





# PART 4

## Other Highlights

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# CORPORATE EVENTS



## GLOBAL MUSLIM BUSINESS EXCELLENCE AND LIFETIME ACHIEVEMENT AWARDS 2022 19 October 2022

Our Chairman's **Datuk Amar Abdul Hamed Bin Haji Sepawi** Conferment of the Outstanding Global Muslim Entrepreneur Lifetime Achievement Award by Global Muslim Business Forum on 19 October 2022.



**NAIM STEPS UP SUSTAINABILITY EFFORTS**

24 February 2022 Kuching

NAIM Group of Companies has taken another step towards achieving its sustainability goals, by putting an electric vehicle (EV) charger in one of its high-end developments here at the NAIM Sapphire Luxury Homes.

NAIM, Sarawak Energy Berhad (SEB) and technical partners Malaysian Green Technology and Climate Change Corporation (MGTC) collaborated in the initiative.

NAIM Sapphire Luxury Homes, which features three upmarket condominium towers, is also the first condominium development involved in such a collaboration.

**SHEDA PROPERTY EXPO**30 September - 2 October 2022  
Kuching

NAIM Group of Companies made its presence felt at the recent Sarawak Housing and Real Estate Developers Association (SHEDA) Property Expo 2022 by winning the Corporate Image Award' this year.

The award was presented by The Right Honourable, Premier of Sarawak, Datuk Patinggi Tan Sri (Dr) Abang Haji Abdul Rahman Zohari Bin Tun Datuk Abang Haji Openg to Bahrin Wahid, NAIM Head of Sales, Marketing & Leasing (Kuching & Bintulu) during the EXPO this afternoon, held at the Borneo Convention Centre Kuching (BCK) in Kuching.





# NAIM IN THE NEWS

## Naim rebounds to profitability

**K**umpulan Syarikat Naim telah mencatatkan keuntungan bersih untuk tahun 2023, selepas mencatat kerugian bersih untuk tahun 2022. Laporan tahunan Naim menunjukkan keuntungan bersih sebanyak RM1.2 juta, manakala keuntungan sebelum cukai adalah RM1.5 juta. Jumlah kerugian bersih untuk tahun 2022 adalah RM1.8 juta. Naim mencatatkan pendapatan operasi sebanyak RM1.2 juta, manakala beban operasi adalah RM0.5 juta. Naim juga mencatatkan keuntungan sebelum cukai sebanyak RM1.5 juta, manakala beban cukai adalah RM0.3 juta. Naim juga mencatatkan keuntungan sebelum cukai sebanyak RM1.5 juta, manakala beban cukai adalah RM0.3 juta.



Naim juga mencatatkan keuntungan sebelum cukai sebanyak RM1.5 juta, manakala beban cukai adalah RM0.3 juta. Naim juga mencatatkan keuntungan sebelum cukai sebanyak RM1.5 juta, manakala beban cukai adalah RM0.3 juta. Naim juga mencatatkan keuntungan sebelum cukai sebanyak RM1.5 juta, manakala beban cukai adalah RM0.3 juta. Naim juga mencatatkan keuntungan sebelum cukai sebanyak RM1.5 juta, manakala beban cukai adalah RM0.3 juta.

## Kumpulan Syarikat Naim menang Anugerah Imej korporat

**PROJEN BINAAN** Kumpulan Syarikat Naim telah memenangi Anugerah Imej Korporat 2023. Anugerah ini diberikan kepada syarikat yang menunjukkan prestasi terbaik dalam menguruskan imej korporat mereka. Naim telah memenangi anugerah ini kerana komitmen mereka terhadap integriti, keadilan, dan tanggungjawab sosial korporat.

Naim juga mencatatkan keuntungan sebelum cukai sebanyak RM1.5 juta, manakala beban cukai adalah RM0.3 juta. Naim juga mencatatkan keuntungan sebelum cukai sebanyak RM1.5 juta, manakala beban cukai adalah RM0.3 juta. Naim juga mencatatkan keuntungan sebelum cukai sebanyak RM1.5 juta, manakala beban cukai adalah RM0.3 juta.



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## Naim steps up sustainability efforts

**KURANG** Naim telah meningkatkan usaha-usaha mereka dalam meningkatkan keberlanjutan. Naim telah memperkenalkan beberapa inisiatif baru, termasuk penggunaan tenaga hijau dan pengurangan jejak karbon. Naim juga telah memperkenalkan program tanggungjawab sosial korporat yang lebih menyeluruh.

Naim juga mencatatkan keuntungan sebelum cukai sebanyak RM1.5 juta, manakala beban cukai adalah RM0.3 juta. Naim juga mencatatkan keuntungan sebelum cukai sebanyak RM1.5 juta, manakala beban cukai adalah RM0.3 juta. Naim juga mencatatkan keuntungan sebelum cukai sebanyak RM1.5 juta, manakala beban cukai adalah RM0.3 juta.



NAIM telah meningkatkan usaha-usaha mereka dalam meningkatkan keberlanjutan.

## 四 學生增至460人 中不再是小型獨中

NAIM Education Group telah mengumumkan bahawa bilangan pelajar di sekolah menengah mereka telah meningkat kepada 460 orang. Ini menunjukkan bahawa sekolah ini telah berkembang daripada sekolah kecil kepada institusi pendidikan yang lebih besar. Naim Education Group telah berinvestasi dalam infrastruktur dan tenaga profesional untuk memastikan kualiti pendidikan yang tinggi.



NAIM Education Group telah mengumumkan bahawa bilangan pelajar di sekolah menengah mereka telah meningkat kepada 460 orang.

