12. SUSTAINABILITY AND REGULATORY CONTROLS

We are ISO 9001: 2015, ISO 14001: 2015 and OSHAS 18001:2007 certified and we recognize the importance of managing our environmental footprint and at the same time enhancing the green features in our design and infrastructure.

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

COMPLIANCE

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

1. OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENT ("QHSE")

We strive to promote a safe and healthy work culture.

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

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

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

Naim's courtesy call with DOSH

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

Some of our key initiatives in 2019 are as follows:

Work Accident Free Week (WAFEW)

We participated in the WAFEW organized by the Department of Occupational Safety and Health Sarawak. Naim was awarded grade A for activities and relevant initiatives carried out during the week.

Launch of "Workplace Accident Free Week"

Safety Campaign at Sapphire Site

Inculcation of QHSE mindset among appointed contractors and JV partners

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

Toolbox meeting with contractor's workers

Pan Borneo Safety Campaign (2019)
Photo Credit: Jannette George

Zero Lost Time Injury

We are also pleased to report that we have achieved zero Loss Time Injury (LTI) and Loss Time Accident (LTA) for 2019.

HSE PERFORMANCE & STATISTIC		2019 (Up to Dec)
TOTAL SAFE MANHOURS WORKED **TOTAL ACCUMULATIVE MANHOURS WORK WITHOUT LTI TODATE** **28,017,569**		**4,485,796**
SAFETY		**Year (2018)**
Fatalities	FAT	Nil
Lost Time Incidents	LTI	Nil
Lost Workday Cases	LWC	Nil
Restricted Workday Cases	RWC	Nil
Medical Treatment Cases (major)	MTC	Nil
First Aid Cases (<4 days MC)	FA	0
Total Recordable Cases (sum FAT, LWC, MTC, or RWC)	TRC	Nil
Near Miss Incidents	NM	Nil
Fire Incidents	FI	Nil
Lost Time Injury Frequency Rate	LTIFR	0.00
Total Recordable Injury Frequency Rate	TRIFR	0.03

13. COMMITMENT TO QUALITY

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

Sustainability Statement (continued)

Town Hall Event in Kuching

Our QHSE Management is a coherent system of ISO 9001:2015 Quality Management System, OHSAS 18001:2007 Occupational Health & Safety Management System and 14001:2015 Environmental Management System and is certified by the Intertek International (previously known as Moody International).

Rgn No : Q822488 & E822488

ISO 9001 & ISO 14001 CERTIFICATIONS

Rgn No : S822488

OHSAS 18001 CERTIFICATION

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

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

14. NURTURING, ENRICHING AND INSPIRING TEAM NAIM

Our Group's sustainability is fueled by the talent, passion and dedication of our workforce, Team NAIM. We have constantly focused on nurturing, enriching and inspiring our team in creating an environment which values their contributions. Our efforts in this regard are guided by a robust governance framework and our S.P.I.R.I.T.E.D. core values.

We are indeed honoured to be voted as one of the Top 10 Companies in Sarawak for 2019 by JobStreet.com, an accolade which recognized companies that Sarawak candidates aspired to work with.

Ultimately, we aim to enhance our team members' experience: as a member of Team NAIM, it means having the endless possibilities to grow as a person in your career, to become your personal best, to be a part of something bigger, and to be recognized for all contributions.

C.O.D.E. Focus Group Session in Miri

C.O.D.E. Focus Group Session in Kuching

C.O.D.E. Focus Group Session in Bintulu

Training & Development

"Train people well enough so they can leave.
Treat them well enough so they don't want to."

- Sir Richard Branson

At NAIM, we believe in continuous learning and development. Besides ensuring that our team members are provided with the opportunities to attend various internal and external training programmes and conferences to update and/or acquire relevant skills and knowledge, we have initiated a structured developmental programme called the Management Development Programme (MDP) which prepares middle managers for higher roles by encouraging a change in mindsets and learning skills to harness the potential of teams.

In addition to MDP, we have also embarked on the Strategic Leadership Development Programme (SLDP), a development initiative to ensure our senior team members have a global mindset and are up-to-date with relevant business trends.

In 2019, we recorded a total of more than 16,000 training hours for all staff.

Management Development Programme (MDP) in Kuching

Corporate Retreat

Talent Retention

For our Group's sustainability, especially amidst the challenging and ever changing business environment, we need a high-performing talent base. We believe in retaining the best talent available and developing them to realise their full potential. Apart from a set of standard benefits including base salary, insurance benefits, medical coverage and contribution to the employees' provident fund scheme under the Employees Provident Fund Act 1991, we invest heavily in developing our team members' skills, creativity and talent.

Besides this, we also provide support system for our team members including the mentor-mentee initiative and coach-coachee programme.

Employee Engagement

We continued to engage our team members through various channels as we focused to build a high performance culture among our team members. These channels included new staff on-boarding programmes, town hall meetings, C.O.D.E. focus groups discussions, employee surveys, and various other staff-related activities such as Annual Dinner, Family Day, and Majlis Berbuka Puasa throughout all regions.

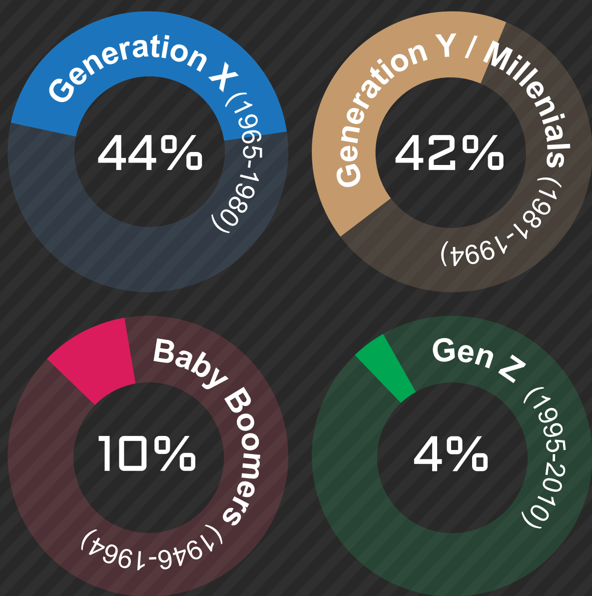
In addition, we have also conducted a series of 1-to-1 engagement sessions involving more than 400 of our team members in 2019 as part of the Group's initiative to continuously improve our employee engagement.

Workforce and Workplace Diversity

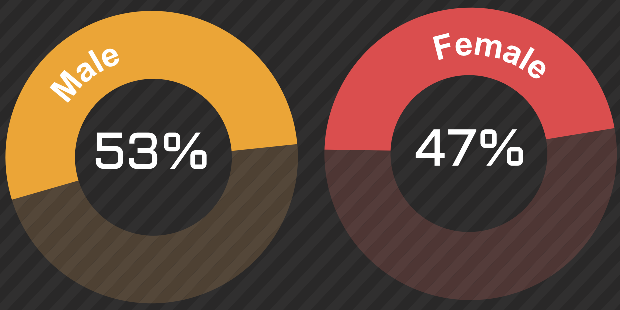
We encourage workplace diversity and provide equal opportunity for all, where all team members regardless of age, gender, race, religion, nationality and education work in harmony and have equal opportunity to succeed.

The graphs below illustrate the Group's employee demographics by age group, gender and ethnicity. 44% of our workforce consists of employees between the age of 40-55 years old (Generation X), followed by 42% between 26-39 years old (Generation Y). Only 10% of our employees are above the age of 56 (Baby Boomers), with the remaining 4% below 25 (Gen Z).

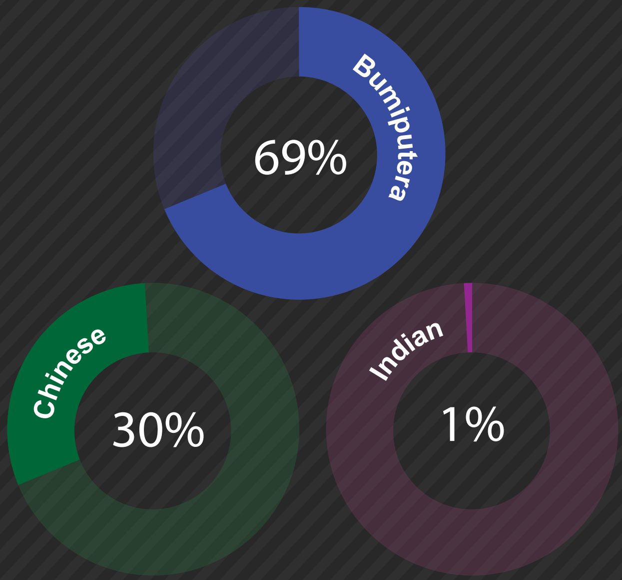
Age Group Distribution



Gender Distribution



Race Distribution



In NAIM, the gender composition is quite balanced with 53% of our overall workforce represented by men, and the remaining 47% by women.

While majority of our employees are Bumiputera and Chinese (i.e. 69% and 30% respectively) with a 1% Indian minority, there is no distinction between gender/ race in relation to remuneration and career development opportunities.

Internships

As part of our commitment to enrich undergraduates so that they can be better prepared for the workplace, we provided internship opportunities for 33 interns from a total of 16 educational establishments comprising universities, colleges and vocational institutions in 2019.

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.

Community Outreach

As a responsible corporate citizen, we encourage our team members to be involved in activities which enrich the communities within which we operate. 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 team members to participate in various corporate social responsibility activities. These activities included community outreach programmes, safety and health programmes, and many more.

MOVING FORWARD

We believe that building a strong business and creating a better world are essential ingredients for long-term success. In our quest to build homes that families dream of, develop vibrant communities and construct national assets of quality and value, we remain committed to our Triple Bottom line – PEOPLE, PLANET, PROFIT.

PART 4

Other Highlights

Naim's Annual Dinner Event - Kuching


DINNER

Corporate Diary 2019

SHANGHAI SURPRISE FOR NAIM'S ANNUAL DINNER EVENTS *26 February 2019 @ Kuching, 28 February 2019 @ Miri, 29 February 2019 @ Bintulu*

Naim's 'Shanghai Night' - themed annual dinner events brought together Naim's Board of Directors, management and staff in moments filled with great fun and sumptuous cuisine. Brilliant dance performances and hilarious sketch plays entertained the audience and lucky staff members walked away with attractive prizes.

SARAWAKIANS HAVE CHOSEN NAIM AS ONE OF THE TOP 10 SARAWAK COMPANIES *9 April 2019 @ Kuching*

Naim Holdings Berhad was voted one of the Top 10 Companies in Sarawak for 2019 by JobStreet.com, an accolade which recognized companies that Sarawak candidates aspired to work with. The candidates voted their preferred companies through a survey conducted by JobStreet.com.

NAIM BAGGED THE EDGEPROP.MY BEST MANAGED PROPERTY AWARDS 2019
21 April 2019 @ Kuala Lumpur

Winning seems to be hardwired into the company's genetics as Naim Group of Companies' Miri development, Naim Bahagia Residences Apartments, won a property management award recently.

Naim Bahagia Residences was adjudged the recipient of the 'Special Mention' award for the category of multiple-owned strata title residential development below 10 years by the EdgeProp Malaysia's Best Managed Property Awards 2019. Located within the Group's highly successful Naim Bandar Baru Permyjaya township in Miri and launched in 2014, Naim Bahagia Residences featured a total of 288 apartment units ranging from 775sq.ft. to 882sq.ft.

The EdgeProp Malaysia's Best Managed Property Awards aimed to raise the bar on Malaysian property management practices, benchmarking it against the best in class globally.

‘BERBUKA PUASA BERSAMA NAIM’ EVENTS

15 June 2019 @ Miri, 16 June 2019 @ Bintulu, 17 June 2019 @ Kuching

Naim hosted the get-together events for staff in Kuching, Miri and Bintulu aimed to promote better camaraderie among its workforce members.


Kuching


Bintulu


Miri

NAIM FAMILY DAY EVENTS WELL-RECEIVED

21 July 2019 @ Kuching
31 August 2019 @ Bintulu & Miri

Team Naim and family members had a blast at the Group’s Family Day events held at the Borneo Tribal Village (Kuching region) and Borneo Tropical Rainforest Resort (Bintulu and Miri regions). With a host of exciting and funny activities, the events were well-received by all.


Bintulu & Miri

Kuching

Corporate Diary 2019 (continued)

SARAWAK DAY CELEBRATION AT NAIM BINTULU PARAGON
22 July 2019 @ Bintulu

Naim Street Mall @ Naim Bintulu Paragon played host to the Head of State, His Excellency Tun Pehin Sri Haji Abdul Taib Bin Mahmud, the Governor of Sarawak and The Right Honourable Datuk Patinggi (Dr) Abang Haji Abdul Rahman Zohari Bin Tun Datuk Abang Haji Openg, Chief Minister of Sarawak during Sarawak Day.

Besides officiating various state-level Sarawak Day celebratory events at the street mall, His Excellency The Governor of Sarawak visited the soon-to-be-completed Fairfield By Marriott Bintulu Paragon international hotel, while the Chief Minister of Sarawak officiated Naim 'The Peak' Condominium Homes' topping-up ceremony there.

NAIM BAGS 'BEST BOOTH' AWARD AT SHEDA FOR THE THIRD CONSECUTIVE YEAR
20 September 2019 @ Kuching

Naim bagged the 'Best Booth' award for the third year running at SHEDA Property Expo 2019. Naim's Group Deputy Managing Director, Christina Wong, received the award from The Right Honourable Datuk Patinggi (Dr) Abang Haji Abdul Rahman Zohari Bin Tun Datuk Abang Haji Openg, Chief Minister of Sarawak during the awards ceremony.

NAIM STREET MALL HOSTS TYT INTERNATIONAL MUAY THAI CUP
23 November 2019, Bintulu

Naim Street Mall @ Naim Bintulu Paragon played host to 2019's Tuan Yang Terutama (TYT) International Muay Thai Cup. The event, organized by the Bintulu Chinese Chamber of Commerce and Industry (BCCCI) saw some 80 fighters from Malaysia, Thailand, Cambodia, Brunei and Indonesia vying for glory in the presence of His Excellency The Governor of Sarawak, Tun Pehin Sri Haji Abdul Taib Mahmud.

FAIRFIELD BY MARRIOTT BINTULU PARAGON OPENS ITS DOORS *28 December 2019 @ Bintulu*

The much awaited Fairfield By Marriott Bintulu Paragon Hotel had opened its doors to members of the public. The first hotel within Naim Group of Companies, Fairfield By Marriott Bintulu Paragon was also Bintulu's first international hotel and Malaysia's first Fairfield By Marriott hotel.

