39,580	111,687

The movement in the allowance for impairment loss of contract assets during the financial year are as follows:

Group	**RM'000**
Balance at 1 January 2019	3,090
Net remeasurement of loss allowance	3,856
Balance at 31 December 2019/1 January 2020 and 31 December 2020	6,946

14. Deposits and prepayments

	Group		**Company**	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Deposits	5,344	4,651	19	19
Prepayments	1,511	1,414	2	7
	6,855	6,065	21	26

15. Cash and cash equivalents

	Group		**Company**	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Deposits placed with licensed banks with maturities less than three months	289,228	157,748	9,353	72,820
Cash in hand and at banks	45,584	52,575	3,260	8,950
Housing Development Accounts (Note 15.1)	3,138	1,073	-	-
Total cash and cash equivalents	337,950	211,396	12,613	81,770
Cash pledged with licensed banks (Note 15.2)	15,363	15,187	2,752	2,710
	353,313	226,583	15,365	84,480

15.1 A balance of RM3,138,000 (2019: RM1,073,000) is maintained in designated Housing Development Accounts ("HDA") pursuant to the Sarawak's Housing Development (Control and Licensing) Ordinance, 2013 and Housing Development (Control and Licensing) Regulations, 2014 in connection with the Group's property development projects. The utilisation of these balances are restricted before completion of housing development projects and fulfilment of all relevant obligations to the purchasers, such that the cash can only be withdrawn from such HDA accounts for the purpose of completing the particular projects in the manner as defined under the ordinance.

15.2 Cash pledged as security

a. Deposits of RM1,126,000 (2019: RM1,182,000) are pledged as security to licensed banks for the issuance of bank guarantee for housing projects.

b. A sum of RM14,237,000 (2019: RM14,005,000) is placed in designated sinking fund bank accounts as part of the requirements for term loan facilities granted to the Group for the purpose of interest and principal payments at intervals of 1 to 3 months periods, as the case may be.

Notes to the Financial Statements (continued)

16. Assets held for sale - Group

	2020 RM'000	2019 RM'000
Assets classified as held for sale		
Property, plant and equipment	82	80
Investment property	-	2,743
	82	2,823

The investment property was presented as asset held for sale following the commitment of the Group's management to sell the investment property. Efforts to sell the investment property have commenced in prior year. During the financial year, the sale is completed upon fulfilment of the condition precedent stated in the sales and purchases agreement. The Group has recognised a gain on disposal of asset held for sale amounting to RM9,729,000 (see Note 23).

17. Share capital

	Group and Company	
	2020	2019
<u>Ordinary shares with no par value</u>		
Issued and fully paid shares with no par value classified as equity instruments:		
Number of shares ('000)		
Opening balance	513,799	250,000
Issued for cash via Rights Issue	-	263,799
Closing balance	513,799	513,799
Amount (RM'000)		
Opening balance	454,802	336,092
Issued for cash via Rights Issue	-	118,710
Closing balance	454,802	454,802

In the last financial year, the Company completed a Rights Issue exercise following the listing and quotation of 263,799,000 Rights shares on the Main Market of Bursa Malaysia Securities Berhad with total proceeds of about RM118,710,000. The number of the issued and paid-up share capital of the Company, after the completion of the Rights Issue and excluding treasury shares held of 13,056,000 shares is 500,743,000 ordinary shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share during a poll at general meetings of the Company.

18. Reserves

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Retained earnings	922,342	918,379	131,315	102,686
Treasury shares	(34,748)	(34,748)	(34,748)	(34,748)
Foreign currency translation reserve	6,172	9,936	-	-
Other reserves	166	174	-	-
	893,932	893,741	96,567	67,938

Treasury shares

The shareholders of the Company, via an ordinary resolution passed in the Annual General Meeting held on 24 June 2020, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

There were no repurchases of issued share capital by the Company during the current and previous financial year. As at 31 December 2020, the Company held 13,056,000 (2019: 13,056,000) of the Company's shares. All rights attached to the treasury shares that are held by the Company are suspended until those shares are reissued.

19. Loans and borrowings

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Non-current				
Secured term loans	95,709	139,949	1,378	25,378
Finance lease liabilities (Note 19.2)	-	5	-	-
Hire purchases (Note 19.2)	43	-	-	-
	95,752	139,954	1,378	25,378
Current				
Unsecured revolving credits	167,000	294,000	75,000	105,000
Secured term loans	51,089	49,533	24,000	23,000
Finance lease liabilities (Note 19.2)	17	22	-	-
Hire purchases (Note 19.2)	11	-	-	-
	218,117	343,555	99,000	128,000
Total	313,869	483,509	100,378	153,378

19.1 Security

Term loans - Group and Company

- secured by fixed charges over certain parcels of land and buildings (erected thereon) [see Notes 3.5, 7.1 and 8.1].
- secured by assignment of proceeds from a construction project undertaken by a subsidiary.
- secured by debentures over future and present assets of certain subsidiaries.
- covered by corporate guarantee from the Company and/or another subsidiary, where applicable.

Revolving credits - Group and Company

The revolving credit facilities granted to direct subsidiaries are covered by way of corporate guarantees from the Company.

The revolving credit facility of the Company, is on a clean basis.

Finance leases - Group

The finance lease liabilities are secured on the respective finance lease assets of subsidiaries (see Note 3.2).

Hire purchases - Group

The hire purchases are secured on the respective assets of subsidiaries under hire purchases (see Note 3.2).

19.2 Hire purchases payable as follows:

	2020 Payment RM'000	2020 Profit RM'000	2020 Principal RM'000	2019 Payment RM'000	2019 Profit RM'000	2019 Principal RM'000
Less than one year	14	3	11	-	-	-
Between one to two years	14	3	11	-	-	-
Between two to five years	35	3	32	-	-	-
	63	9	54	-	-	-

Notes to the Financial Statements (continued)

19. Loans and borrowings (continued)

19.2 Finance lease liabilities are payable as follows:

	2020			2019		
	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
Less than one year	17	-	17	23	1	22
Between one to two years	-	-	-	5	-	5
	17	-	17	28	1	27

19.3 Covenant for term loan facilities

The Group is required to maintain a debt to equity ratio of not exceeding 1 time.

20. Trade and other payables

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Trade payables				
Trade payables (Note 20.1)	101,284	106,533	-	-
Amount due to associates (Note 20.4)	26,831	8,680	-	-
Trade accruals	172,049	205,550	-	-
	300,164	320,763	-	-
Other payables				
Other payables (Note 20.3)	9,143	7,332	162	54
Accruals	6,431	7,367	1,432	1,313
Advance payments and deposits received	8,137	6,425	-	-
Amount due to:				
- subsidiaries (Note 20.2)	-	-	11,824	46,068
- associates (Note 20.4)	420	420	-	-
	24,131	21,544	13,418	47,435
Total	324,295	342,307	13,418	47,435

20.1 Included in trade payables of the Group are retention sums and performance bonds amounting to RM66,651,000 (2019: RM69,829,000).

20.2 Included in the amount due to subsidiaries is a balance of RM11,680,000 (2019: RM45,491,000) bearing interest ranging from 3.81% to 5.22% (2019: 5.23% to 5.57%) per annum. The remaining balance is interest free and unsecured.

20.3 Included in other payables of the Group is a remaining amount payable of RM3,524,000 (2019: RM3,524,000) relating to the acquisition of leasehold land (classified under investment properties) in prior year. The amount is payable over an extended period up to 6 years until 2021 at an effective interest of 5.22% per annum.

20.4 The amount due to associates are unsecured and interest-free.

21. Provisions

	Group RM'000
Provisions for maintenance	
At 1 January 2019	7,994
Utilised during the year	(380)
Reversed during the year	(4,000)
At 31 December 2019/1 January 2020	3,614
Utilised during the year	(75)
At 31 December 2020	3,539

Provisions for maintenance are made to cater for some anticipated contract maintenance/rectification works at site for certain completed projects.

22. Revenue

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Revenue from contracts with customers (Note 22.1)	584,612	404,621	2,907	3,369
Other revenue				
- Rental income	4,683	6,148	-	-
- Dividend income from a subsidiary	-	-	120,000	-
	589,295	410,769	122,907	3,369

22.1 Disaggregation of revenue

Disaggregation of the revenue from contracts with customers

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Major products and services				
Construction contracts	125,630	225,819	-	-
Sales of properties	95,849	163,674	-	-
Sale of land held for property development	349,152	-	-	-
Sales of goods	10,310	13,996	-	-
Revenue from hotel operations	3,485	-	-	-
Services rendered	186	1,132	2,907	3,369
	584,612	404,621	2,907	3,369
Timing of recognition				
Over time	61,739	337,595	-	-
At a point in time	522,873	67,026	2,907	3,369
	584,612	404,621	2,907	3,369

Notes to the Financial Statements (continued)

22. Revenue (continued)

22.2 Nature of goods and services

The following information reflects the typical nature of transactions with customers:

Major goods and services	Timing and method of revenue recognised	Payment terms	Example of variable consideration	Warranty
Construction contracts	Revenue is recognised over time which is measured by actual costs incurred to the estimated total contract cost.	Based on the milestones, as established in contracts.	Liquidated and ascertained damages arising from late completion, as established in contracts.	Defect liability period up to 36 months, depending on the nature of contract works performed.
Sales of properties	Revenue is recognised, either over time, or at a point in time, depending on the timing when controls of the assets pass to buyers.	Based on billings milestones as spelled out in contracts, certified by architects where applicable.	Discounts/rebates granted during promotional periods. Liquidated and ascertained damages arising from late completion, as established in contracts.	Defect liability period up to 24 months, as established in contracts and/or based on historical business practices.
Sale of land held for property development	Revenue is recognised at a point in time depending on the timing when controls of the assets pass to buyer.	Based on payment schedules as spelled out in contracts.	-	-
Sales of goods	Revenue is recognised at a point in time when the goods are delivered and accepted by customers.	Credit period of up to 60 days from invoice date.	-	-
Revenue from hotel operations	Revenue is recognised, either over time, or at a point in time, depending on the timing when the customers receives and consumes the services/ goods.	Based on published terms as stated in invoice.	-	-
Services rendered (comprising management fee and maintenance services)	Revenue is recognised at a point in time when the services are rendered.	Credit period of up to 60 days from invoice date.	-	-

22.3 Unsatisfied performance obligations

The unsatisfied performance obligations at the reporting date are expected to be fulfilled in the following periods at the management's best estimations on the assumptions that there are no significant changes to the existing contractual periods and contract considerations.

