

BUILDING VALUE IN EVERY WAY



NAIM HOLDINGS BERHAD

COMPANY NO. 585467 - M

Annual Report 2017

DOWN BUT NOT OUT



Total assets of
RM2billion

Net assets of
RM1billion

Revenue of
RM365million

Loss of
RM168million

Total outstanding
Construction order
book of RM2billion

Land bank of
2,500 acres

BUILDING VALUE IN EVERY WAY

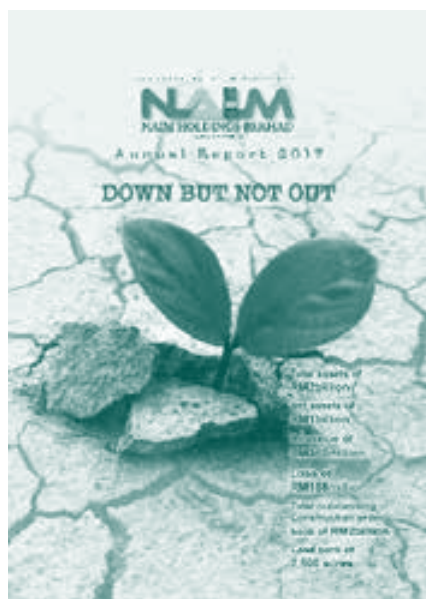


Logo Rationale

Our corporate logo displays the word 'Naim' in green, red and gold colours, which reflects the Group's strength and capabilities. Green represents growth, sincerity and fairness, red represents strength and prosperity, while gold represents excellence and superior quality.

More importantly, there is fluidity in design, where every alphabet is interconnected, signifying the need for coherence and co-operation among all functions of the business to fulfil our brand purpose of 'Building Value In Every Way'. In addition, the building blocks displayed therein symbolises our vision and desire to build and add value to our stakeholders, community, State and country at large.





Theme For Cover Design

2017 was an embodiment of hard work and perseverance for the Naim Team. Faced with various adversities within an unfavourable business environment, we had our hearts in the business and strived as one towards the continued sustainability of the Group.

The cover design accompanied by the statement 'Down But Not Out' echoes our strong belief that while there may be disappointments in work and business, we can and will make a comeback by learning from these setbacks, and grow the Group ultimately!

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

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Our Vision

To be a **TOP NOTCH GLOBAL** property developer and infrastructure builder

Our Mission

To achieve our aspiration, we are committed to **BUILD VALUE IN EVERY WAY**, with you and for you by:

- ◆ **EXCEEDING CUSTOMER EXPECTATIONS**
- ◆ Being The **BEST PLACE TO WORK** on earth
- ◆ Being The **BEST COMPANY TO INVEST IN** and **DO BUSINESS WITH**
- ◆ Being an **EXEMPLARY CORPORATE CITIZEN** that **CONTRIBUTES GENEROUSLY** to the society, community and environment

Our S.P.I.R.I.T.E.D Cultural Beliefs

SERVICE

I make customers & their needs my primary focus

PROFESSIONALISM & INTEGRITY

I demonstrate professionalism & integrity in everything I do

RESPECT

I treat others with dignity and respect, and expect to be treated the same

INNOVATION

I look for innovative ways to continually improve what we do in NAIM

TEAMWORK & ENGAGEMENT

I work as a team, and engage the contribution of Valued Partners to achieve collective goals

EMPOWERMENT

I am empowered and accountable for all my actions

DETERMINATION

I am determined & committed to overcoming challenges for the success of NAIM!

Corporate Responsibility Statement

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



Cautionary Statement Regarding Forward-Looking Statements

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

Performance At A Glance

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Corporate Profile

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

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

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

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

With its flagship property developments known as Naim Bandar Baru Permyjaya in Miri, Naim Kuching Paragon integrated development, Naim Desa Ilmu and Naim Riveria in Kuching and Naim Bintulu Paragon integrated development in Bintulu. Naim has also built and developed more than 20,000 properties for the Sarawak community.

Customer satisfaction year after year clearly demonstrates the philosophies of Naim's existence – excellent quality, timely delivery, value and customer service. This has resulted in more than 30 industry awards/accolades being won since 2002, an acknowledgement of Naim's significant contribution in the property and construction sectors.



Financial Calendar

Financial Calendar

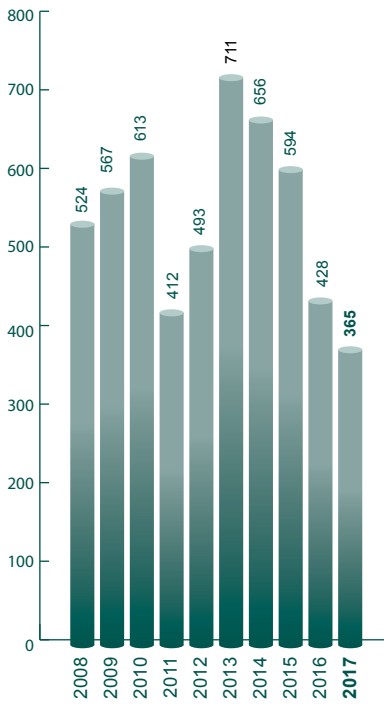
Announcement of Results	1st quarter	29 May 2017
	2nd quarter	24 Aug 2017
	3rd quarter	23 Nov 2017
	4th quarter	28 Feb 2018
Notice of Annual General Meeting		28 Apr 2017
Annual General Meeting		29 May 2017

Investor Relations Service

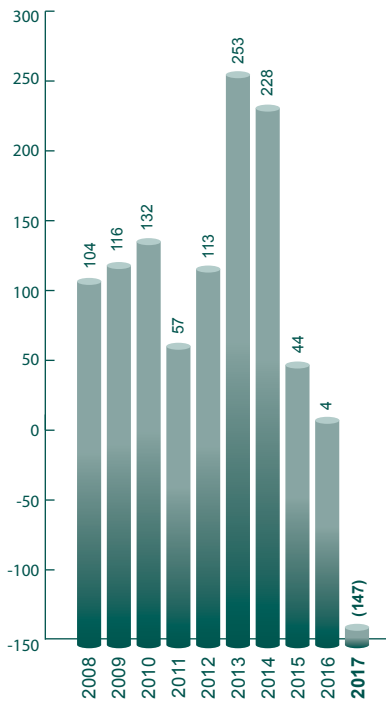
The Group maintains a website (www.naim.com.my) which provides detailed information on the Group's operations and latest developments. For further details, please forward your queries to investorrelations@naim.com.my (attn: Mr Johnny Wong).

10-Year Financial Highlights (in RM million)

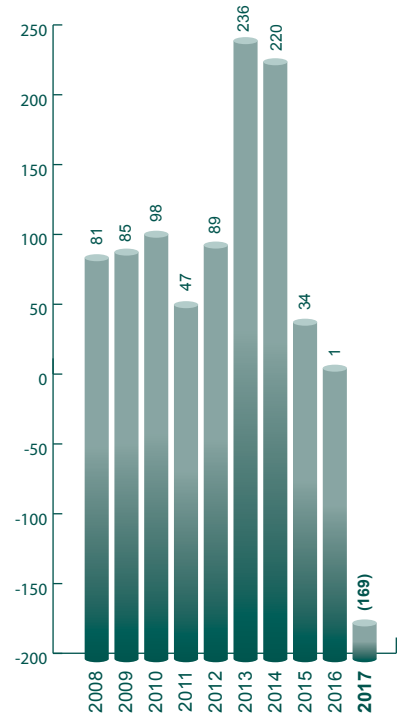
Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenue	524	567	613	412	493	711	656	594	428	365
Profit/(Loss) before taxation	104	116	132	57	113	253	228	44	4	(147)
Net Profit/(Loss) attributable to Owners of the Company	81	85	98	47	89	236	220	34	1	(169)
Earnings/(Loss) per share (sen)	33.32	35.85	41.25	19.68	37.77	99.49	92.99	14.49	0.30	(71.26)
Total Assets	956	1,057	1,055	1,289	1,397	1,715	1,879	2,112	2,228	2,126
Shareholders' Equity	588	652	724	747	832	1,040	1,261	1,307	1,315	1,128
Net Tangible Assets	587	652	714	738	824	1,032	1,254	1,301	1,309	1,123
Net Tangible Assets per Share (RM)	2.35	2.61	2.86	2.95	3.29	4.13	5.02	5.20	5.24	4.49
Total Number of Shares	250	250	250	250	250	250	250	250	250	250
Gross Dividend Rate (%)	13%	8%	10%	8%	8%	3%	4%	-	-	-



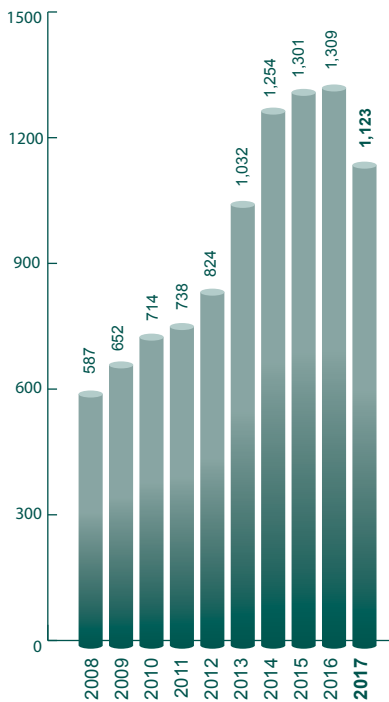
Revenue
(in RM million)



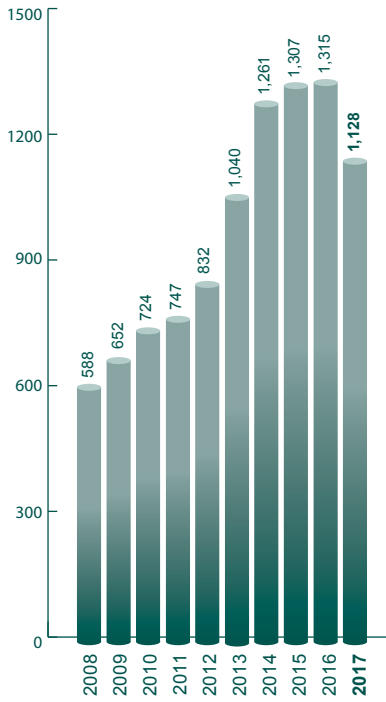
Profit/(Loss) before taxation
(in RM million)