## NAIM, Sarawak Metro sign transport MoU

**K**umpulan Syarikat Naim dan Sarawak Metro telah menandatangani Memorandum Peringatan (MoU) mengenai kerjasama dalam sektor pengangkutan. MoU ini bertujuan untuk meningkatkan keberkesanan dan keselamatan sistem pengangkutan awam di Sarawak. Naim akan menyediakan perkhidmatan pengangkutan yang lebih baik, manakala Sarawak Metro akan menyediakan infrastruktur yang diperlukan.

Naim juga mencatatkan keuntungan sebelum cukai sebanyak RM1.5 juta, manakala beban cukai adalah RM0.3 juta. Naim juga mencatatkan keuntungan sebelum cukai sebanyak RM1.5 juta, manakala beban cukai adalah RM0.3 juta. Naim juga mencatatkan keuntungan sebelum cukai sebanyak RM1.5 juta, manakala beban cukai adalah RM0.3 juta.



NAIM dan Sarawak Metro telah menandatangani Memorandum Peringatan (MoU) mengenai kerjasama dalam sektor pengangkutan.

## Miri hab industri minyak, gas serantau

Miri telah ditetapkan sebagai pusat industri minyak dan gas serantau. Ini adalah langkah penting untuk meningkatkan ekonomi tempatan dan menarik pelaburan asing. Kerajaan telah berinvestasi dalam infrastruktur dan tenaga profesional untuk memastikan kualiti perkhidmatan yang tinggi.



Miri telah ditetapkan sebagai pusat industri minyak dan gas serantau.

## Naim-Gamuda officials pay courtesy call on Abg Johari

NAIM dan Gamuda telah mengadakan lawatan rasmi ke pejabat Abg Johari. Lawatan ini bertujuan untuk membina hubungan yang lebih baik antara syarikat-syarikat ini dan kerajaan tempatan. Naim dan Gamuda akan bekerjasama dengan kerajaan tempatan untuk meningkatkan pembangunan infrastruktur di kawasan tersebut.

Naim juga mencatatkan keuntungan sebelum cukai sebanyak RM1.5 juta, manakala beban cukai adalah RM0.3 juta. Naim juga mencatatkan keuntungan sebelum cukai sebanyak RM1.5 juta, manakala beban cukai adalah RM0.3 juta. Naim juga mencatatkan keuntungan sebelum cukai sebanyak RM1.5 juta, manakala beban cukai adalah RM0.3 juta.



NAIM dan Gamuda telah mengadakan lawatan rasmi ke pejabat Abg Johari.

**文化藝術節**

NAIM Education Group telah mengadakan festival budaya dan seni yang meriah. Festival ini bertujuan untuk mempromosikan budaya tempatan dan meningkatkan kualiti pendidikan. Naim Education Group telah berinvestasi dalam infrastruktur dan tenaga profesional untuk memastikan kualiti pendidikan yang tinggi.





# Naim launches dream home campaign



**K**onsep 'Dream Home' Naim adalah satu inisiatif yang bertujuan untuk meningkatkan kualiti kehidupan masyarakat di kawasan perumahan Naim. Melalui kempen ini, Naim berhasrat untuk menyediakan kemudahan-kemudahan yang lengkap dan berkualiti tinggi kepada penghuni di setiap projek perumahan Naim.

Salah satu ciri utama 'Dream Home' Naim adalah adanya kemudahan-kemudahan yang lengkap dan berkualiti tinggi. Ini termasuklah kemudahan-kemudahan seperti pusat membeli-belah, pusat kesihatan, pusat rekreasi, dan pusat pendidikan. Naim juga berhasrat untuk menyediakan kemudahan-kemudahan yang lain seperti pusat perkhidmatan, pusat perniagaan, dan pusat komuniti.

Naim percaya bahawa dengan menyediakan kemudahan-kemudahan yang lengkap dan berkualiti tinggi, Naim dapat meningkatkan kualiti kehidupan masyarakat di kawasan perumahan Naim. Naim juga berhasrat untuk menyediakan kemudahan-kemudahan yang lain seperti pusat perkhidmatan, pusat perniagaan, dan pusat komuniti.

# 新英推銷展銷活動



Naim Holdings Berhad telah melancarkan kempen 'Dream Home' yang bertujuan untuk meningkatkan kualiti kehidupan masyarakat di kawasan perumahan Naim. Melalui kempen ini, Naim berhasrat untuk menyediakan kemudahan-kemudahan yang lengkap dan berkualiti tinggi kepada penghuni di setiap projek perumahan Naim.

# NAIM'S PROPERTY ROADSHOWS



NAIM'S PROPERTY ROADSHOWS adalah satu inisiatif yang bertujuan untuk memperkenalkan projek-projek perumahan Naim kepada masyarakat. Melalui kempen ini, Naim berhasrat untuk meningkatkan kualiti kehidupan masyarakat di kawasan perumahan Naim.

# Dunia iktiraf Sarawak



NAIM telah menerima iktiraf sebagai 'World's Most Innovative Property Developer' oleh The Global Property Awards. Iktiraf ini diberikan kepada Naim atas komitmen Naim dalam menyediakan kemudahan-kemudahan yang lengkap dan berkualiti tinggi kepada penghuni di setiap projek perumahan Naim.

# NAIM recognises, rewards academic excellence



NAIM telah mengadakan program 'Academic Excellence Awards' yang bertujuan untuk mengiktiraf dan memberi hadiah kepada pelajar-pelajar yang berprestasi tinggi. Melalui program ini, Naim berhasrat untuk meningkatkan kualiti pendidikan di kawasan perumahan Naim.