	2020 RM'000	2019 RM'000
Within one year	696,658	227,610
More than one year	552,295	825,615
	1,248,953	1,053,225
Represented by:		
Construction contracts	1,196,887	993,159
Sales of properties	52,066	60,066
	1,248,953	1,053,225

23. Results from operating activities

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Results from operating activities is arrived at after charging:				
Auditors' remuneration:				
- Audit fee				
KPMG PLT	357	352	80	90
Overseas affiliates of KPMG PLT	20	19	-	-
Other auditors	13	17	-	-
- Non-audit fee				
KPMG PLT	71	27	18	18
Local affiliates of KPMG PLT	196	183	13	2
Overseas affiliates of KPMG PLT	13	27	-	-
Other auditors	13	1	-	-
Material expenses				
Amortisation of:				
- intangible asset (Note 9)	680	680	-	-
- investment properties (Note 8)	2,125	2,075	-	-
Depreciation of property, plant and equipment (excluding those capitalised in inventories and contract costs) (Note 3.3)	9,038	5,648	166	204
Property, plant and equipment written off	32	5	-	-
Personnel expenses (including key management personnel):				
- contributions to state plans	3,732	4,861	-	-
- wages, salaries and others	31,462	38,092	-	-
Net foreign exchange loss				
- unrealised	-	358	83	184
Impairment loss on other assets:				
- property, plant and equipment	3,323	-	-	-
- investment in a subsidiary	-	-	31,789	-
- intangible assets	1,361	-	-	-
Inventories written down	554	-	-	-
Net change in impairment loss on:				
Financial assets at amortised cost [Note 31.3(a)]	6,658	714	-	-
Contract assets [Note 13.2(c)]	-	3,856	-	-
Expenses arising from leases: (Note 23.1)				
Expense relating to:				
- short-term leases	133	283	234	234
- leases of low-value assets	289	150	6	13
Material income				
Dividend income from:				
- quoted shares in Malaysia	2	4	-	-
- unquoted shares in Malaysia	247	-	120,000	-
Gain on disposal of:				
- property, plant and equipment	4,057	416	-	-
- assets held for sale (Note 16)	9,729	235	-	-
- an associate [Note 36(ii)]	8	-	8	-
Foreign exchange gain				
- unrealised	129	-	-	-
- realised	-	59	-	139

23.1 The Group leases office equipment and premises with contract terms of 5 years or less. These leases are short-term leases and/or leases of low-value assets. The Group has elected not to recognise them as right-of use assets and the associated lease liabilities for these leases. The lease payments for these short-term leases and low-value assets are recognised as expenses to profit or loss, on a straight-line basis over the lease term.

Notes to the Financial Statements (continued)

24. Other non-operating (expenses)/income

As mentioned in Note 5 and Note 36(i), during the current financial year, the Group recognised a loss on deemed disposal of RM7,701,000 arising from the dilution in the effective equity interest in an associate, following the conversion of some 1.44 billion redeemable convertible preference shares ("RCPS").

In December 2019, the Group and the Company recognised a gain of RM2,288,000 arising from the disposal of its entitlement rights to subscribe RCPS granted by an associate for cash during the year [also see Note 36(i)].

25. Finance income and costs

Recognised in profit or loss

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Interest income of financial assets calculated using the effective interest method that are at amortised costs:				
- fixed deposits and cash funds	3,946	7,433	1,110	3,803
- interest income from deferred payment scheme	5,010	5,723	-	-
- other finance income	466	321	2,610	4,538
	9,422	13,477	3,720	8,341
Interest expense of financial liabilities that are not at fair value through profit or loss				
- loans and borrowings	20,923	26,161	5,812	8,718
- other finance costs	5	6	1,510	1,722
	20,928	26,167	7,322	10,440

26. Compensations to key management personnel

Compensations paid/payable to key management personnel (including remuneration paid/payable to Directors) are as follows:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Directors of the Company				
- Fees	615	718	615	718
- Short-term employee benefits	4,456	4,400	4,456	4,400
	5,071	5,118	5,071	5,118
Other key management personnel (including subsidiaries' directors)				
- Fees	60	60	-	-
- Short-term employee benefits	4,363	5,613	160	195
	4,423	5,673	160	195
Total	9,494	10,791	5,231	5,313

Other key management personnel comprise persons, other than the Directors of the Company, having authority and responsibility for planning, directing and controlling the activities of the group entities either directly or indirectly.

The estimated monetary value of benefit-in-kind is RM63,000 (2019: RM63,000).

27. Tax expense

Major components of tax expense include:

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Current tax expense				
- current year	45,116	5,850	312	-
- prior years	(320)	16	-	-
	44,796	5,866	312	-
Deferred tax expense/(income) (Note 10)				
- current year	1,600	(1,370)	-	-
- prior years	5,175	390	-	-
	6,775	(980)	-	-
Total tax expense recognised in profit or loss	51,571	4,886	312	-

Reconciliation of tax expense

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Profit/(Loss) for the year	49,621	58,019	78,203	(5,632)
Total tax expense	51,571	4,886	312	-
Profit/(Loss) excluding tax	101,192	62,905	78,515	(5,632)
Share of tax of equity-accounted associates and joint ventures	16,144	32,535	-	-
	117,336	95,440	78,515	(5,632)
Tax calculated using Malaysian tax rate of 24%	28,161	22,905	18,844	(1,352)
Effect of different tax rates in foreign jurisdiction	(374)	9	-	-
Non-deductible expenses	28,567	22,156	10,270	1,352
Non-taxable income	(2,298)	(4,191)	(28,802)	-
Movements in nunrecognised deferred tax assets	14,155	(3,787)	-	-
Derecognition of previously recognised tax losses	(5,263)	-	-	-
Utilisation of tax loss previously not recognised	(88)	(77)	-	-
Subtotal	62,860	37,015	312	-
Under-provision in prior years	4,855	406	-	-
Less: Share of tax of equity-accounted associates and joint ventures	(16,144)	(32,535)	-	-
Total tax expense	51,571	4,886	312	-

Notes to the Financial Statements (continued)

28. Earnings per ordinary share - Group

Basic/Diluted earnings per ordinary share

The calculation of basic/diluted earnings per ordinary share was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after excluding treasury shares bought back in previous years.

	2020	2019
Profit attributable to ordinary shareholders (RM'000)	53,537	56,626
Weighted average number of ordinary shares, net of treasury shares of 13,056,000 (2019: 13,056,000) ('000)	500,743	483,397
Basic/Diluted earnings per share (sen)	10.69	11.71

29. Dividend

2020	Sen per share	Total amount RM'000	Date of payment
Interim 2020 ordinary	9.9	49,574	20 November 2020

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

30. Operating segments

The Group has three reportable segments, which are the Group's strategic business units. For each of the strategic business units, the Group Managing Director ("GMD"), being the Chief Operating Decision Maker, reviews internal management reports for resource allocation and decision making at least on a quarterly basis. The following summary describes the operations in each of the Group's existing reporting segments:

Property development	-	Development and construction of residential and commercial properties (including sale of vacant land).
Construction	-	Construction of buildings, roads, bridges and other infrastructure and engineering works (including oil and gas related construction projects).
Others	-	All other business segments with profit contributions less than 10%. This includes manufacture and sale of buildings and construction materials, provision of sand extraction and land filling services, property investment and management, hotel operation as well as quarry operation.

Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the GMD. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within these industries.

There are varying levels of integration between the reportable segments. Inter-segment pricing is determined on negotiated terms. Unallocated items mainly comprise corporate and headquarters expenses and other investment income, which are managed on a group basis and are not allocated to any operating segment.

Segment assets and liabilities

The GMD reviews the statements of financial position of subsidiaries for resource allocation and decision making, instead of a summary of consolidated assets and liabilities by segments. As such, information on segment assets and segment liabilities is not presented.

30. Operating segments (continued)

	Property development 2020 RM'000	Property development 2019 RM'000	Construction 2020 RM'000	Construction 2019 RM'000	Others 2020 RM'000	Others 2019 RM'000	Inter-segment elimination 2020 RM'000	Inter-segment elimination 2019 RM'000	Consolidated 2020 RM'000	Consolidated 2019 RM'000
Revenue from external customers	445,001	163,674	125,630	225,819	18,664	21,276	-	-	589,295	410,769
Inter segment revenue	-	-	-	-	7,263	4,825	(7,263)	(4,825)	-	-
Total segment revenue	445,001	163,674	125,630	225,819	25,927	26,101	(7,263)	(4,825)	589,295	410,769
Segment profit/(loss)	160,057	1,573	(21,876)	18,084	(25,734)	(2,396)	(1,239)	(1,492)	111,208	15,769
Share of results (net of tax) of:										
- associates, other than Dayang Enterprise Holdings Bhd. ("DEHB group")[1]	(5,300)	(5,171)	(1,143)	2,480	(1,585)	(1,247)	-	-	(8,028)	(3,938)
- joint ventures	-	-	873	727	-	-	-	-	873	727
	154,757	(3,598)	(22,146)	21,291	(27,319)	(3,643)	(1,239)	(1,492)	104,053	12,558
Unallocated expenses									(6,663)	(8,119)
Loss on deemed disposal of interests in an associate, Perdana Petroleum Berhad ("PPB")									(7,701)	-
Share of results (net of tax) of associates, DEHB group(in oil and gas segment)									11,503	58,466
Tax expense									(51,571)	(4,886)
Profit for the year									49,621	58,019
Other comprehensive expenses, net of tax									(3,772)	(3,263)
Total comprehensive income for the year									45,849	54,756
Total comprehensive income/(expenses) attributable to non-controlling interests									3,916	(1,393)
Total comprehensive income attributable to owners of the Company									49,765	53,363

	Property development 2020 RM'000	Property development 2019 RM'000	Construction 2020 RM'000	Construction 2019 RM'000	Others 2020 RM'000	Others 2019 RM'000	Consolidated 2020 RM'000	Consolidated 2019 RM'000
Included in the measure of segment profit/(loss) are:								
Depreciation and amortisation [including depreciationcapitalised in inventories and contract costs]	4,489	5,368	714	642	7,815	3,547	13,018	9,557
Finance income	(466)	(3,092)	(5,010)	(5,828)	-	(3)	(5,476)	(8,923)
Finance costs	3,968	5,812	8,373	11,435	8,587	8,920	20,928	26,167
Net changes in impairment loss on:								
- financial assets and contract assets	689	(16)	800	4,000	5,169	586	6,658	4,570
- property, plant and equipment	-	-	-	-	3,323	-	3,323	-
- intangible assets		-	-	-	1,361	-	1,361	-
Inventories written down	554	-	-	-	-	-	554	-

1 *Share of results of DEHB Group comprised the share of results from two associates, DEHB and PPB*

Major customers

The following are the major customers with revenue equal to or more than 10% of the Group's total revenue individually:

	Revenue 2020 RM'000	Revenue 2019 RM'000	Segment
Customer A	120,861	187,735	Construction
Customer B	340,000	-	Property development

Geographical information

The Group is mainly domiciled in Malaysia. The contribution from the foreign operations based in Fiji is minimal and immaterial to warrant a disclosure.

Notes to the Financial Statements (continued)

31. Financial instruments

31.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

a. Amortised cost ("AC")
b. Fair value through other comprehensive income ("FVOCI") - equity instrument designated upon initial recognition.

	Financial assets			
Group	**Other investment RM'000**	**Trade and other receivables ^ RM'000**	**Cash and cash equivalents RM'000**	**Total RM'000**
At 31.12.2020				
Carrying amount	3,071	193,675	353,313	550,059
AC	-	193,675	353,313	546,988
FVOCI	3,071	-	-	3,071
At 31.12.2019				
Carrying amount	3,079	162,954	226,583	392,616
AC	-	162,954	226,583	389,537
FVOCI	3,079	-	-	3,079

^ *Excluding amount receivable from Royal Malaysian Custom Department.*

	Financial liabilities			
Group	**Loans and borrowings RM'000**	**Trade and other payables* RM'000**	**Provisions RM'000**	**Total RM'000**
At 31.12.2020				
Carrying amount	(313,869)	(316,158)	(3,539)	(633,566)
AC	(313,869)	(316,158)	(3,539)	(633,566)
At 31.12.2019				
Carrying amount	(483,509)	(335,882)	(3,614)	(823,005)
AC	(483,509)	(335,882)	(3,614)	(823,005)

* Excluding advance payment received prior to the execution of contracts and deposit received.