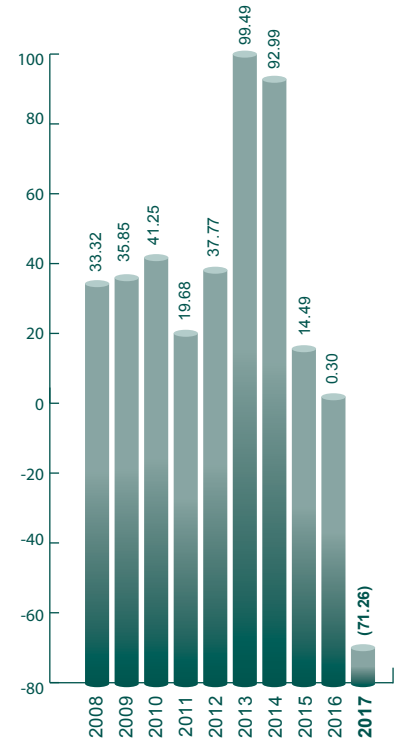
Net Profit/(Loss) attributable to Owners of the Company
(in RM million)



Net Tangible Assets
(in RM million)



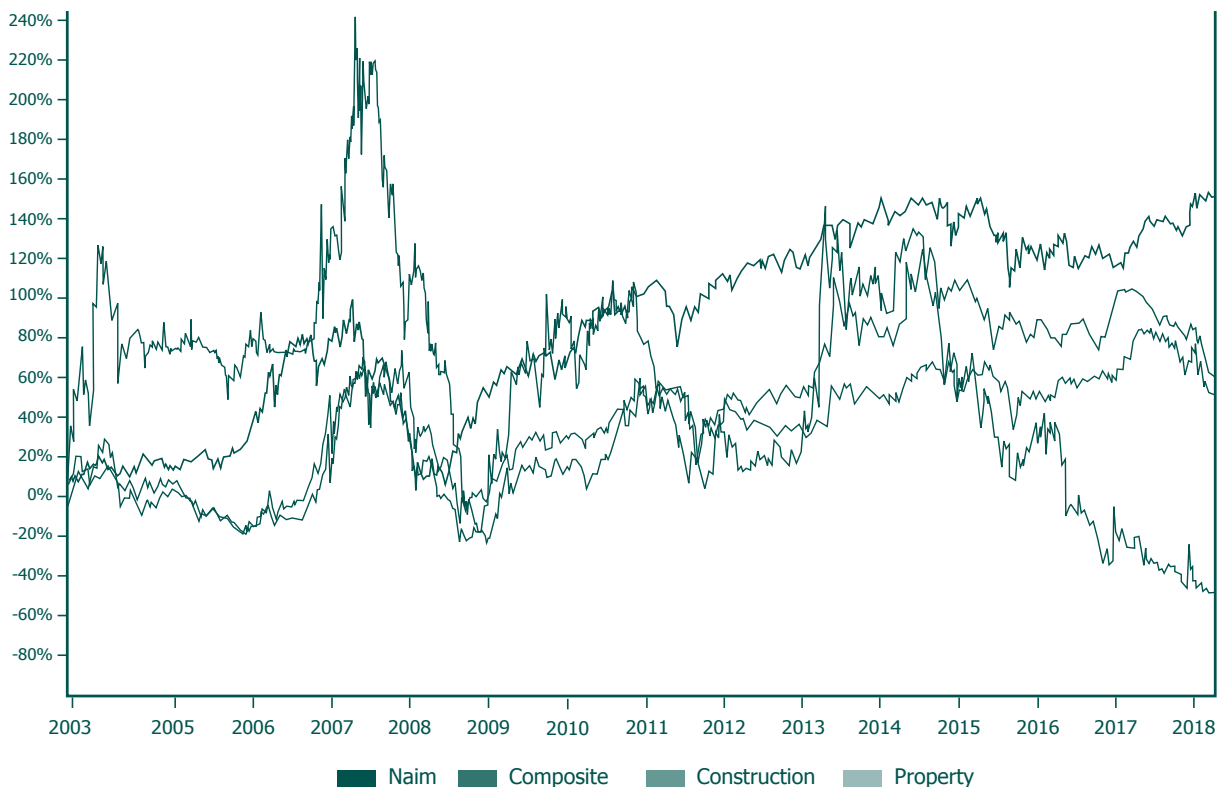
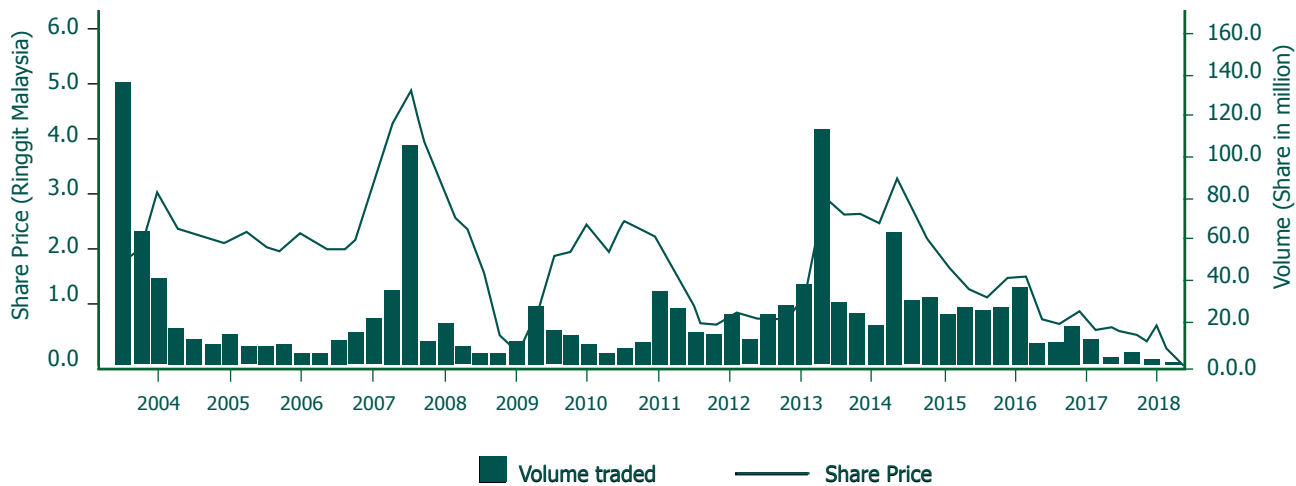
Shareholders' Equity
(in RM million)



Earnings/(Loss) per Share
(sen)

Share Performance

**NAIM HOLDINGS BERHAD Share Performance Chart
from 12 September 2003 to 31 March 2018**



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Corporate Information



BOARD OF DIRECTORS

Chairman

- Datuk Amar Abdul Hamed Bin Haji Sepawi

Managing Director

- Datuk Hasmi Bin Hasnan

Deputy Managing Director

- Wong Ping Eng

Senior Independent Non-Executive Director

- Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis

Independent Non-Executive Directors

- Dato Ir. Abang Jemat Bin Abang Bujang
- Emeritus Professor Dato' Abang Abdullah Bin Abang Mohamad Ali
- Datin Mary Sa'diah Binti Zainuddin
- Tan Chuan Dyi

Non-Independent Non-Executive Director

- Chin Chee Kong

Company Secretaries

- Bong Siu Lian (MAICSA 7002221)
- Hasmiah Binti Anthony Hasbi (SAA0772-KH004)

Registered Corporate Office

9th Floor, Wisma Naim, 2½ Mile, Rock Road
93200 Kuching, Sarawak, Malaysia
Tel: 6 082 411667 Fax: 6 082 429869

Registrar

Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A, Vertical Business Suite
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia
Tel: 6 03 27839299 Fax: 6 03 27839222

Stock Exchange Listing

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

Auditor

KPMG PLT

Corporate Structure (as at date of Annual Report)

BUILDING VALUE IN EVERY WAY



NAIM HOLDINGS BERHAD

COMPANY NO. 585467 - M

OIL & GAS

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

PROPERTY

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

PROPERTY DEVELOPMENT

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

PROPERTY INVESTMENT AND MANAGEMENT

- Yakin Pelita Sdn. Bhd. (484401-H)
- Naim Realty Sdn. Bhd. (359962-P)
- Naim Assets Sdn. Bhd. (560640-X)
- Harmony Faber Sdn. Bhd. (1007810-K)
- Naim Hotel Sdn. Bhd. (1120553-M)
- Naim Cendera Tujuh Sdn. Bhd. (516706-K)
- Naim Property Services Sdn. Bhd. (1039643-U)
- Miri Specialist Hospital Sdn. Bhd. (916372-H) *

ENGINEERING / CONSTRUCTION

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

OTHER BUSINESSES

MANUFACTURING

- Naim Premix Sdn. Bhd. (764292-K)
- Unique Composite Sdn. Bhd. (1016726-M)

TRADING / SERVICES

- Naim Supply & Logistic Sdn. Bhd. (361428-K)
- Vista Megalink Sdn. Bhd. (1108005-W)

QUARRY OPERATIONS

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

TWENTY SIX OTHER SEMI-ACTIVE AND DORMANT COMPANIES

* Associates

Board Of Directors

From Left to Right

- 1 **Chin Chee Kong**
Non-Independent Non-Executive Director
- 2 **Emeritus Professor Dato' Abang Abdullah Bin Abang Mohamad Alli**
Independent Non-Executive Director
- 3 **Wong Ping Eng**
Deputy Managing Director
- 4 **Datuk Hasmi Bin Hasnan**
Managing Director



From Left to Right

- 5 **Datuk Amar Abdul Hamed Bin Haji Sepawi**
Chairman
- 6 **Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis**
Senior Independent Non-Executive Director
- 7 **Dato Ir. Abang Jemat Bin Abang Bujang**
Independent Non-Executive Director
- 8 **Tan Chuan Dyi**
Independent Non-Executive Director
- 9 **Datin Mary Sa'diah Binti Zainuddin**
Independent Non-Executive Director



Directors' Profiles



Datuk Amar Abdul Hamed Bin Haji Sepawi

Chairman

Aged 68, Male, Malaysian

Date of Appointment
25 July 2003

Academic/Professional Qualification(s)

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

Board Committees

- Chairman, Nominating Committee
- Member, Risk Management Committee

Present Directorship in other PLC(s)

- Ta Ann Holdings Berhad
- Sarawak Plantation Berhad

Present Directorship in Non Listed Company

- Sarawak Energy Berhad

Working Experience and Occupation

Prior to the Naim Group's listing, he was Non-Executive Chairman of Naim Land Sdn. Bhd. since 12 October 1995. Whilst remaining active in the timber and plantation industries, Datuk Amar Abdul Hamed developed his career around his keen personal interest in the construction sector, which was first acquired through school vacation jobs in Miri. For more than 30 years, he has been active as an investor, manager and director in companies carrying out civil works, offshore engineering, construction, housing and property development.