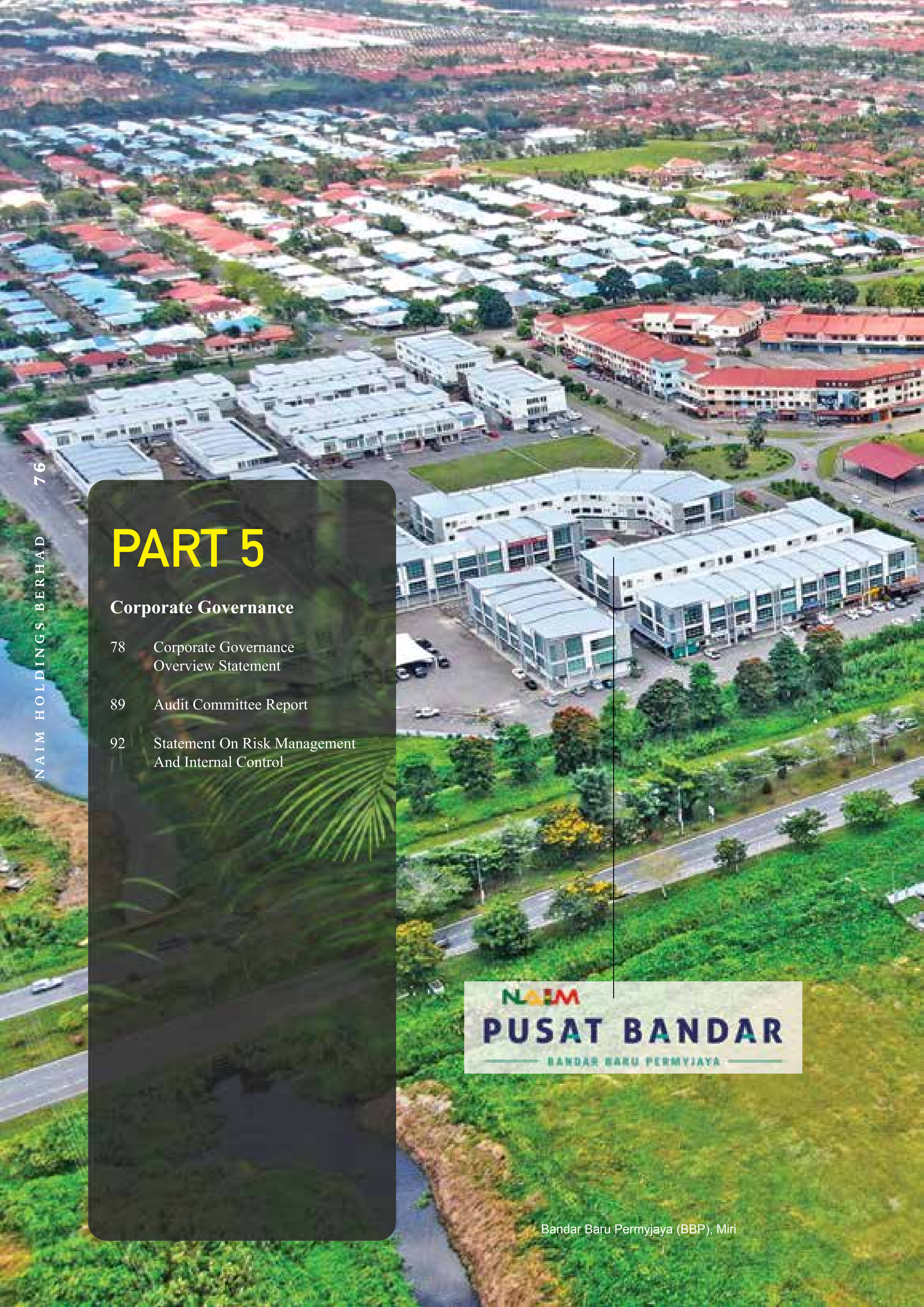
A global leader in mid-tier hotel segment, Fairfield By Marriott was also Marriott International's second largest distributed brand with more than 750 hotels worldwide.

Naim In The News

Created by Pressfoto - Freepik.com

PART 5

Corporate Governance



Bandar Baru Permyjaya (BBP), Miri


PERMY MALL
KPJ
HEALTHCARE

Corporate Governance Overview Statement

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

The Board is pleased to present this Corporate Governance ("CG") Overview Statement ("Statement") to the shareholders and investors with an overview on the application of CG practices of the Group during the financial year 2019. The Corporate Governance Overview Statement sets out the principal features of the Group corporate governance.

This statement is prepared in accordance with Bursa Malaysia Securities Berhad's ("Bursa Securities") Main Market Listing Requirements ("MMLR") and it shall be read together with the Corporate Governance Report ("CG Report") of the Company for the financial year ended 31 December 2019. The CG Report provides the details on how the Company has applied each of the practices as set out in the Malaysian Code of Corporate Governance ("MCCG"). The CG Report is available on the Company's website: http://www.naim.com.my as well as via an announcement on the website of Bursa Malaysia.

PRINCIPLE A:
BOARD LEADERSHIP AND EFFECTIVENESS

Board's Roles and Responsibilities

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

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

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

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

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

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

- Reviews, adopts and monitors the implementation of the Group's strategic plans.
- Reviews and deliberates on the Management's proposals, as well as challenges the Management's views and assumptions on the yearly budget and Business Plans for the next 5 years and beyond.
- Provides guidance and comment on the market, business and operational initiatives to Management.
- Ensures that the necessary resources are available to achieve the strategic aims and objectives of the Group.
- Monitors the conduct of business.
- Identifies principal risks and ensures the implementation of appropriate internal control measures to achieve an appropriate balance between risks incurred and returns to stakeholders.

The Board Committees are established to assist the Board in the execution of its duties, to allow detailed consideration of complex issues and to ensure diversity of opinions, suggestions and recommendations. Each Board Committee comprises members of the Board of Directors, and is mandated to carry out specified functions, programmes or projects assigned by the Board. Each Committee is given a written charter with specific roles and responsibilities, composition, structure, membership requirements, and the manner in which the Committee is to operate. The Committees are to ensure effective Board processes, structures and roles. Annual assessments of the performance of the Board, Board Committee and Board of Directors are carried out by the Nominating Committee. All matters determined by the Committees are promptly reported to the Board, through their respective Chairpersons, as opinions and/or recommendations for Board's endorsement and or decision.

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

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

The summary of committee memberships is as follows:

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

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

Board Meetings

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

The Board met five (5) times during the financial year 2019. All Directors have complied with the minimum fifty per centum (50%) attendance as required under Paragraph 15.05 (3)(c) of the MMLR as follows:

Current Directors	Scheduled meetings	
	Attendance	%
Datuk Amar Abdul Hamed Bin Haji Sepawi Chairman	5/5	100
Datuk Hasmi Bin Hasnan Managing Director	5/5	100
Ms. Wong Ping Eng Deputy Managing Director	5/5	100
Dato Ir. Abang Jemat Bin Abang Bujang Independent Non-Executive Director	5/5	100
Emeritus Prof. Dato' Abang Abdullah Bin Abang Mohamad Alli Independent Non-Executive Director (Resigned on 24 May 2019)	2/2	100
Datin Mary Sa'diah Binti Zainuddin Independent Non-Executive Director	5/5	100
Mr. Chin Chee Kong Non-Executive Director	5/5	100
Mr. Tan Chuan Dyi Independent Non-Executive Director	5/5	100
Cik Sulaihah Binti Maimunni Independent Non-Executive Director	4/5	80
Datuk Ahmad Bin Abu Bakar Independent Non-Executive Director (Appointed on 1 June 2019)	2/2	100

Directors who are unable to attend the Board meetings in person, may attend meetings via telephone, video conferencing or any other form of electronic or instantaneous communication as permitted by the Company's Constitution. Directors who intend to participate in the meetings through video conferencing should give prior notice to the Company to arrange for the setting up of the facilities.

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

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

Board Composition

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

During the year, Emeritus Professor Dato' Abang Abdullah Bin Abang Mohamad Alli, an independent non-executive Director resigned on 24 May 2019 after having served more than 12 years in the Company, and Datuk Ahmad Bin Abu Bakar an independent non-executive Director was appointed in place thereof.

The Board's current composition is as follows:

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

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

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

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

The Board is made up of a diverse group of individuals with broad experiences and accomplishments in audit, banking, finance, property, construction, project management, engineering, oil and gas, timber, plantation and energy. All Members have demonstrated their ability to exercise sound business judgment.

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

Corporate Governance Overview Statement (continued)

Board Diversity

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

	Experience & Skills									Ethnic		Gender		Age	
	Property	Construction	Timber	Plantation	Energy / Oil & Gas	Audit/Accounting/Finance	Electrical / Telecommunication	Civil Engineering	Banking / Finance	Bumiputra	Non-Bumiputra	Male	Female	Below 60	Above 60
Datuk Amar Abdul Hamed Bin Haji Sepawi	√	√	√	√	√					√		√			√
Datuk Hasmi Bin Hasnan	√	√								√		√			√
Ms. Wong Ping Eng	√	√				√					√		√	√	
Dato Ir. Abang Jemat Bin Abang Bujang							√			√		√			√
Datin Mary Sa'diah Binti Zainuddin					√					√			√		√
Mr. Chin Chee Kong						√			√		√	√			√
Mr. Tan Chuan Dyi									√		√	√		√	
Cik Sulaihah Binti Maimunni		√						√		√			√		√
Datuk Ahmad Bin Abu Bakar (Appointed on 1 June 2019)	√		√	√	√	√				√		√			√

The Board currently comprises six (6) male directors, representing 67% of the Board, and three (3) female directors, representing 33% of the Board.

The Board believes that diversity leads to the consideration of all facets of an issue and, consequently, better decisions and performance.

Retirement of Directors

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

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

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

Directors' Training

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

Name of Director	Programme Title	Date(s)
Datuk Hasmi Bin Hasnan	● C.O.D.E Presentation to the Management ● How Ready Is Your Company To Safeguard Your Directors, Top Management and Personnel Against A Corruption Prosecution? (MICG) ● Sustainability Inspired Innovations: Enablers of the 21st Century (Institute of Corporate Directors Malaysia) ● Corporate Retreat in Kuching ● Managing Business Re-organisation Effectively	7 March 2019 12 March 2019 23 September 2019 3–4 October 2019 11 November 2019
Wong Ping Eng	● Social Dialog: Good Practice Note on Managing Redundancy and Responsible Retrenchment ● SLDP – Emotional Intelligence 2.0 ● C.O.D.E Presentation to the Management ● C.O.D.E Train –The-Trainer workshop ● SLDP – Transformational Coaching & Mentoring ● Corporate Retreat in Kuching ● Social Dialogue: Good Practice Note on Managing Redundancy and Responsible Retrenchment ● Managing Business Re-organisation Effectively ● Corporate Liability Provision on Corruption under MACC Act 2009	11 May 2019 26 – 27 June 2019 3 July 2019 17 July 2019 15–16 August 2019 3–4 October 2019 5 November 2019 11 November 2019 11 December 2019
Dato Ir. Abang Jemat Bin Abang Bujang	● Corporate Governance Advocacy Programme – Cyber Security in the Boardroom (Deloitte) ● Corporate Retreat in Kuching ● USA-China Trade War – Its Impact on Business and Consumers in ASEAN (Malaysian Investor Relations Association) ● Corporate Liability Provision on Corruption under MACC Act 2009	27 June 2019 3–4 October 2019 9 October 2019 11 December 2019
Datin Mary Sa'diah Binti Zainuddin	● CG Watch: How Does Malaysia Rank? (The ICLIF Leadership and Governance Centre) ● Corporate Liability on Corruption under the MACC Act 2009	3 May 2019 24 September 2019

Name of Director	Programme Title	Date(s)
Datuk Ahmad Bin Abu Bakar	• Independent Directors' Programme – The Essence of Independence (The ICLIF Leadership and Governance Centre)	27 June 2019
	• Corporate Retreat in Kuching	3–4 October 2019
	• USA-China Trade War – Its Impact on Business and Consumers in ASEAN (Malaysian Investor Relations Association)	9 October 2019
	• Corporate Liability Provision on Corruption under MACC Act 2009	11 December 2019
Tan Chuan Dyi	• Corporate Retreat in Kuching	3–4 October 2019
	• Corporate Liability on Corruption – A Basic Awareness & Implementation Framework (Terus Mesra Sdn. Bhd.)	8 October 2019
Sulaihah Binti Maimunni	• Corporate Retreat in Kuching	3-4 October 2019
	• Corporate Liability Provision on Corruption under MACC Act 2009	11 December 2019
Chin Chee Kong	• Shifting Tides: Future of Finance, a Finance Industry Conference in conjunction with Malaysia Tech Week (MTW19) @ Sasana Kijang	17 June 2019
	• (A) AML/CFT Training (B) Briefing on Bank Negara Malaysia's Policy Document on Credit Risk (ICBC Bank Malaysia Internal Training)	31 July 2019
	• Corporate Retreat in Kuching	3-4 October 2019
	• Trade Based Money Laundering Training by KPMG Management & Risk Consulting Sdn. Bhd. (ICBC Bank Malaysia Internal training)	30 October 2019
	• (A) MFRS Updates 2019/2020 Seminar by KPMG (B) Tax and Business Seminar by KPMG	5 November 2019
	• MICG Half Day Seminar on "Fraud Risk Management" (MICG)	14 November 2019
	• Corporate Liability Provision on Corruption under MACC Act 2009	11 December 2019

The Directors will continue to pursue relevant seminars and trainings from time to time as they consider necessary to equip themselves to enable them to discharge their duties effectively.

Nominating Committee

The Nominating Committee comprises exclusively non-executive directors, of whom a majority is independent. The Nominating Committee is chaired by a non-independent and non-executive Director.

The Nominating Committee met twice (2 times) during the financial year under review.

The activities undertaken by the Nominating Committee for the financial year ended 31 December 2019 were as follows:

a. Assessed and evaluated the performance and effectiveness of the Board, Board Committees and individual Directors.
b. Assessed the effectiveness of the Board and Board Committees as a whole, on areas such as Board composition, structure, the required mix of skills, experience and other qualities

c. Reviewed the profile of Board candidates, and if deemed to possess the requisite competence and caliber will be recommended for appointment as Directors of the Company.
d. Reviewed the Directors retiring by rotation to be put forward for re-election at the Company's Annual General Meeting.
e. Reviewed the performance and effectiveness of the Audit Committee and its members and the Nominating Committee was of the opinion that the Audit Committee and its members have carried out their duties in accordance with their Terms of Reference.
f. Reviewed the succession planning of the key positions in the Company.

Succession Planning

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

Succession for various key positions have been planned and lined up in the organization to ensure continued sequence of qualified people to move up and take over when the current generation of key staff retire or resign. The Group is seriously looking into the succession planning to ensure continuity of business.

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

Disclosure of Interests in Contracts/Conflict of Interest

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

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

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

Related Party Transactions

The related party transactions in the Group as contained in Page 168 of the Annual Report include 2 portions as follows:

a. Other related party transactions
Transactions with associates

The related parties are representatives of Naim on the board of subsidiaries and associates. This group of related parties has no other interested relationships except for common directorships and the related parties do not own shares in the transacting parties other than via the listed entity, Naim Holdings Berhad. These transactions are not deemed related party transactions pursuant to paragraph 10.08(11) of MMLR.

b. Transactions in which certain substantial shareholders have or are deemed to have interests

This category of related party transactions are those involved in rental of properties of not more than three (3) years and the terms of which are supported by independent valuation.

This transactions are also not deemed related party transactions by virtue of Paragraph 10.08(11)(h) of MMLR.

Directors have a duty to declare to the Board, should they be interested in any transactions to be entered into directly or indirectly by the Group. Related party transactions are reviewed and deliberated at Audit Committee Meetings and if deemed in the best interest of the Group, fair, reasonable and on normal commercial terms not detrimental to the interest of minority shareholders, the Audit Committee would recommend them to the Board for approval.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

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

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

The Chairman of the Audit Committee is Mr. Tan Chuan Dyi and he is not the Chairman of the Board. All members of the Audit Committee are financially literate.

The roles of the Audit Committee are explained in pages 89 to 91 of this Annual Report.

Risk Management and Internal Control Framework

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

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

Further information on the Group's risk management and internal framework is made available on the Statement of Risk Management and Internal Control on pages 92 to 93 of this Annual Report.

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

Communication with Stakeholders

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

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

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

- ensuring that all information disclosed to our investors is consistent with our strategies, plans and actual performance
- providing transparency on our operations and performance
- understanding our investor base and their requirements

Conduct of General Meetings

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

During the year under review, two (2) General Meetings were held as follows:

a. Annual General Meeting ("AGM") held on 24 May 2019
b. Extraordinary General Meeting ("EGM") held on 28 November 2019 for the purpose of adopting the New Constitution of the Company

All the resolutions put forward at these two (2) General Meetings were voted on by poll in accordance with paragraph 8.29A of the MMLR.

The Company had appointed the share registrar, Tricor Investor & Issuing House Services Sdn. Bhd. as the Poll Administrator and Scrutineer Solutions Sdn. Bhd. as Independent Scrutineer to oversee the polling processes at these two (2) General Meetings. All ordinary resolutions were passed by a majority of votes by members present either in person or by proxy.

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

This Corporate Governance Overview Statement was approved by the Board of Directors on 19 May 2020.

Statement of Directors' Responsibility in preparing the Financial Statements

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

Management Discussion and Analysis of the Group's Business Operations and Performance

The management discussion and analysis of the Group's business operations and performance are addressed in the Letter to Shareholders from page 36 to 43 and Review of Performance and Operations from page 44 to 51.

17th Annual General Meeting ("AGM") @ Naim Sapphire Condominium Homes, Function Hall

Additional Compliance Information

1. Utilisation of Proceeds from Corporate Exercise

The Company raised a gross proceeds of approximately RM118.7 million from the Rights Issue of 263.8 mllion new ordinary shares of RM0.45 per share on 25 January 2019. The status of the utilisation of the proceeds as at 31 December 2019 is as follows:

	Amount raised from the Rights Issue RM million	Actual Utilisation RM million	Amount Unutilised RM million
Property development activities	88.7	34.0	54.7
General working capital	4.0	4.0	-
Repayment of borrowings	25.0	20.0	5.0
Estimated expense in relation to the proposed rights issue	1.0	1.0	-
	118.7	59.0	59.7

2. Audit and Non-Audit Fees

The amount of audit and non-audit fees paid/payable to the external auditors by the Company and the Group in the financial year ended 31 December 2019 were as follows:

Item	Nature of services rendered	Company RM	Group RM
a.	Audit Fees	90,000	388,000
b.	Non-Audit Fees	20,000	238,000
	Total	**110,000**	**626,000**

The non-audit fees comprised the following:

Item	Nature of services rendered	RM
a.	Tax fee	211,000
b.	Other advisory fees	27,000
	Total	**238,000**

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

Save as disclosed under Note 35 of the Financial Statements in this Annual Report, there were no material contracts entered into by the Company or its subsidiaries involving Directors, Chief Executive who is not a Director or Major Shareholders still subsisting at the end of the financial year ended 31 December 2019.