	Financial assets		
Company	**Trade and other receivables^ RM'000**	**Cash and cash equivalents RM'000**	**Total RM'000**
At 31.12.2020			
Carrying amount	97,988	15,365	113,353
AC	97,988	15,365	113,353
At 31.12.2019			
Carrying amount	55,013	84,480	139,493
AC	55,013	84,480	139,493

^ *Excluding amount receivable from Royal Malaysian Custom Department.*

31. Financial instruments (continued)

31.1 Categories of financial instruments (continued)

Company (continued)	Financial liabilities Loans and borrowings RM'000	Trade and other payables RM'000	Total RM'000
At 31.12.2020			
Carrying amount	(100,378)	(13,418)	(113,796)
AC	(100,378)	(13,418)	(113,796)
At 31.12.2019			
Carrying amount	(153,378)	(47,435)	(200,813)
AC	(153,378)	(47,435)	(200,813)

31.2 Net gains and losses arising from financial instruments

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Net gains/(losses) on:				
Financial assets at AC	2,896	8,595	3,637	8,296
Financial liabilities at AC	(20,928)	(26,167)	(7,322)	(10,440)
Equity instruments designated at FVOCI	241	(17)	-	-
	(17,791)	(17,589)	(3,685)	(2,144)

31.3 Financial risk management

The Group is exposed to the following risks from its use of financial instruments:
- Credit risk;
- Liquidity risk; and
- Market risk

a. Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group's exposure to credit risk arises principally from its receivables from customers and deposits in banks. The Company's exposure to credit risk mainly arises from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to certain subsidiaries. There are no significant changes as compared to prior periods.

Receivables

Risk management objectives, policies and processes for managing the risk

- Receivables from external parties

  The management regularly reviews the credit risk on customers and takes appropriate measures to enhance credit control procedures. At each reporting date, the Group or the Company assesses whether any of its receivables are credit impaired.

  The gross carrying amount of credit impaired receivables will be written off, either partially or in full, when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, the receivables that are impaired (either partially or fully) are still subject to debt recovery enforcement activities to recover the amounts due from the customers. There are no significant changes as compared to prior periods.

  The contract assets [see Note 13.2(c)] have substantially the same risk characteristics as the trade receivables from the same categories of customers. The Group and the Company have therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

  There are no significant changes as compared to previous year.

Notes to the Financial Statements (continued)

31. Financial instruments (continued)

31.3 Financial risk management (continued)

a. Credit risk (continued)

Receivables (continued)

Risk management objectives, policies and processes for managing the risk (continued)

- Intercompany balances

The Company sometimes provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by their carrying amounts in the statements of financial position.

At the end of the reporting period, there are no significant concentrations of credit risk other than the following receivables due from:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Two (2019: one) external parties	107,309	65,791	-	-
Two (2019: one) subsidiaries	-	-	95,433	51,702

The exposure of credit risk for trade and other receivables as at the end of the reporting period by geographic region was:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Malaysia	193,651	162,929	97,988	55,013
Fiji	24	25	-	-
	193,675	162,954	97,988	55,013

Recognition and measurement of impairment loss

The Group monitors each receivable individually and uses ageing analysis to monitor the credit quality of the receivables. Appropriate debts recovery actions are taken to recover overdue debts. These actions include sending out reminder letters and scheduling repayments such as instalment scheme and contra arrangement, which are closely monitored by delegated team before commencing any legal proceedings against the customers.

For sales of properties, as ownership and titles to properties are only transferred to customers upon full settlement of the purchase consideration, the Group regards the credit risk exposure as low. Moreover, most of these trade receivables are supported with end-financing from reputable end-financiers, which have low risk of default.

As construction contracts only involve a few customers, the Group assessed the risk of loss of each customer individually based on their financial information, historical payment trends and other external available information. The Group regards the risk of defaults from these contract customers, which are mostly government related, as low.

For receivables from sales of goods and services rendered, an allowance matrix is used to measure any expected credit loss ("ECL") for a particular year. The Group analyses and studies prior years' actual credit loss experience, historical payments trends and other available external credit evaluations to derive appropriate loss rates.

31. Financial instruments (continued)

31.3 Financial risk management (continued)

a. Credit risk (continued)

Receivables (continued)

Recognition and measurement of impairment loss (continued)

The following tables provides information about the exposure to credit risk and ECLs for trade and other receivables:

Group	Gross RM'000	Loss allowance RM'000	Net RM'000
2020			
Not past due	143,389	-	143,389
Past due 0-30 days	5,741	(55)	5,686
Past due 31-60 days	4,831	(51)	4,780
Past due 61-90 days	2,018	(108)	1,910
Past due 91-180 days	3,339	(351)	2,988
Past due more than 180 days	62,424	(27,502)	34,922
Trade and other receivables	221,742	(28,067)	193,675
2019			
Not past due	91,404	-	91,404
Past due 0-30 days	5,938	-	5,938
Past due 31-60 days	4,369	-	4,369
Past due 61-90 days	4,174	-	4,174
Past due 91-180 days	9,440	-	9,440
Past due more than 180 days	69,038	(21,409)	47,629
Trade and other receivables	184,363	(21,409)	162,954

The movements in the allowance for impairment loss of trade and other receivables during the financial year are as follows:

Group	Trade receivables RM'000	Other receivables RM'000	Total RM'000
Balance at 1 January 2019	12,500	8,195	20,695
Additions	730	-	730
Reversed	-	(16)	(16)
Balance at 31 December 2019/1 January 2020	13,230	8,179	21,409
Additions	6,536	689	7,225
Reversed	(567)	-	(567)
Balance at 31 December 2020	19,199	8,868	28,067

Notes to the Financial Statements (continued)

31. Financial instruments (continued)

31.3 Financial risk management (continued)

a. Credit risk (continued)

Intercompany balances

Generally, the Company does not specifically monitor the ageing of the loans and advances to subsidiaries, which are considered to have low credit risk. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances and manage the utilisation of assets, there is no indication that the amounts due from subsidiaries of RM97,973,000 (2019: RM54,690,000) are not recoverable as at the end of the reporting period.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of certain banking facilities extended to certain subsidiaries. Financial guarantees are provided as credit enhancements to the subsidiaries' secured loans. The Company monitors on an on-going basis the results of and repayments made by the subsidiaries to ensure that they are able to meet their obligations when due.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risks, being the outstanding financial guarantees granted to the subsidiaries as at end of the reporting period is summarised as follows:

Company	**2020 RM'000**	**2019 RM'000**
Bank guarantees	62,304	86,537
Other loans and borrowings outstanding and recognised in financial statements	213,647	329,838
Total	275,951	416,375

There is no indication that any subsidiary would default on the repayments of its loans and borrowings. The financial guarantees have not been recognised as the probability of the subsidiaries defaulting on the credit lines is remote.

Cash and cash equivalents

The cash and cash equivalents are held with licensed banks. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position. These licensed banks have low credit risks. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

b. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

Risk management objectives, policies and processes for managing the risk

The Group maintains a level of cash and cash equivalents and banking facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due and to mitigate the effects of fluctuations in cash flows. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

31. **Financial instruments** (continued)

31.3 Financial risk management (continued)

b. **Liquidity risk** (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities (which are non-derivatives) as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
2020							
Trade and other payables							
- interest-bearing	3,524	5.22	3,708	3,708	-	-	-
- non interest-bearing	312,634	-	312,634	304,940	4,892	2,802	-
Provisions	3,539	-	3,539	3,539	-	-	-
Loans and borrowings							
- Secured term loans	146,798	3.67 - 6.00	165,013	57,217	32,879	54,153	20,764
- Unsecured revolving credits	167,000	3.43 - 4.07	168,371	168,371	-	-	-
- Finance lease liabilities	17	5.47	17	17	-	-	-
- Hire purchases	54	6.93	63	14	14	35	-
2019							
Trade and other payables							
- interest-bearing	3,524	5.22	3,708	3,708	-	-	-
- non interest-bearing	332,358	-	332,358	318,148	9,595	4,615	-
Provisions	3,614	-	3,614	3,614	-	-	-
Loans and borrowings							
- Secured term loans	189,482	4.71 - 6.00	217,062	58,898	56,958	70,392	30,814
- Unsecured revolving credits	294,000	4.85 - 5.76	297,657	297,657	-	-	-
- Finance lease liabilities	27	5.47	28	23	5	-	-
Company							
2020							
Other payables							
- interest-bearing	11,680	3.81 - 5.22	11,680	11,680	-	-	-
- non interest-bearing	1,738	-	1,738	1,738	-	-	-
Loans and borrowings							
- Secured term loan	25,378	4.19	25,985	24,602	1,383	-	-
- Unsecured revolving credits	75,000	3.78 – 3.96	75,536	75,536	-	-	-
Financial guarantees*	-	-	275,951	275,951	-	-	-
2019							
Other payables							
- interest-bearing	45,491	5.23 - 5.57	45,491	45,491	-	-	-
- non interest-bearing	1,944	-	1,944	1,944	-	-	-
Loans and borrowings							
- Secured term loan	48,378	5.50	51,273	25,098	24,790	1,385	-
- Unsecured revolving credits	105,000	4.85 - 5.76	106,358	106,358	-	-	-
Financial guarantees*	-		416,375	416,375	-	-	-

* *Being corporate guarantees granted for banking facilities of certain subsidiaries [see Note 31.3(a)], which will only be encashed in the event of default by the subsidiaries. These financial guarantees do not have an impact on group contractual cash flows.*

Notes to the Financial Statements (continued)

31. Financial instruments (continued)

31.3 Financial risk management (continued)

c. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices risks that will affect the Group's financial position or cash flows.

i. Currency risk

The Group is occasionally exposed to foreign currency risk on bank balances denominated in a currency other than the respective functional currencies of Group entities. The currency giving rise to this risk is primarily United States Dollar ("USD").

Risk management objectives, policies and processes for managing the risk

As it is not possible to predict with any certainty, the movements of foreign exchange rates, this risk is managed on an on-going basis. As at the end of the reporting period, the Group does not have any outstanding forward foreign exchange contracts.

Exposure to foreign currency risk

The exposure to foreign currency risk, attributable to a currency which is other than the functional currency of the Group entities, based on the carrying amounts as at the end of the reporting period was:

	2020 RM'000	**2019 RM'000**
Cash and cash equivalents denominated in USD		
- Group	4,469	4,525
- Company	4,325	4,380

A 10% (2019: 10%) strengthening of the RM against USD at the end of the reporting period would have decreased equity and post-tax profit by the amounts shown in the ensuing page. This analysis is based on foreign currency exchange rate variances that the Group/Company considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit or loss	
	2020 RM'000	**2019 RM'000**
USD		
- Group	(340)	(344)
- Company	(329)	(333)

A 10% (2019: 10%) weakening of RM against USD at the end of the reporting period would have had equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant.

ii. Interest rate risk

The Group's investments in fixed rate term deposits and fixed rate loans and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate loans and borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short-term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group's policy is to manage its interest rate risk on an on-going basis to ensure that there are no undue exposures thereto. Management exercises a certain element of discretion on whether to borrow at fixed or floating interest rates, depending on the market situation and the outlook of the financial market prevailing then.

The investments in interest-earning assets are mainly short-term in nature and they are not held for speculative purposes but have been mostly placed as term deposits and cash funds.