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

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



Datuk Hasmi Bin Hasnan

Managing Director

Aged 65, Male, Malaysian

Date of Appointment
25 July 2003

Academic/Professional Qualification(s)

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

Board Committee

- Member, Remuneration Committee

Present Directorship in Non Listed Company

- Naim Incorporated Berhad
- Kebajikan Dayang Fatimah Berhad (non-profit company, limited by guarantee)

Working Experience and Occupation

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

Directors' Profiles (continued)



Wong Ping Eng Deputy Managing Director

Aged 44, Female, Malaysian

Date of Appointment

29 November 2012

Academic/Professional Qualification(s)

- Diploma in Commerce (Financial Accounting) from Tunku Abdul Rahman College, Kuala Lumpur
- A Certified Accountant with the Malaysian Institute of Accountants and Association of Chartered Certified Accountants (ACCA)

Present Directorship in other PLC(s)

- Dayang Enterprise Holdings Bhd.
- Perdana Petroleum Berhad

Present Directorship in Non Listed Company

- Naim Incorporated Berhad

Working Experience and Occupation

She has more than 15 years' experience in financial and accounting field. She started her career as an Audit Assistant at KPMG Kuching in September 1997 until December 2000. In 2004, she moved to Naim as an Accountant. In July 2004-2008, she was appointed the Operations Manager for Naim's Bandar Baru Permyjaya project in Miri where she was responsible for managing the whole of Miri's operations. In July 2008, she was promoted as the Vice President – Finance and Accounts to oversee the Group's Finance and Accounts Division and subsequently promoted as the Deputy Director, Finance and IT Division. In August 2012, she was promoted to a Senior Director for the Group's Support Division comprising Finance and Accounts, Administration, Human Resource and Information Technology. She was appointed as an Executive Director of Naim Holdings Berhad on 29 November 2012 and on 9 January 2013 she was re-designated as the Deputy Managing Director.



Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis

Senior Independent Non-Executive Director

Aged 72, Male, Malaysian

Date of Appointment

16 February 2005

Academic/Professional Qualification(s)

- Degree of Doctor (honoris causa) by Swinburne University of Technology, Australia
- Master in Business Administration from Brunel University, UK
- Diploma in Management Science (Finance), Institut Tadbiran Negara Malaysia (INTAN)
- Certificate of Executive Programme AIM
- Senior Executive Fellows Programme, Harvard University, USA

Board Committees

- Chairman, Audit Committee
- Member, Nominating Committee
- Member, Remuneration Committee
- Member, Risk Management Committee

Working Experience and Occupation

He joined the Sarawak Administrative Service in 1965. He worked in the Government Service for 41 years and has held various senior posts in Government Departments and Statutory Bodies. The last post he held was as Director of Sarawak Foundation until his retirement from government service in December 2005.

He was a Director of Sarawak Electricity Supply Corporation (SESCO), Aseambankers (M) Berhad, Tradewinds (Malaysia) Berhad and Sarawak Widows and Orphans Pension Fund (WOPF), Alternate Member to the State Secretary of Sarawak in Employees' Provident Fund (EPF) Board and a member of Majlis Islam, Sarawak. Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis retired from the post of Deputy Chairman of Yayasan Sarawak and Board member of Sarawak Economic Development Corporation (SEDC) in December 2016.

Currently, he is the Chairman of the Charitable Trust, Bandar Sri Aman Mosque, a Board Member of Swinburne University of Technology and Deputy Chairman of the University's Council (Sarawak Campus).

Directors' Profiles (continued)



Dato Ir. Abang Jemat Bin Abang Bujang

Independent Non-Executive Director

Aged 64, Male, Malaysian

Date of Appointment

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

Academic/Professional Qualification(s)

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

Board Committees

- Chairman, Remuneration Committee
- Member, Audit Committee
- Member, Long Term Incentive Plan Committee

Working Experience and Occupation

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



Datin Mary Sa'diah Binti Zainuddin

Independent Non-Executive Director

Aged 61, Female, Malaysian

Date of Appointment

27 February 2013

Academic/Professional Qualification(s)

- Bachelor of Social Science (Hons), Universiti Sains Malaysia

Board Committees

- Chairman, Risk Management Committee
- Member, Nominating Committee
- Member, Long Term Incentive Plan Committee
- Member, Remuneration Committee

Present Directorship in other PLC(s)

- KKB Engineering Berhad

Working Experience and Occupation

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

Directors' Profiles (continued)



Emeritus Professor Dato' Abang Abdullah Bin Abang Mohamad Ali Independent Non-Executive Director

Aged 65, Male, Malaysian

Date of Appointment
15 May 2007

Academic/Professional Qualifications

- Bachelor degree in Civil Engineering from the University of Brighton
- Master degree in Structural Engineering from the University of Manchester
- Registered Professional Engineer (PEng) with the Board of Engineers, Malaysia, and Chartered Engineer (CEng) with the Engineering Council, UK
- Fellow of the Institution of Engineers, Malaysia (FIEM), Institution of Civil Engineers, UK (FICE), International Ferrocement Society (FIFS), Academy of Sciences, Malaysia (FASc) and ASEAN Academy of Engineering and Technology (FAAET)
- Honorary Member (Academician) of the Kazakhstan Engineering Academy, Honorary Fellow of the Institution of Engineers, Malaysia and the ASEAN Federation of Engineering Organisations

Board Committee

- Chairman, Long Term Incentive Plan Committee

Working Experience and Occupation

Emeritus Professor Dato' Abang Abdullah began his career as a lecturer at Universiti Putra Malaysia in 1976. During his almost 40 years career at Universiti Putra Malaysia, he was promoted to Associate Professor, Professor and Senior Professor. He held the position as Dean, Faculty of Engineering. He was conferred the title Emeritus Professor by Universiti Putra Malaysia on October 2016. He was the Chairman of the Malaysian Council of Engineering Deans and served as a Design Engineer at Malaysian International Consultants (Minconsult) and Perunding Bakti Sdn. Bhd. He has served as a Board Member of the Malaysian Highway Authority (LLM), Board of Engineers, Malaysia (BEM) and Malaysian Board of Technologists (MBOT). He is currently the President of the Malaysian Society for Engineering and Technology (MySET), and a past President of the Institution of Engineers, Malaysia (IEM) and Federation of Engineering Institutions of Islamic Countries (FEIIC).

He was elected as an Honorary Advisor to the Master Builders Association, Malaysia (MBAM) and Chairman of CIDB Steering Committee on Industrialised Building System. He was appointed an Advisor of King Abdullah University of Science and Technology (KAUST), Saudi Arabia, Adjunct Professor of Universiti Malaysia Sarawak, Board/Council Member of Universiti Kuala Lumpur (UniKL), Board Member of the National Accreditation Board (LAN), Director of Housing Research Centre (HRC) and Institute of Advanced Technology, Universiti Putra Malaysia, and Board Member, of the Polytechnic Curriculum Board, Ministry of Higher Education. He is currently serving as Adviser, Saudi Council of Engineers.

He has written a book on Industrialised Buildings Systems (IBS) and has been involved in research work on housing and construction technology, specifically in the areas of low cost materials of construction, industrialised building systems and affordable quality housing.



Tan Chuan Dyi

Independent Non-Executive Director

Aged 46, Male, Malaysian

Date of Appointment

23 February 2017

Academic/Professional Qualification(s)

- Bachelor of Science in Business Administration – Finance from California State University of Fresno

Board Committee

- Member, Audit Committee

Working Experience and Occupation

He joined PRG Holdings Bhd in 2014 and is currently the Chief Operating Officer and Executive Director of Furniweb Holdings Limited listed on Growth Enterprise Market of the Stock Exchange of Hong Kong Limited. He has 19 years of experience in the financial services industry, particularly in the areas of fund management, institutional broking, investment banking and capital markets.

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

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

Directors' Profiles (continued)



Chin Chee Kong

Non Independent Non-Executive Director

Aged 60, Male, Malaysian

Date of Appointment

1 October 2015

Academic/Professional Qualification(s)

- Member, Malaysian Institute of Certified Public Accountants & Malaysian Institute of Accountants

Board Committees

- Member, Audit Committee
- Member, Long Term Incentive Plan Committee

Present Directorship in other PLC(s)

- Perdana Petroleum Berhad

Present Directorship in Non Listed Company

- Kebajikan Dayang Fatimah Berhad (non-profit company, limited by guarantee)
- Industrial and Commercial Bank of China (Malaysia) Berhad

Working Experience and Occupation

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

Please refer to page 158 for Directors' securities holdings in the Company.

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

All Directors are Malaysians.

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

Please refer to page 63 for Directors' attendance at board meetings held during the financial year.

Key Senior Management Members' Profiles

Lee Han Ming

Chief Executive Officer - Group Operations

Aged 51, Male, Malaysian

Academic/Professional Qualification(s)

- B.Eng (Hons) Civil Engineering, University of Bristol, UK (1990)
- MBA, University of Bradford, UK (1994)

Working Experience and Occupation

He joined Naim Property Division as Chief Executive Officer – Property on 1 September 2016. He has over 20 years of working experience in property development locally and in the UK with exposure to large scale international projects such as KLIA.

Andrew Chan Geh Hui

Head of Group Human Resources

Aged 50, Male, Malaysian

Academic/Professional Qualification(s)

- MBA (Aus)

Working Experience and Occupation

He joined Naim as Head of Human Resources on 16 December 2015. He has more than 25 years of working experience having held various senior management positions in very diverse industries within multinational corporations across Asia Pacific.

Emily Hii San San

Deputy Director - Finance

Aged 40, Female, Malaysian

Academic/Professional Qualification(s)

- Bachelor of Commerce Degree, major in Accountancy and Diploma for Graduates, University of Otago, New Zealand, 2000
- Chartered Accountant with Chartered Accountants Australia and New Zealand, March 2005
- Member of Malaysian Institute of Accountants, August 2005

Working Experience and Occupation

She joined Naim on 1 June 2010 as Finance Manager. Subsequently on 1 August 2012, she was promoted to Deputy Director, Finance. She has more than 15 years of working experience in accounting, corporate finance, and tax related matters.