# Kukuh hubungan dengan pemain industri



NAIM telah mengadakan program 'Industry Relations' yang bertujuan untuk kukuhkan hubungan dengan pemain-pemain industri. Melalui program ini, Naim berhasrat untuk meningkatkan kualiti perkhidmatan Naim kepada pelanggan Naim.

# Kompleks Wisma Melayu Sarawak mercu tanda baharu

Kompleks Wisma Melayu Sarawak telah diibaratkan sebagai mercu tanda baharu di bandaraya Kuching. Kompleks ini merupakan satu projek pembangunan yang besar dan kompleks, yang akan meningkatkan kualiti kehidupan masyarakat di kawasan tersebut.





# PART 5

## Corporate Governance

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AND INTERNAL CONTROL



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

*A Note on Terminology: Naim Holdings Berhad is the ultimate holding company for Naim Land Sdn Bhd, Naim Engineering Sdn. Bhd. and other subsidiary companies, both direct and indirect. As the principles and practices of good corporate governance apply not only to the ultimate holding company but also to all of its subsidiaries, we have chosen to forgo the use of the term "Company" in this statement unless the context requires, and instead emphasise the use of 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 2022. 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 2022. 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 2021 ("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 to ensuring 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, being responsible for the corporate governance practices of the Group, 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 governance culture within the Group which reinforces ethical, prudent and professional behavior.

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

The roles of the Chairman and the Managing Director are held by different individuals with clear and distinct roles. The division of duties and responsibilities ensures an appropriate balance of roles and responsibilities at the Board level. The Chairman conducts meetings of the Board and shareholders and ensures they are properly briefed at the respective meetings.

The Managing Director and Executive Director, supported by a team of management staff, are responsible for the day-to-day running of the business operations of the Group. Management performance is monitored on a quarterly basis by the Board. The Board conducts quarterly reviews of the performance targets set by the Board against the actual performance achieved to-date and at the same time receives and deliberates 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.
- Provides guidance and comment on the market, business and operational initiatives.
- Ensures that the necessary resources are available to achieve the strategic aims and objectives of the Group.
- Together with the Senior Management, promotes good corporate governance culture within the Group reinforcing ethical prudent and professional behaviour.
- Reviews the principal risks and ensures the implementation of appropriate internal control measures to achieve an appropriate balance between risks incurred and returns to stakeholders.

All the Directors act with reasonable care, skill and diligence. They maintain a sound understanding of the business and keep abreast of relevant developments to ensure that they are able to discharge their duties and responsibilities effectively.

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 the 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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

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

The summary of committee memberships is as follows:

Name of Directors	Audit Committee	Nominating Committee	Remuneration Committee	Risk Management Committee	Anti-Bribery & Corruption Compliance Committee
Datuk Amar Abdul Hamed Bin Haji Sepawi		√ (Chairman)		√	
Datuk Hasmi Bin Hasnan			√		
Datuk Ahmad Bin Abu Bakar	√		√ (Chairman) (Appointed on 24 February 2022)		√ (Chairman)
Datin Mary Sa'diah Bin Zainuddin		√	√	√ (Chairman)	
Chin Chee Kong	√				
Tan Chuan Dyi	√ (Chairman)				√ (Appointed on 24 February 2022)
Sulaihah Binti Maimunni		√		√	√
<b>Total No. of members</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>

The Board Charter of the Company documents the governance and structure of the Board, its authority, major responsibilities and Terms of Reference of the Board and Board Committees. The Board Charter can be viewed at the Company's website [www.naim.com.my](http://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.

During the financial year 2022, the Board met six (6) times. 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	5/6	83
Datuk Hasmi Bin Hasnan Managing Director	6/6	100
Mr. Beh Boon Ewe Executive Director	6/6	100
Datin Mary Sa'diah Binti Zainuddin Independent Non-Executive Director	6/6	100

Current Directors	Scheduled meetings	
	Attendance	%
<b>Mr. Chin Chee Kong</b> Non-Independent and Non-Executive Director	5/6	83
<b>Mr. Tan Chuan Dyi</b> Independent Non-Executive Director	6/6	100
<b>Cik Sulaihah Binti Maimunni</b> Independent Non-Executive Director	6/6	100
<b>Datuk Ahmad Bin Abu Bakar</b> Independent Non-Executive Director	6/6	100

The Board meets at least once every quarter to review and approve the quarterly financial performance of the Group, to review and deliberate major business strategies and plans including operational issues and action plans as well as to approve yearly budget and business plans for adoption. On top of the quarterly meetings, the Board holds an additional meeting to approve the annual audited financial statements. These statutory board meetings are scheduled before the end of the preceding financial year, to allow Directors to plan ahead and block meeting dates in advance in their calendar.

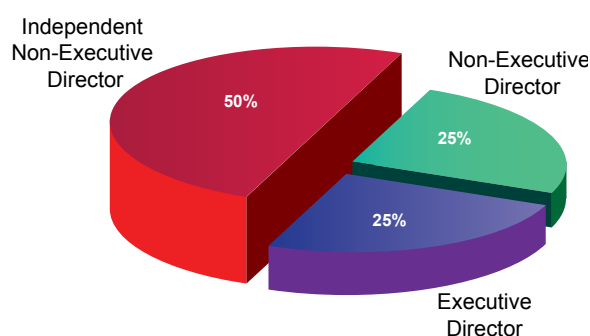
All Directors have full, free and unrestricted access to the Senior Management, Accountants, Internal and External Auditors and Company Secretaries.