31. Financial instruments (continued)

31.3 Financial risk management (continued)

c. Market risk (continued)

ii. Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on their carrying amounts as at the end of the reporting period was:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Fixed rates instruments				
- Financial assets	354,353	231,846	12,105	75,530
- Financial liabilities	(236,580)	(366,715)	(75,000)	(105,000)
Floating rates instruments				
- Financial assets	-	-	93,511	47,369
- Financial liabilities	(80,813)	(120,319)	(37,059)	(93,869)

Interest rate risk sensitivity analysis

a. Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

b. Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates at the end of the reporting period, taking into account the contractual repayments terms of its floating rate instruments, would have increased/(decreased) equity and post-tax profit or loss by the amounts shown as below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss			
	2020		2019	
	100bp increase RM'000	**100bp decrease RM'000**	**100bp increase RM'000**	**100bp decrease RM'000**
Floating rate instruments				
- Group	(1,104)	1,104	(1,894)	1,894
- Company	512	(512)	(391)	391

iii. Other price risk

Equity price risk arises from the Group's investments in equity securities.

Risk management objectives, policies and processes for managing the risk

Management monitors and manages the equity investments on individual basis. The exposure to equity price risk is not material and hence, sensitivity analysis is not presented.

31.4 Fair value information

The carrying amounts of cash and bank balances, short-term receivables and payables and short-term borrowings reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

Notes to the Financial Statements (continued)

31. Financial instruments (continued)

31.4 Fair value information (continued)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value				
Group	**(Level 1) RM'000**	**(Level 3) RM'000**	**Total RM'000**	**(Level 2) RM'000**	**(Level 3) RM'000**	**Total RM'000**	**Total fair value RM'000**	**Carrying amount RM'000**
2020								
Financial assets								
Other investments	108	2,963	3,071	-	-	-	3,071	3,071
Trade and other receivables	-	-	-	-	56,823	56,823	56,823	56,823
Financial liabilities								
Loans and borrowings								
- Unsecured revolving credits	-	-	-	-	167,000	167,000	167,000	167,000
- Secured term loans	-	-	-	-	147,037	147,037	147,037	146,798
- Finance lease liabilities	-	-	-	17	-	17	17	17
- Hire purchases	-	-	-	54	-	54	54	54
2019								
Financial assets								
Other investments	116	2,963	3,079	-	-	-	3,079	3,079
Trade and other receivables	-	-	-	-	65,791	65,791	65,791	65,791
Financial liabilities								
Loans and borrowings								
- Unsecured revolving credits	-	-	-	-	294,000	294,000	294,000	294,000
- Secured term loans	-	-	-	-	190,054	190,054	190,054	189,482
- Finance lease liabilities	-	-	-	27	-	27	27	27
Company								
2020								
Financial liabilities								
Loans and borrowings								
- Unsecured revolving credits	-	-	-	-	75,000	75,000	75,000	75,000
- Secured term loan	-	-	-	-	25,389	25,389	25,389	25,378
2019								
Financial liabilities								
Loans and borrowings								
- Unsecured revolving credits	-	-	-	-	105,000	105,000	105,000	105,000
- Secured term loan	-	-	-	-	48,305	48,305	48,305	48,378

31. Financial instruments (continued)

31.4 Fair value information (continued)

The Group does not have any outstanding financial derivatives as at 31 December 2020.

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active market for identical financial assets or liabilities that the entity can access at the measurement date.

Fair value of financial assets that are quoted in an active market are determined by reference to their quoted closing bid price at the end of the reporting period.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Fair value of non-derivative financial liabilities, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For finance leases, the market rate of interest is determined by reference to similar lease arrangements.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the current and previous financial year.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets or financial liabilities.

Fair values within Level 3 for financial instruments not carried at fair value, which is determined for disclosures purpose, is derived based on discounted cash flows using unobservable input (i.e. interest rate). The estimated fair value would increase (decrease) when the interest rates were lower (higher).

For financial instruments carried at fair value, the fair value within Level 3 is derived by reference to the net assets of the investee, adjusted for the effect of market value of assets and/or the estimated discounted cash flows of the investee's operations, where applicable.

32. Capital management

The Group's objectives when managing capital is to maintain healthy capital base and safeguard the Group's ability to continue as a going concern, so as to maintain the confidence of investors, creditors and other stakeholders in the Group and to sustain the future development of the business.

There were no changes in the Group's strategy and approach on capital management during the year.

33. Capital expenditure commitments

	Group	
	2020 RM'000	**2019 RM'000**
Property, plant and equipment		
- Authorised but not contracted for	5,536	2,967

Notes to the Financial Statements (continued)

34. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the parties or exercise significant influence over the parties in making financial and operating decisions, or vice versa, or where the Group or the Company and the parties are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key management personnel services to the Group. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The Group has related party relationships with its subsidiaries, associates, joint ventures, key management personnel and significant shareholders.

Significant related party transactions

Significant related party transactions, other than compensations paid/payable to key management personnel (see Note 26), are disclosed below:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Subsidiaries				
Management fee income	-	-	(2,907)	(3,369)
Management fee expense	-	-	887	1,317
Rental expense on premises	-	-	234	234
Interest income	-	-	(2,610)	(4,538)
Interest expense	-	-	1,509	1,722
Dividend income	-	-	(120,000)	-
Associates				
Construction costs payable	110,601	122,634	-	-
Construction contract sum billed	(260)	(8,198)	-	-
Joint venture				
Distribution of profit	1,020	3,060	-	-
Key management personnel				
Sales of properties	589	-	-	-
Consultant fee paid	50	180	-	-

The amount due from/to subsidiaries, associates and joint ventures is disclosed in Notes 12 and 20 to the financial statements. The outstanding balances with other related parties are as follows:

	Group	
	2020 RM'000	**2019 RM'000**
Amount due to	-	(14)

The above related party transactions are based on negotiated terms.

35. Changes in investments in existing subsidiaries

i. Additional investments arising from new shares issued by an existing subsidiary

During the last financial year, the Company subscribed for additional 57,000,000 new ordinary shares in Naim Engineering Sdn. Bhd. ("NESB") for total consideration of RM57,000,000, settled by way of cash consideration of RM10,000,000 and capitalisation of debts of RM47,000,000.

The above subscription does not have any material impact to the Group as there is no changes in the Group's equity interest in NESB.

ii. Decrease in investment in an existing subsidiary

During the last financial year, one of the subsidiaries, Naim Land Sdn. Bhd. ("NLSB"), disposed of 30% of its equity interest held in Peranan Makmur Sdn. Bhd. ("PMSB") to minority shareholders at a total cash consideration of RM3,000,000. The resultant group equity interest held by NLSB in PMSB and its subsidiary, Harmony Faber Sdn. Bhd. decreased from 100% to 70% following the disposal.

This change in the ownership interest was accounted for as an equity transaction between the Group and non-controlling interests. The change in the Group's share of net assets of RM1,364,000 was adjusted to the retained earnings account. The Group also recognised an increase in non-controlling interests of RM1,636,000.

36. Movements in investment in associates

i. Dilution in equity interest in an associate

In December 2019, an associate, Perdana Petroleum Berhad ("PPB"), in which the Company holds both direct and indirect equity interests, issued 1.46 billion redeemable convertible preference shares ("RCPS"). The Company had disposed of its entitlement rights to redeemable convertible preference shares ("RCPS") issued by Perdana Petroleum Berhad ("PPB") for cash. A gain of RM2,288,000 is recognised in profit or loss as non-operating income upon the disposal during the last financial year ended 31 December 2019 (see Note 24).

During the current financial year, about 1.44 billion RCPS were converted into the equivalent number of ordinary shares in PPB and the Company's direct equity interest in PPB has then been diluted by 6.41%, from initial 9.89% to 3.48% as a result of such conversion. The dilution in the equity interest in PPB, after considering both direct and indirect interests held therein, was accounted for as a deemed disposal and a loss of about RM7,701,000 was recognised as other non-operating expense in the profit or loss in the current financial year ended 31 December 2020. (see Note 5 and Note 24).

ii. Decrease in investment in an existing associate

During the current financial year, the Company disposed of 12,700 shares held in Dayang Enterprise Holdings Bhd. ("DEHB") for a cash consideration of RM15,000. A gain of RM8,000 is recognised in profit or loss during the current financial year (see Note 23). The disposal does not have material impact to the Group as the resultant equity interest remains approximately 26.42% as of 31 December 2020.

iii. Additional investment in ordinary shares issued by an associate

During the last financial year ended 31 December 2019, pursuant to a rights issue exercise by an associate, DEHB in November 2019 on the basis of one (1) rights share for every ten (10) existing shares, the Company subscribed for its entitlement to the rights shares (comprising 25,492,000 ordinary shares) for a cash consideration of RM23,453,000. The subscription did not have any impact to the Group as there was no change in the Group's equity interest in DEHB (i.e. 26.42%).

Notes to the Financial Statements (continued)

37. Material litigation

i. Contract litigation

On 12 November 2020, Naim Engineering Sdn. Bhd. ("NESB") received a Writ of Summons together with a Statement of Claim from a subcontractor in respect of two completed works package projects. The claims against NESB is for damages and/or compensation in the sum of about RM32,935,000, or alternatively a sum of about RM29,595,000, costs of engaging an expert and/or the continuous costs until the completion of the suit, judgement interest and costs.

Based on our records, the Group is of the view that the claim by the subcontractor is frivolous. As such, the Group does not expect the claim to succeed and is of the view that the claim does not have material financial and/or operational impact on the Group's results for the financial year ended 31 December 2020. Notwithstanding, in the event that the claim is allowed by the Court, the financial impact is limited to what is claimed by the subcontractor in the Statement of Claim. The Group has instructed the solicitors to vigorously contest the claim.

The subcontractor had previously on 25 April 2017 issued three (3) separate Payment Claims, totalling some RM29,595,000, under the Construction Industry Payment and Adjudication Act 2012 ("CIPAA") against NESB; the subject matter of which was similar to that as contained in the Statement of Claim. The subcontractor however failed to and/or did not pursue the matter then after NESB responded with its Payment Response dated 11 May 2017.

ii. Land issue

On 20 March 2017, Naim Land Sdn. Bhd. ("NLSB") received a Writ of Summons from 2 persons suing on behalf of themselves and their other siblings and families, claiming against NLSB, the Superintendent of Land & Survey, Miri Division and the State Government of Sarawak to have native customary rights ("NCR") over an area of approximately 47.15 acres within parcels of land described as Lots 8837 and Lot 6182 both of Block 11 Kuala Baram Land District and Lot 820 Block 13 Kuala Baram Land District, which is within NLSB's existing township areas. The land was previously alienated by the State Government of Sarawak in 1997 and due land premium had been settled in prior years.

NLSB filed its Defence to the claim on 26 May 2017 and had on 3 July 2017 filed a Notice of Application for certain questions or issues of law to be determined before or without a full trial of the action and consequentially, if appropriate, to strike out the plaintiff's Statement of Claim. Parties had exchanged affidavits in respect of the said application and ruling on the same was delivered on 17 January 2018; wherein the judge ruled that there was no merit in NLSB's application and dismissed the application with costs of RM1,000, and had set down the matter for trial from 21 to 25 May 2018. However, NLSB had filed a Notice of Appeal to the Court of Appeal on 1 February 2018 against the Judge's ruling.

In mid-July 2020, NLSB and the Plaintiffs respectively agreed to withdraw its appeal to the Court of Appeal and their claim in the High Court against each other. In pursuance thereof, at the High Court on 24 July 2020, the Plaintiffs' action against NLSB was discontinued and struck out with no liberty to file afresh and no order as to costs.

38. Significant events during the year

i. On 11 March 2020, the World Health Organisation declared the Coronavirus ("Covid-19") outbreak as a pandemic in recognition of its rapid spread across the globe. The Covid-19 outbreak has resulted in travel restrictions, lockdown and other precautionary measures imposed in various countries. The emergence of the Covid-19 outbreak has brought significant economic uncertainties in Malaysia and markets in which the Group operates.