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

During the financial year ended 31 December 2019, no grants were issued.

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

Audit Committee Report

Members

The Audit Committee comprises the following:

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

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

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

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

The composition of the Audit Committee is as follows:

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

One (1) of its members, Mr. Chin Chee Kong is member of the Malaysian Institute of Accountants.

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

ATTENDANCE OF MEETINGS

The Audit Committee met seven (7) times during the year 2019 and the details of attendance are as follows:

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

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

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

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

1. SUMMARY OF ACTIVITIES

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

1.1 Financial Reporting

- Reviewed the quarterly results and annual financial statements before approval by the Board of Directors, focusing on

  i. changes in or implementation of new or revised major accounting standards,
  ii. significant matters including financial reporting issues and how they were addressed,
  iii. compliance with accounting standards and other legal requirements.

- Reviewed and recommended for Board's approval the annual audited financial statements.
- Reviewed the internal control aspects of the Statement on Risk Management and Internal Control for recommendation to the Risk Management Committee for its consideration.

1.2 Related Party Transactions

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

1.3 Internal Audit

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

1.4 External Audit

- Reviewed and deliberated on the External Auditors' presentation of their terms, areas of responsibilities, audit plan and approach, areas of audit emphasis, financial reporting changes and requirements, proposed fee, key accounting and audit judgements and unadjusted differences identified during the audit.
- Reviewed and deliberated on the External Auditors' reports in relation to the statutory audit, major audit findings and the Management's responses arising from the audit.
- Assessed the independence and suitability of External Auditors.
- Ensured that the audit partners on the engagement are rotated every seven years, with a three year cooling-off period.
- Considered and recommended to the Board for approval, the re-appointment of External Auditors, as well as their remuneration.
- Met up with external auditors twice, in the absence of management.
- Discussed and considered the significant accounting adjustments and auditing issues arising from the interim audit as well as the final audit with the External Auditors.

2. INTERNAL AUDIT FUNCTION

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

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

The department is headed by a Chartered Accountant, Madam Denise Yong, who has more than 18 years of work experience. The internal audit staff comprise those that possess tertiary qualifications in the field of Accountancy, Business Administration, Construction Management and Engineering. The Department is made up of a total of four internal auditors as at reporting date (six as at 31 December 2019).

2.1 Authority

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

2.2 Independence

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

2.3 Duties and Responsibilities

Each year the Internal Audit Department will develop an audit plan detailing engagements to be conducted during the year and submit the same to the Audit Committee for approval before carrying out the planned assignments. Reports on the internal audit activities will be submitted to the Audit Committee every quarter.

The report will include the status and results of the annual audit plan on the activities being reviewed.

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

2.4 Internal Audit Functions and Activities

The Internal Audit Department has carried out its activities based on planned audits and special reviews during the year. During the financial year ended 31 December 2019, the internal audit activities carried out included, inter alia, the following:

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

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

A total cost of RM447,105 was incurred by the internal audit department in respect of the financial year under review.

3. TRAINING

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

Date	Description of Training
4-5 Mar 2019	Handling Staff Discipline and Managing Performance by Malaysian Institute of Management (MIM)
26 Mar 2019	Project Cost Management by Malaysian Institute of Management (MIM)
15-16 Apr 2019	Root Cause Analysis Done Right & Effective Audit Sampling by Institute of Internal Auditors Malaysia (IIAM)
29-30 Apr 2019	Management Essential for Middle Managers by Malaysian Institute of Management (MIM)
27 May 2019	Effective Problem Solving & Decision Making by Malaysian Institute of Management (MIM)
24-25 Jun 2019	Financial Awareness & Effective Budgeting by Malaysian Institute of Management (MIM)
26-27 Jun 2019	Emotional Intelligence 2.0 by Malaysian Institute of Management (MIM)
11 Jul 2019	Document Control Management conducted in-house
17 Jul 2019	Train-The-Trainer Workshop conducted in-house
5-6 Aug 2019	Transformational Coaching & Mentoring Skills by Malaysian Institute of Management (MIM)
15-16 Aug 2019	Transformational Coaching & Mentoring by Malaysian Institute of Management (MIM)
27 Sep 2019	Improving Internal Audit Skills Through Better Practices by Malaysian Institute of Accountants (MIA)
30-31 Oct 2019	Internal Control and Fraud Prevention Seminar 2019 by ARAM Global Sdn Bhd.
15 Nov 2019	MS Excel: Pivot Table by Sarawak Information Systems Sdn Bhd (SAINS)
5 Dec 2019	PAM 2018 – A Practical Guide by Charlton Martin Consultants Sdn Bhd
11 Dec 2019	Corporate Liability Provision – Safeguarding the Group, Its Directors, Top Management & Other Personnel from Corruption Prosecution by Malaysian Institute of Corporate Governance (MICG)

Statement On Risk Management And Internal Control

Introduction

This Statement on Risk Management and Internal Control by the Board of Directors is made pursuant to Bursa Malaysia Listing Requirements with regard to the Group's compliance with the principles and best practices for internal control as provided in the Malaysian Code of Corporate Governance (MCCG 2017).

The Board of Naim believes in good corporate governance and managing the affairs of the Group in accordance with the MCCG 2017. In addition, the Board believes that it is very much the voluntary good behaviour and credibility of the Board which will create a good governance culture for the entire organization and its business partners.

Responsibility

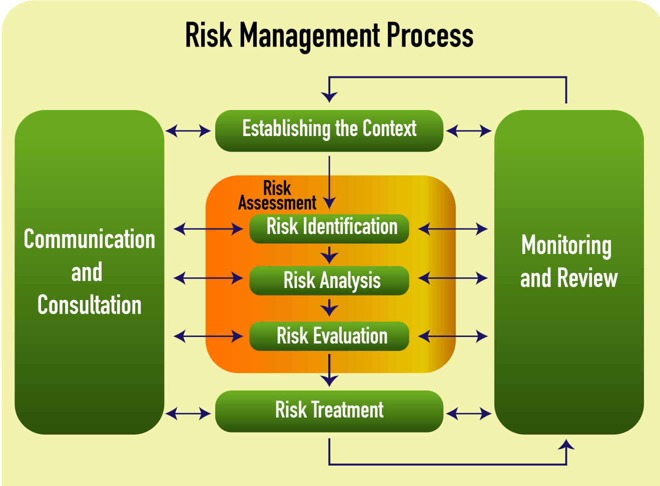
The Board acknowledges its responsibilities for maintaining a sound system of risk management and internal control to safeguard shareholders' investment and the Group's assets as well as reviewing the adequacy and integrity of the system. In discharge of these responsibilities, the Board has put in place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

Risk Management Framework

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

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

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



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

Key Processes of Internal Control

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

- An organisational structure that lays down clear lines of responsibility and reporting.
- Clear documented and formalised standard operating policies and procedures to ensure compliance with internal controls, relevant laws and regulations, which are subject to regular reviews and improvements, have been communicated to all levels and are easily accessible on the Company's intranet platform. In particular, the Group Procedures and Financial Authority Limit (FAL), which sets out the operating control procedures pertaining to finance, accounting, credit control, human resources, procurements and inventory. The control procedures, inter alia, include setting limits for approving expenditure and procurements. These procedures and FAL are updated when necessary.

- Real-time budgetary control, where actual performance is regularly monitored against budgets.
- The Group uses JDE system which comprises Supply Chain Management, Financial, Sub Contracting and Job Costing to improve efficiency.
- The Group uses an eProcurement & Approval (ePA) system to improve transparency and efficiency.
- The Group uses Oracle Primavera Project Management System to centrally manage and monitor the progress of our projects.
- The Staff Handbook, which sets out general employment terms and the Group's Code of Conduct and Business Ethics
- A quality management system requiring the management and staff of the Group's principal operating subsidiaries, such as Naim Land Sdn. Bhd. and Naim Engineering Sdn. Bhd. to adhere to a set of well-established standard operating procedures covering all major critical processes. In continual pursuit for process excellence for Quality, Health, Safety & Environment, the management system integrates Quality, Environmental and Occupational, Health & Safety Management System into one coherent system so as to enable the optimal achievement of its business objectives. Surveillance audits are conducted yearly to ensure compliance with the system.
- An Anti-Fraud Policy setting out the Group's policy on fraud and providing guidelines in dealing with fraud in an appropriate manner. If fraud is suspected or uncovered, appropriate and timely actions in accordance with the Fraud Response Plan will be taken.
- A performance management system whereby business objectives are clearly defined and targets are set for each employee. Employees' performances are monitored, appraised and rewarded according to the achievement of targets set.
- Training and development programmes are identified and scheduled for employees to acquire the necessary knowledge and competency to meet their performance and job expectation.

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

Internal Audit

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

Assurance to the Board

The Board has received assurance from the Group Managing Director and Group Deputy Managing Director that the Group's risk management and internal controls are operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

Review of the Statement by External Auditors

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guides ("AAPG") 3, *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2019, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

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

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

This statement is made in accordance with a resolution of the Board of Directors dated19 May 2020.

PART 6

Economic Outlook

Night view, Kuala Lumpur, Malaysia


City view, Kuching, Sarawak

Economic Outlook

Outlook for Malaysia

Free Malaysia Today
https://www.freemalaysiatoday.com/category/nation/2020/02/25/malaysias-power-struggle-puts-economys-outlook-at-risk/

Malaysia's political upheaval is jeopardising the economy's outlook at a time of heightened global risks and brewing discontent among locals about rising living costs.
The ruling coalition collapsed Monday amid a power struggle between 94-year-old Prime Minister Mahathir Mohamad and his planned successor. The political uncertainty is stalling economic policy, including a stimulus package that was due to be unveiled by Mahathir on Feb 27 to counter the coronavirus outbreak.

Even before the virus began disrupting trade and tourism flows and the current political crisis broke out, economic discontent has been slowly growing in Malaysia. Locals routinely complain about the rising cost of living, defying official data which shows inflation at its lowest level in a decade. And several recent studies show Malaysians are struggling to make ends meet.

The Edge (as reported in msn.com)
https://www.msn.com/en-my/money/topstories/covid-19-outbreak-will-affect-malaysias-growth-says-bnm-governor/ar-BBZUdn4

Malaysia's economic growth will be affected by the Covid-19 outbreak, particularly in the first quarter of 2020 (1Q20), said Bank Negara Malaysia (BNM) Governor Datuk Nor Shamsiah Mohd Yunus.

Nor Shamsiah said it is "too hard to predict" the impact of this virus outbreak on the country's economic growth moving forward.

She, however, noted that the gross domestic product (GDP) growth, "particularly in the first quarter" of this year, will be affected by the Covid-19.

"The overall impact of the virus on the Malaysian economy will depend on the duration and spread of the outbreak as well as policy responses by authorities," said Nor Shamsiah.

Bank Negara Malaysia (as reported in The Edge Markets)
https://www.theedgemarkets.com/article/bnm-annual-report-2019-malaysias-2020-gdp-growth-projected-between-2-and-05

Bank Negara Malaysia (BNM) said today Malaysia's economic growth, as measured by Gross Domestic Product (GDP), is projected at between -2% to 0.5% in 2020 against a highly challenging global economic outlook due mainly to the COVID-19 pandemic.

Apart from the pandemic, the domestic economy will also be affected by the sharp decline and volatile shifts in crude oil prices and continued supply disruption in the commodities sector, according to the Central Bank.

According to BNM's Economic and Monetary Review 2019, the global economy is projected to register negative growth in 2020, due mainly to the significant economic repercussions arising from the unprecedented COVID-19 pandemic.

Outlook for Sarawak

Free Malaysia Today
https://www.freemalaysiatoday.com/category/nation/2020/05/06/sarawak-forms-economic-action-council-for-covid-19-exit-strategy/

Sarawak Chief Minister Abang Johari Openg says the state has formed an economic action council for its exit strategy once the Covid-19 pandemic subsides.

The council, chaired by the chief minister, consists of state Cabinet members and other related stakeholders including chambers of commerce, professionals and academics.

“We have reviewed our development strategies under the 12th Malaysia Plan to recover from the severe economic impact due to Covid-19, so as to remain resilient, adapting to the ‘new normal’ and promoting future economic growth and development.

“Therefore, we have formed the Sarawak economic action council to facilitate the state government’s post-Covid-19 exit strategy up till 2030,” he said at a press conference here today.

The Edge Markets
https://www.theedgemarkets.com/article/sarawak-glut-highrise-homes

There is an oversupply of high-rise residential property in Sarawak but landed houses are holding up well, said managing director of CH William Talhar Wong and Yeo Sdn Bhd (WTWY) Robert KS Ting

Due to regulations, developers in Sarawak do not launch a lot of houses at one go due to rules. There is not much oversupply issue for landed homes, but the higher-end high-rise market is facing a glut,” he told the media today during the launch of the CBRE|WTW 2020 Asia Pacific Real Estate Market Outlook Report.

In 2019, 1,520 high-rise residential units were completed in the state, up by 10% from 2018 with SoHo units accounting for 25% of the completed units. The average price of these homes have stagnated at about RM500 psf in prime locations in Sarawak.

The Borneo Post
https://www.theborneopost.com/2019/11/05/state-budget-2020-rm13-357-bln-proposed-for-high-impact-projects/

A sum of RM13.357 billion has been proposed in the 2020 State Budget to implement various high-impact projects next year to accelerate the pace of development in rural parts of Sarawak.

In delivering his budget speech yesterday, Chief Minister Datuk Patinggi Abang Johari Tun Openg said RM1.526 billion has been proposed for the Second Trunk Road, RM1.173 billion for Coastal Road Network and RM1.148 billion for projects under the Regional Corridor Development Authority (Recoda).

“RM500 million each for Project Rakyat and Rural Transformation Projects as well as RM343 million for projects under the Integrated Regional Samarahan Development Agency and RM236 million for Minor Rural Projects,” he said in the august House.

Naim Desa Ilmu @ Kota Samarahan Sarawak

PART 7

Financial Statements

Directors' Report For The Year Ended 31 December 2019

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 2019.

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 5 to the financial statements.

Results	**Group RM'000**	**Company RM'000**
Profit/(Loss) for the year attributable to:		
Owners of the Company	56,626	(5,632)
Non-controlling interests	1,393	-
	58,019	(5,632)
	=========	=========

Dividend

No dividend was paid during the year and the Directors do not recommend any 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
Wong Ping Eng
Dato Ir. Abang Jemat Bin Abang Bujang
Datin Mary Sa'diah Binti Zainuddin
Chin Chee Kong
Tan Chuan Dyi
Sulaihah Binti Maimunni
Datuk Ahmad Bin Abu Bakar (appointed on 1.6.2019)
Emeritus Professor Dato' Abang Abdullah Bin Abang Mohamad Alli (resigned on 24.5.2019)

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
Hasmiah Binti Anthony Hasbi
Lau Kiu Huat (alternate to Datu Haji Halmi Bin Ikhwan)
Ting Pin Sing
Lim Khong Guan
Wong Ching Sen
Beh Boon Ewe
Alexander Manyin
Charles Arthur Bateman
Nona Zaharia Binti Fadzil
Lingoh Anak Gara
Yap Hon Kong
Sim Kwong Yong
Emily Hii San San
Abang Mahathir Bin Mohamed
Wong See Hing
Allan Anak Micheal Rimong (appointed on 12.6.2019)
Yeo Ling Hui (appointed on 21.6.2019)
Monaliza Binti Zaidel (appointed on 1.1.2020)

Directors of the subsidiaries (continued)

Davidran A/L Somasundiram Prakasam (resigned on 12.6.2019)
Laik Heng Juan (resigned on 21.6.2019)
Siti Aishah Binti Othman (resigned on 28.8.2019)
Datu Sajeli Bin Kipli (appointed on 12.6.2019 and resigned on 31.12.2019)
Abang Hasni Bin Abang Hasnan (resigned on 31.1.2020)

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 1.1.2019	**Bought***	**(Sold)**	**At 31.12.2019**
Direct interests in the Company				
Datuk Amar Abdul Hamed Bin Haji Sepawi	9,736,600	22,816,827	-	32,553,427
Datuk Hasmi Bin Hasnan	16,668,850	39,061,918	-	55,730,768
Wong Ping Eng	5,000	7,500	-	12,500
Shareholdings in which Datuk Amar Abdul Hamed Bin Haji Sepawi has deemed interests				
The Company	27,967,700	65,539,733	-	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.	10,000,000	-	(3,000,000)	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	40,455,500	94,803,744	-	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.	10,000,000	-	(3,000,000)	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

* *Includes subscription of entitled Rights Issue and/or excess rights shares*

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 2019 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 27)] 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 35 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

On 25 January 2019, 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 (see Note 18). The total 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 amounting to RM454,802,000 (see Note 18).