### 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.

The current Board's composition is as follows:

Category	As at 31 December 2022	
	No. of Directors	%
Executive Director	2	25
Non-Executive Director	2	25
Independent Non-Executive Director	4	50
<b>Total</b>	<b>8</b>	<b>100</b>



As at 31 December 2022, the Board had eight (8) Board Members of which 25% were Executive Directors, 25% Non-Executive Directors and the balance of 50% were Independent Non-Executive Directors.

## **CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)**

During the year under review, the composition of the Board complied with the requirements of Practice 5.2 of the MCGG whereby at least half of the Board comprises Independent Directors. In addition thereto, the Company also complied with Paragraph 15.02 which requires at least two (2) directors or 1/3 of the Board to be Independent Directors and one (1) woman director.

The members of the Board comprise persons of integrity and calibre from 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. The Directors' profiles are set out on pages 22 to 29 of the Annual Report 2022.

All members of the Board have demonstrated their ability to exercise sound business judgment. The Non-Executive Directors do not participate in 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 on 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.

### **Tenure of Independent Director**

The Board may seek shareholders' approval for retaining a person who has served in the capacity as an Independent Non-Executive Director for more than nine (9) years. The Nominating Committee/Board must conduct a rigorous review to determine whether the Director's independence has been impaired, taking into account the need for progressive refreshing of the Board.

Datin Mary Sa'diah binti Zainuddin was appointed as Independent Non-Executive Director on 27 February 2013. The Nominating Committee has assessed the independence of Datin Mary Sa'diah and she has met the criteria as Independent Director pursuant to MMLR. Although having served for a cumulative term of more than nine (9) years, she remained professionally independent and actively participated in deliberation and exercised independent judgement at Board and Board Committee Meetings without being affected by influences that compromise her objectivity. She also provides valuable advice on oil and gas industry matters and her wide knowledge will continue to add credence to the Company and will not have any adverse effect on her independence as Independent Non-Executive Director.

Further, her genuine commitment to serve in the best interest of the Company coupled with her high intellect and integrity puts her in the right position as Independent Non-Executive Director. She has no conflict of interest or undue influence from interested parties. Datin Mary Sa'diah is able to challenge ideas and can provide strong independent leadership to the Company. She attended all scheduled Board meetings, Nominating Committee meetings, Risk Management Committee meetings and Annual General Meeting without fail during the year under review.

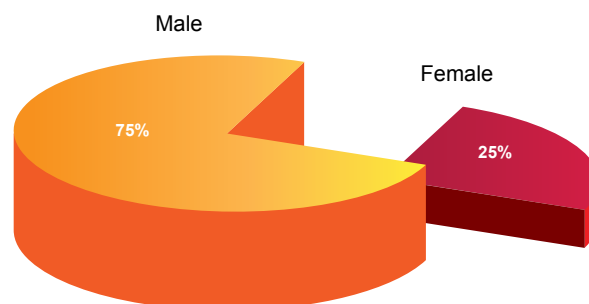
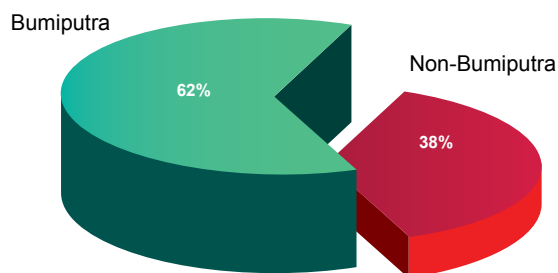
## Board Diversity

The Board acknowledges the importance of diversity in the Board, including gender, age, ethnicity, experience and skills. Diversity in the Board composition facilitates optimal decision-making by harnessing different insights and perspectives. The current board composition in terms of experience, skills, ethnicity, gender and age is as follows:

	Experience & Skills											Ethnic		Gender		Age		
	Property	Construction	Timber	Plantation	Energy / Oil & Gas	Audit/Accounting/Finance	Telecommunication	Civil Engineering	Banking / Finance	Land & building Survey	Manufacturing	Education	Bumiputra	Non-Bumiputra	Male	Female	Below 60	Above 60
Datuk Amar Abdul Hamed Bin Haji Sepawi	√	√	√	√	√		√				√	√		√				√
Datuk Hasmi Bin Hasnan	√	√							√			√			√			√
Datin Mary Sa'diah Binti Zainuddin					√							√			√			√
Mr. Chin Chee Kong						√		√					√	√				√
Mr. Tan Chuan Dyi								√		√			√	√		√		
Cik Sulaihah Binti Maimunni		√					√					√			√			√
Datuk Ahmad Bin Abu Bakar	√	√	√	√	√	√						√		√				√
Beh Boon Ewe	√	√											√	√				√

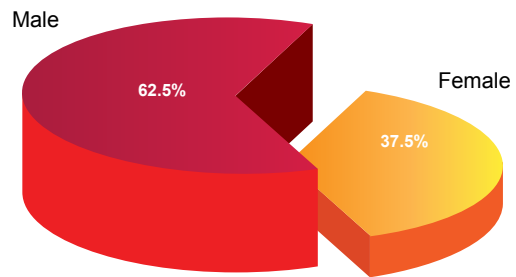
During the year under review, the Board comprised 62% Bumiputra and 38% Non-Bumiputra. The Board believes that diversity leads to the consideration of all facets of an issue and consequently, better decisions and performance.

As at end of the year, the Board comprised six (6) male directors, representing 75% of the Board, and two (2) female directors, representing 25% of the Board.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

As at end of the year, the Senior Management team comprised five (5) male senior management staff, representing 62.5% and three (3) female senior management staff, representing 37.5% of the team.