Based on the assessment made on the overall impact of the Covid-19 on the Group operations which include the recoverability of the carrying amounts of assets and/or incurrence of possible liabilities that may have arisen from the current situation, the Group concluded that there are no material adverse effects on the financial statements for the financial year ended 31 December 2020.

As at the date of this report, the Group is unable to reasonably estimate the financial impact of these events on their financial position, results of operations or cash flows in the next financial year due to the uncertainty of the future outcome of the current events. It is however certain that the worldwide measures against the spread of the coronavirus will have direct and indirect effects on its operations. The Group will continuously monitor and minimise the impact of the outbreak on the Group's operations.

ii. During the current financial year, a subsidiary, Petrochemical Hub Sdn. Bhd. has disposed off approximately 405.6 hectares of land for a cash consideration of RM340,000,000, received in full. The proceeds from the sale will be used to settle some borrowings, working capital purpose and dividend payment. The Group had recognised a net profit (before tax) of about RM145,447,000 from the sale.

Statement by Directors Pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 97 to 162 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial positions of the Group and of the Company as of 31 December 2020 and of their financial performance and cash flows for the financial year then ended.

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

....
Datuk Amar Abdul Hamed Bin Haji Sepawi

....
Datuk Hasmi Bin Hasnan

Kuching,

Date: 3 May 2021

Statutory Declaration Pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Emily Hii San San (MIA CA 24978)**, the officer primarily responsible for the financial management of Naim Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 97 to 162 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed
in Kuching in the State of Sarawak
on 3 May 2021

……………………………………

Emily Hii San San

Before me:

Independent Auditors' Report to the members of Naim Holdings Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Naim Holdings Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 97 to 162.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition relating to construction contracts
Refer to Note 1(d), Basis of Preparation and Note 2(s)(i), Accounting policy-Revenue from contracts with customers for Construction Contracts and Note 22, Revenue for construction contracts

Key audit matter	How the matter was addressed in our audit
Revenue derived from construction contracts requires significant management judgement in the assessment of the current and future financial performance of the contracts. Consequently, judgements were required to evaluate contracts with customers, in particular on the number of performance obligations, allocation of transaction price to each performance obligation and the determination of whether revenue for each contract is to be recognised over time or at a point in time and new disclosures were made in the financial statements. Construction contracts revenue is accounted for based on over time recognition using input method (i.e. stage of completion method). The stage of completion is determined by reference to the proportion of contract costs incurred for work performed to-date bear to the total estimated contract costs. As disclosed in Note 1(d) to the financial statements, the accurate recording of revenue is highly dependent on judgement exercised by management in assessing the valuation of contract variations, the completeness and accuracy of estimated costs to complete, and the ability to deliver contracts within the contractual time and claims and penalties for late deliveries. We focused on this area as a key audit matter due to the degree of management judgement involved in the estimation of revenue recognised over the contract life. Changes in judgements and the related estimates throughout a contract life can result in material adjustments to revenue and consequently, the profit margin of contracts. The key risk areas are as follows: i. Risk of inaccurate estimation of the costs required to complete the contracts, which affects the accuracy of revenue recognition; ii. Risk of revenue recognition on variation orders which are disputed; and iii. Risk of penalties not factored in revenue recognition.	We performed the following audit procedures, among others: • Reviewed and gained an understanding of the Group's processes, systems and controls implemented, and tested the relevant controls identified. • Obtained an understanding of the method, key assumptions and underlying data used in the process for revenue estimate is developed. • Obtained an understanding of the basis of the key judgements made for the revenue recognition in particular on the number of performance obligations, allocation of transaction price to each performance obligation and the determination of whether revenue for each contract is to be recognised over time or at a point in time and disclosures were made in the financial statements. • We challenged the basis of estimations applied by the project management team in regard to the required cost to complete the construction contracts and assessed whether there were management biasness as well as the management assessment on the effect of estimate uncertainty. Our procedures include evaluating the historical accuracy of the Group's estimation process by comparing actual costs with the estimated costs that had previously been estimated, and testing estimated costs to sub-contractors' contracts and suppliers' quotations. • We tested the validity and accuracy of variations and claims arising from the contract revenue and sub-contract costs to correspondences, supplementary agreements or variation orders to determine that the variations and claims are approved by the contract customers. • We assessed if any penalties are payable arising from expected and actual delay in completion of contracts by interviewing the project management teams and evaluated the construction progress against the contracted completion date. • Assessed the completeness, accuracy and appropriateness of disclosures as required by MFRS 15.

Independent Auditors' Report to the members of Naim Holdings Berhad (continued)

Key Audit Matters (continued)

2. Recognition of revenue from sales of properties

Refer to Note 1(d), Basis of Preparation, Note 2(s)(i), Accounting policy-Revenue from contracts with customers for sales of properties and Note 22, Revenue for sales of properties

Key audit matter	How the matter was addressed in our audit
Revenue derived from sales of properties is accounted for either over time or at a point in time recognition, depending on the timing when the controls of properties are passed to customers. The over time recognition method is determined using input method (i.e. stage of completion of properties sold), measured by reference to the proportion of property development costs incurred for work performed to-date bear to the estimated total property development costs. Consequently, judgements were required to evaluate contracts with customers, in particular on the number of performance obligations, allocation of transaction price to each performance obligation and the determination of whether revenue for each contract is to be recognised over time or at a point in time and new disclosures were made in the financial statements. As disclosed in Note 1(d) to the financial statements, the accurate recording of revenue is highly dependent on judgement exercised by management in assessing the completeness and accuracy of estimated costs to complete, the ability to deliver properties within the contracted time. We focused on this area as a key audit matter due to the degree of management judgement involved in the estimation of revenue over the course of the project life. Changes in judgements and the related estimates throughout a property development life can result in material adjustments to revenue and profit margin recognised on uncompleted houses. The key risk areas are as follows: i. Risk of inaccurate estimation of the costs to complete the properties, which affects the accuracy of revenue recognition; ii. Risk of customers not able to commit to the purchases and result in the cancellation of sales; and iii. Risk of penalties not factored in revenue recognition.	We performed the following audit procedures, among others: • Reviewed and gained an understanding of the Group's processes, systems and controls implemented, and tested the relevant controls identified. • Obtained an understanding of the method, key assumptions and underlying data used in the process for revenue estimate is developed. • Obtained an understanding of the basis of the key judgements made for the revenue recognition recognition in particular on the number of performance obligations, allocation of transaction price to each performance obligation and the determination of whether revenue for each contract is to be recognised over time or at a point in time and disclosures were made in the financial statements. • We challenged the basis of estimations applied by the project management team in regard to the required cost to complete the properties and assessed whether there were management biasness as well as the management assessment on the effect of estimate uncertainty. Our procedures include evaluating the historical accuracy of the Group's estimation process by comparing actual costs with the estimated costs that had previously been estimated, testing estimated costs to contracts and suppliers' quotations. • We checked to the property sales cancellation report after the financial year end to determine that sales cancellation are appropriately reflected in revenue recognition. We identified buyers that defaulted payments and their commitments to complete the purchase by inspecting correspondences with the buyers. • Assessed the completeness, accuracy and appropriateness of disclosures as required by MFRS 15.

We have determined that there is no key audit matter in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Group and of the Company.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 4 to the financial statements.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Nicholas Chia Wei Chit
Approval Number: 03102/03/2022 J
Chartered Accountant

Kuching,

Date: 3 May 2021

Created by Pressfoto - Freepik.com

PART 8

Other Information

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

Analysis of Shareholdings as at 30 April 2021

Number of Issued Shares	:	513,799,322 ordinary shares
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

SIZE OF HOLDINGS	NO OF SHAREHOLDINGS	% OF SHAREHOLDERS	NO OF SHARES HELD	% OF ISSUED CAPITAL
1 – 99	16	0.25	444	0.00
100 – 1,000	1,032	15.90	618,166	0.12
1,001 – 10,000	3,386	52.16	18,551,808	3.70
10,001 – 100,000	1,754	27.02	58,411,900	11.67
100,001 – 25,037,165 (*)	299	4.61	153,310,528	30.62
25,037,166 and above (**)	4	0.06	269,850,476	53.89
Total	**6,491**	**100.00**	**500,743,322#**	**100.00**

Remark:

*	-	***Less than 5% of issued shares***
**	-	***5% and above of issued shares***
#	-	***The number of 500,743,322 ordinary shares was arrived at after deduction the number of 13,056,000 treasury shares retained by the Company from the original number of issued shares of 513,799,322 ordinary shares of the Company***

TOP 30 SHAREHOLDERS

NO	NAME	NO. OF SHARES HELD	% SHAREHOLDING
1.	ISLAND HARVESTS SDN BHD	102,373,817	20.44
2.	TAPAK BERINGIN SDN. BHD.	90,272,017	18.03
3.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR HASMI BIN HASNAN (PB)	44,864,692	8.96
4.	HASMI & ASSOCIATES MANAGEMENT SDN BHD	32,339,950	6.46
5.	ABDUL HAMED BIN SEPAWI	23,905,368	4.77
6.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HASMI BIN HASNAN	10,866,076	2.17
7.	ABDUL HAMED BIN SEPAWI	8,648,059	1.73
8.	HWS PROPERTIES SDN BHD	4,312,250	0.86
9.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	3,000,000	0.60
10.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PLASMA CAPITAL SDN. BHD.	2,000,000	0.40
11.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEE ZHEN XAO (6000085)	1,975,000	0.39
12.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MAK TIAN MENG	1,908,700	0.38
13.	LEMBAH RAKYAT SDN. BHD.	1,874,983	0.37
14.	TAN KOK CHUAN	1,700,000	0.34
15.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR SINCERE SUCCESS SDN BHD (PB)	1,500,500	0.30
16.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR IBRAHIM BIN BAKI	1,500,000	0.30
17.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEW POK OI	1,436,100	0.29
18.	CHOY WEE CHIAP	1,400,000	0.28
19.	TAPAK BERINGIN SDN. BHD.	1,360,433	0.27
20.	TAN AI BENG	1,310,000	0.26
21.	TING SIEW CHII	1,300,000	0.26
22.	LIM KYAT CHUAN	1,250,000	0.25
23.	PUBLIC INVEST NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MUHAMAD ALOYSIUS HENG (M)	1,211,000	0.24
24.	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA FAMILY TAKAFUL BERHAD (FAMILY)	1,200,000	0.24
25.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FRANCIS KONG @ KONG FEN SHIN (E-KKU/LBN)	1,200,000	0.24
26.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR TING KUOK LEY @ DAVID KUOK LEH TING (PB)	1,186,900	0.24
27.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GAN HUA CHA (6000154)	1,152,100	0.23
28.	NG SIEW KOOI	1,135,000	0.23
29.	PM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH PECK GUAN (B)	1,038,500	0.21
30.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MOHD JOHAR BIN ISMAIL	1,012,000	0.20

Analysis of Shareholdings as at 30 April 2020 (continued)

SUBSTANTIAL SHAREHOLDERS

NAME OF SUBSTANTIAL SHAREHOLDERS	DIRECT NO. OF SHARES HELD	%	INDIRECT NO. OF SHARES HELD	%
1. ISLAND HARVESTS SDN. BHD.	102,373,817	20.44	-	-
2. TAPAK BERINGIN SDN. BHD.	91,632,450	18.30	-	-
3. HASMI & ASSOCIATES MANAGEMENT SDN. BHD.	32,339,950	6.46	-	-
4. DATUK HASMI BIN HASNAN	55,730,768	11.13	135,259,244	27.01
5. DATUK AMAR ABDUL HAMED BIN HAJI SEPAWI	32,553,427	6.50	93,507,433	18.67