There were no other changes in the issued and paid-up capital of 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 RM53,000.

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.

Other statutory information (continued)

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 2019 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.

Events after the reporting period

Events after the reporting period is disclosed in Note 39 to the financial statements.

Auditors

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

The auditors' remuneration is disclosed in Note 24 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: 19 May 2020

Statements Of Financial Position As At 31 December 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Assets					
Property, plant and equipment	3	152,050	128,618	5,045	5,247
Prepaid lease payment	4	-	2,313	-	-
Investment in subsidiaries	5	-	-	396,962	339,962
Investment in associates	6	483,346	408,428	181,983	158,530
Investment in joint ventures	7	2,283	4,387	-	-
Inventories	8	367,833	373,407	-	-
Investment properties	9	80,343	85,161	-	-
Intangible asset	10	3,516	4,196	-	-
Deferred tax assets	11	12,148	12,081	-	-
Other investments	12	3,079	3,100	-	-
Trade and other receivables	13	56,835	65,563	-	-
Total non-current assets		1,161,433	1,087,254	583,990	503,739
Inventories	8	621,548	653,186	-	-
Contract costs	14	4,514	5,516	-	-
Contract assets	14	111,687	192,626	-	-
Trade and other receivables	13	108,158	157,525	55,016	80,188
Deposits and prepayments	15	6,065	9,154	26	32
Current tax recoverable		999	10,714	41	284
Cash and cash equivalents	16	226,583	148,070	84,480	8,600
		1,079,554	1,176,791	139,563	89,104
Assets classified as held for sale	17	2,823	595	-	-
Total current assets		1,082,377	1,177,386	139,563	89,104
Total assets		2,243,810	2,264,640	723,553	592,843
Equity					
Share capital	18	454,802	336,092	454,802	336,092
Reserves	19	893,741	839,014	67,938	73,570
Total equity attributable to owners of the Company		1,348,543	1,175,106	522,740	409,662
Non-controlling interests	5	19,822	17,993	-	-
Total equity		1,368,365	1,193,099	522,740	409,662
Liabilities					
Loans and borrowings	20	139,954	171,881	25,378	35,315
Trade and other payables	21	-	3,524	-	-
Deferred tax liabilities	11	23,977	24,890	-	-
Total non-current liabilities		163,931	200,295	25,378	35,315
Loans and borrowings	20	343,555	385,858	128,000	132,000
Trade and other payables	21	342,307	445,577	47,435	15,866
Contract liabilities	14	21,772	26,805	-	-
Provisions	22	3,614	7,994	-	-
Current tax payable		266	5,012	-	-
Total current liabilities		711,514	871,246	175,435	147,866
Total liabilities		875,445	1,071,541	200,813	183,181
Total equity and liabilities		2,243,810	2,264,640	723,553	592,843

The notes on pages 110 to 171 are an integral part of these financial statements.

Statements of profit or loss and other comprehensive income for the year ended 31 December 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Revenue	23	410,769	605,426	3,369	3,687
Cost of sales		(352,762)	(501,503)	-	-
Gross profit		58,007	103,923	3,369	3,687
Other operating income		5,107	4,125	141	89
Selling and promotional expenses		(8,016)	(7,661)	-	-
Administrative expenses		(23,822)	(24,779)	(9,331)	(10,894)
Other expenses		(8,654)	(4,625)	-	-
Impairment loss on financial instruments and contract assets		(4,570)	(9,579)	-	-
Results from operating activities	24	18,052	61,404	(5,821)	(7,118)
Other non-operating income	25	2,288	-	2,288	-
Finance income	26	13,477	8,567	8,341	3,557
Finance costs	26	(26,167)	(29,484)	(10,440)	(9,082)
Net finance costs		(12,690)	(20,917)	(2,099)	(5,525)
Share of results (net of tax) of equity-accounted:					
- associates	6	54,528	36,641	-	-
- joint ventures	7	727	2,222	-	-
Profit/(Loss) before tax		62,905	79,350	(5,632)	(12,643)
Tax expense	28	(4,886)	(15,927)	-	-
Profit/(Loss) for the year		58,019	63,423	(5,632)	(12,643)
Other comprehensive (loss)/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")		(21)	126	-	-
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		56	223	-	-
Share of other comprehensive income of equity-accounted associates		(3,298)	1,978	-	-
Total other comprehensive (loss)/income for the year		(3,263)	2,327	-	-
Total comprehensive income/(loss) for the year		54,756	65,750	(5,632)	(12,643)
Profit/(Loss) attributable to:					
Owners of the Company		56,626	64,983	(5,632)	(12,643)
Non-controlling interests	5	1,393	(1,560)	-	-
Profit/(Loss) for the year		58,019	63,423	(5,632)	(12,643)
Total comprehensive income/(loss) attributable to:					
Owners of the Company		53,363	67,310	(5,632)	(12,643)
Non-controlling interests	5	1,393	(1,560)	-	-
Total comprehensive income/(loss) for the year		54,756	65,750	(5,632)	(12,643)
Basic and diluted earnings per ordinary share (sen)	29	11.71	27.43		

The notes on pages 110 to 171 are an integral part of these financial statements.

Consolidated statement of changes in equity
for the year ended 31 December 2019

Group	Note	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
		/Attributable to owners of the Company					/		
		/Non-distributable				/Distributable			
At 1 January 2018		336,092	10,917	(34,748)	129	795,406	1,107,796	19,553	1,127,349
Foreign currency translation differences for foreign operations		-	223	-	-	-	223	-	223
Change in fair value of equity investments designated at FVOCI		-	-	-	126	-	126	-	126
Share of other comprehensive income/(loss) of associates		-	2,018	-	(40)	-	1,978	-	1,978
Total other comprehensive income for the year		-	2,241	-	86	-	2,327	-	2,327
Profit/(Loss) for the year		-	-	-	-	64,983	64,983	(1,560)	63,423
Total comprehensive income/(loss) for the year		-	2,241	-	86	64,983	67,310	(1,560)	65,750
At 31 December 2018/1 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 loss of associates		-	(3,278)	-	(20)	-	(3,298)	-	(3,298)
Total other comprehensive loss for the year		-	(3,222)	-	(41)	-	(3,263)	-	(3,263)
Profit for the year		-	-	-	-	56,626	56,626	1,393	58,019
Total comprehensive (loss)/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	18	118,710	-	-	-	-	118,710	-	118,710
Changes in ownership interests in a subsidiary	36 (ii)	-	-	-	-	1,364	1,364	1,636	3,000
Transaction with non-controlling interests									
- Dividend paid by a subsidiary		-	-	-	-	-	-	(1,200)	(1,200)
Total transactions with owners of the Company		118,710	-	-	-	1,364	120,074	436	120,510
At 31 December 2019		454,802	9,936	(34,748)	174	918,379	1,348,543	19,822	1,368,365
		(Note 18)	(Note 19)	(Note 19)	(Note 19)	(Note 19)		(Note 5)	

The notes on pages 110 to 171 are an integral part of these financial statements.

Statement of changes in equity
for the year ended 31 December 2019

Company	Note	/Non-distributable Share capital RM'000	Treasury shares RM'000/	Distributable Retained earnings RM'000	Total equity RM'000
At 1 January 2018		336,092	(34,748)	120,961	422,305
Loss and total comprehensive loss for the year		-	-	(12,643)	(12,643)
At 31 December 2018/1 January 2019		336,092	(34,748)	108,318	409,662
Loss and total comprehensive loss for the year		-	-	(5,632)	(5,632)
Contribution by owners of the Company					
- Issue of ordinary shares via Rights Issue	18	118,710	-	-	118,710
At 31 December 2019		454,802	(34,748)	102,686	522,740
		=========	=========	=========	=========
		(Note 18)	(Note 19)	(Note 19)	

The notes on pages 110 to 171 are an integral part of these financial statements.

Statements of cash flows for the year ended 31 December 2019

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash flows from operating activities				
Profit/(Loss) before tax	62,905	79,350	(5,632)	(12,643)
Adjustments for:				
Amortisation of:				
- intangible assets (Note 10)	680	680	-	-
- investment properties (Note 9)	2,075	2,221	-	-
- prepaid lease payments (Note 4)	-	29	-	-
Change in fair value of equity investments	21	(126)	-	-
Depreciation of property, plant and equipment (Note 3.3)	5,648	7,122	204	227
Dividend income	(4)	(4)	-	-
Gain on disposal of:				
- property, plant and equipment	(416)	(263)	-	-
- assets held for sale	(235)	(785)	-	-
- rights to redeemable convertible preference shares ("RCPS") of an associate (Note 25)	(2,288)	-	(2,288)	-
Finance costs (Note 26)	26,167	29,484	10,440	9,082
Finance income (Note 26)	(13,477)	(8,567)	(8,341)	(3,557)
Property, plant and equipment written off	5	56	-	-
Net change in impairment loss on financial assets and contract assets	4,570	9,579	-	-
Share of results of equity-accounted associates and joint ventures	(55,255)	(38,863)	-	-
Unrealised foreign exchange loss/(gain)	358	(61)	184	(89)
Operating profit/(loss) before changes in working capital	30,754	79,852	(5,433)	(6,980)
Changes in working capital:				
Inventories	38,170	(18,270)	-	-
Contract costs	1,002	4,787	-	-
Contract assets/liabilities	72,050	(29,893)	-	-
Trade and other receivables, deposits and prepayments	60,920	12,811	(19,438)	(13,510)
Trade and other payables	(106,244)	70,259	30,016	13,709
Provisions	(4,380)	(3,606)	-	-
Cash generated from/(used in) operations	92,272	115,940	5,145	(6,781)
Tax (paid)/refunded	(1,126)	(6,966)	243	(76)
Net cash from/(used in) operating activities	91,146	108,974	5,388	(6,857)
Cash flows from investing activities				
Acquisition of:				
- property, plant and equipment (Note 3)	(27,702)	(33,853)	(2)	(4)
Proceeds from disposal of:				
- property, plant and equipment	192	323	-	-
- assets held for sale	750	841	-	-
- subsidiary [Note 36 (ii)]	3,000	-	-	-
- rights to RCPS of an associate	2,288	-	2,288	-
Increase in investment of:				
- an associate [Note 37(i)]	(23,453)	-	(23,453)	-
- a subsidiary	-	-	(10,000)	-
Change in pledged deposits	(570)	(1,650)	(510)	-
Dividends received	4	4	-	-
Distribution of profits from a joint venture (Note 7)	3,060	4,080	-	-
Interest received	12,988	8,469	5,957	2,061
Net cash (used in)/from investing activities	(29,443)	(21,786)	(25,720)	2,057
Cash flows from financing activities				
Dividend paid to the non-controlling interests	(1,200)	-	-	-
Proceeds from issuance of new shares (Note 18)	118,710	-	118,710	-
Proceeds from loans and borrowings	17,862	57,359	13,063	32,460
Repayment of loans and borrowings	(92,070)	(45,000)	(27,000)	(18,000)
Repayment of finance lease liabilities	(22)	(24)	-	-
Interest paid	(26,856)	(29,453)	(8,887)	(8,985)
Net cash from/(used in) financing activities	16,424	(17,118)	95,886	5,475

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Net increase in cash and cash equivalents	78,127	70,070	75,554	675
Effect of exchange rate fluctuations on cash held	(184)	89	(184)	89
Cash and cash equivalents at beginning of year	133,453	63,294	6,400	5,636
Cash and cash equivalents at end of year [Note (i)]	211,396	133,453	81,770	6,400

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 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Deposits placed with licensed banks with maturities less than three months (excluding deposits pledged)	157,748	59,755	72,820	-
Cash in hand and at banks	52,575	72,786	8,950	6,400
Housing Development Accounts	1,073	912	-	-
Total cash and cash equivalents as shown in the statements of cash flows (also see Note 16)	211,396	133,453	81,770	6,400

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 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Payment relating to:				
- short-term leases	283	-	234	-
- leases of low-value assets	150	-	13	-
Total cash outflows for leases	433	-	247	-

iii. Reconciliation of liabilities arising from financing activities *(see Note 20)*

	Term loans RM'000	Revolving credits RM'000	Finance leases RM'000	Total RM'000
Group				
At 1 January 2018	192,331	353,000	73	545,404
Changes in financing cash flows	23,359	(11,000)	(24)	12,335
At 31 December 2018/1 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	189,482	294,000	27	483,509
Company				
At 1 January 2018	29,855	123,000	-	152,855
Changes in financing cash flows	22,460	(8,000)	-	14,460
At 31 December 2018/1 January 2019	52,315	115,000	-	167,315
Changes in financing cash flows	(3,937)	(10,000)	-	(13,937)
At 31 December 2019	48,378	105,000	-	153,378

The notes on pages 110 to 171 are an integral part of these financial statements.

Notes to the financial statements

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

The consolidated financial statements as at and for the year ended 31 December 2019 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 2019 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 5 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 19 May 2020.

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, interpretations 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:

MFRS / Amendment / Interpretation	Effective date
Amendments to MFRS 3, *Business Combinations - Definition of a Business*	1 January 2020
Amendments to MFRS 9, *Financial Instruments,* MFRS 139 *Financial Instruments: Recognition and Measurement* and MFRS 7 *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*	1 January 2020
Amendments to MFRS 101, *Presentation of Financial Statement* and MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material*	1 January 2020
MFRS 17, *Insurance Contracts*	1 January 2021
Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*	1 January 2022
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*	To be determined

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

- from the annual period beginning on 1 January 2020 for those amendments that are effective for annual periods beginning on or after 1 January 2020.
- from the annual period beginning on 1 January 2022 for the amendment that is effective for annual periods beginning on or after 1 January 2022.

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on or after 1 January 2021 as it is not applicable to the Group and the Company.

The Group and the Company are currently assessing the financial impacts that may arise from the initial application of the accounting standards, interpretations or amendments that are effective for annual periods beginning on or after 1 January 2020 and the accounting standards, interpretations or amendments that are effective for annual periods on or after a date yet to be confirmed.

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 has been rounded to the nearest thousand, unless otherwise stated.

d. Use of estimates and judgements

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

1. **Basis of preparation** (continued)

d. **Use of estimates and judgements** (continued)

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 23]*

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 11)*

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 14.2(c) and Note 32.3(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.

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.

Arising from the adoption of MFRS 16, *Leases*, there are changes to the accounting policies applied to lease contracts entered into by the Group entities as compared to those applied in previous financial statements. The impacts arising from the changes are disclosed in Note 40.

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.

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

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

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.

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.

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

c. **Financial instruments** (continued)

ii. ***Financial instrument categories and subsequent measurement***

Financial assets

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

a. ***Amortised cost***

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

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

b. ***Fair value through other comprehensive income***

Debt investments

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

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

Equity investments

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

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.

2. Significant accounting policies (continued)

c. Financial instruments (continued)

ii Financial instrument categories and subsequent measurement (continued)

Financial liabilities (continued)

a. Fair value through profit or loss (continued)

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.

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.

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

c. **Financial instruments** (continued)

iv. ***Regular way purchase or sale of financial assets*** (continued)

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.

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(t)].

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.

2. Significant accounting policies (continued)

d. Property, plant and equipment (continued)

ii. Subsequent costs

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

iii. Depreciation

Depreciation is based on the cost of an asset less its residual value, if any. Significant component of individual assets are 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
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

The Group has applied MFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised as an adjustment to retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated - i.e. it is presented, as previously reported under MFRS 117, *Leases* and related interpretations.

Current financial year

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.

2. Significant accounting policies (continued)

e. Leases (continued)

Current financial year (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".

Notes To The Financial Statements (continued)

2. Significant accounting policies (continued)

e. Leases (continued)

Previous financial year

As a lessee

i. Finance lease

Leases, in terms of which the Group or the Company assumed substantially all the risks and rewards of ownership were classified as finance leases. Upon initial recognition, the leased asset was measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset was accounted for in accordance with the accounting policy applicable to that asset [see Note 2(d)].