### Retirement of Directors

All Directors, including the Managing Director, shall retire by rotation once every three years in accordance with Clause 85 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

During the year under review, Board members have attended various training programmes conferences, forums and workshops on issues relevant to the Group. The training programmes, conferences and forums attended by the Directors for the financial year ended 31 December 2022 were as follows:

- TCFD Climate Disclosure Training Programme
- NAIM Corporate Retreat 2022 - Shaping Naim Towards Social Enterprising
- Trends in ESG Reporting
- Industrial and Commercial Bank of China (Malaysia) Berhad (In-house): Anti-Money Laundering/Counter Financing of Terrorism ("AML/CFT")
- Industrial and Commercial Bank of China (Malaysia) Berhad (In-house): IT Security Briefing
- JC3: Measuring Portfolio Alignment to Climate Scenarios and Climate Transition Stress Testing
- JC3: Implementation and Application of CCPT
- MIA: The Principles and Methodology of Task Force on Climate Related Financial Disclosures (TCFD) in ESG Reporting
- Bursa Malaysia: Building Experience in Climate-related Financial Reporting
- UN Global Compact Network: SBTi Symposium: Demystifying Urgent Actions for 1.5c Pathway
- JC3: The Power of ESG Data
- KPMG: 2022 Board and Audit Committee Priorities
- JC3: Implementation of TCFD
- MICPA-KPMG: Supercharge ESG Ambitions with Technology
- MICPA: Environmental, Social and Governance (ESG) in Financial Reporting
- SC: Audit Oversight Board Conversation with Audit Committees
- KPMG: 2022 MFRS Update Seminar
- MIA: Investment Incentives in Malaysia under the Income Tax Act 1967 and the Relevant Public Rulings

The Directors will continue to attend relevant seminars and trainings from time to time as they consider necessary to equip themselves so that they are able 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 once during the financial year under review.

The activities undertaken by the Nominating Committee for the financial year ended 31 December 2022 were as follows:

- a. Assessed and evaluated the performance and effectiveness of the Board, Board Committees and individual directors, through self or peer assessment.
- 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 Directors retiring by rotation pursuant to the Fit and Proper Policy adopted by the Company to be put forward for re-election at the Company's Annual General Meeting.
- d. Reviewed the performance and effectiveness of the Audit Committee and its members. The Nominating Committee was of the opinion that the Audit Committee and its members have carried out their duties in accordance with their Terms of Reference.
- e. Reviewed the succession planning of the key positions in the Company.

## Succession Planning

Succession planning is a process of identifying and developing individuals with the potential to fill up the key business leadership positions in the Group. Business continuity relies on succession planning.

The succession for various key positions has been planned and lined up in the Group to ensure that suitably qualified talents are groomed so that they are able to assume the roles when the current generation of key staff retire or resign. The Group has put in place a structured succession planning process for key senior management positions.

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

## Board Effectiveness

The Board effectiveness evaluation questionnaires comprised the Board, Board Committee, Self/Peer Assessment were issued to Board/Committee members in February 2023. The results indicated that the performance of the Board, the Board Committee and individual Directors during the assessment period was satisfactory and they had been effective in the overall discharge of their functions and responsibilities.

## Commitment to Integrity

### Code of Conduct and Business Ethics

In order to promote and maintain a high ethical standard, the Board has adopted a Code of Conduct and Business Ethics, a standard for acceptable behaviour to all stakeholders in the Group. The Code of Conduct and Ethics cover, amongst others, areas of integrity, core value and culture, accountability, conflicts of interest, confidentiality, anti-corruption and bribery, and insider trading.

### Whistleblowing Policy

The Group has also established its Whistleblowing Policy with the objective of providing a mechanism for employees and members of the public to report any improper conduct such as suspected wrongdoing, misconduct relating to fraud, corrupt practices and abuse of power for management action. Investigation into whistleblowing cases will be conducted by the Head of Internal Audit and/or the Compliance Officer and the outcome of the investigation is reported to the Audit Committee.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

## Anti-Bribery and Corruption Policy

In compliance with Section 17A of the Malaysian Anti-Corruption Commission Amendment Act 2018 enforced on 1 June 2020, and Paragraph 15.29 of the Bursa Securities MMLR, the Board has adopted an Anti-Bribery & Corruption Policy (“ABC Policy”) on 31 May 2020 and an Anti-Bribery and Corruption Compliance Committee (“ABC Compliance Committee”) was established on 25 June 2020. The ABC Policy provides guidance to all employees and associates of Naim Group relating to acts of bribery and corruption.

*The Code of Conduct and Business Ethics, Whistleblowing Policy and Anti-Bribery and Corruption Policy are available at the Company’s website at [www.naim.com.my](http://www.naim.com.my).*



Anti-Bribery and Corruption Policy training

## Disclosure of Interests in Contracts/Conflict of Interest

Section 221 of the Companies Act 2016 requires every Director of the Company, who is in any way, whether directly or indirectly, interested in a contract or proposed contract with any entity of the Group, shall, as soon as practicable after the relevant facts have come to his knowledge, declare the nature of his interest at a meeting of the Directors of the Company.

The Directors update the list of companies in which they have interests, on a half-yearly basis and accordingly the list of their respective interests is tabled to the Board for notation. In the same document, the Directors also confirm 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 transaction involving the NAIM Group as and when a potential conflict of interest arises. Where the Directors are deemed as interested and/or having a conflict of interest in a transaction, they would excuse themselves from the discussion and decision and leave the meeting room.

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### Audit Committee

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

The Audit Committee had on 13 April 2023, assessed the suitability, objectivity, independence and re-appointment of the external auditor, Messrs KPMG. In November 2022, Messrs KPMG submitted its Transparency Report for the year ended 31 December 2021 to members of the Audit Committee. The Transparency Report contained comprehensive information on KPMG's Global Code of Conduct, Audit Quality Framework and Enterprise Risk Management process.