DIRECTORS' DIRECT AND INDIRECT INTEREST IN THE COMPANY

	DIRECT NO. OF SHARES HELD	%	INDIRECT NO. OF SHARES HELD	%
1. DATUK AMAR ABDUL HAMED BIN HAJI SEPAWI	32,553,427	6.50	93,507,433	18.67
2. DATUK HASMI BIN HASNAN	55,730,768	11.13	135,259,244	27.01
3. BEH BOON EWE	-	-	-	-
4. DATO IR. ABANG JEMAT BIN ABANG BUJANG	-	-	-	-
5. DATIN MARY SA'DIAH BINTI ZAINUDDIN	-	-	-	-
6. DATUK AHMAD BIN ABU BAKAR	-	-	-	-
7. CHIN CHEE KONG	-	-	-	-
8. TAN CHUAN DYI	-	-	-	-
9. SULAIHAH BINTI MAIMUNNI	-	-	-	-


Naim Clubhouse @ SouthLake Permyjaya, Miri

Top 10 Properties

Lot No/Location	Description	Date Of Acquisition/ Lease Expiring Date	Land Area/ (Built up Area) Sq. Meter	Carrying Amount RM'000
PROPERTIES UNDER PROPERTY, PLANT AND EQUIPMENT				
Part of Lot 6180, Block 11 Kuala Baram Land Dsitrict	Clubhouse	20.07.1995 Expiring 26.05.2114	29,220 (5,385)*	24,549
Part of Lot 4532 Bintulu Town District	Hotel Building	06.11.2008 Expiring 04.07.2111	1,969 (12,662)	41,915
PROPERTIES UNDER INVENTORY - LAND HELD FOR DEVELOPMENT				
Lot 6186, Part of Lot 8837, Block 11 Kuala Baram Land District	Land For Development	20.07.1995 Expiring 26.06.2114	459,680	20,778
Lot 5234, Block 25 Muara Tuang Land District	Land For Development	29.05.2008 Expiring 15.01.2112	1,808,000	26,709
Lot 4288, Block 26 Kemena Land District	Land For Development	14.11.2014 Expiring 13.11.2113	114,680	17,204
Lot 2905, Block 20 Kemena Land District	Land For Development	20.05.2013 Expiring 19.05.2112	260,000	15,080
Lot 8619, Block 11 Kuala Baram Land District	Land For Development	12.09.2012 Expiring 11.09.2111	142,000	8,529
Lot 4533 Bintulu Town District	Land For Development	26.09.2008 Expiring 04.07.2111	54,997	12,697
INVESTMENT PROPERTY				
Lot 2597, Block 8 Muara Tebas Land District	Industrial Land	27.07.2016 Expiring 26.07.2076	200,300	10,376
Lot 3244, Block 11 Kuala Baram Land District	Commercial Land & Retail Building	20.07.1995 Expiring 19.07.2094	34,130 (25,560)	43,845

* *excluding outdoor facilities*

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 19th Annual General Meeting ("AGM") of Members of **NAIM HOLDINGS BERHAD** will be conducted entirely through live streaming from the broadcast venue at Naim Holdings Berhad, 10th Floor, Wisma Naim, 2 ½ Mile, Rock Road, 93200 Kuching, Sarawak, Malaysia ("Broadcast Venue") on Thursday, 24 June 2021 at 10.00am for the following purposes:

ORDINARY BUSINESSES

1. **Adoption of Financial Statements**

   To receive and adopt the audited financial statements and reports of Directors and Auditors for the financial year ended 31 December 2020. **[Please refer to Explanatory Note a]**

2. **Approval of Directors' fees and remuneration**

   a. To approve the payment of Directors' remuneration for the Non-Executive Chairman. **ORDINARY RESOLUTION 1**

   b. To approve the payment of Directors' remuneration for the Non-Executive Directors. **ORDINARY RESOLUTION 2**

3. **Re-Election of Directors**

   a. To re-elect the following Directors who retire in accordance with Clause 85(a) of the constitution of the Company:

   Datuk Hasmi Bin Hasnan **ORDINARY RESOLUTION 3**
   Datin Mary Sa'diah Binti Zainuddin **ORDINARY RESOLUTION 4**
   Chin Chee Kong **ORDINARY RESOLUTION 5**

   b. To re-elect the following Director who retire in accordance with Clause 92 of the constitution of the Company:

   Beh Boon Ewe **ORDINARY RESOLUTION 6**

4. **Re-Appointment of Auditors**

   To re-appoint Messrs. KPMG PLT as Auditors and to authorise the Directors to fix their remuneration. **ORDINARY RESOLUTION 7**

SPECIAL BUSINESSES

To consider and, if thought fit, to pass the following as Ordinary Resolutions:

5. **ORDINARY RESOLUTION 8 – RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR**

   ""That approval be and is hereby given to Dato Ir. Abang Jemat Bin Abang Bujang who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company." **ORDINARY RESOLUTION 8**

6. **ORDINARY RESOLUTION 9 - AUTHORITY TO ALLOT AND ISSUE SHARES**

   "THAT, subject always to the Companies Act, 2016, the Constitution of the Company and the approvals of the relevant governmental/regulatory authorities, if applicable, the Directors of the Company be and are hereby empowered pursuant to Sections 75 and 76 of the Companies Act, 2016, to allot and issue shares in the Company, from time to time, and upon such terms and conditions and for such purposes as the Directors of the Company may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten percent (10%) of total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval for the listing of, and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad ("Bursa Malaysia") AND THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company." **ORDINARY RESOLUTION 9**

7. ORDINARY RESOLUTION 10 - PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES ("PROPOSED SHARE BUY-BACK")

"THAT, subject always to the Companies Act, 2016 and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised to purchase such number of ordinary shares of the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company, from time to time, through Bursa Malaysia, upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that:

i the aggregate number of ordinary shares to be purchased pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company;
ii the amount not exceeding the retained profits of the Company shall be allocated by the Company for the Proposed Share Buy-Back;

AND THAT at the absolute discretion of the Directors of the Company, upon such purchase by the Company of its own shares, the purchased shares shall be cancelled and/or retained as treasury shares and subsequently be cancelled, distributed as dividends or resold on Bursa Malaysia and/or in any other manner as prescribed by the Companies Act 2016.

AND THAT the Directors of the Company be and are hereby empowered to do all acts and enter into all such transactions, agreements and arrangements, and to execute, sign and deliver for and on behalf of the Company, all such documents as the Directors may deem fit and expedient in order to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as the Directors may in their absolute discretion deem fit and in the best interest of the Company and/or as may be imposed or agreed to by any relevant authorities;

AND THAT such authority conferred by this resolution shall commence immediately and shall continue to be in force until the conclusion of the next Annual General Meeting of the Company following the passing of this ordinary resolution, unless earlier revoked or varied by an ordinary resolution of the shareholders of the Company in a general meeting. **ORDINARY RESOLUTION 10**

8. To transact any other ordinary business of which due notice shall have been given.

BY ORDER OF THE BOARD

BONG SIU LIAN (MAICSA 7002221)
SSM Practising Certificate No. 201908001493
HASMIAH BINTI ANTHONY HASBI (SAA0772-KH004)
SSM Practising Certificate No. 201908002509

Company Secretaries

Kuching, Sarawak
Dated this 24 May 2021

NOTES:

1. **Virtual Meeting**
As part of the initiatives to curb the spread of COVID-19, the 19th AGM of the Company will be conducted entirely on a virtual basis through live streaming and online remote voting via Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") which are available on its TIIH Online website at https://tiih.online. Please follow the procedures provided in the Administrative Details for the 19th AGM in order to register, participate and vote remotely via the RPV.

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting.

No members or proxies shall be allowed to be physically present at the Broadcast Venue on the day of the 19th AGM.

2. **Proxy**
a. For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the Record of Depositors as at 17 June 2021. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.

Notice of Annual General Meeting (continued)

b. A member who is entitled to participate in this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
c. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the meeting except where the member is an authorised nominee as defined in accordance with the provisions of the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds and where the member is an Exempt Authorised Nominee, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account.
d. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
e. A member who has appointed a proxy or attorney or authorised representative to participate at the 19th AGM via RPV must request his/her proxy or attorney or authorised representative to register himself/herself for RPV via TIIH Online website at https://tiih.online. Procedures for RPV can be found in the Administrative Details for the 19th AGM.
f. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than twenty-four (24) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:
   i. In hard copy form
      In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
   ii. By electronic means
      The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online. Kindly refer to the Administrative Details for the 19th AGM.
g. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
h. Last date and time for lodging the proxy form is Wednesday, 23 June 2021 at 10.00am.
i. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than twenty-four (24) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
j. For a corporate member who has appointed an authorised representative, please deposit the ORIGINAL certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:
   i. If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
   ii. If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
      a. at least two (2) authorised officers, of whom one shall be a director; or
      b. any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
k. The Notice of the 19th AGM together with the Form of Proxy, Administrative Details, Annual Report 2020 and the Share Buy-Back Statement are published on the Company's website at www.naim.com.my or Bursa Malaysia's website at www.bursamalaysia.com.
   Please follow the procedures provided in the Administrative Details for the 19th AGM in order to register, participate and/or vote remotely.
l. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all resolutions set out in this Notice will be put to vote by poll.

Explanatory Notes on Ordinary and Special Businesses

a. Item 1 of the Agenda

The Audited Financial Statements laid at this meeting pursuant to Section 340(1)(a) of the Companies Act 2016 are meant for discussion only. It does not require shareholders' approval, and therefore, not put forward for voting.

b. Ordinary Resolutions 1 and 2 – Directors' Remuneration

Pursuant to Section 231(1) of the Companies Act 2016, ("the Act"), the fees and benefits ("Remuneration") payable to the Directors of the Company will have to be approved by the shareholders of the Company at a general meeting. In this respect, the Board of Directors of the Company hereby seek the shareholders' approval for the Directors' remuneration in two (2) separate resolutions as follows:-

- Ordinary resolution 1 payment of Directors' remuneration to the Non-Executive Chairman
- Ordinary resolution 2 payment of Directors' remuneration to the Non-Executive Directors

Details of the estimated Directors' Remuneration for Non-Executive Directors for the period from May 2021 to April 2022 are as follows:

Description	Non-Executive Chairman	Non-Executive Director
	May 2021 to April 2022 RM	May 2021 to April 2022 RM
Fixed allowance per month	73,230	Not applicable
EPF contribution per month	11,717	Not applicable
Directors' Fee per month	Not applicable	7,500
Additional Directors' Fee per month for Senior Independent Non-Executive director	Not applicable	1,000
Meeting allowance per Board meeting	2,000	2,000
Meeting allowance per Board Committee meeting	1,500	1,500
Other Benefits	Car, driver, petrol, medical coverage, professional & club memberships, travel, communication, D&O@ Liability Insurance coverage and other claimable benefits	reimbursement for travel expenses (to attend meetings and company functions), communication, D&O@ Liability Insurance coverage and other claimable benefits

Notes: @ - Directors & Officers

The Executive Directors are not entitled to Directors' fees and meeting allowances for attending Board and Board Committee meetings.

c. Ordinary Resolutions 3, 4, 5 and 6 – Re-Election of Directors

i. Clause 85(a) of the Company's constitution provides that one third (1/3) of the Directors of the Company for the time being shall retire by rotation at the AGM of the Company. All Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.