- The members of the key senior management team were appointed to head the operating subsidiaries.
- None of the members of the key senior management team holds directorship in public companies and listed issuers.
- There is no family relationship between members of the key senior management team and Directors and/or Major Shareholders of the Company.
- The members of the key senior management team have no conflict of interests with the Company.
- None of the members of the key senior management team were convicted of any offences within the past 5 years other than traffic offences.



Group Sales & Marketing Training Session

OUR VALUED PARTNERS: Talent Management And Development

Celebrating Successes and Growth

Naim prides itself on being a nurturing organisation, one which works together with our Valued Partners for their career developments and celebrates milestones achieved.

Hence, we were indeed honoured to have been conferred the Asia Best Employer Brand Award by the World HRD Congress, which sought to recognise organisations which have used marketing and communications effectively in human resources development, translating company's vision into HR Strategy, and cultivating competencies for the future to enable building the organization to be future-ready.

Our initiatives in honing Valued Partners' talent, creativity and execution power, inculcating our S.P.I.R.I.T.E.D. core values, and promoting total employee wellness reaffirm our commitment in making Naim **THE BEST PLACE TO WORK ON EARTH.**

Employee Engagement

Employee engagement is of utmost importance to us. We use multiple approaches to engage with our Valued Partners towards addressing the different developmental needs of our workforce.

Some of the key activities in this regard include scheduled town hall sessions, mentoring and coaching activities, departmental meet-ups and the annual Employee Engagement Survey.

We take pride in our continuous focus in this regard, as workforce

engagement helps build a strong sense of ownership among our Valued Partners towards their jobs and the company, ultimately leading to greater productivity overall.

Continuing Cultural Transformation Journey

In line with our initiatives to inculcate the S.P.I.R.I.T.E.D. work culture among Valued Partners, we embarked on the Cultural Transformation Survey to gauge the impact of such efforts. Very importantly, the survey had allowed us to implement improvements in our approaches, adding significant value to the impact of such approaches.



Selling Skills Training Session

Talent Pipeline

We implement both internal and external talent acquisition strategies. As part of our internal strategies, we identify and groom existing Valued Partners with high leadership potential as part of our succession plan. For external recruitment, we work closely with universities through careers fairs such as the Swinburne Graduate Recruitment and Talent Acquisition (GREAT) Day, UCTS Graduate Recruitment, and leverage on social media platforms such as LinkedIn as a networking tool. In 2017, we hired a total of 142 new Valued Partners.

Training and Development Interventions

Employee development is a high priority for us, and our Valued Partners are required to meet specific training hours each year (based on individual job levels) as part of their KPIs. These programmes range from soft skills and role-specific training to technical skills and leadership development, which are organized either in-house or via external training providers.

Some of the in-house training programmes organised were:

- NAIM Sales Conference 2017
- Qlassic Awareness & Assessor Training
- ISO 9001:2015 & 14001:2015 IMS Awareness & Internal Audit Training
- Effective Project Planning, Scheduling & Monitoring

- GST and corporate tax ruling update
- Materials Management at Project Site
- Contract Administration Issues in Implementation of Construction/Engineering Contracts
- Companies Act 2016
- Safety Induction for Construction Personnel
- Working at Heights
- Basic First Aid Course

In addition to internally-organised training interventions, our Valued Partners are also given the opportunities to attend various external training programmes, professional certification courses and regional conferences, which include:

- Site Safety Supervisor (SSS) Training
- Understanding, Evaluating & Implementing Effective HIRARC at the Workplace



Contract Administration Issues In Implementation of Construction Engineering Contracts training session

OUR VALUED PARTNERS: Talent Management And Development (continued)

- Important Industrial & Higher Court Decisions of 2016
- Skilled Human Capital Development Conference (SHCDC) 2017
- 28th International Invention, Innovation & Technology Exhibition
- DATUM: KL-International Architecture & Design Conference 2017
- The 20th National Housing & Property Summit 2017
- 5th Borneo Conference & Exhibition on Occupational Safety & Health 2017

Community Outreach

As a responsible corporate citizen, we encourage our Valued Partners to be involved in initiatives which enrich the communities within which we operate. In short, we aim to inculcate the belief that each and every one of us can play a part in enriching lives.

As such, we created opportunities for our Valued Partners to participate in various corporate social responsibility activities. These activities included environmental conservation, community outreach programmes and many more.

We do not merely want to mould our Valued Partners into better employees, but also better people, who will appreciate the basic values of humanity.

Internships

As part of our commitment to provide undergraduates with practical experience, we employed a total of 46 interns from various universities, colleges and vocational institutions in 2017. Each intern was assigned to a specific division or department, supervised by a mentor. The performance of the intern was evaluated and those with potential were recommended for recruitment needs.

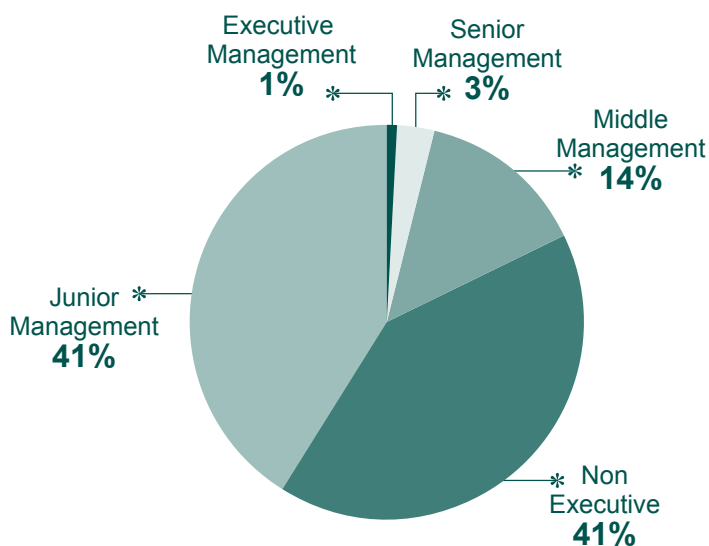
Promoting Workforce and Workplace Diversity

We encourage workplace diversity and provide equal opportunity for all team members regardless of age, gender, race, religion, nationality and education work in harmony and have equal opportunity to succeed.

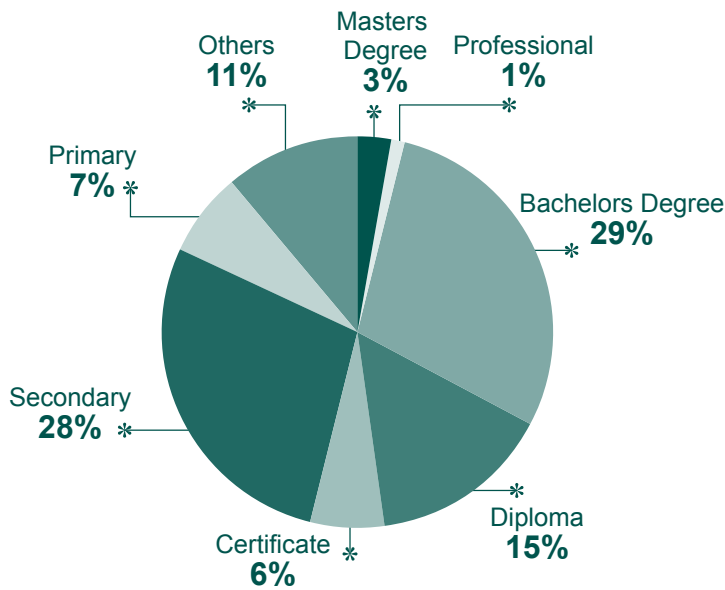
We also believe in recruiting the best talents available and developing them to realise their full potential. As at 31 December 2017, out of our total monthly paid staff, approximately 54% holds tertiary and technical qualification consistent with our objective to absorb more young graduates and technically qualified persons into the workforce. Among our executive level employees, 56% possesses professional and/or postgraduate qualifications.

We have also increased the participation of women in our workforce, with an increase of 2% in 2017 as compared with 2016.

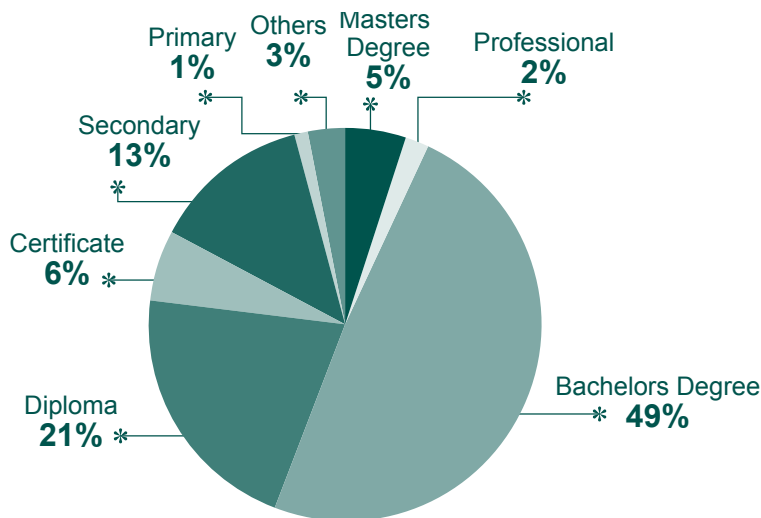
Manpower Distribution by Job Category as at 31 December 2017



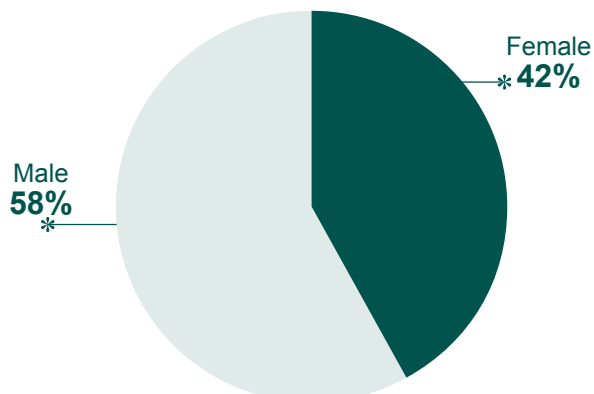
Manpower Distribution for Monthly Paid Employees by Qualification as at 31 December 2017



Manpower Distribution for Monthly Paid Employees (Executives & Above) by Qualification as at 31 December 2017



Manpower Distribution between Men and Women for Monthly Paid Employees as at 31 December 2017