Minimum lease payments made under finance leases were apportioned between the finance expense and the reduction of the outstanding liability. The finance expense was allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments were accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment was confirmed.

Leasehold land which in substance was a finance lease was classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

ii. Operating lease

Leases, where the Group or the Company did not assume substantially all the risks and rewards of ownership were classified as operating leases and, except for property interest held under operating lease, the leased assets were not recognised on the statement of financial position. Property interest held under an operating lease, which was held to earn rental income or for capital appreciation or both, was classified as investment property and measured using fair value model.

Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals were charged to profit or loss in the reporting period in which they were incurred.

Leasehold land which in substance was an operating lease was classified as prepaid lease payments.

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.

2. Significant accounting policies (continued)

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	50 years

iii. Reclassification to/from investment property

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

h. Inventories

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

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

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

Inventories of the Group comprise the following:

i. Land held for property development

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

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

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

ii. Property development costs

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

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

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

2. Significant accounting policies (continued)

h. Inventories (continued)

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.

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.

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

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.

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.

2. Significant accounting policies (continued)

n. Impairment (continued)

ii. Other assets (continued)

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.

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).

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

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.

Sales of properties

Revenue from sales of properties 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.

Construction contracts

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.

Sales of goods

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

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 revenue***

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.

2. Significant accounting policies (continued)

s. Revenue and other income (continued)

ii. Other revenue (continued)

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(t)].

t. 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.

u. Income tax

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

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

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

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

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

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

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

v. **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.

w. **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.

x. **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.

y. **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 are 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 (unexpired lease term more than 50 years) RM'000	(Right-of-use assets) Leasehold land (unexpired lease term less than 50 years) RM'000	Buildings 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 2018	667	2,935	882	53,834	14,141	19,012	26,939	34,074	1,952	36,027	190,463
Additions	80	-	478	3,665	1,454	-	627	227	-	27,322	33,853
Disposals/Write-offs	-	-	-	(5)	(196)	(2,243)	(416)	(1)	-	-	(2,861)
Reclassifications	-	-	-	-	4,726	-	(12)	-	-	(4,714)	-
At 31 December 2018, as previously reported	747	2,935	1,360	57,494	20,125	16,769	27,138	34,300	1,952	58,635	221,455
Reclassification of right-of-use assets on initial application of MFRS 16 (Note 4)	-	3,056	-	-	-	-	-	-	-	-	3,056
Adjusted balance at 1 January 2019	747	5,991	1,360	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	747	5,991	1,360	105,216	43,010	14,421	27,422	49,057	1,952	-	249,176
Depreciation											
At 1 January 2018	-	115	311	8,509	9,123	17,595	18,185	31,112	1,865	-	86,815
Depreciation for the year	-	18	22	2,026	2,400	856	2,006	1,352	87	-	8,767
Disposals/Write-offs	-	-	-	(4)	(152)	(2,194)	(394)	(1)	-	-	(2,745)
At 31 December 2018, as previously reported	-	133	333	10,531	11,371	16,257	19,797	32,463	1,952	-	92,837
Reclassification of right-of-use assets on initial application of MFRS 16 (Note 4)	-	743	-	-	-	-	-	-	-	-	743
Adjusted balance at 1 January 2019	-	876	333	10,531	11,371	16,257	19,797	32,463	1,952	-	93,580
Depreciation for the year	-	52	22	1,502	1,948	481	1,792	1,005	-	-	6,802
Disposals/Write-offs	-	-	-	(62)	(26)	(2,614)	(428)	(126)	-	-	(3,256)
At 31 December 2019	-	928	355	11,971	13,293	14,124	21,161	33,342	1,952	-	97,126
Carrying amounts											
At 31 December 2018, as previously reported	747	2,802	1,027	46,963	8,754	512	7,341	1,837	-	58,635	128,618
At 31 December 2019	747	5,063	1,005	93,245	29,717	297	6,261	15,715	-	-	152,050

Upon the adoption of MFRS 16, *Leases*, the leasehold land is reassessed and now reclassified as part of property, plant and equipment (under right-of-use assets).

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 2018	5,952	1,123	364	7,439
Additions	-	-	4	4
Disposals/Write-offs	-	-	(2)	(2)
At 31 December 2018/1 January 2019	5,952	1,123	366	7,441
Additions	-	-	2	2
Disposals/Write-offs	-	-	(2)	(2)
At 31 December 2019	5,952	1,123	366	7,441
Depreciation				
At 1 January 2018	734	914	321	1,969
Depreciation for the year	119	89	19	227
Disposals/Write-offs	-	-	(2)	(2)
At 31 December 2018/1 January 2019	853	1,003	338	2,194
Depreciation for the year	119	66	19	204
Disposals/Write-offs	-	-	(2)	(2)
At 31 December 2019	972	1,069	355	2,396
Carrying amounts				
At 31 December 2018/1 January 2019	5,099	120	28	5,247
At 31 December 2019	4,980	54	11	5,045

3.1 Titles to properties

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

	Group 2019 RM'000	Group 2018 RM'000
Carrying amount		
Buildings	47,844	72

3.2 Leased motor vehicles

As at 31 December 2019, the net carrying amount of leased motor vehicles is RM25,000 (2018: RM47,000).

3.3 Allocation of depreciation

Depreciation for the year is allocated as follows:

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Recognised in profit or loss (Note 24)	5,648	7,122	204	227
Capitalised in:				
- contract costs	958	604	-	-
- inventory under property development costs	196	1,041	-	-
	6,802	8,767	204	227

3. Property, plant and equipment (continued)

3.4 Assets charged to banks as security for borrowings *(see also Note 20.1)*

	Group 2019 RM'000	Group 2018 RM'000
Right of use assets – Leasehold land	758	758
Building	47,774	-
Asset under construction	-	58,635
Freehold land	667	667
Motor vehicles	25	47
	49,224	60,107

4. Prepaid lease payments - Group

	Leasehold land (unexpired lease term more than 50 years) RM'000
Cost	
At 1 January 2018 and 31 December 2018, as previously reported	3,056
Reclassification to property, plant and equipment on initial application of MFRS 16 (Note 3)	(3,056)
At 1 January 2019, as adjusted	-
Amortisation	
At 1 January 2018	714
Amortisation for the year (Note 24)	29
At 31 December 2018, as previously reported	743
Reclassification to property, plant and equipment on initial application of MFRS 16 (Note 3)	(743)
At 1 January 2019, as adjusted	-
Carrying amount	
At 31 December 2018, as previously reported	2,313

Prior to the adoption of MFRS 16, Leases, leasehold land which in substance was an operating lease was previously classified as prepaid lease payments. Upon the adoption of MFRS 16, the leasehold is reassessed and now reclassified as part of property, plant and equipment (under right-of-use assets also see Note 3).

5. Investment in subsidiaries

	Company 2019 RM'000	Company 2018 RM'000
Unquoted shares, at cost	396,962	339,962

On 19 September 2019, the Company subscribed for additional 57,000,000 new ordinary shares in a wholly owned subsidiary, Naim Engineering Sdn. Bhd. 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 [also see Note 36(i)].

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 in the ensuring page.

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

Name of subsidiary	Principal activities	Effective ownership interest and voting interest (%) 2019	2018
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 ^	100.0
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. (formerly known as Naim Cendera Tujuh Sdn. Bhd.)	Property investment	100.0	100.0
Dataran Wangsa Sdn. Bhd.	Property developer	100.0	100.0
Yakin Jelas Sdn. Bhd.	Property investment	100.0	100.0
Pavilion Quest Sdn. Bhd.**	Property investment	100.0	100.0
Solid Greenland Sdn. Bhd.**	Property investment	100.0	100.0
Naim Ready Mix Sdn. Bhd.	Dormant	100.0	100.0
TR Green Sdn. Bhd.	Dormant	100.0	100.0
Naim Utilities Sdn. Bhd.	Dormant	100.0	100.0
Naim Incorporated Berhad	Dormant	100.0	100.0
Naim Academy Sdn. Bhd.	Dormant	100.0	100.0
Naim Oil & Gas Sdn. Bhd.	Dormant	100.0	100.0
Permyjaya Sino Education Sdn. Bhd.	Dormant	100.0	100.0
Kuching Paragon Sdn. Bhd.	Dormant	100.0	100.0
Miri Paragon Sdn. Bhd.	Dormant	100.0	100.0
Naim Data Sdn. Bhd.**	Dormant	100.0	100.0
Lotus Paradigm Sdn. Bhd.	Dormant	70.0	70.0

5. Investment in subsidiaries (continued)

Name of subsidiary	Principal activities	Effective ownership interest and voting interest (%) 2019	2018
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.	Dormant. Previously engaged as civil contractor as well as sale of RC pile	100.0	100.0
Naim Premix Sdn. Bhd.	Dormant. Previously engaged in manufacture and sale of asphalt.	100.0	100.0
Unique Composite Sdn. Bhd.	Dormant. Previously engaged in manufacture and sale of asphalt.	80.0	80.0
Naim Equipment Sdn. Bhd.	Dormant	100.0	100.0
Naim Recruitment & Agency Sdn. Bhd. **	Dormant	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.	Dormant	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 ^	100.0
Subsidiaries of NOSB			
Naim Engineering Construction (Fiji) Limited #	Dormant	99.9	99.9
Naim Quarry (Fiji) Limited #	Dormant	99.9	99.9
Naim Premix (Fiji) Limited #	Dormant	99.9	99.9

** *Not audited by member firms of KPMG International.*

Audited by other member firms of KPMG International.

^ *In December 2019, 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 effective equity interest held in PMSB and its subsidiary, Harmony Faber Sdn. Bhd. decreased from 100% to 70% following the disposal [see Note 36(ii)].*

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

Non-controlling interests ("NCI") in subsidiaries

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

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

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 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

31.12.2018	**DISB RM'000**	**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	17,446	5,123	(4,576)	17,993
Profit/(Loss) allocated to NCI	314	1,298	(3,172)	(1,560)

5. 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 2018		
Non-current assets	1,350	-
Current assets	53,890	128,655
Current liabilities	(11,625)	(111,577)
Net assets	43,615	17,078
Year ended 31 December 2018		
Revenue	1,202	261,461
Profit and total comprehensive income for the year	785	4,327
Cash flows from:		
- operating activities	11,149	8,051
- investing activities	2,199	105
Net increase in cash and cash equivalents	13,348	8,156

6. Investment in associates

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
At cost				
Shares in Malaysia				
- unquoted	32,416	32,416	-	-
- quoted	181,983	158,530	181,983	158,530
Share of post-acquisition reserves	268,947	217,482	-	-
	483,346	408,428	181,983	158,530
Market value				
Quoted shares in Malaysia	734,634	154,595	734,634	154,595

Pursuant to a rights issue exercise by an associate, Dayang Enterprise Holdings Bhd. 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 [see Note 37(i)].

6. **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 (%)**	
		2019	**2018**
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 & gas industry	9.89^	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 shareholding is less than 20% in PPB i.e. 9.89%, the Directors have determined that the Group has significant influence, partly because it has 2 board representatives in PPB. On another note, the Group also owns about 26.42% in DEHB, who currently owns about 60.48% ownership interest in PPB and has control over PPB. The Group's effective interest in PPB, if taking into accounts of the Group's share of the equity interest in PPB held through DEHB, is about 25.87% as at 2019.*

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 2019 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		
31.12.2019	**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
Redeemable convertible preference shares ("RCPS")	-	(44,100)	-	(473,979)
	1,439,544	14,835	29,495	425,688
	=========	=========	=========	=========

6. Investment in associates (continued)

Summary of financial information (continued)

31.12.2019 (continued)	DEHB RM'000	SPSB RM'000	GNEC RM'000	PPB RM'000	Other immaterial associates RM'000	Total RM'000
	Group					
Year ended 31 December						
Profit/(Loss) for the year	232,203	(13,258)	8,320	(22,853)		
Other comprehensive loss	(7,252)	-	-	(11,989)		
Total comprehensive income/(loss) 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 loss	(2,112)	-	-	(1,186)	-	(3,298)
Group's share of total comprehensive income/(loss)	58,614	(5,171)	2,912	(3,446)	(1,679)	51,230

Other information

No dividend was received during the current financial year.

31.12.2018	DEHB RM'000	SPSB RM'000	GNEC RM'000	PPB RM'000
	Group			
As at 31 December				
Non-current assets	2,185,124	218,057	24,830	1,279,723
Current assets	499,728	116,858	195,561	95,214
Non-current liabilities	(100,529)	(60,716)	(1,266)	(3,437)
Current liabilities	(1,279,210)	(202,007)	(197,950)	(910,659)
Non-controlling interests	(176,738)	-	-	(136)
Net assets	1,128,375	72,192	21,175	460,705
RCPS	-	(44,100)	-	-
	1,128,375	28,092	21,175	460,705
Year ended 31 December				
Profit/(Loss) for the year	163,265	(12,095)	11,183	(45,069)
Other comprehensive income	4,313	-	-	7,131
Total comprehensive income/(loss) for the year	167,578	(12,095)	11,183	(37,938)
Included in the total comprehensive income is:				
Revenue	937,641	22,194	287,877	189,653

6. **Investment in associates** (continued)

Summary of financial information (continued)

31.12.2018 (continued)	Group DEHB RM'000	SPSB RM'000	GNEC RM'000	PPB RM'000	Other immaterial associates RM'000	Total RM'000
Reconciliation of net assets to carrying amount						
As at 31 December						
Group's share of net assets	298,290	10,956	7,411	45,562	8,815	371,034
Group's share of RCPS	-	19,110	-	-	-	19,110
Goodwill	21,462	-	-	-	-	21,462
Elimination of unrealised profit	-	-	-	-	(3,178)	(3,178)
Carrying amount in the statement of financial position	319,752	30,066	7,411	45,562	5,637	408,428
Group's share of results for the year ended 31 December						
Group's share of:						
- profit/(loss)	43,138	(4,723)	3,914	(4,457)	(1,231)	36,641
- other comprehensive income	1,273	-	-	705	-	1,978
Group's share of total comprehensive income/(loss)	44,411	(4,723)	3,914	(3,752)	(1,231)	38,619

Other information

No dividend was received during the current financial year.

7. **Investment in joint ventures - Group**

	2019 RM'000	2018 RM'000
At cost		
Capital contribution	4,500	4,500
Share of post-acquisition reserves	(2,217)	(113)
	2,283	4,387

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:

Name of entity	Effective voting interest (%) 2019	2018
NESB-Hock Peng JV	51.0	51.0
PPES Works-NLSB JV	45.0	45.0
Sinohydro-Naim JV *	50.0	50.0
Samsung-Naim JV *	10.0	10.0

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

7. 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

31.12.2019	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	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		
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. **Investment in joint ventures - Group** (continued)

Summary of financial information

31.12.2018	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	15,457	680		
Current liabilities	(7,048)	(612)		
Net assets	8,409	68		
Year ended 31 December				
Profit and total comprehensive income for the year	4,745	1,120		
Included in the total comprehensive income				
Revenue	48,608	1,132		
Interest income	211	-		
Tax expense	581	121		

Reconciliation of net assets to carrying amount

	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				
Group's share of net assets and carrying amount in the statement of financial position	4,289	30	68	4,387

Group's share of results for the year ended 31 December

	NESB-Hock Peng JV RM'000	PPES Works - NLSB JV RM'000	Other immaterial joint ventures RM'000	Total RM'000
Group's share of profit and total comprehensive income	1,839	383	-	2,222

Other information

	NESB-Hock Peng JV RM'000	PPES Works - NLSB JV RM'000	Other immaterial joint ventures RM'000	Total RM'000
Distribution of profit received	4,080	-	-	4,080

8. Inventories

	Group 2019 RM'000	Group 2018 RM'000
Non-current		
At cost		
Land held for property development (Note 8.1)	367,833	373,407
Current		
At cost		
Completed goods for sale		
- Developed properties	290,465	234,222
- Manufactured/Trading inventories (construction and building materials)	7,157	6,753
Raw materials and consumables	468	530
Properties under construction		
- Property development costs (Note 8.2)	321,155	411,533
Land held for property development held for sale	2,155	-
	621,400	653,038
At net realisable value		
Completed goods		
- Manufactured/Trading inventories	148	148
	621,548	653,186
Total inventories	989,381	1,026,593
Recognised in profit or loss:		
- inventories recognised as cost of sales	47,634	40,021
- write-down to net realisable value	-	10

8.1 Land held for property development

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

	Group 2019 RM'000	Group 2018 RM'000
Net transfer to properties under construction	3,419	11,239

Security

Certain parcels of leasehold land with carrying amounts of RM40,160,000 (2018: RM40,160,000) are charged to banks as security for certain term loan facilities (see Note 20.1).