The Audit Committee reviewed the adequacy of their experience and resources, their audit engagements and also the provision of non-audit services to the Group. The Audit Committee was satisfied that Messrs KPMG had met the relevant criteria prescribed under Paragraph 15.21 MMLR and it had recommended the re-appointment of Messrs KPMG for the ensuing financial year.

Having considered the outcome of the assessment of the external auditors by the Audit Committee, the Board approved the recommendation for shareholders' approval to be sought at the forthcoming Annual General Meeting on the re-appointment of Messrs KPMG.

Related party transactions of the Group for the financial year ended 31 December 2022 are disclosed in Note 35 of page 188 to 189 of the Annual Report. Except for those disclosed in the Financial Statements, there were no material contracts of the Group involving Directors' and major shareholders' interests during the financial year under review.

The Audit Committee also reviewed the related party transactions to ensure that the transactions were fair, reasonable, not detrimental to the minority shareholders and were in the best interests of the Group.

The performance of the Audit Committee and each of its members was 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, an Independent Non-Executive Director 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 on pages 85 to 87 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 the Group faces in its businesses and put controls in place to mitigate 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 a framework for the oversight and management of material business risks. The Group Risk Management Department consolidates the Corporate Risk Profile from the respective business units/divisions/ departments risk registers outlining the risks, controls and risk mitigation plans that the Management has taken in mitigating the risks for submission to the Risk Management Committee on a quarterly basis. The identified high risks areas including risk mitigation plans are 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 88 to 89 of this Annual Report.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

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

### Communication with Stakeholders

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

The Company also maintains a website at [www.naim.com.my](http://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](mailto:investorrelations@naim.com.my) posted at the aforesaid website.

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

- Thoughtful analysis of our market value relative to estimates of our intrinsic value, that is, the present value of our Group based on a series of future expected net cash flows.
- Ensuring that all information disclosed to our investors is consistent with our strategies, plans and actual performance.
- Providing transparency on our operations and performance.
- Understanding our investor base and their requirements.

### Conduct of General Meetings

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

The Company's fully virtual 20th Annual General Meeting ("AGM") was convened on 26 May 2022 through live streaming and online remote voting via Remote Participation and Voting facilities ("RPV").

All the resolutions put forward at the AGM were voted by poll in accordance with paragraph 8.29A of the MMLR via RPV provided by Tricor Investor & Issuing House Services Sdn. Bhd. through its TIH Online website at <https://tjih.online>.

Tricor Investor & Issuing House Services Sdn. Bhd. was appointed as the Poll Administrator and Scrutineer Solutions Sdn. Bhd. as Independent Scrutineer to oversee the polling processes at the AGM. 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 of the Companies Act 2016, to respond to any question which might be raised in respect of the audit of the financial statements.

Answers to the queries raised by shareholders prior to the AGM were shared with shareholders during the meeting and at the same time, the Managing Director addressed live questions posed by shareholders through the query box.

### Compliance Statement

The Board has deliberated, reviewed and approved this Statement and is satisfied that the Company has substantially complied with and applied the 3 key principles of the MCCG for the financial year ended 31 December 2022.

Details of how the Company has applied the MCCG Principles and complied with the Practices are set out in the Corporate Governance Report 2022 ("CG Report").

## Statement of Directors' Responsibility in preparing the Financial Statements

The Directors of the Company are required by the Companies Act 2016 and the MMLR of Bursa Malaysia Securities Berhad to prepare financial statements in accordance with approved accounting standards so as to give a true and fair view of the state of affairs of the Company and the Group at the end of the financial year, and of the results and cash flow of the Company and the Group for the financial year.

The Directors are responsible for ensuring that the Company and its subsidiaries maintain proper accounting records which disclose with reasonable accuracy the financial positions of the Company and of the Group in compliance with the provisions of the Companies Act 2016 and approved accounting standards in Malaysia. In preparing the financial statements for the financial year ended 31 December 2022, the Directors have applied appropriate and relevant accounting policies consistently and in accordance with applicable accounting standards and made judgements and estimates that are reasonable and fair.

The financial statements are prepared on a going concern basis and the Directors have ensured that proper accounting records are kept which enable the preparation of the financial statements with reasonable accuracy.

In addition, the Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

## 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 disclosed from pages 39 to 46.

## Additional Compliance Information

### 1. Utilisation of Proceeds from the Disposal of Land

The Company had on 25 August 2022 announced to Bursa Malaysia Securities Berhad that the Board has decided to extend the timeframe for the utilisation of the remaining unutilised proceeds from the disposal of land by a wholly-owned subsidiary, Petrochemical Hub Sdn. Bhd. ("Disposal") allocated for the capital investment for an additional 24 months (i.e. up to 20 October 2024).

The additional timeframe of 24 months for the proposed utilisation of the proceeds for capital investment of RM15 million is to enable the Company to carry out detailed technical and economic feasibility studies on the proposed new capital investment.