Our Awards And Accolades

31



BEST BOOTH AWARDS
SHEDA PROPERTY EXPO 2017
 Business Conference Centre Kuala Lumpur
 14-16 May 2017



30



29



28



27



26



25

2015
 One of Malaysia's
 Top 20 Property
 Developers (The Edge
 Malaysia's Top Property
 Developers Awards
 2014) & the ONLY
 East Malaysia-based
 developer award
 recipient

31. **2017**
 SHEDA Property Expo
Best Booth Award

30. **2017**
Gold Award 2017
 13th Moshpa OSH
 Excellence Award 2017

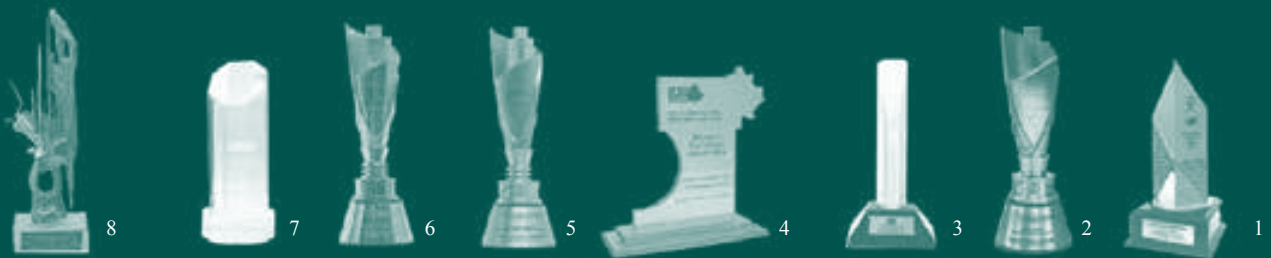
29. **2016**
 The Sarawak CMEA Award:
Large Enterprise
(Construction)

28. **2016**
Sarawak State
Outstanding
Entrepreneurship
Award

27. **2016**
 SHEDA Excellence Awards:
Property Man of The
Year

26. **2016**
The Best Qlassic
Achievement
 Non-Residential (Large)
 Category

25. **2015**
 One of Malaysia's Top
 20 Property Developers
 (The Edge Malaysia's Top
 Property Developers Awards
 2015) & the ONLY East
 Malaysia-based developer
 award recipient



- 24. **2015**
Award For PLWS Practitioners
- 23. **2015**
Malaysia Property Insight Prestigious Developer Awards: Outstanding Developer East Malaysia
- 22. **2014**
One of Malaysia's Top 20 Property Developers (The Edge Malaysia's Top Property Developers Awards 2014) & the ONLY East Malaysia-based developer award recipient
- 21. **2014**
The Sarawak CMEA Award: Large Industries (Services and Other Sectors - Construction)
- 20. **2014**
Malaysian Reserve Property Press Awards Most Prestigious Integrated Development - Bintulu Paragon
- 19. **2014**
Malaysian Reserve Property Press Awards Most Prestigious Integrated Lifestyle Residential Development - Southlake Permyjaya
- 18. **2014**
Readers' Choice Malaysian Reserve Property Press Awards Best Commercial Development - Bintulu Paragon
- 17. **2014**
AREA Social Empowerment Category
- 16. **2013**
APEA Outstanding Entrepreneurship Category
- 15. **2012**
The Sarawak CMEA Award: Large Enterprise Category (Construction)
- 14. **2010**
The BrandLaureate Best Brands Awards 2011-2012: The BrandLaureate Conglomerate Awards 2011-2012
- 13. **2010**
The Sarawak CMEA Award: Large Enterprise Category (Construction)
- 12. **2009**
SHEDA Excellence Awards: Top Developer In Residential Development
- 11. **2008**
FIABCI Malaysia Property Award: Property Man of The Year
- 10. **2007**
The Malaysian Construction Industry Excellence Awards: Contractor Award Grade7
- 9. **2005**
Malaysia Corporate & Social Environment Responsibility Award
- 8. **2005**
17th International Construction Awards: New Millennium Award Spain, Madrid
- 7. **2004**
KPMG Shareholder Value Awards
- 6. **2004**
The Malaysian Construction Industry Excellence Awards: Builder of The Year Award
- 5. **2004**
The Malaysian Construction Industry Excellence Project Awards: Medium Scale Project Engineering Category
- 4. **2004**
Malaysia Canada Business Council Excellence Awards: Industry Excellence for Construction Award
- 3. **2003**
SCCI Annual Corporate Report Awards: Best Annual Report Award
- 2. **2003**
The Malaysian Construction Industry Excellence Project Awards: Medium Building Category
- 1. **2002**
CIDB Builders Building Works Category Awards: Institutional Building Project



Business Review

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And Operations
- 50 Corporate Social Responsibility

Letter To Our Shareholders

Dear Shareholders,

2017 saw us recorded the worst set of results in our 23 years of operation with the first loss of about RM169 million on the back of turnover/revenue of around RM365million.

In a book entitled 'Robert Kuok, A Memoir', while the billionaire tycoon believes that 'failure is the mother of success', he also subscribes to the belief that 'success often breeds failure' due to various factors.

This can be used to illustrate our situation: although we have been successful in accumulating about RM1billion of net assets throughout our 23 years of operation, we are not spared from the loss in the year under review.

As a shareholder, we are sure that you have many questions in your mind and rightly so, deserve a proper explanation for this. The following questions would probably come to mind, which we will try to answer in this message:

1. Why was the loss?
2. Is there more to come?
3. Can we ever recover from such loss?
4. Do we have a credible recovery plan?
What are the steps/assurance taken to bring the company to a healthy position again?

→ Continued

Letter To Our Shareholders (continued)

Why was the Loss?

The bulk of the loss arises from:

- i. Loss of about RM121million mainly from the 6 stations project for MRT which admittedly is a complex project with a steep learning curve for the company. Coupled with delay in site possession and 'overloaded' site instructions and changes at the late stage of the project, these had directly affected our performance during the construction stage in completing the 6 stations for MRT. Due to substantial shortening/compressing of construction periods by the client by as much as 25% time-wise, the company had to incur prolongation and acceleration costs to deliver the 6 stations to the client.

Further, we also made a prudent and conservative estimation of claims with the clients, and the additional overheads to be incurred until the end of the contract maintenance period which is at the 4th quarter of 2018.

At this juncture, please be advised we are aggressively pursuing the recovery of certain claimable prolongation/acceleration costs from the clients. If we are successful in our claims, this would definitely improve the current loss situation for the projects.

- ii. Significant deterioration in the share of results of our associate, Dayang Enterprise Holdings Bhd.
- iii. An accounting loss arising from the dilution in equity interest in Dayang Enterprise Holdings Bhd.
- iv. Drop in both property revenue and profit due to lower development progress achieved from the existing on-going development projects as well as increase in financing costs.

As normally the case in any business, there will come a situation where a company faces profit and loss. The same can be said about us. This is



Installation of The Phileo Damansara MRT Station Link Bridge: The Largest Lifting Operation



Klang Valley Mass Rapid Transit (KVMRT) Line 1 (Pusat Bandar Damansara station)

especially true when the company is involved in a project that has a steep learning curve like the 6 stations project for MRT where, unfortunately, we suffered substantial loss. We were also made to understand that other fellow contractors suffered losses of varying magnitude.

However, in terms of our track record of delivering and completing works on a timely basis, our reputation of completing the works on time remained intact. In fact, we were the first to deliver the MRT stations ahead of our fellow competitors.

At this juncture, we would like to record our sincere appreciation to our staff who have worked tirelessly for the project, MMC-Gamuda, our Project Delivery Partner and also our client, MRT Corporation for their great support, without which we would not be able to complete the project.

As normally the case in any business, there will come a situation where a company faces profit and loss. The same can be said about us. This is especially true when the company is involved in a project that has a steep learning curve like the 6 stations project for MRT where, unfortunately, we suffered substantial loss. We were also made to understand that other fellow contractors suffered losses of varying magnitude.

we actually recorded profit before tax of some RM26million from other construction projects and the property segment

Is there more to come?

Although there is nothing certain except death and taxes, we believe we have weathered the worst storm in our Group's existence and that the loss of this size is a one-off situation that must not be repeated in the future.

In retrospect, from detailed analysis of the loss, excluding the loss of RM133million from completed projects including MRT and share of loss from the associates, we actually recorded profit before tax of some RM26million from other construction projects and the property segment.

Can we ever recover from such loss?

Although we are beaten, we are not down. We had faced and survived 2 recessions in our 23 years' history and emerged stronger thereafter. We believe we can rise above the challenge and bring the Group to its former glory.

On a positive note, while we suffered the first loss in our corporate history, we are still a strong company fundamentally, backed by our net tangible assets which now stand at a healthy RM1billion. As a primarily asset-based company, with approximately 2,500 acres of land bank with an average book value of about RM170,000 per acre and

RM4 per square foot, this would allow us to sustain for the next 5 years and beyond, which of course, depending on the market conditions. This, coupled with the support of our Valued Partners, contractors, other stakeholders and especially you, our Shareholders, will put us in good stead in weathering the storms ahead.

Do we have a credible recovery plan? What are the steps/assurance taken to bring the company to healthy position again?

Realising that we must not let history repeat itself and for the sake of the Group's survival, we have formulated a 5-year's recovery plan (i.e. 2018 – 2022) as a roadmap and a fresh start for the Group to move ahead.

The recovery plan was formulated based on the following:

1. Focus on Medium Affordable and Enhance High End Property

We have reviewed and will continue to review our strategic direction by focusing on medium affordable house (below RM500,000) and at the same time, enhance the saleability of our high end products. To serve these 2 segments better, we will have 2 separate segments,



perspective of Naim Primrose Terraces (Single-Storey Terrace House) @ Naim SouthLake Permyjaya, Miri

Letter To Our Shareholders (continued)



each catering specifically for our medium affordable and high end products, i.e. Naim Affordable Homes unit and Naim Signature Collection unit. Although there will be 2 different segments for difference customers group, please be assured of our continued commitment to deliver great quality service and value to all our customers, as what we have practised all this while.

2. Rehabilitation

Noting that the performance from our construction segment has not been encouraging, we will rehabilitate our construction division and nurse it to profitability. At the same time, we are focusing to complete the current jobs on hand within schedule and with quality something which we are known for, and within budget.

We will also continue to collaborate with reputable JV partners for large projects, such as what we have done for the Pan Borneo Highway Project with Gamuda.

3. Possible sale of non-core and other assets

We continuously review the performance of our assets and consider possible sale of non-core and other assets for working capital and to reduce our debts.