   The Directors retiring under Clause 85(a) are as follows:
   i. Datuk Hasmi Bin Hasnan;
   ii. Datin Mary Sa'diah Binti Zainuddin; and
   iii. Chin Chee Kong
   and being eligible have offered themselves for re-election.

ii. Clause 92 of the Company's constitution provides that new appointment of the Directors of the Company shall hold office only until the next AGM.

   The Director retiring under Clause 92 is Beh Boon Ewe and being eligible has offered himself for re-election.

   The respective profiles of the above Directors are set out in the Profile of Directors pages 16 to 24.
   The details of interest in securities of the Company (if any) held by the Directors are stated on page 172 of the Annual Report.

Notice of Annual General Meeting (continued)

d. Ordinary Resolution 7 – Re-appointment of Auditors

The Board has at its meeting held on 3 May 2021 approved the recommendation of the Audit Committee on the re-appointment of Messrs KPMG PLT as Auditors of the Company. The Board is satisfied that Messrs KPMG PLT has met the relevant criteria prescribed under Paragraph 15.21 of the Main Market Listing Requirements of Bursa Securities which was concluded through the assessment carried out by the Audit Committee on the suitability and independence of Messrs. KPMG PLT.

e. Ordinary Resolutions 8 – Retention of Independent Non-Executive Directors

The proposed ordinary resolution 8 is to seek shareholders' approval to retain Dato Ir. Abang Jemat Bin Abang Bujang, who has served as an Independent Non-Executive Director of the Company for more than nine (9) years on the Board, to continue to hold office as an Independent Non-Executive Director for another one (1) year term with effect from the passing of this resolution until the conclusion of the next AGM of the Company in year 2022. The Board of Directors through the Nominating Committee had assessed the independence of Dato Ir. Abang Jemat Bin Abang Bujang and thereby recommended that Dato Ir. Abang Jemat Bin Abang Bujang to continue to act as Independent Non-Executive Director of the Company based on the following justifications:

i. Dato Ir. Abang Jemat Bin Abang Bujang continues to fulfill the criteria under the definition of independent director pursuant to paragraph 1.01 of the Listing Requirements of Bursa Malaysia Securities Berhad, and hence, he would be able to continue to provide objectively and independent judgment to the Board.
ii. He has been performing his duty diligently and in the best interest of the Company.
iii. Having been as an Independent Non-Executive Director in the Company for more than nine (9) years, he is familiar in the Group's business operations and has devoted sufficient time and attention to his professional obligations and facilitated informed and balanced decision making process.

f. Ordinary Resolution 9 – Authority to Allot and Issue Share pursuant to Sections 75 and 76 of the Companies Act 2016

This resolution is proposed pursuant to Sections 75 and 76 of the Companies Act 2016, and if passed, will empower the Directors of the Company to issue shares in the Company up to an amount not exceeding ten percent (10%) of the total number of issued shares of the Company for the time being for any possible fund-raising activities for purposes as the Directors consider to be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in general meeting will expire at the conclusion of the next AGM.

The renewal of this mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding current and future investment project(s), working capital and/or acquisitions.

The Company did not issue any new shares under the general mandate which was approved at the 18th AGM.

g. Ordinary Resolution 10 – Proposed Renewal of Authority for the Company to Purchase its Own Shares

The Proposed Ordinary Resolution 10, if passed will empower the Directors of the Company to purchase its own shares. The total number of shares purchased shall not exceed 10% of the total number of issued shares of the Company for the time being. This authority will, unless revoked or varied by the Company in general meeting, expires at the next AGM in the Company.

The Share Buy-Back Statement in relation to The Proposed Renewal of Authority for the Company to Purchase of its Own Shares dated 24 May 2021 is enclosed for further information.

Administrative Details for the Nineteen Annual General Meeting ("19th AGM") of Naim Holdings Berhad

Date	: Thursday, 24 June 2021
Time	: 10.00 a.m.
Broadcast Venue	: Naim Holdings Berhad, 10th Floor, Wisma Naim, 2 ½ Mile, Rock Road, 93200 Kuching, Sarawak.

Precautionary Measures Against the Coronavirus Disease ("COVID-19")

- The Securities Commission Malaysia ("SC") had, on 13 January 2021, announced that capital market entities supervised, licensed or registered by the SC shall operate in accordance with the applicable Standard Operating Procedures ("SOPs) issued by the authorities during the Emergency Ordinance and various forms of Movement Control Order ("MCO"). The SC had, on 12 January 2021, issued a revised Guidance Note on the Conduct of General Meetings for Listed Issuers ("SC Guidance Note") which states that only fully virtual meetings will be allowed during MCO and Conditional MCO, subject to the requirements under the prevailing and applicable SOPs.
- In line with the Government's directive and SC Guidance Note above to curb the spread of COVID-19, the Company will conduct the 19th AGM on a virtual basis through live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's ("Tricor") TIIH Online website at https://tiih.online.
- The venue of the 19th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue of the meeting. No shareholders/proxy(ies) from the public will be physically present at the meeting venue.
- We strongly encourage you to attend the 19th AGM via the RPV facilities. You may also consider appointing the Chairman of the Meeting as your proxy to attend and vote on your behalf at the 19th AGM.
- Due to the constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our 19th AGM at short notice. Kindly check the Company's website or announcements for the latest updates on the status of the 19th AGM.
- The Company will continue to observe the guidelines issued by the Ministry of Health and will take all relevant precautionary measures as advised.

Remote Participation and Voting

- The RPV facilities are available on Tricor's TIIH Online website at https://tiih.online.
- Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the 19th AGM using RPV facilities from Tricor.
- Kindly refer to Procedures for RPV as set out below for the requirements and procedures.

Procedures to Remote Participation and Voting via RPV Facilities

- Please read and follow the procedures below to engage in remote participation through live streaming and online remote voting at the 19th AGM using the RPV facilities:

  Before the 19th AGM Day

Procedure	Action
i. **Register as a user with TIIH Online**	• Using your computer, access to website at https://tiih.online. Register as a user under the "e-Services" select "Create Account by **Individual Holder**". Refer to the tutorial guide posted on the homepage for assistance. • Registration as a user will be approved within one (1) working day and you will be notified via e-mail. • If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.

Administrative Details for the Nineteen Annual General Meeting ("19th AGM") of Naim Holdings Berhad (continued)

Before the 19th AGM Day (continued)

Procedure	Action
ii. Submit your request to attend 19th AGM remotely	• Registration is open from Monday, 24 May 2021 until the day of 19th AGM on Thursday, 24 June 2021. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 19th AGM to ascertain their eligibility to participate the 19th AGM using the RPV. • Login with your user ID (i.e. e-mail address) and password and select the corporate event: **(Registration) Naim 19th AGM** • Read and agree to the Terms & Conditions and confirm the Declaration. • Select "Register for Remote Participation and Voting". • Review your registration and proceed to register. • System will send an **e-mail to notify** that your registration for remote participation is received and will be verified. • After verification of your registration against the Record of Depositors as at 17 June 2021, the system will send you an **e-mail after 23 June 2021** to approve or reject your registration for remote participation. *(Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV) .*

On the 19th AGM Day

Procedure	Action
i. Login to TIIH Online	Login with your user ID and password for remote participation at the 19th AGM at any time from 9.30 a.m. i.e. 30 minutes before the commencement of meeting at 10.00 a.m. on Thursday, 24 June 2021.
ii. Participate through Live Streaming	• Select the corporate event: **(Live Stream Meeting) Naim 19th AGM** to engage in the proceedings of the 19th AGM remotely. If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will try to respond to questions submitted by remote participants during the 19th AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.
iii. Online remote voting	• Voting session commences from 10:00 a.m. on Thursday, 24 June 2021 until a time when the Chairman announces the end of the session. • Select the corporate event: (Remote Voting) Naim 19th AGM or if you are on the live stream meeting page, you can select "**GO TO REMOTE VOTING PAGE**" button below the Query Box. • Read and agree to the Terms & Conditions and confirm the Declaration. • Select the CDS account that represents your shareholdings. • Indicate your votes for the resolutions that are tabled for voting. • Confirm and submit your votes.
iv. End of remote participation	• Upon the announcement by the Chairman on the conclusion of the 19th AGM, the Live Streaming will end.

Note to users of the RPV facilities:

i. Should your registration for RPV be approved, we will make available to you the rights to join the live stream meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.

ii. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.

iii. In the event you encounter any issues with logging-in, connection to the live stream meeting or online voting on the meeting day, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 for assistance or e-mail to tiih.online@my.tricorglobal.com for assistance.

Entitlement to Participate and Appointment of Proxy

- Only members whose names appear on the Record of Depositors as at 17 June 2021 shall be eligible to attend, speak and vote at the 19th AGM or appoint a proxy(ies) and/or the Chairman of the Meeting to attend and vote on his/her behalf.
- In view that the 19th AGM will be conducted on a virtual basis, a member can appoint the Chairman of the Meeting as his/her proxy and indicate the voting instruction in the Form of Proxy.
- If you wish to participate in the 19th AGM yourself, please do not submit any Form of Proxy for the 19th AGM. You will not be allowed to participate in the 19th AGM together with a proxy appointed by you.
- Accordingly, proxy forms and/or documents relating to the appointment of proxy/corporate representative/attorney for the 19th AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than Wednesday, 23 June 2021 at 10.00 a.m:

  i. In Hard copy:
     a. By hand or post to the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur;
     b. By fax at 03-2783 9222 or e-mail to is.enquiry@my.tricorglobal.com

  ii. By Electronic form:
  All shareholders can have the option to submit proxy forms electronically via TIIH Online and the steps to submit are summarised below:

Procedure	Action
i. Steps for Individual Shareholders	
• **Register as a User with TIIH Online**	• Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". Please refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with TIIH Online, you are not required to register again.
• **Proceed with submission of form of proxy**	• After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. • Select the corporate event: Naim 19th AGM - "Submission of Proxy Form". • Read and agree to the Terms and Conditions and confirm the Declaration. • Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes. • Review and confirm your proxy(s) appointment. • Print the form of proxy for your record.
ii. Steps for corporation or institutional shareholders	
▪ **Register as a User with TIIH Online**	▪ Access TIIH Online at https://tiih.online ▪ Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects "**Create Account by Representative of Corporate Holder**". ▪ Complete the registration form and upload the required documents. ▪ Registration will be verified, and you will be notified by email within one (1) to two (2) working days. ▪ Proceed to activate your account with the temporary password given in the email and re-set your own password. Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.

Administrative Details for the Nineteen Annual General Meeting ("19th AGM") of Naim Holdings Berhad (continued)

Procedure	Action
ii. Steps for corporation or institutional shareholders (continued)	
▪ **Proceed with submission of form of proxy**	▪ Login to TIIH Online at https://tiih.online ▪ Select the corporate exercise name: "Naim 19th AGM: Submission of Proxy Form" ▪ Agree to the Terms & Conditions and Declaration. ▪ Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. ▪ Prepare the file for the appointment of proxies by inserting the required data. ▪ Submit the proxy appointment file. ▪ Login to TIIH Online, select corporate exercise name: "**Naim 19th AGM: Submission of Proxy Form**". ▪ Proceed to upload the duly completed proxy appointment file. ▪ Select "Submit" to complete your submission. ▪ Print the confirmation report of your submission for your record.