8.2 Property development costs

Movements in property development costs during the year include:

	Group 2019 RM'000	Group 2018 RM'000
Development costs incurred	111,977	133,495
Transfer to completed properties held for sale	100,567	183,004

9. Investment properties – Group

	(Right-of-use assets) Long-term leasehold land (unexpired lease term more than years) RM'000	Buildings RM'000	Total RM'000
Cost			
At 1 January 2018 and 31 December 2018/1 January 2019	35,590	61,752	97,342
Transfer to asset held for sale (Note 17)	(3,171)	-	(3,171)
At 31 December 2019	32,419	61,752	94,171
	=========	=========	=========
Amortisation			
At 1 January 2018	2,375	7,585	9,960
Amortisation for the year (Note 24)	549	1,672	2,221
At 31 December 2018/1 January 2019	2,924	9,257	12,181
Amortisation for the year (Note 24)	403	1,672	2,075
Transfer to asset held for sale (Note 17)	(428)	-	(428)
At 31 December 2019	2,899	10,929	13,828
	=========	=========	=========
Carrying amounts			
At 31 December 2018/1 January 2019	32,666	52,495	85,161
	=========	=========	=========
At 31 December 2019	29,520	50,823	80,343
	=========	=========	=========
Fair value (see Note 9.4)			
At 31 December 2018/1 January 2019	99,624	69,668	169,292
	=========	=========	=========
At 31 December 2019	84,765	69,668	154,433
	=========	=========	=========

9.1 Investment property with a carrying amount of RM44,869,000 (2018: RM45,830,000) is charged to a bank as security for a term loan facility granted to a subsidiary (see Note 20.1).

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

	2019 RM'000	2018 RM'000
Lease income	6,753	6,915
Direct operating expenses:		
- income generating investment properties	4,816	4,855
- non-income generating investment properties	61	60
	=========	=========

9.3 Maturity analysis of operating lease payments

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

	2019 RM'000
<u>As a lessor</u>	
Within one year	5,347
One to two years	2,069
More than three years	8,072
	15,488
	=========

9. Investment properties - Group (continued)

9.3 Maturity analysis of operating lease payments (continued)

The operating lease payments (undiscounted) under MFRS117 to be received are as follows:

	2018 RM'000
As a lessor	
Within one year	5,427
One to two years	4,501
More than three years	9,294
	19,222

9.4 Fair value information

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

Group	2019 Level 2 RM'000	2019 Level 3 RM'000	2019 Total RM'000	2018 Level 2 RM'000	2018 Level 3 RM'000	2018 Total RM'000
Leasehold land	40,200	44,565	84,765	55,059	44,565	99,624
Buildings	6,582	63,086	69,668	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.

10. Intangible asset - Group

	Stone quarry licence RM'000
Cost	
At 1 January 2018, 31 December 2018/1 January 2019 and 31 December 2019	10,206
Amortisation	
At 1 January 2018	5,330
Amortisation for the year (Note 24)	680
At 31 December 2018/1 January 2019	6,010
Amortisation for the year (Note 24)	680
At 31 December 2019	6,690
Carrying amounts	
At 31 December 2018/1 January 2019	4,196
At 31 December 2019	3,516

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

11. Deferred tax assets and liabilities - Group

Recognised deferred tax

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Fair value adjustment on acquisition of subsidiaries *	-	-	(22,302)	(23,595)	(22,302)	(23,595)
Property, plant and equipment	-	-	(1,846)	(2,279)	(1,846)	(2,279)
Capital allowances carried forward	122	176	-	-	122	176
Tax losses carried forward	4,502	4,475	-	-	4,502	4,475
Other items	7,695	8,414	-	-	7,695	8,414
Tax assets/(liabilities)	12,319	13,065	(24,148)	(25,874)	(11,829)	(12,809)
Set off of tax	(171)	(984)	171	984	-	-
Net tax assets/(liabilities)	12,148	12,081	(23,977)	(24,890)	(11,829)	(12,809)

* *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 RM12,148,000 (2018: RM12,081,000) based on the estimation of probable utilisation of those deductible temporary differences in the foreseeable future.

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

Recognised deferred tax (continued)

Movements in deferred tax during the year are as follows:

Group	At 1.1.2018 RM'000	Unrealised income arising from intra-group transaction RM'000	Recognised in profit or loss RM'000	At 31.12.2018/ 1.1.2019 RM'000	Recognised in profit or loss RM'000	At 31.12.2019 RM'000
Fair value adjustment on acquisition of subsidiaries	(24,546)	-	951	(23,595)	1,293	(22,302)
Property, plant and equipment	(2,884)	-	605	(2,279)	433	(1,846)
Capital allowances carried forward	1,370	-	(1,194)	176	(54)	122
Tax losses carried forward	7,301	-	(2,826)	4,475	27	4,502
Other items	9,459	3,553	(4,598)	8,414	(719)	7,695
	(9,300)	3,553	(7,062)	(12,809)	980	(11,829)
			(Note 28)			(Note 28)

Unrecognised deferred tax assets

Deferred tax assets of RM30,754,000 (2018: RM34,541,000) 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 2019 RM'000	Group 2018 RM'000
Property, plant and equipment	(21,231)	(1,346)
Capital allowances carried forward	31,038	10,040
Tax losses carried forward	138,931	136,502
Other items	(20,471)	(716)
	128,267	144,480

The unabsorbed capital allowances carried forward and unutilised tax losses carried forward of entities incorporated in Malaysia amount to RM169,212,000 (2018: RM143,224,000). Pursuant to the announcement of Finance Bill 2018 in conjunction with the Malaysia Budget Announcement 2019, unabsorbed tax losses from a year of assessment can only be carried forward up to 7 consecutive years of assessment. Unutilised capital allowances can be carried forward without any time limit. In the case of a dormant company, such losses will not be available to the company if there has been a change of 50% or more in the shareholdings thereof.

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 2019 is RM757,000 (2018: RM3,318,000).

12. Other investments

	Group 2019 RM'000	Group 2018 RM'000
Fair value through other comprehensive income		
- unquoted shares in Malaysia	2,963	2,963
- quoted shares in Malaysia	116	137
	3,079	3,100

13. Trade and other receivables

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Non-current				
Trade receivables				
Trade receivables from contracts with customers (Note 13.2)	56,835	65,563	-	-
Current				
Trade receivables				
Trade receivables from contracts with customers (Note 13.2)	78,464	113,970	-	-
Amount due from an associate (Note 13.4)	3,875	4,404	-	-
	82,339	118,374	-	-
Other receivables				
Other receivables	22,292	30,832	326	42
Amount due from:				
- subsidiaries (Note 13.3)	-	-	54,690	80,132
- an associate (Note 13.4)	3,527	8,319	-	14
	25,819	39,151	55,016	80,188
Total current	108,158	157,525	55,016	80,188
Grand total	164,993	223,088	55,016	80,188

13.1 Trade receivables of the Group include retention sums of RM6,981,000 (2018: RM3,157,000) relating to construction contracts, being the unconditional rights to contract considerations with customers. The retention sums are unsecured and interest-free.

13.2 The Group's trade receivables also include a sum of RM65,791,000 (2018: RM73,754,000) 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.

The outstanding receivable is unsecured, bears interest at 7.80% (2018: 7.80%) per annum and is expected to be collected as follows:

	Group 2019 RM'000	Group 2018 RM'000
Within 1 year	8,956	8,191
1 – 2 year	9,360	8,853
2 – 3 year	10,430	9,568
More than 3 years	37,045	47,142
	65,791	73,754

13. Trade and other receivables (continued)

13.3 Included in amount due from subsidiaries is a sum of RM47,369,000 (2018: RM73,220,000), which is unsecured and bears interest at rates ranging from 5.23% to 5.57% (2018: 5.28% to 5.57%) per annum. The remaining balances are unsecured, interest-free and repayable on demand.

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

13.5 Offsetting of financial assets and financial liabilities

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

Group	Gross amount RM'000	Offset balance RM'000	Net carrying amount RM'000
2018			
Trade receivables	127,889	13,919	113,970
Trade payables	161,176	13,919	147,257
	=========	=========	=========

Certain trade and other receivables and trade payables were set off for presentation purpose as these receivables include purchases on behalf of subcontractors of certain projects and/or goods sold and they intend to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

14. Contract with customers

14.1 Contract costs

	2019 RM'000	2018 RM'000
Cost to fulfil contract		
- costs incurred directly on contracts with customers	4,514	5,516
	=========	=========
Recognised to profit or loss		
- costs incurred directly on contracts with customers	301,503	456,894
	=========	=========

14.2 Contract assets/(liabilities)

	2019 RM'000	2018 RM'000
Contract assets	111,687	192,626
	=========	=========
Contract liabilities	(21,772)	(26,805)
	=========	=========

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:

	2019 RM'000	2018 RM'000
Revenue recognised arising from contract liabilities at the beginning of period	20,932	25,921
Contract assets at the beginning of period reclassified to trade receivables	141,765	93,781
Increase in revenue recognised in previous periods arising from change in contract considerations	1,255	36,221
	=========	=========

14. Contract with customers (continued)

14.2 Contract assets/(liabilities) (continued)

b. Included in the contract assets of the Group is a sum of RM12,120,000 (2018: RM23,145,000) 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 as and when the performance under the contracts have been satisfied and delivered to customers.

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 32.3(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 2019 are current. The exposure of credit risk for contract assets as at the end of the reporting period by geographic region is Malaysia.

The following tables provides information about ECLs for contract assets:

Group	2019 RM'000	2018 RM'000
Gross amount	118,633	195,716
Loss allowance	(6,946)	(3,090)
Net amount	111,687	192,626

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 2018	3,708
Net remeasurement of loss allowance	(618)
Balance at 31 December 2018/1 January 2019	3,090
Net remeasurement of loss allowance	3,856
Balance at 31 December 2019	6,946

15. Deposits and prepayments

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Deposits	4,651	4,597	19	19
Prepayments	1,414	4,557	7	13
	6,065	9,154	26	32

15.1 Included in the prepayments of the Group is an amount of RM94,000 (2018: RM188,000) paid for the purchase of construction materials. The amount will be progressively deducted against actual physical goods delivered.

16. Cash and cash equivalents

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Deposits placed with licensed banks with maturities less than three months	157,748	59,755	72,820	-
Cash in hand and at banks	52,575	72,786	8,950	6,400
Housing Development Accounts (Note 16.1)	1,073	912	-	-
Total cash and cash equivalents	211,396	133,453	81,770	6,400
Cash pledged with licensed banks (Note 16.2)	15,187	14,617	2,710	2,200
	226,583	148,070	84,480	8,600

16.1 A balance of RM1,073,000 (2018: RM912,000) is maintained in designated Housing Development Accounts ("HDA") pursuant to the Sarawak's Housing Development (Control and Licensing) Ordinance, 2013 and Housing Development (Control & 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.

16.2 Cash pledged as security

a. Deposits of RM1,182,000 (2018: RM1,267,000) are pledged as security to licensed banks for the issuance of bank guarantee for housing projects.

b. A sum of RM14,005,000 (2018: RM13,350,000) 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.

17. Assets held for sale - Group

	2019 RM'000	2018 RM'000
Assets classified as held for sale		
Property, plant and equipment	80	595
Investment property	2,743	-
	2,823	595

The investment property is presented as an asset held for sale following the commitment of the Group's management to sell the assets. Efforts to sell the investment property have commenced, and sales is expected to complete within twelve months.

18. Share capital

	Group and Company	
	2019	2018
Ordinary shares with no par value		
Issue and fully paid shares with no par value classified as equity instruments:		
Number of shares ('000)		
Opening balance	250,000	250,000
Issue for cash via Rights Issue	263,799	-
Closing balance	513,799	250,000
Amount (RM'000)		
Opening balance	336,092	336,092
Issue for cash via Rights Issue	118,710	-
Closing balance	454,802	336,092

18. Share capital (continued)

On 25 January 2019, 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 total 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 amounting to RM454,802,000.

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.

19. Reserves

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Retained earnings	918,379	860,389	102,686	108,318
Treasury shares	(34,748)	(34,748)	(34,748)	(34,748)
Foreign currency translation reserve	9,936	13,158	-	-
Other reserves	174	215	-	-
	893,741	839,014	67,938	73,570

Treasury shares

The shareholders of the Company, via an ordinary resolution passed in the Annual General Meeting held on 24 May 2019, 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 2019, the Company held 13,056,000 (2018: 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.

20. Loans and borrowings

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Non-current				
Secured term loans	139,949	171,853	25,378	35,315
Finance lease liabilities (Note 20.2)	5	28	-	-
	139,954	171,881	25,378	35,315
Current				
Unsecured revolving credits	294,000	342,000	105,000	115,000
Secured term loans	49,533	43,837	23,000	17,000
Finance lease liabilities (Note 20.2)	22	21	-	-
	343,555	385,858	128,000	132,000
Total	483,509	557,739	153,378	167,315

20. Loans and borrowings (continued)

20.1 Security

Term loans - Group and Company

- secured by fixed charges over certain parcels of land and buildings (erected thereon) [see Notes 3.4, 8.1 and 9.1].
- 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 3.4).

20.2 Finance lease liabilities

Finance lease liabilities are payable as follows:

	2019			2018		
	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	23	1	22	23	2	21
Between one to two years	5	-	5	23	1	22
Between two to five years	-	-	-	6	-	6
	28	1	27	52	3	49

20.3 Covenant for term loan facilities

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

21. Trade and other payables

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<u>**Non-current**</u>				
Other payable				
Other payable (Note 21.3)	-	3,524	-	-
<u>**Current**</u>				
Trade payables				
Trade payables (Note 21.1)	106,533	147,258	-	-
Amount due from associates (Note 21.4)	8,680	19,205	-	-
Trade accruals	205,550	253,662	-	-
	320,763	420,125	-	-
Other payables				
Other payables (Note 21.3)	7,332	9,985	54	152
Accruals	7,367	8,411	1,313	1,793
Advance payments and deposits received	6,425	6,858	-	-
Amount due to:				
- subsidiaries (Note 21.2)	-	-	46,068	13,921
- associates (Note 21.4)	420	198	-	-
	21,544	25,452	47,435	15,866
Total current	342,307	445,577	47,435	15,866
Grand total	342,307	449,101	47,435	15,866

21.1 Included in trade payables of the Group are retention sums and performance bonds amounting to RM69,829,000 (2018: RM78,918,000).

21.2 Included in the amount due to subsidiaries is a balance of RM45,491,000 (2018: RM13,855,000) bearing interest ranging from 5.23% to 5.57% (2018: 5.28% to 5.57%) per annum. The remaining balance is interest free and unsecured.

21.3 Included in other payables of the Group is a total amount payable of RM3,524,000 (2018: RM6,874,000) relating to the acquisition of leasehold land (classified under investment properties) in prior year. The amount is payable over a period of 5 years until 2020 at an effective interest of 5.22% per annum.

21.4 The amount due to associates is unsecured and interest free.

22. Provisions

	Group RM'000
Provisions for maintenance	
At 1 January 2018	11,600
Utilised during the year	(3,606)
At 31 December 2018/1 January 2019	7,994
Utilised during the year	(380)
Reversed during the year	(4,000)
At 31 December 2019	3,614

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

23. Revenue

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Revenue from contracts with customers (Note 23.1)	404,621	599,122	3,369	3,687
Other revenue				
- Rental income	6,148	6,304	-	-
	410,769	605,426	3,369	3,687

23.1 Disaggregation of revenue

Disaggregation of the revenue from contracts with customers

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Major products and services				
Construction contracts	225,819	417,535	-	-
Sales of properties	163,674	162,157	-	-
Sales of goods	13,996	18,319	-	-
Services rendered	1,132	1,111	3,369	3,687
	404,621	599,122	3,369	3,687
Timing of recognition				
Over time	337,595	539,767	-	-
At a point in time	67,026	59,355	3,369	3,687
	404,621	599,122	3,369	3,687

23.2 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 is 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 buyer.	Based on billings milestones as spelled out in contracts, certified by architects.	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.
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.	-	-
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.	-	-

23. Revenue (continued)

23.3 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.