As at 31 March 2023, the status of the utilisation of proceeds raised from the Disposal of RM340 million was as follows:

Details of utilisation	Approved Utilisation (RM million)	Actual Utilisation (RM million)	Remaining unutilised (RM million)	Approved timeframe for utilisation	Extended timeframe for utilisation
Capital investment	15	-	15	Within 24 months from completion	Within 48 months from completion
Repayment of bank borrowings	117	117	-	Within 12 months from completion	-
Dividends to shareholders	90	90	-	Within 12 months from completion	-
Working capital for property development activities	75	75	-	Within 18 months from completion	-
Estimated expenses in relation to the Disposal	43	43	-	Within 9 months from completion	-
<b>Total</b>	<b>340</b>	<b>325</b>	<b>15</b>		

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

### 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 2022 were as follows:

Item	Nature of services rendered	Company RM'000	Group RM'000
A.	Audit Fees	82	413
B.	Non-Audit Fees	36	229
<b>Total</b>		<b>118</b>	<b>642</b>

The non-audit fees comprised the following:

Item	Nature of services rendered	RM'000
a.	Tax fee	203
b.	Other advisory fees	26
<b>Total</b>		<b>229</b>

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

There were no material contracts entered into by the Company or its subsidiaries involving Directors and Chief Executive who is not a Director or Major Shareholders still subsisting at the end of the financial year ended 31 December 2022.

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

During the financial year ended 31 December 2022, 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

**Datuk Ahmad Bin Abu Bakar** – 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 risks, overseeing financial reporting, evaluating 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%
<b>Total</b>	<b>3</b>	<b>100%</b>

Two (2) of its members, Mr. Chin Chee Kong and Datuk Ahmad Bin Abu Bakar are members 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 2022 and the details of attendance are as follows:

Audit Committee Members	No. of Meetings	attended Attendance (%)
Mr. Tan Chuan Dyi	7/7	100
Datuk Ahmad Bin Abu Bakar	7/7	100
Mr. Chin Chee Kong	7/7	100

External auditors, internal auditors and relevant management staff were invited, when 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](http://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 quarterly interim reports and unaudited annual financial statements before recommending the same for 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 and made recommendations thereon to the Risk Management Committee for its consideration.

# AUDIT COMMITTEE REPORT (CONTINUED)

## 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 (“IAD”) to ensure the adequacy of scope and coverage over the activities of the Group.
- Reviewed the internal audit reports issued by the IAD 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.
- Reviewed and assessed the independence and suitability of external auditor pursuant to Paragraph 15.21 Bursa Listing Requirements in the following areas:
  - i. Quality of services provided;
  - ii. Sufficiency of resources;
  - iii. Communication and interaction; and
  - iv. Independence, objectivity and scepticism.
- Ensured that the audit engagement and concurring review partners are rotated every seven years, with a three-year cooling-off period before the same partners can again be involved in the audit of the financial statements of the Group and group entities.

- Considered and recommended to the Board for approval, the re-appointment of External Auditors, as well as their remuneration.
- Met 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 IAD, whose primary function is to assist the Audit Committee in discharging its duties and responsibilities. The IAD reports directly to the Audit Committee on its activities based on the approved annual Internal Audit Plan. The approved 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 organisation’s operations.

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

The department is headed by Dominic Choo, a Certified Internal Auditor (CIA) who has over 17 years of experience as a Governance, Risk and Compliance professional. The internal audit staff comprise those who possess tertiary qualifications in the field of Accounting, Construction Management and Finance. The Department is made up of a total of 4 internal auditors.

### 2.1 Authority

To accomplish its primary objectives in examining and evaluating whether the Group’s governance, risk and internal control processes are 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 IAD is independent of the activities audited and performs with impartiality and due professional care. The IAD 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 IAD develops an audit plan detailing engagements to be conducted during the year and submits the same to the Audit Committee for approval before carrying out the planned assignments. Reports on the internal audit activities are submitted to the Audit Committee every quarter.

Reports submitted 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 IAD has carried out its activities based on planned audits and special reviews during the year. During the financial year ended 31 December 2022, the internal audit activities carried out included, inter alia, the following:

- a. Evaluated the system of internal controls and key operating processes based on the approved annual plan.
- b. Evaluated the efficiency of processes, functions and current practices and provided suitable recommendations to relevant risk/process owners.
- c. Provided assurance on compliance with statutory requirements, laws, Group policies and guidelines.
- d. Recommended appropriate controls to overcome deficiencies and enhance operations.
- e. 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 RM 358,590 was incurred by the IAD in respect of the financial year under review.

## 3. TRAINING

The internal auditor attended the following internally facilitated session as follows:

Date	Description of Training
1 September 2022	Understanding Naim



# 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 2021).

The Board of Naim believes in good corporate governance and managing the affairs of the Group in accordance with the MCCG 2021. 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

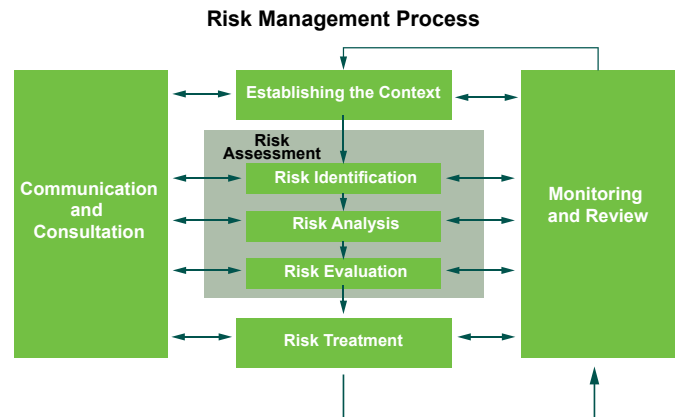
The Board acknowledges its responsibilities for maintaining a sound system of risk management and internal control to safeguard shareholders' investment and the Group's assets as well as reviewing the adequacy and integrity of the system. In the discharge of these responsibilities, the Board has put in place a process at all levels of the organisation 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 a certain degree of risks and is committed to ensuring that it has an effective risk management framework that 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 a Risk Management Unit (RMU) to assist in the coordination of the Group's risk management activities as well as the establishment and communication of the framework, policies, processes and reporting requirements to the business units; and to coordinate Group-wide review of risks and risks profile and to promote risk awareness within the Group.