4. Cultural Transformation

We will continue and intensify our cultural transformation initiatives, including the inculcation of our **S.P.I.R.I.T.E.D.** (**S = Service, P & I = Professionalism & Integrity, R = Respect, I = Innovation, T = Teamwork & Engagement, E = Empowerment, D = Determination**) work culture among our Valued Partners and concentrating on crucial aspects such as budgetary control, staff engagement and open communication, team and talent development, and making our SOPs user-friendly and effective.

5. Operating Business Model, Organization Structure, Driving Execution and Cost Control

We have organized and will “organize” the Operating Organisation Structure to be more regionally-focused to facilitate faster decision making and better execution at the Regional Levels (Kuching, Bintulu and Miri). This is done through the appointment of Regional GM who will drive regional execution, solve local regional issues, facilitate inter-departmental cooperation and harmonize regional resources to deliver better results and productivity.

Naim River Villas (Double-Storey Detached House) @ Naim SouthLake Permyjaya, Miri

We have organised and will “organize” the Operating Organization Structure to be more regionally-focused to facilitate faster decision making and better execution at the Regional Levels (Kuching, Bintulu and Miri)



Naim Bintulu Paragon Integrated Development, Phase 1



Mr DIY @ Naim Street Mall, Naim Bintulu Paragon



KCSH Project @ Naim Street Mall, Naim Bintulu Paragon



Econsave Hypermarket @ Naim Bintulu Paragon

We will explore various options to recapitalise our construction operations and our Group as a whole

6. Our People

We shall endeavor to get and retain the right people, develop them, treat them with respect, continue to engage them, and look after them and their welfare. At the same time, those who do not subscribe to and practice our culture, their positions in the Group will need to be re-considered.

7. Capitalise our Company adequately

We will explore various options to recapitalise our construction operations and our Group as a whole.

Looking Ahead in 2018

We expect the outlook, operating environment and challenges for 2018 and the immediate term to be as follows:

Property

The property market will remain challenging due to factors such as rising costs of doing business, increase in cost of borrowings due to an expected rise in OPR, increased competition and property stocks, stricter lending policy and continued weak buying sentiment

Although we expect some degree of slowdown in the take-up of our products especially in the high-end segment, we continue to focus on our three flagship developments, namely Naim Bintulu Paragon integrated development (Naim Street Mall, Naim Small Office Versatile Office (SOVO) and Naim 'The Peak' condominium), Naim Kuching Paragon integrated development (Naim Sapphire condominium) and Naim SouthLake Permyjaya integrated township development (a range of landed residential properties) in Miri. Various initiatives such as attractive product packaging, other value-added features and innovative sales strategies will help to sustain demand for these properties. Generally, we will adopt a more cautious approach towards product launches in 2018 by launching a range of mid-end and affordable products and scheduling these launches based on market dynamics.

In addition to property sales, we will be strengthening our leasing functional unit in an effort to secure tenants for our unsold commercial properties for recurring income in the short term, pending sales. The unit will also assist our property investors to source for potential tenants – this value added service will go a long

Letter To Our Shareholders (continued)

way in boosting investors' confidence in us, adding value to property sales ultimately.

We remain hopeful on the Sarawak Corridor of Renewable Energy (SCORE), a long term development plan designed to accelerate Sarawak's economic growth by attracting some RM300billion worth of investments by 2030* in continuing to create a bustling business environment to help sustain market demand in the State, including property and construction segments. The upcoming RM8.4bil methanol plant project in the SCORE region is indeed something to look forward to.**

Besides SCORE, some projects and mega projects which will facilitate the creation of vibrant local economy include:

- The RM3.8bil Hu-Chems Fine Chemicals Corp's ammonium nitrate plant in Tanjung Kidurong***
- The estimated RM16bil Pan Borneo Highway****
- The estimated RM10bil Sarawak Coastal Highway*****
- The estimated RM11bil Light Rail Transit (LRT) project*****

In addition, the State Government's plan to leapfrog the State's development through its digital economy initiatives is something to be looked forward to – with anticipated greater global outreach, job creation and increase in business opportunities, it is hoped that such economic enhancement will accelerate growth and increase wealth, leading to a vibrant business environment generally.

Sources:

*The Borneo Post, 25 August 2016

** <https://www.thestar.com.my/business/business-news/2018/01/24/rm84bil->

***<https://www.thestar.com.my/business/business-news/2015/07/30/>

****<https://www.thestar.com.my/business/business-news/2016/12/19/rm16bil-pan-borneo-highway-jobs-awarded/>

*****<http://www.theborneopost.com/2018/02/01/comprehensive-plan-needed-for-better-road-connectivity-masing/>

*****<http://www.themalaymailonline.com/malaysia/article/cm-sarawak-lrt-project-to-cost-rm10.8b>



Abang Johari (second left) and Najib share a light moment with Awang Tengah (left) and Musa (right) prior to the opening ceremony of WIEF 2017 at BCCK. — Photo by Chamon Oon

Digital economy will enable Sarawak to reach out to global business community — CM

KUCHING: The state government will do everything possible to transform Sarawak into a digital economy powerhouse.

Chief Minister Datuk Patinggi Abang Johari Tun Openg believes that digital economy would be a strong platform and also the catalyst for the state to reach out to the global business community, as well as to forge international collaborations.

"I have personally driven our efforts to leapfrog the state's development through digital economy. I believe it will generate new jobs and opportunities for our entrepreneurs by creating greater efficiency in the way we do business," he said in his special address at the 18th World Islamic Economic Forum (WIEF), where Prime Minister Datuk Seri Najib

Tun Razak declared open earlier at Borneo Convention Centre Kuching (BCCK) yesterday.

Abang Johari added that the enhancement in economy would accelerate the growth and wealth of the state as well as turn it into a developed and high-income state by 2030.

On this year's forum themed 'Disruptive Change: Impact and Challenges', Abang Johari said the theme is very timely and well-aligned to the state's aspiration in transforming its economy and at the same time, capitalising on digital technology.

"Disruptive changes in the form of technological advancements have transformed our lives, creating new opportunities and altering conventional industries. "Sarawak is not spared from

such disruptive change – we must equip ourselves with the necessary skills and knowledge to face the impacts and challenges brought about by disruptive changes," he stressed.

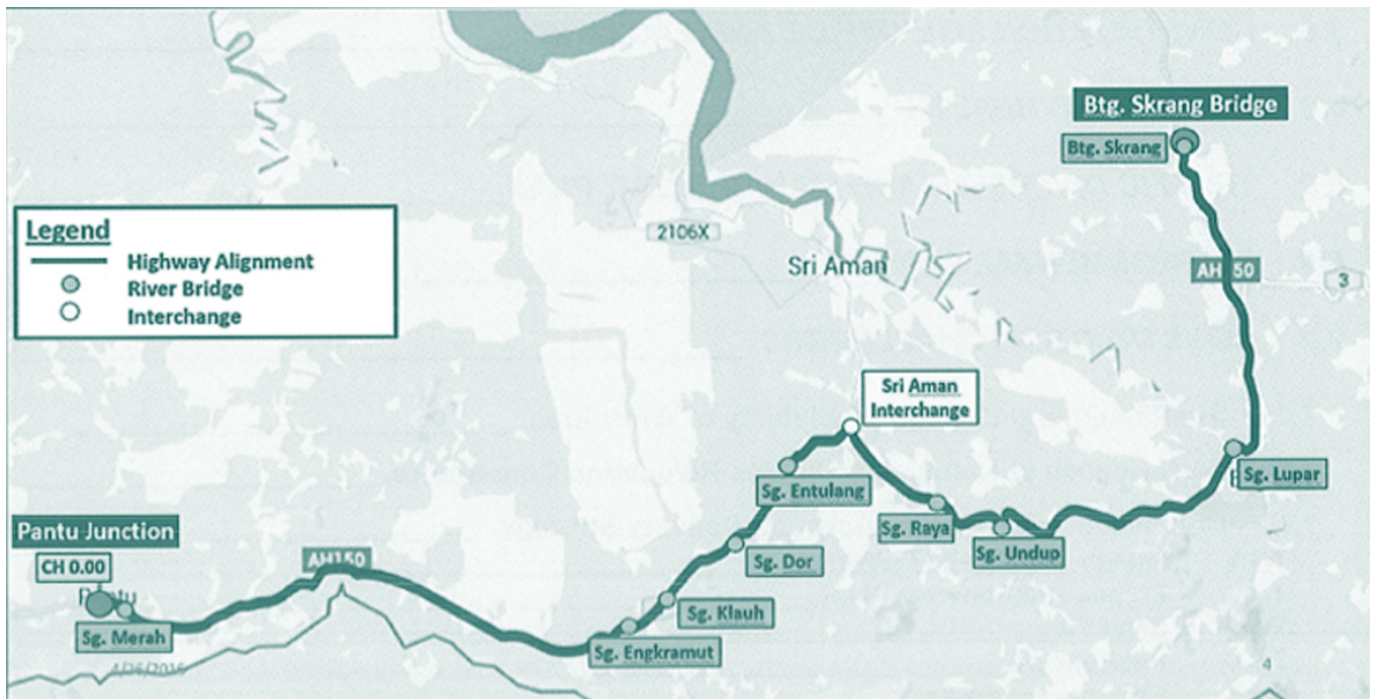
On a positive note, Abang Johari said the opportunities brought about by such disruptive change had levelled the playing fields in the technology and economic sectors.

"The advent of new disruptive technologies also breaks the dominance of existing products and businesses, while providing room for new products to be successful."

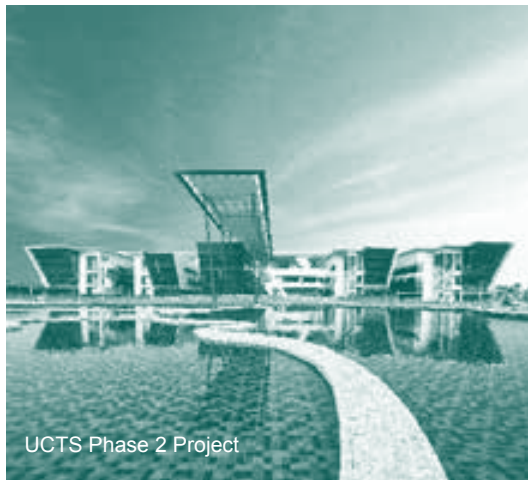
Deputy Chief Minister Datuk Amar Awang Tengah Ali Hasan and WIEF Foundation chairman Tun Musa Hitam witnessed the opening ceremony.