	2019 RM'000	2018 RM'000
Within one year	227,610	393,818
More than one year	825,615	1,063,418
	1,053,225	1,457,236
	=========	=========
Representing by:		
Construction contracts	993,159	1,393,279
Sales of properties	60,066	63,957
	1,053,225	1,457,236
	=========	=========

24. Results from operating activities

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Results from operating activities is arrived at after charging:				
Auditors' remuneration:				
- Audit fee				
KPMG PLT	352	393	90	130
Overseas affiliates of KPMG PLT	19	19	-	-
Other auditors	17	17	-	-
- Non-audit fee				
KPMG PLT	27	114	18	108
Local affiliates of KPMG PLT	183	231	2	4
Overseas affiliates of KPMG PLT	27	9	-	-
Other auditors	1	1	-	-
	=========	=========	=========	=========
Material expenses/(income)				
Amortisation of:				
- intangible asset (Note 10)	680	680	-	-
- investment properties (Note 9)	2,075	2,221	-	-
- prepaid lease payments (Note 4)	-	29	-	-
Depreciation of property, plant and equipment (excluding those capitalised in inventories and contract costs) (Note 3.3)	5,648	7,122	204	227
Property, plant and equipment written off	5	56	-	-
Personnel expenses (including key management personnel):				
- contributions to state plans	4,861	4,994	-	-
- wages, salaries and others	38,092	40,128	-	-
Net foreign exchange loss				
- unrealised	358	-	184	-
- realised	-	259	-	-
Rental expenses on premises	-	75	-	234
Net loss/(gain) on impairment of financial assets and contract assets				
Financial assets at amortised cost [Note 32.3(a)]	714	10,197	-	-
Contract assets [Note 14.2(c)]	3,856	(618)	-	-
Expenses arising from leases: (Note 24.1)				
Expense relating to:				
- short term leases	283	-	234	-
- leases of low-value assets	150	-	13	-
	=========	=========	=========	=========

24. Results from operating activities (continued)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Results from operating activities is arrived at after crediting: (continued)				
Material income				
Dividend income from quoted shares in Malaysia	4	4	-	-
Gain on disposal of:				
- property, plant and equipment	416	263	-	-
- assets held for sale	235	785	-	-
Foreign exchange gain				
- unrealised	-	61	-	89
- realised	59	-	139	-
	=========	=========	=========	=========

24.1 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 associates 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.

25. Other non-operating income

During the year, the Group and the Company recognised a gain of RM2,288,000 (2018: Nil) arising from the disposal of entitlement rights to subscribe redeemable convertible preference shares ("RCPS") granted by an associate for cash during the year [also see Note 37(ii)].

26. Finance income and costs

Recognised in profit or loss

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Interest income of financial assets calculated using the effective interest method that are at amortised costs:				
- fixed deposits and cash funds	7,433	1,415	3,803	66
- interest income from deferred payment scheme	5,723	6,413	-	-
- other finance income	321	739	4,538	3,491
	13,477	8,567	8,341	3,557
	=========	=========	=========	=========
Interest expense of financial liabilities that are not at fair value through profit or loss				
- loans and borrowings	26,161	29,449	8,718	8,838
- other finance costs	6	35	1,722	244
	26,167	29,484	10,440	9,082
	=========	=========	=========	=========

27. Compensations to key management personnel

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Directors of the Company				
- Fees	718	704	718	704
- Short-term employee benefits	4,400	4,543	4,400	4,543
	5,118	5,247	5,118	5,247
Other key management personnel (including subsidiaries' directors)				
- Fees	60	282	-	-
- Short-term employee benefits	5,613	6,437	195	1,010
	5,673	6,719	195	1,010
Total	10,791	11,966	5,313	6,257

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 (2018: RM63,000).

28. Tax expense

Major components of tax expense include:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current tax expense				
- current year	5,850	3,460	-	-
- prior years	16	5,405	-	-
	5,866	8,865	-	-
Deferred tax (income)/expense(Note 11)				
- current year	(1,370)	6,877	-	-
- prior years	390	185	-	-
	(980)	7,062	-	-
Total tax expense recognised in profit or loss	4,886	15,927	-	-

28. Tax expense (continued)

Reconciliation of tax expense

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit/(Loss) for the year	58,019	63,423	(5,632)	(12,643)
Total tax expense	4,886	15,927	-	-
Profit/(Loss) excluding tax	62,905	79,350	(5,632)	(12,643)
Share of tax of equity-accounted associates and joint ventures	32,535	20,907	-	-
	95,440	100,257	(5,632)	(12,643)
Tax calculated using Malaysian tax rate of 24%	22,905	24,062	(1,352)	(3,034)
Effect of different tax rates in foreign jurisdiction	9	(352)	-	-
Non-deductible expenses	22,156	25,902	1,352	3,034
Non-taxable income	(4,191)	(6,421)	-	-
Movements in unrecognised deferred tax assets	(3,787)	(5,920)	-	-
Utilisation of tax loss previously not recognised	(77)	(6,027)	-	-
	37,015	31,244	-	-
Under-provision in prior years	406	5,590	-	-
Less: Share of tax of equity-accounted associates and joint ventures	(32,535)	(20,907)	-	-
Total tax expense	4,886	15,927	-	-

29. 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.

	2019	2018
Profit attributable to ordinary shareholders (RM'000)	56,626	64,983
Weighted average number of ordinary shares, net of treasury shares of 13,056,000 (2018: 13,056,000) ('000)	483,397	236,944
Basic/Diluted earnings per share (sen)	11.71	27.43

30. Dividends

No dividends were paid during the current and previous financial year.

31. 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 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.

31. Operating segments (continued)

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.

	Property development		Construction		Others		Inter-segment elimination		Consolidated	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue from external customers	163,674	162,157	225,819	417,535	21,276	25,734	-	-	410,769	605,426
Inter segment revenue	-	-	-	-	4,825	5,112	(4,825)	(5,112)	-	-
Total segment revenue	163,674	162,157	225,819	417,535	26,101	30,846	(4,825)	(5,112)	410,769	605,426
Segment profit/(loss)	1,573	12,230	18,084	53,215	(2,396)	(11,545)	(1,492)	(1,734)	15,769	52,166
Share of results (net of tax) of:										
- associates, other than Dayang Enterprise Holdings Bhd. ("DEHB group")[1]	(5,171)	(4,723)	2,480	2,683	(1,247)	-	-	-	(3,938)	(2,040)
- joint ventures	-	-	727	2,222	-	-	-	-	727	2,222
	(3,598)	7,507	21,291	58,120	(3,643)	(11,545)	(1,492)	(1,734)	12,558	52,348
Unallocated expenses									(8,119)	(11,679)
Share of results (net of tax) of associates, DEHB group (in oil and gas segment)									58,466	38,681
Tax expense									(4,886)	(15,927)
Profit for the year									58,019	63,423
Other comprehensive (loss)/income, net of tax									(3,263)	2,327
Total comprehensive income for the year									54,756	65,750
Total comprehensive (loss)/income attributable to non-controlling interests									(1,393)	1,560
Total comprehensive income attributable to owners of the Company									53,363	67,310

	Property development		Construction		Others		Inter-segment elimination		Consolidated	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Included in the measure of segment profit/(loss) are:										
Depreciation and amortisation [including depreciation capitalised in inventories and contract costs]	5,368	5,856	642	1,188	3,547	4,653	-	-	9,557	11,697
Finance income	(3,092)	(5)	(5,828)	(7,147)	(3)	-	-	-	(8,923)	(7,152)
Finance costs	5,812	6,983	11,435	11,469	8,920	11,032	-	-	26,167	29,484
Net changes in impairment loss on financial assets and contract assets	(16)	-	4,000	(693)	586	10,272	-	-	4,570	9,579

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

31. Operating segments (continued)

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

	Revenue 2019 RM'000	Revenue 2018 RM'000	Segment
Customer A	187,735	261,461	Construction
	=========	=========	

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.

32. Financial instruments

32.1 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.

Group	Financial assets			
	Other investment RM'000	Trade and other receivables ^ RM'000	Cash and cash equivalents RM'000	Total RM'000
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
	=========	=========	=========	=========
At 31.12.2018				
Carrying amount	3,100	218,035	148,070	369,205
AC	-	218,035	148,070	366,105
FVOCI	3,100	-	-	3,100
	=========	=========	=========	=========

^ *Excluding amount receivable from Royal Malaysian Custom Department*

Group	Financial assets			
	Loans and borrowings RM'000	Trade and other payables * RM'000	Provisions RM'000	Total RM'000
At 31.12.2019				
Carrying amount	(483,509)	(335,882)	(3,614)	(823,005)
AC	(483,509)	(335,882)	(3,614)	(823,005)
	=========	=========	=========	=========
At 31.12.2018				
Carrying amount	(557,739)	(442,243)	(7,994)	(1,007,976)
AC	(557,739)	(442,243)	(7,994)	(1,007,976)
	=========	=========	=========	=========

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

32. **Financial instruments** (continued)

32.1 ***Categories of financial instruments*** (continued)

Company	**Financial assets** Trade and other receivables ^ RM'000	Cash and cash equivalents RM'000	Total RM'000
At 31.12.2019			
Carrying amount	55,013	84,480	139,493
AC	55,013	84,480	139,493
	=========	=========	=========
At 31.12.2018			
Carrying amount	80,185	8,600	88,785
AC	80,185	8,600	88,785
	=========	=========	=========

^ *Excluding amount receivable from Royal Malaysian Custom Department*

Company	**Financial liabilities** Loans and borrowings RM'000	Trade and other payables RM'000	Total RM'000
At 31.12.2019			
Carrying amount	(153,378)	(47,435)	(200,813)
AC	(153,378)	(47,435)	(200,813)
	=========	=========	=========
At 31.12.2018			
Carrying amount	(167,315)	(15,866)	(183,181)
AC	(167,315)	(15,866)	(183,181)
	=========	=========	=========

32.2 ***Net gains and losses arising from financial instruments***

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Net gains/(losses) on:				
Financial assets at AC	8,595	(1,210)	8,296	3,646
Financial liabilities at AC	(26,167)	(29,484)	(10,440)	(9,082)
Equity instruments designated at FVOCI	(21)	126	-	-
	(17,593)	(30,568)	(2,144)	(5,436)
	=========	=========	=========	=========

32. Financial instruments (continued)

32.3 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 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 written off could still be subject to enforcement activities in order to comply with the Group's procedures to cover the amounts due. There are no significant changes as compared to prior periods.

  The contract assets [see Note 14.2(c)] have substantially the same risk characteristics as the trade receivables from the same categories of customers. The Group and the Company have therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

  There are no significant changes as compared to previous year.

- Intercompany balances

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

Exposure to credit risk, credit quality and collateral

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

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
One (2018: one) external party	65,791	73,754	-	-
One (2018: two) subsidiaries	-	-	51,702	75,674
	=========	=========	=========	=========

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Malaysia	162,929	217,991	55,013	80,185
Fiji	25	44	-	-
	162,954	218,035	55,013	80,185
	=========	=========	=========	=========

32. Financial instruments (continued)

32.3 Financial risk management (continued)

a. Credit risk (continued)

Receivables (continued)

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.

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
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
	=========	=========	=========
2018			
Not past due	122,721	-	122,721
Past due 0-30 days	10,552	-	10,552
Past due 31-60 days	11,253	-	11,253
Past due 61-90 days	4,118	-	4,118
Past due 91-180 days	20,729	-	20,729
Past due more than 180 days	69,357	(20,695)	48,662
Trade and other receivables	238,730	(20,695)	218,035
	=========	=========	=========

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 2018	2,303	8,195	10,498
Additions	10,197	-	10,197
Balance at 31 December 2018/1 January 2019	12,500	8,195	20,695
Additions	730	-	730
Reversed	-	(16)	(16)
Balance at 31 December 2019	13,230	8,179	21,409
	=========	=========	=========

32. Financial instruments (continued)

32.3 Financial risk management (continued)

a. Credit risk (continued)

Receivables (continued)

Recognition and measurement of impairment loss (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 RM54,690,000 (2018: RM80,132,000) 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	2019 RM'000	2018 RM'000
Bank guarantees	86,537	92,044
Other loans and borrowings outstanding and recognised in financial statements	329,838	389,048
Total	416,375	481,092

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.

32. **Financial instruments** (continued)

32.3 ***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
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	-	-
	=========		=========	=========	=========	=========	=========
2018							
Trade and other payables							
- interest-bearing	6,874	5.22	7,416	3,708	3,708	-	-
- non interest-bearing	435,369	-	435,369	417,662	15,764	1,943	-
Provisions	7,994	-	7,994	7,994	-	-	-
Loans and borrowings							
- Secured term loans	215,690	5.07 - 6.00	231,952	53,490	56,050	89,797	32,615
- Unsecured revolving credits	342,000	5.15 - 6.06	344,159	344,159	-	-	-
- Finance lease liabilities	49	5.47	52	23	23	6	-
	=========		=========	=========	=========	=========	=========
Company							
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	-	-	-
	=========		=========	=========	=========	=========	=========
2018							
Other payables							
- interest-bearing	13,855	5.28 - 5.57	13,855	13,855	-	-	-
- non interest-bearing	2,011	-	2,011	2,011	-	-	-
Loans and borrowings							
- Secured term loan	52,315	5.78	56,568	19,581	24,460	12,527	-
- Unsecured revolving credits	115,000	5.15 - 6.06	115,973	115,973	-	-	-
Financial guarantees *	-	-	481,092	481,092	-	-	-
	=========		=========	=========	=========	=========	=========

* *Being corporate guarantees granted for banking facilities of certain subsidiaries [see Note 32.3(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.*

32. Financial instruments (continued)

32.3 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:

	2019 RM'000	**2018 RM'000**
Cash and cash equivalents denominated in USD		
- Group	4,525	4,530
- Company	4,380	4,384
	=========	=========

A 10% (2018: 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	
	2019 RM'000	**2018 RM'000**
USD		
- Group	(344)	(344)
- Company	(333)	(333)
	=========	=========

A 10% (2018: 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.

32. **Financial instruments** (continued)

32.3 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	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Fixed rates instruments				
- Financial assets	231,846	148,126	75,530	-
- Financial liabilities	(366,715)	(423,056)	(105,000)	(115,000)
Floating rates instruments				
- Financial assets	-	-	47,369	75,400
- Financial liabilities	(120,319)	(141,558)	(93,869)	(66,170)

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			
	2019		2018	
	100bp increase RM'000	**100bp decrease RM'000**	**100 bp increase RM'000**	**100 bp decrease RM'000**
Floating rate instruments				
- Group	(1,894)	1,894	(2,612)	2,612
- Company	(391)	391	91	(91)

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.

32. Financial instruments (continued)

32.4 Fair value information

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

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

	Fair value of financial instruments carried at fair value			**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**
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
	=======	=======	=======	=======	=======	=======	=======	=======
2018								
Financial assets								
Other investments	137	2,963	3,100	-	-	-	3,100	3,100
Trade and other receivables	-	-	-	-	73,754	73,754	73,754	73,754
	=======	=======	=======	=======	=======	=======	=======	=======
Financial liabilities								
Loans and borrowings								
- Unsecured revolving credits	-	-	-	-	342,000	342,000	342,000	342,000
- Secured term loans	-	-	-	-	216,034	216,034	216,034	215,690
- Finance lease liabilities	-	-	-	49	-	49	49	49
	=======	=======	=======	=======	=======	=======	=======	=======
Company								
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
	=======	=======	=======	=======	=======	=======	=======	=======
2018								
Financial liabilities								
Loans and borrowings								
- Unsecured revolving credits	-	-	-	-	115,000	115,000	115,000	115,000
- Secured term loan	-	-	-	-	52,404	52,404	52,404	52,315
	=======	=======	=======	=======	=======	=======	=======	=======

32. Financial instruments (continued)

32.4 Fair value information (continued)

The Group does not have any outstanding financial derivatives as at 31 December 2019.

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.

33. 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.

34. Capital expenditure commitments

	Group	
	2019 RM'000	**2018 RM'000**
Property, plant and equipment		
- Authorised but not contracted for	2,967	2,435
- Contracted for but not provided for	-	24,100
	2,967	26,535

35. 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 27), are disclosed below:

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Subsidiaries				
Management fee income	-	-	(3,369)	(3,687)
Management fee expense	-	-	1,317	1,216
Rental expense on premises	-	-	234	234
Interest income	-	-	(4,538)	(3,491)
Interest expense	-	-	1,722	244
Associates				
Rental expense on machinery and equipment	-	210	-	-
Construction costs payable	122,634	197,807	-	-
Construction contract sum billed	(8,198)	(37,121)	-	-
Management fee income	-	(675)	-	-
Joint venture				
Distribution of profit	3,060	4,080	-	-
Other related parties *				
Rental expense on land	-	594	-	-
Key management personnel				
Sales of properties	-	779	-	-
Consultant fee paid	180	162	-	162

* *Representing companies/corporations in which certain substantial shareholders have or are deemed to have substantial interests*

The amount due from/to subsidiaries, associates and joint ventures is disclosed in Notes 13 and 21 to the financial statements. The outstanding balances with other related parties are as follows:

	Group	
	2019 RM'000	**2018 RM'000**
Amount due to	(14)	(686)

The above related party transactions are based on negotiated terms.