Voting at Meeting

- The voting at the 19th AGM will be conducted on a poll pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The Company has appointed Tricor to conduct the poll voting electronically ("e-voting") via Tricor e-Vote application ("Tricor e-Vote App") and Scrutineer Solutions Sdn. Bhd. as Independent Scrutineers to verify the poll results.
- Shareholders can proceed to vote on the resolutions before the end of the voting session which will be announced by the Chairman of the Meeting and submit your votes at any time from the commencement of the 19th AGM at 10.00 a.m. Kindly refer to "Procedures to Remote Participation and Voting via RPV Facilities" provided above for guidance on how to vote remotely via TIIH Online.

Results of the voting

- The resolutions proposed at the 19th AGM and the results of the voting will be announced at the 19th AGM and subsequently via an announcement made by the Company through Bursa Malaysia at www.bursamalaysia.com.

No Breakfast / Lunch Pack, Door Gift or Food Voucher

- There will be no distribution of breakfast / lunch packs, door gifts or food vouchers during the 19th AGM since the meeting is being conducted on a virtual basis.

Pre-Meeting Submission of Questions to the Board of Directors

- The Board recognises that the 19th AGM is a valuable opportunity for the Board to engage with shareholders. In order to enhance the efficiency of the proceedings of the 19th AGM, shareholders may in advance, before the 19th AGM, submit questions to the Board of Directors via Tricor's TIIH Online website at https://tiih.online, by selecting "e-Services" to login, post your questions and submit it electronically no later than Wednesday, 23 June 2021. The Board of Directors will endeavor to address the questions received at the 19th AGM.

Annual Report

- The Annual Report is available on the Company's website at www.naim.com.my and Bursa Malaysia's website at www.bursamalaysia.com under Company's announcements.
- You may request for a printed copy of the Annual Report at https://tiih.online by selecting "Request for Annual Report" under the "Investor Services".
- Kindly consider the environment before you decide to request for the printed copy of the Annual Report. The environmental concerns like global warming, deforestation, climate change and many more affect every human, animal and nation on this planet.

Enquiry

- If you have any enquiry prior to the meeting, please call our Share Registrar, Tricor at +603-2783 9299 during office hours i.e. from 8.30 a.m. to 5.30 p.m. (Monday to Friday).

BUILDING VALUE SPIRITEDLY

NAIM HOLDINGS BERHAD

REGISTRATION NO. 200201017804 (585467 - M)

Form of Proxy

Number of shares held:	CDS account no.	Shareholder's Contact No.

I/We ____
(FULL NAME AS PER NRIC IN BLOCK CAPITAL)

IC No./ID No./Company No. ______________________________ (new) ______________________________ (old)

of ____
(FULL ADDRESS)

being a member/members of NAIM HOLDINGS BERHAD ("the Company") hereby appoint:

First Proxy

Full Name	**NRIC/Passport No.**	**Proportion of Shareholdings represented**	
		No. of Shares	**%**

and or failing him/her

Second Proxy

Full Name	**NRIC/Passport No.**	**Proportion of Shareholdings represented**	
		No. of Shares	**%**

Or failing him/her the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the 19th Annual General Meeting of the Company which will be conducted entirely through live streaming from the broadcast venue at Naim Holdings Berhad, 10th Floor Wisma Naim, 2½ Mile, Rock Road, 93200 Kuching, Sarawak, Malaysia. ("Broadcast Venue") on Thursday, 24 June 2021 at 10.00am or any adjournment thereof, in the manner indicated below:

Resolutions		**FOR**	**AGAINST**
Ordinary Resolution 1	Approval of Directors' fees and remuneration for the Non-Executive Chairman		
Ordinary Resolution 2	Approval of Directors' fees and remuneration for the Non-Executive Directors		
Ordinary Resolution 3	Re-election of Director : Datuk Hasmi Bin Hasnan		
Ordinary Resolution 4	Re-election of Director : Datin Mary Sa'diah Binti Zainuddin		
Ordinary Resolution 5	Re-election of Director : Chin Chee Kong		
Ordinary Resolution 6	Re-election of Director : Beh Boon Ewe		
Ordinary Resolution 7	Re-appointment of Auditors : Messrs KPMG PLT as Auditors and authorising the Directors to fix their remuneration		
Special Businesses			
Ordinary Resolution 8	Retention of Dato Ir. Abang Jemat Bin Abang Bujang as Independent Director		
Ordinary Resolution 9	Authority to allot and issue shares		
Ordinary Resolution 10	Proposed renewal of authority to purchase own shares		

(Please indicate with an "X" in the spaces above how you wish your votes to be casted on the resolution specified in the Notice of Meeting. If no specific direction as the voting is indicated, the proxy/proxies will vote abstain from voting as he/she/they think(s) fit.)

Dated this ______________ day of ________________ 2021

____
Signature of Shareholder(s)/Common Seal

1. Fold here / Lipat di sini

STAMP

Share Registrar

TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD

Unit 32-01, Level 32, Tower A, Vertical Business Suite
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia

2. Fold here / Lipat di sini

NOTES:

1. Virtual Meeting

As part of the initiatives to curb the spread of COVID-19, the 19th AGM of the Company will be conducted entirely on a virtual basis through live streaming and online remote voting via Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") which are available on its TIIH Online website at https://tiih.online. Please follow the procedures provided in the Administrative Details for the 19th AGM in order to register, participate and vote remotely via the RPV.

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting.

No members or proxies shall be allowed to be physically present at the Broadcast Venue on the day of the 19th AGM.

2. Proxy

a. For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the Record of Depositors as at 17 June 2021. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.

b. A member who is entitled to participate in this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.

c. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the meeting except where the member is an authorised nominee as defined in accordance with the provisions of the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds and where the member is an Exempt Authorised Nominee, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account.

d. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

e. A member who has appointed a proxy or attorney or authorised representative to participate at the 19th AGM via RPV must request his/her proxy or attorney or authorised representative to register himself/herself for RPV via TIIH Online website at https://tiih.online. Procedures for RPV can be found in the Administrative Details for the 19th AGM.

f. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than twenty-four (24) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

   i. <u>In hard copy form</u>
   In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

   ii. <u>By electronic means</u>
   The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online. Kindly refer to the Administrative Details for the 19th AGM.

g. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

h. Last date and time for lodging the proxy form is Wednesday, 23 June 2021 at 10.00am.

i. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than twenty-four (24) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

j. For a corporate member who has appointed an authorised representative, please deposit the ORIGINAL certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:

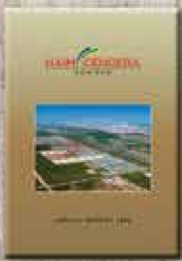
   i. If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.

   ii. If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
      a. at least two (2) authorised officers, of whom one shall be a director; or
      b. any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

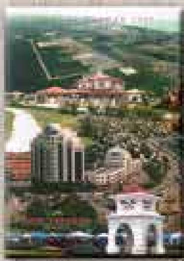
k. The Notice of the 19th AGM together with the Form of Proxy, Administrative Details, Annual Report 2020 and the Share Buy-Back Statement are published on the Company's website at www.naim.com.my or Bursa Malaysia's website at www.bursamalaysia.com.
Please follow the procedures provided in the Administrative Details for the 19th AGM in order to register, participate and/or vote remotely.

l. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all resolutions set out in this Notice will be put to vote by poll.

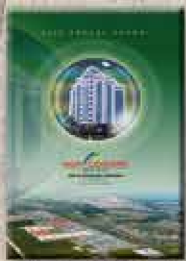
From Where We Began . . .



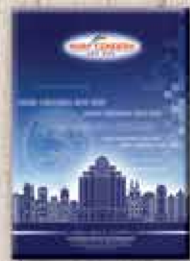
Annual Report
1998
NAIM CENDERA SDN BHD



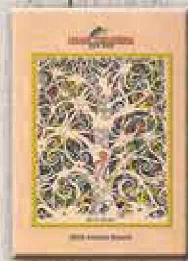
Annual Report
1999
NAIM CENDERA SDN BHD



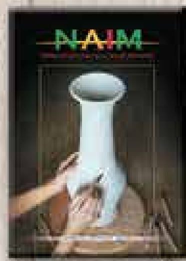
Annual Report
2000
NAIM CENDERA SDN BHD



Annual Report
2001
NAIM CENDERA SDN BHD



Annual Report
2002
NAIM CENDERA SDN BHD



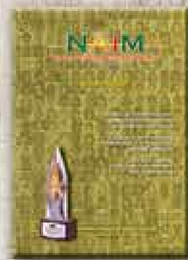
Annual Report
2003
NAIM CENDERA HOLDINGS BERHAD

Annual Report
2004
NAIM CENDERA HOLDINGS BERHAD

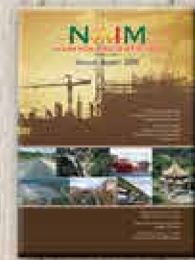
Annual Report
2005
NAIM CENDERA HOLDINGS BERHAD

Annual Report
2006
NAIM CENDERA HOLDINGS BERHAD

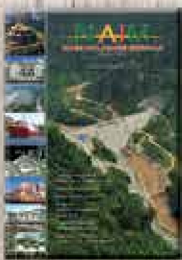
Annual Report
2007
NAIM CENDERA HOLDINGS BERHAD



Annual Report
2008
NAIM HOLDINGS BERHAD
(Formerly known as Naim Cendera Holdings Berhad)

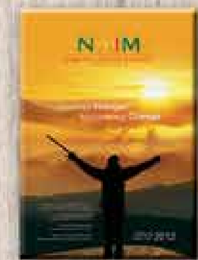


Annual Report
2009
NAIM HOLDINGS BERHAD

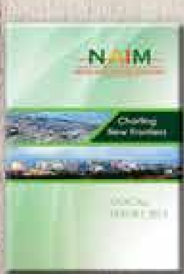


Annual Report
2010
NAIM HOLDINGS BERHAD

Annual Report
2011
NAIM HOLDINGS BERHAD

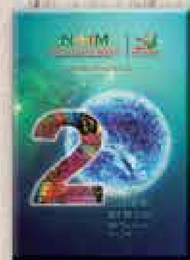


Annual Report
2012
NAIM HOLDINGS BERHAD



Annual Report
2013
NAIM HOLDINGS BERHAD

Annual Report
2014
NAIM HOLDINGS BERHAD



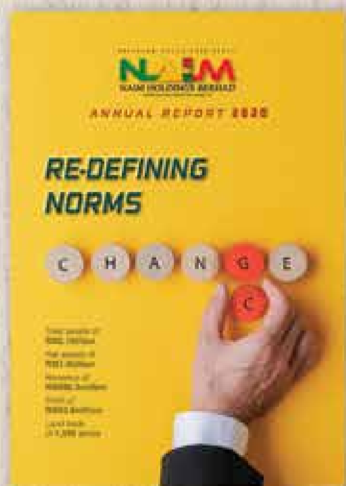
Annual Report
2015
NAIM HOLDINGS BERHAD

Annual Report
2016
NAIM HOLDINGS BERHAD

Annual Report
2017
NAIM HOLDINGS BERHAD

Annual Report
2018
NAIM HOLDINGS BERHAD

Annual Report
2019
NAIM HOLDINGS BERHAD



Annual Report 2020
NAIM HOLDINGS BERHAD

BUILDING VALUE SPIRITEDLY

NAIM HOLDINGS BERHAD

REGISTRATION NO. 200201017804 (585467 - M)

Registered and Head Office

9th Floor Wisma Naim, 2½ Mile, Rock Road, 93200 Kuching, Sarawak, Malaysia.
Tel: +6 082 411667 Fax: +6 082 429869 E-mail: enquiries@naim.com.my
Website: www.naim.com.my I naimproperties.com.my
Facebook: Naim Properties

Kuching | Bintulu | Miri