As part of our long term plans, we will continue to seek opportunities to acquire strategic land banks in Sarawak, Sabah and Peninsular Malaysia to further strengthen the growth of our property segment in terms of sales, profit and market share. The slowdown in the economy, which is expected to continue in the next few years, could also give rise to the opportunity in acquiring land at bargain prices.

We remain hopeful on the Sarawak Corridor of Renewable Energy (SCORE), a long term development plan designed to accelerate Sarawak's economic growth by attracting some RM300billion worth of investments by 2030*



Pan Borneo Highway Project under Naim Gamuda (NAGA) JV with Gamuda



UCTS Phase 2 Project



SPNB Desa Bahagia Phase 2

Our total outstanding construction order book in the sum of about RM2bil is expected to sustain our short term and medium term earnings growth

Construction

We continue to focus on project implementation and monitoring to facilitate the completion of works on time and within budget, such as the Pan Borneo Highway (Pantu Junction to Batang Skrang section), being our joint-venture project with Gamuda Berhad, SPNB affordable housing in Miri, Tanjung Manis Housing and the KPJ Miri Specialist Hospital projects. During the year,

we have also secured the UCTS Phase 2 project, a joint-venture project with Hock Peng. Hence, our total outstanding construction order book in the sum of about RM2bil which expected to sustain our short term and medium term earnings growth.

Letter To Our Shareholders (continued)



Tang Lung Festival @ Naim Street Mall, Naim Bintulu Paragon



Big Bikes Event @ Naim Street Mall, Naim Bintulu Paragon



Perspective of Presidential Suite, Fairfield by Marriott hotel

Other Segment

We will embark on continued efforts to maintain our tenants and attract other tenants to facilitate a good tenant mix for our retail properties, such as Naim Permy Mall, Miri and Kuching's office tower. Some of these efforts include the formulation of exciting leasing packages and organising of interesting community-related events on a continuous basis to boost traffic to our retail properties.

One of the highlights of this segment is the upcoming launch of the Fairfield by Marriott upscale business hotel at Naim Bintulu Paragon, expected to be carried out in Q1 2019, and add value to our bottom line in time to come.

We are also looking into divesting non-performing businesses to realise some funds.

Associate Company – Dayang Enterprise Holdings Bhd.

Having secured Maintenance, Construction and Modifications (MCM) services contract from Petronas as announced early 2018, this is expected to contribute positively to its financial performance.

Now that we have set our plan to the road of recovery, it is time for us to execute the plan. We greatly need the support and trust from our Valued Partners, the stakeholders and most importantly, you, our shareholders.

While we believe we have what it takes to return the Group to the black once again, it is regaining the trust and confidence from you, shareholders, that will be our biggest achievement.

While we believe we have what it takes to return the Group to the black once again, it is regaining the trust and confidence from you, shareholders, that will be our biggest achievement



ACKNOWLEDGEMENTS

Finally, we would like to record our appreciation to all our stakeholders: our shareholders, customers, clients, Valued Partners and their families, Directors, joint venture partners, subcontractors, consultants, financiers and associates for their dedication, concerted effort and faith in us.

Our heartfelt gratitude also goes to Ministries, Departments, Statutory Bodies and Regulatory Agencies for the support extended to our Group.

At this juncture, we would like to acknowledge the contribution of our outgoing Director, Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis - Datu, we thank you for your great support and guidance over the years!

We value and look forward to your continued support and dedication as we undertake new challenges and opportunities ahead – please be assured of our continued commitment to build value in every way, with you and for you.

Once again, thank you and our warmest regards.

Datuk Amar Abdul Hamed Bin Haji Sepawi
Chairman

Datuk Hasmi Bin Hasan
Managing Director

Datuk Hasmi Bin Hasan (left)
& Datuk Amar Abdul Hamed Bin Haji Sepawi (right)

Review Of Performance And Operations

REVIEW OF FINANCIAL PERFORMANCE

Globally, 2017 had been a year marked by natural disasters, geopolitical tensions and deep political divisions in many countries. On the economic front, although there were signs of upswings in developed economies, growth in per capita terms, saw almost half of emerging market and developing economies lag behind advanced economies, with almost a quarter experienced declines.*

Back home, despite various positive economic indicators which included the recovery of the Ringgit and crude oil prices, consumer sentiment continued to be weak, as consumers remained concerned with global and domestic uncertainties, with the high cost of living and eroding purchasing power.** Another factor contributing to such sentiment was the tighter monetary policy, which also affected purchasing power.

**Source: <https://blogs.imf.org/2017/12/17/the-year-in-review-global-economy-in-5-charts>.*

***Source: Malaysian Institute of Economic Research (MIER) CSI Survey 2017*



While taking cognisance of the need for continuous improvements in our operations and despite the above, our long term growth prospects remain positive due to strong fundamentals, vibrant corporate strategy roadmap and passionate workforce – these are the pillars of our corporate sustainability now, and for many years to come

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Our Performance

For the year under review, we recorded a decline in revenue, from about RM428million in 2016 to about RM365million in 2017. In terms of segmental performance, our Property remained the 'mainstay' by contributing 31% (RM113million) to revenue, while the Construction and Others segments recorded revenue of RM218million and RM34million respectively.

There was a decline in our results, from profit before tax of about RM4 million in 2016, to a loss before tax of about RM147 million in 2017. The drop was mainly due to the decline in performance of the construction

division as well as the share of results from the associates, as earlier explained in detail by our Chairman and Managing Director in the Letter to Our Shareholders' section of this Annual Report.

Property

Our Property Division recorded a drop in both revenue and profit to RM113million and RM6million respectively from that achieved in 2016 which were RM149million and RM16million respectively.

The drop was due to lower development progress achieved for the existing development projects, some discounts/rebates given for certain completed projects to clear property stocks and increased financing costs.

Construction

Despite the increased work progress achieved for existing projects, the segment recorded lower revenue of about RM218million as compared with RM242million achieved in 2016. At the same time, the segment also registered a loss of RM94million in the year under review (2016: a loss of RM19million). The drop was earlier explained in detail by our Chairman and Managing Director in the Letter to Our Shareholders' section of this Annual Report.

Other Segment

This segment recorded a drop in revenue to about RM34million in 2017 as compared with RM37million in 2016. At the same time, the segment reported a marginal loss of RM1million in 2017, similar to the result registered in 2016.

The decline was primarily due to lower pre-mix sales (about 95% lower than that achieved in 2016) due to the completion of existing sales orders. Rising overhead costs caused by lower operational activities in the pre-mix operations which are running below capacity also led to the lower performance for this segment.

Review Of Performance And Operations (continued)



Naim Terraces (Single-Storey Terrace House) @ Naim SouthLake Permyjaya, Miri



Mr Andrew Chan, Naim's Head of Group HR (Center) receiving the Asia Best Employer Brand Award by the World HRD Congress

Associate Company – Dayang Enterprise Holdings Bhd.

Meanwhile, Dayang Enterprise Holdings Bhd. (hereinafter known as 'Dayang') registered a net loss of RM152million* in 2017 as compared to a net profit of RM54 million in 2016.

The decline was mainly due to one-off impairments on PPE, impairment loss on receivables and unrealised foreign exchange loss. The loss after tax had taken into account the deferred taxation. (*based on Dayang's announced results)

OUR MILESTONES

Awards and Accolades

2017 saw us flying the Sarawak flag high when we were conferred the Asia Best Employer Brand Award by the World HRD Congress. The award sought to recognise organisations which have used marketing and communications effectively in human resources development, translating company's vision into HR Strategy, and cultivating competencies for the future to enable building the organization to be future-ready.

Staying true to our commitment as a responsible builder, we emerged as the 'Gold' award winner of the 13th Malaysia Occupational Safety and Health Practitioner's Association (MOSHPA) Occupational Safety and Health (OSH) Excellence Award 2017. The award was for the category of the Heavy Civil Engineering Works in relation to its flagship development, the Naim Sapphire On The Park condominium located at Batu Lintang Road, Kuching.

The awards instilled in us, a need to continuously improve so that we not only meet but exceed the expectations of stakeholders. The awards were also a testament of our continued commitment in raising the bar in all aspects of our operations.

REVIEW OF OPERATIONS

The Property segment remained the main driver of earnings for the Group in 2017.

Property Division

Property Sales

The Group achieved a total new sales value of about RM106million. A total of 174 units comprising residential and commercial properties were sold - these news sales are expected to progressively contribute positively to the result of this segment in near term.

New Property Developments and Related Matters

Capitalising on the market demand for affordable residential properties, we launched the Naim Terrasse single storey terrace homes in February 2017 in Miri. Located within the Group's beautiful lakeside development, Naim SouthLake Permyjaya, and with its generous built-up comprising 3 bedrooms and 2 bathrooms, the launch was well-received. Due to the encouraging response, we subsequently launched the second batch of these homes sometime in September 2017. We have achieved about 80% take-up to date for this component.



We emerged as the 'Gold' award winner of the 13th Malaysia Occupational Safety and Health Practitioner's Association (MOSHPA) Occupational Safety and Health (OSH) Excellence Award 2017



Perspective: The affluent Naim Sapphire On The Park @ Naim Kuching Paragon

"Luxury Homes & Living Sarawak" Magazine (Kuching Edition)



Naim Sapphire Classic show unit



Naim Sapphire Deluxe 'A Classic French Beauty'

We unveiled the show units for the development's second condominium tower, Naim Sapphire Deluxe for public preview in November 2017

Over in Kuching, we unveiled the Naim Sapphire On The Park's first condominium tower, Naim Sapphire Classic's show units in February 2017. Featuring a classical contemporary theme, the show units emerged as a hit and were dubbed 'the most talked about show units in town'. Works for the Naim Sapphire Classic progressed well, with a topping-up ceremony being held in November 2017 symbolising the pending completion of the tower. We have achieved more than 80% take-up for Naim Sapphire Classic to date.

Encouraged by the strong achievement for Naim Sapphire

Classic, we unveiled the show units for the development's second condominium tower, Naim Sapphire Deluxe for public preview in November 2017. Themed 'A Classic French Beauty', 'A Scandinavian Sanctuary' and 'A Spacious Minimalist', the show units became the epitome of affordable luxury, reaffirming our commitment to set a new benchmark for condominium living in Sarawak. Naim Sapphire Deluxe will continue to generate significant interest not only from the local communities but also regional communities as well.