36. Changes in investments in existing subsidiaries

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

On 19 September 2019, 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*

In December 2019, 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 against the retained earnings account. The Group also recognised an increase in non-controlling interests of RM1,636,000.

37. Movements in investment in associates

i. *Additional investment in ordinary shares issued by an associate*

Pursuant to a rights issue exercise by an associate, Dayang Enterprise Holdings Bhd. 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 does not have any impact to the Group as there is no change in the Group's equity interest in DEHB (i.e. 26.42%).

ii. *Disposal of entitlement rights to preference shares issued by an associate*

In December 2019, 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 (see Note 25).

iii. *Additional investment in preference shares issued by an associate*

In the previous financial year, Samalaju Properties Sdn. Bhd. ("SPSB") issued 44,100,000 new redeemable preference shares ("RPS") at an issue price of RM1.00, 19,110,000 RPS out of which was subscribed by Naim Land Sdn. Bhd. Having assessed the RPS terms, the Group determined that such RPS investment in SPSB provides access to the returns associated to the underlying ownership interest therein and therefore, the RPS investment amounting to RM19,110,000 was accounted for using equity method and formed part of the investment in the said associate. The deposit sum previously paid was then reclassified to the investment in associate.

38. Material litigation

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, which appeal is awaiting hearing. The main trial is held in abeyance pending disposal of NLSB's appeal to the Court of Appeal.

39. Events after the reporting period

i. Dilution in equity interest in an associate

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") on 30 December 2019. Since the beginning of 2020 till the date of this report, about 1.43 million 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 6.4%, from initial 9.9% to 3.5% as a result of such conversion.

Assuming the full conversion of total issued RCPS had occurred on 31 December 2019, the pro-forma effect arising from the dilution in the Company's direct and indirect equity interest in PPB, based on the latest available financial information of PPB for the year ended 31 December 2019, is approximately RM8.3 million loss, which will be recognised to profit or loss for the year ending 31 December 2020.

As the conversion of the RCPS into ordinary shares in PPB is on-going, the full and actual impact of the dilution of the Company's direct and indirect equity interests in PPB can only be determined at a later stage when the conversion is complete and the relevant information has been obtained to facilitate the calculation of the impact.

ii. Impact from COVID-19

World Health Organisation has declared coronavirus (COVID-19) as global health emergency on 30 January 2020, which has since spread beyond to countries across the world including Malaysia. The Government of Malaysia announced a Movement Control Order ("MCO") on 16 March 2020, which began on 18 March 2020 and lasted several weeks. The COVID-19 pandemic has resulted in disruptions to businesses and various macro-economic impacts. The widespread of the virus has weakened the global economic outlook and is expected to have sharp impact on various industries across Malaysia.

The Group considers this outbreak to be a non-adjusting post balance sheet event as the effect of the COVID-19 did not exist as at the reporting date. As such, the current conditions arising from this outbreak do not have an impact on the financial statements balances and accounts for the financial year ended 31 December 2019.

As at the date the financial statements are authorised for issuance, the current situation is still very fluid. As a result, it is not practicable for the Group to estimate the financial effect of this outbreak at this juncture. If the current situation persists over time, the Group anticipates that revenue from operations of the Group will be affected, as well as tightening of liquidity for the Group. The Group also anticipates weaker buying sentiments in the property market as consumers remain cautious in view of the uncertainties post COVID-19, coupled with the ongoing huge overhang in the property market and increased competition. Besides that, the Group also anticipates disruptions on supply chain on building /construction materials as a wide array of materials are purchased from COVID-19 embattled company, which may result in lower construction work progress than expected.

40. Significant changes in accounting policies

During the year, the Group and the Company adopted MFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised as an adjustment to retained earnings as 1 January 2019. Accordingly, the comparative presented or 2018 has not been restated – i.e. it is presented, as previously reported under MFRS 117, *Leases* and related interpretations.

Definition of a lease

On transition to MFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied MFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under MFRS 117 and IC Interpretation 4, *Determining whether an Arrangement contains a Lease* were not reassessed. Therefore, the definition of a lease under MFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

Where the Group and the Company are lessees, the Group and the Company applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings at 1 January 2019.

At 1 January 2019, for leases that were classified as operating lease under MFRS 117, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group entities' incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at either:

- their carrying amount as if MFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at 1 January 2019; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

40. Significant changes in accounting policies (continued)

As a lessee (continued)

The Group and the Company used the following practical expedients when applying MFRS 16 to leases previously classified as operating lease under MFRS 117:

- applied a single discount rate to a portfolio of leases with similar characteristics;
- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term as at 1 January 2019;
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application;
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease; and
- adjusted the right-of-use assets by the amount of provision for onerous contract under MFRS 137 immediately before the date of initial application, as an alternative to an impairment review.

At 1 January 2019, all leasehold land under property, plant and equipment and prepaid land lease payment that meets the definition of a lease are reclassified as right-of-use assets. For leases that were classified as finance lease under MFRS 117, the carrying amounts of the right-of use asset and the lease liability at 1 January 2019 are determined to be the same as the carrying amount of the leased asset and lease liability under MFRS 117 immediately before that date.

The Group and the Company have applied commercial judgement, where necessary, to determine the lease term for those leases with renewal options and this in turn will impact on the amount of right-of-use assets and lease liabilities recognised. The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for low value assets and short-term leases. The lease payments for these leases are expensed on a straight-line basis over the lease term.

There are no material impacts on financial statements arising from the changes following the practical expedients applied, other than derecognition of prepaid lease payments and recognition of right-of-use assets of RM2,313,000 (also see Note 3 and 4).

As a lessor

Group entities who is an intermediate lessor reassessed the classification of a sublease previously classified as an operating lease under MFRS 117 and concluded that the sublease is an operating lease under MFRS 16.

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 104 to 171 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 at 31 December 2019 and of their financial performance and cash flows for the 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: 19 May 2020

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 104 to 171 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 provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed

in Kuching in the State of Sarawak

on 19 May 2020

....

Emily Hii San San

Before me:

“Designed by mindandi / Freepik”

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 2019 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 104 to 171.

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 2019, 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' Code of Ethics for Professional Accountants ("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 23, Revenue for construction contracts

Key audit matter	How our audit addressed the key audit matter
Revenue derived from construction contracts requires significant management judgment 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 judgment 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 judgment involved in the estimation of revenue recognised over the contract life. Changes in judgments 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 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 new 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. 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.

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 23, Revenue for sales of properties

Key audit matter	How our audit addressed the key audit matter
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 judgment 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 judgment involved in the estimation of revenue over the course of the project life. Changes in judgments 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 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 new 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. 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, related safeguards.

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 financial 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 5 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: 19 May 2020

PART 8

Other Information

Analysis Of Shareholdings As At 30 April 2020

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	15	0.25	430	0.00
100 – 1,000	982	16.11	594,843	0.12
1,001 – 10,000	3,100	50.85	16,904,900	3.37
10,001 – 100,000	1,735	28.46	56,968,550	11.38
100,001 – 25,037,165 (*)	260	4.26	156,424,123	31.24
25,037,166 and above (**)	4	0.07	269,850,476	53.89
Total	**6,096**	**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.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MAK TIAN MENG (MY3136)	5,494,900	1.10
9.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LGF)	5,491,700	1.10
10.	HWS PROPERTIES SDN BHD	4,312,250	0.86

NO	NAME	NO. OF SHARES HELD	% SHAREHOLDING
11.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG STRATEGIC FUND	4,200,000	0.84
12.	LEE SEE JIN	2,417,100	0.48
13.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD URUSHARTA JAMAAH SDN. BHD. (FRANKLIN 1)	2,364,495	0.47
14	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MAK TIAN MENG (7001418	2,353,500	0.47
15.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD FOR HONG LEONG REGULAR INCOME FUND	2,000,000	0.40
16.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PLASMA CAPITAL SDN. BHD.	2,000,000	0.40
17.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MAK TIAN MENG	1,908,700	0.38
18.	LEMBAH RAKYAT SDN. BHD.	1,874,983	0.37
19.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR PACIFIC PEARL FUND (UT-PM-PPF) (419471)	1,729,400	0.35
20.	TING SIEW CHII	1,700,000	0.34
21.	TAN KOK CHUAN	1,450,000	0.29
22.	TAPAK BERINGIN SDN. BHD.	1,360,433	0.27
23.	ONG KHOON SENG	1,300,000	0.26
24.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEE ZHEN XAO (6000085)	1,238,000	0.25
25.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR TING KUOK LEY @ DAVID KUOK LEH TING (PB)	1,186,900	0.24
26.	NG SIEW KOOI	1,135,000	0.23
27.	TAN AI BENG	1,110,000	0.22
28.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHENG AH TECK @ CHENG YIK LAI	1,100,000	0.22
29.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM CHEN YIK (PENANG-CL)	1,040,000	0.21
30.	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG	1,009,582	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.	INDIRECT NO. OF SHARES HELD	%	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. WONG PING ENG	12,500	0.002	-	-
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	-	-	-	-

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)*	25,081
Part of Lot 4173 Bintulu Town District	Hotel Building	06.11.2008 Expiring 04.07.2111	1,969 (12,662)	48,531
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 789, Block 20 Kemena Land District	Land For Development	20.11.2013 Expiring 19.11.2112	1,803,000	83,110
Lot 2861, Block 20 Kemena Land District	Land For Development	20.11.2013 Expiring 19.11.2112	2,253,000	103,720
INVESTMENT PROPERTY				
Lot 2597, Block 8 Muara Tebas Land District	Industrial Land	27.07.2016 Expiring 26.07.2076	200,300	10,562
Lot 3244, Block 11 Kuala Baram Land District	Commercial Land & Retail Building	20.07.1995 Expiring 19.07.2094	34,130 (25,560)	44,869

* *excluding outdoor facilities*

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 18th Annual General Meeting ("AGM") of Members of **NAIM HOLDINGS BERHAD** will be conducted entirely through live streaming from the broadcast venue 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 ("Broadcast Venue") on Wednesday, 24 June 2020 at 12 noon 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 2019. **[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 Amar Abdul Hamed Bin Haji Sepawi **ORDINARY RESOLUTION 3**
   Wong Ping Eng **ORDINARY RESOLUTION 4**
   Tan Chuan Dyi **ORDINARY RESOLUTION 5**

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

   Datuk Ahmad Bin Abu Bakar **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 pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance 2017, 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 as Independent Non-Executive Director, 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 be and are hereby empowered pursuant to Sections 75 and 76 of the Companies Act 2016, to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deemed fit, provided that the aggregate number of shares to be issued does not exceed twenty percent (20%) of total number of issued shares/total number of voting shares of the Company for the time being and that Directors are also empowered to obtain the approval from the Bursa Malaysia Securities Berhad for the listing and quotation for the additional shares to be issued."

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 Directors of the Company be and are hereby authorised to make purchases of ordinary shares in the Company's issued ordinary share capital from time to time through Bursa Malaysia Securities Berhad as the Directors may deem fit and expedient in the interest of the Company provided that:

i. the aggregate number of ordinary shares purchased shall not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company;
ii. the amount not exceeding the Company's audited retained profits for the financial year ended 31 December 2019 will be allocated by the Company for the purchase of own shares; and
iii. the Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividends or transfer the shares for the purpose of employees' share scheme or transfer the shares as purchase consideration;

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.

AND THAT authority be and is hereby given to the Directors of the Company to act and to take all such steps and to do all things as are necessary or expedient to implement, finalise and give full effect to the aforesaid purchase."

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 27 May 2020

NOTES:

IMPORTANT NOTICE

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

   Shareholders will not be allowed to attend the 18th AGM in person at the Broadcast Venue on the day of the meeting.

   Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 18th AGM using the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its TIIH Online website at https://tiih.online.

   Please read these Notes carefully and follow the procedures in the Information for Shareholders on 18th AGM in order to participate remotely via RPV.

2. 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 15 June 2020. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.

3. A member who 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.

4. 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.

5. 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.

6. A member who has appointed a proxy or attorney or authorised representative to participate at the 18th 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 Information for Shareholders on 18th AGM.

7. 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 Information for Shareholders on the procedures for electronic lodgement of proxy form via TIIH Online.

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

9. Last date and time for lodging the proxy form is **Tuesday, 23 June 2020 at 12 noon**.

10. 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.

11. 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.

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 2020 to April 2021 are as follows:

Description	Non-Executive Chairman		Non-Executive Director	
	May 2020 RM	June 2020 to April 2021 RM	May 2020 RM	June 2020 to April 2021 RM
Fixed allowance per month	97,640	73,230	Not applicable	Not applicable
EPF contribution per month	15,623	11,717	Not applicable	Not applicable
Directors' Fee per month	Not applicable	Not applicable	10,000	7,500
Additional Directors' Fee per month for Senior Independent Non-Executive director	Not applicable	Not applicable	1,000	1,000
Meeting allowance per Board meeting	2,000	2,000	2,000	2,000
Meeting allowance per Board Committees meeting	1,500	1,500	1,500	1,500
Other Benefits	Car, driver, petrol, medical coverage, professional & 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) provides that one third (1/3) of the Directors of the Company for the time being shall retire by rotation at the AGM of the Company. All Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.

The Directors retiring under clause 85(a) are as follows:
i. Datuk Amar Abdul Hamed Bin Haji Sepawi;
ii. Wong Ping Eng; and
iii. Tan Chuan Dyi
and being eligible have offered themselves for re-election.

ii. Clause 92 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 Datuk Ahmad Bin Abu Bakar 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 20 to 29.

The details of interest in securities of the Company (if any) held by the Directors are stated on page 182 of the Annual Report.

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

In line with the practice 4.2 of the Malaysian Code of Corporate Governance 2017, the Nominating Committee had assessed the independence of Dato Ir. Abang Jemat Bin Abang Bujang who has served as Independent Non- Executive Director of the Company for a cumulative term of more than nine (9) years, and upon its recommendation, the Board of Directors have recommended Dato Ir. Abang Jemat Bin Abang Bujang to continue to act as an 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.

e. 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 give the Directors of the Company authority to issue shares in the Company up to an amount not exceeding twenty percent (20%) of the total number of issued shares/total number of voting shares of the Company for the time being for such purposes as the Directors consider would 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.

f. 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 27 May 2020 is enclosed for further information.

BUILDING VALUE IN EVERY WAY

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

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 18th Annual General Meeting ("AGM") of the Company which will be conducted entirely through live streaming from the broadcast venue 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 ("Broadcast Venue") on Wednesday, 24 June 2020 at 12 noon or any adjournment thereof, in the manner indicated below:

Resolutions		**FOR**	**AGAINST**
Ordinary Resolution 1	Approval of Directors' fees and remuneration for the Non-Executive Chairman		
Ordinary Resolution 2	Approval of Directors' fees and remuneration for the Non-Executive Directors		
Ordinary Resolution 3	Re-election of Director: Datuk Amar Abdul Hamed Bin Haji Sepawi		
Ordinary Resolution 4	Re-election of Director: Wong Ping Eng		
Ordinary Resolution 5	Re-election of Director: Tan Chuan Dyi		
Ordinary Resolution 6	Re-election of Director: Datuk Ahmad Bin Abu Bakar		
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 ________________2020.

____

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

IMPORTANT NOTICE

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

   Shareholders will not be allowed to attend the 18th AGM in person at the Broadcast Venue on the day of the meeting.

   Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 18th AGM using the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its TIIH Online website at https://tiih.online.

   Please read these Notes carefully and follow the procedures in the Information for Shareholders on 18th AGM in order to participate remotely via RPV.
2. 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 15 June 2020. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.
3. A member who 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.
4. 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.
5. 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.
6. A member who has appointed a proxy or attorney or authorised representative to participate at the 18th 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 Information for Shareholders on 18th AGM.
7. 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 Information for Shareholders on the procedures for electronic lodgement of proxy form via TIIH Online.
8. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
9. Last date and time for lodging the proxy form is **Tuesday, 23 June 2020 at 12 noon**.
10. 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.
11. 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.

From Where We Began . . .

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BUILDING VALUE IN EVERY WAY

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
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