Meanwhile in Bintulu, works for Naim 'The Peak' condominium, Sarawak's tallest condominium

Review Of Performance And Operations (continued)



Naim "The Peak" Show Unit
@ Naim Bintulu Paragon

tower located within our flagship Naim Bintulu Paragon integrated development were also progressing well. Works for the tower block have reached level 22 to date. The good work progress was a result of the utilisation of aluminium system formwork technology, which allowed us to complete an average of 3 floors a month. We have unveiled the much-awaited Naim 'The Peak' show units in early 2018.

2017 also saw the commencement of operations by major tenants at Naim Bintulu Paragon, such as oil and gas giant, PETRONAS, Bintulu's largest hypermart, Econsave Cash & Carry, reputable food chains namely SCR and Sugarbun, household items chain store, Mr DIY and KCSH Project Departmental Store. The presence of these tenants will undoubtedly add value in creating a more vibrant retail environment at Naim Bintulu Paragon generally.

In addition, we commenced the offer of high speed and uninterrupted internet connectivity of 500 Megabits per second (500 Mbps) at our Naim Street Mall, adding value to



Perspective of Naim "The Peak"
@ Naim Bintulu Paragon



"Luxury Homes & Living Sarawak"
Magazine (Bintulu Edition)

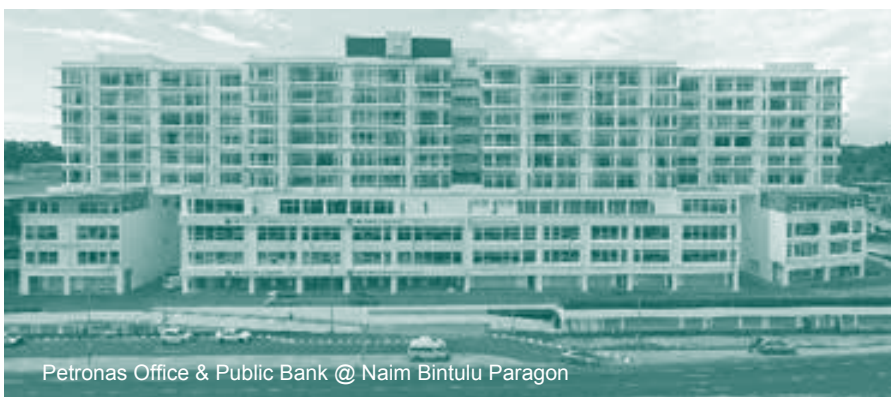


Naim "The Peak" Show Unit
@ Naim Bintulu Paragon

customers' shopping experience and traffic to the Street Mall at Naim Bintulu Paragon.

On the sales and marketing front, we launched our Naim 'Rewards Campaign' promotion in November 2017. Applicable to properties in Kuching, Miri and Bintulu, the

High speed and uninterrupted internet connectivity of 500 Megabits per second (500 Mbps) at our Naim Street Mall, adding value to customers' shopping experience and traffic to the Street Mall generally



Petronas Office & Public Bank @ Naim Bintulu Paragon



Perspective: A Vibrant Naim Bintulu Paragon Master Plan

We launched our Naim ‘Rewards Campaign’ promotion in November 2017. Applicable to properties in Kuching, Miri and Bintulu, the campaign has received encouraging response. Some of our other initiatives to drive sales during the year included targeted roadshows and expos, previews for banks’ high net-worth customers, private investment talks and many more

campaign has received encouraging response. Some of our other initiatives to drive sales during the year included targeted roadshows and expos, previews for banks’ high net-worth customers, private investment talks and many more.

As the property market is expected to remain soft in 2018 due to weak buyers’ sentiment caused by various factors as aforementioned, we will adopt cautious approach in

the coming year. Our product launches and pricing strategy will be implemented based on market demands and buying behaviour. Amongst the key measures implemented to sustain performance of our property segment will be more aggressive marketing strategies, target marketing and innovative products and packaging. Plans are also in the pipeline to increase our market outreach via product promotions overseas.



Naim’s “ Rewards Campaign” with additional CNY Special Ang Pow

Moving forward, we have also planned for launches in Kuching and Miri throughout 2018 comprising residential and commercial properties, including those in the affordable range. With over 2,500 acres of prime land bank located at Sarawak’s key growth areas namely Bintulu, Miri and Kuching, we can expect a sustainable future for the Group.

Property Investment Division
Works for the Fairfield by Marriott upscale business hotel at Naim



Launch of Naim’s “ Rewards Campaign” by YB Senator Datuk Professor Dr Sim Kui Hian, Minister of Local Government and Housing Sarawak.

Review Of Performance And Operations (continued)



Perspective Of Fairfield By Marriott Hotel @ Naim Bintulu Paragon

Bintulu Paragon are progressing, with soft launch of the hotel expected to be carried out in Q1 2019 – the hotel is expected to add value to our bottom line in time to come.

Over in Miri, our Naim Permy Mall has achieved about 86% tenancy and yielding reasonable return on investment. Additionally, more focus was accorded to brand the Mall as a fun place to be through the organizing of interesting family-related events and other events. More activities were also held to increase engagement with the Mall's tenants towards relationship building

Moving forward, we will be strengthening our leasing functional unit and formulating attractive leasing packages to secure tenants for Naim Permy Mall and our unsold Naim Street Mall units for recurring income in the short term, pending sales. This unit will also assist our property investors to source for potential tenants – this value added service will go a long way in boosting investors' confidence in us, adding value to property sales ultimately. Plans are also in the pipeline to organise more interesting



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

community-related events on a continuous basis to enhance traffic to our retail properties.

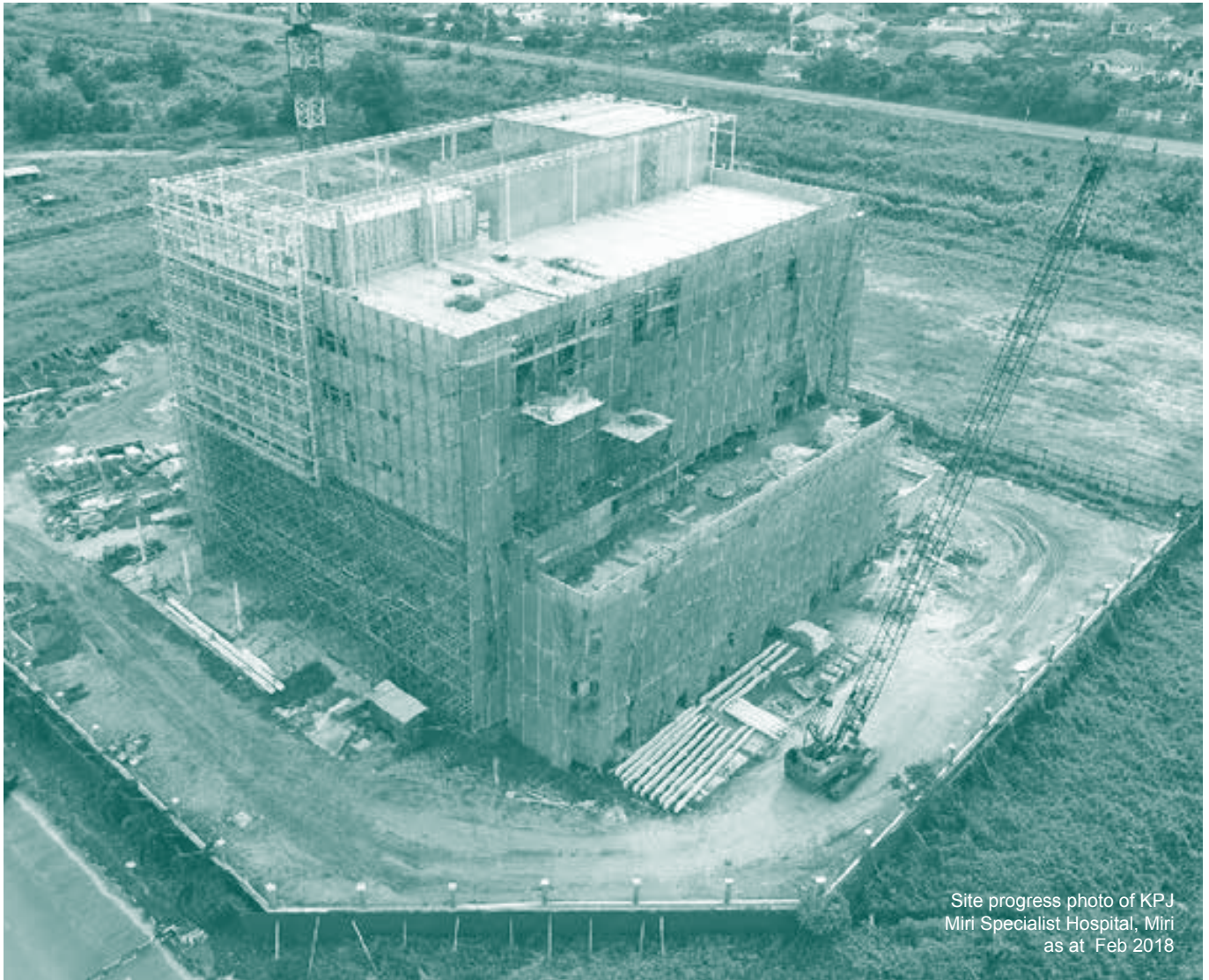
Construction Division

Our key ongoing projects were:

- Pan Borneo Highway project (Pantu Junction to Batang Skrang section)
- KPJ Miri Specialist Hospital
- Tanjung Manis Housing Project
- SPNB Affordable Housing Project

Due to the great effort of our Pan Borneo Highway project team, we emerged as the fastest contractor in terms of work progress for the project.

Naim Permy Mall has achieved about 86% tenancy and yielding reasonable return on investment



Site progress photo of KPJ Miri Specialist Hospital, Miri as at Feb 2018

We are continuously seeking further businesses in relation to various projects including road, buildings and other infrastructure projects

We are continuously seeking further businesses in relation to various projects including road, buildings and other infrastructure projects. We are cautiously optimistic to secure some to replenish our order book. We will also continue to implement measures to improve efficiency, cost control, risk management and internal controls for this segment.

Associate Company – Dayang Enterprise Holdings Bhd.

Despite a decline in performance, we expect this investment to contribute positively to the Group's results in time to come due to its healthy contract order book of RM2.8billion.

Other Division

As our quarry and premix products were mainly utilised to support our internal developments, we implemented various measures to better manage costs and enhance efficiency in its daily operations.

Moving forward, continuous focus would be accorded to improve their operational efficiencies.