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



## Risk Management Process

The management of each business unit in the Group is responsible for the implementation of the approved framework to manage all the possible risks that can affect the achievement of the Group's objectives by ensuring that effective controls are in place and appropriate risk mitigation plans are carried out. The RMU 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 NAIM Group Procedures (NGP) and NAIM Group Authority Limit (NGAL) set out the operating control procedures pertaining to finance, accounting, credit control, human resources, procurements and inventory. The control procedures, *inter alia*, include setting limits for approving expenditure and procurements. These procedures and NGAL are updated when necessary.
- Real-time budgetary control, where actual performance is regularly monitored against budgets.
- The Group uses various line-of-business systems and applications to improve operational efficiency and transparency.
- The NAIM Employee Handbook, which sets out general employment terms and the NAIM Group's corporate code of ethics.

- A management system comprises Quality, Environmental and Occupational, Health & Safety Management System requiring the management and staff of NAIM Group to adhere to a set of well-established standard operating procedures covering all major critical processes to enable the optimal achievement of their business objectives. Surveillance audits are conducted yearly to ensure compliance with the system.
- Establishment of Standard Operating Procedures, guidelines and other health-related management and provision of PPEs to combat contagious diseases such as COVID-19. This is to ensure Business Continuity, meeting the needs of ISO45001 requirements relating to employee health protection and those of local, statutory and legal requirements like Sarawak Disaster Management Committee (SMDC) and Department of Occupational Safety & Health (DOSH).
- A Whistleblowing Policy provides a mechanism for all levels of employees and stakeholders of the Group, acting in good faith, to disclose any misconduct and to provide protection for employees and members of the public who report such allegations. Such misconducts include but are not limited to fraud, conflict of interest, abuse of power, etc.
- In conjunction with the introduction of corporate liability provision under Section 17A of the MACC Act 2009, the Group has in place an Anti-Bribery & Corruption Policy and has adopted a zero-tolerance policy against all forms of bribery and corruption. The policy serves as formal guidance and reference to those working for and/or associated with the Group to deal with, manage and handle any bribery and corrupt gratification issues.
- Additionally, the NAIM Group's Code of Conduct and Business Ethics sets the standard for how we work together with customers, suppliers, contractors and others in the development and delivery of products and services and how we protect the value of the Group.
- A performance management system whereby business objectives are clearly defined and targets are set for each employee. Employees' performances are monitored, appraised and rewarded according to the achievement of targets set.
- Training and development programmes are identified and scheduled for employees to acquire the necessary knowledge and competency to meet their performance, job expectation, generate new ideas and acquire the latest updates on regulatory requirements.

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 Chief Financial Officer that the Group's risk management and internal controls are operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

### Review of the Statement by External Auditors

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guides ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2022, and reported to the Board that nothing has come to their attention that causes them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

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

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

This statement is made in accordance with a resolution of the Board of Directors dated 13 April 2023.





# PART 6

## Financial Statements

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# DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022.

## 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 principal activities and other details of the subsidiaries are disclosed in Note 4 to the financial statements.

## Results

	Group RM'000	Company RM'000
Profit/(Loss) for the year attributable to:		
Owners of the Company	24,809	( 20,596)
Non-controlling interests	263	-
	<u>25,072</u>	<u>( 20,596)</u>

## 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.

## 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\*  
 Datin Mary Sa'diah Binti Zainuddin  
 Datuk Ahmad Bin Abu Bakar  
 Chin Chee Kong  
 Tan Chuan Dyi  
 Sulaihah Binti Maimunni  
 Beh Boon Ewe\*

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

### Directors of the subsidiaries

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

Datu Haji Halmi Bin Ikhwan  
Dato' Ir. Ha Tiing Tai  
Dato' Ubull A/L Din Om  
Datu Abang Mohamad Shibli Bin Abg Mohamad Nailie  
Datuk Haji Abang Abdul Wahap Bin Haji Abang Julai  
Datu Monaliza Binti Zaidel  
Tuan Haji Abang Mat Ali Bin Abang Masagus  
Lingoh Anak Gara  
Nona Zaharia Binti Fadzil  
Allan Anak Micheal Rimong  
Alexander Manyin  
Lau Kiu Huat (alternate to Datu Haji Halmi Bin Ikhwan)  
Yap Hon Kong  
Wong Ping Eng  
Emily Hii San San  
Lim Khong Guan  
Muhd Syahiskandar bin Sahmat  
Kon Ted Jee  
Abdul Halim Bin Abd Jalal (appointed on 31.5.2022)  
Alexander Lim Kuok Hui (appointed on 31.5.2022)  
Ho Chun Yi (appointed on 1.6.2022)  
Hasmiah Binti Anthony Hasbi (resigned on 1.6.2022)  
Chen King Yu (resigned on 7.7.2022)

# DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 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 1.1.2022	Bought	Sold	At 31.12.2022
<b>Direct interests in the Company</b>				
Datuk Amar Abdul Hamed Bin Haji Sepawi	32,553,427	-	-	32,553,427
Datuk Hasmi Bin Hasnan	55,730,768	-	-	55,730,768
<b>Shareholdings in which Datuk Amar Abdul Hamed Bin Haji Sepawi has deemed interests</b>				
The Company	73,507,433	-	-	73,507,433
Desa Ilmu Sdn. Bhd.	8,000,000	-	-	8,000,000
NAIM GAMUDA (NAGA) JV SDN. BHD.	7,000,000	-	-	7,000,000
Peranan Makmur Sdn. Bhd.	7,000,000	-	-	7,000,000
Simbol Warisan Sdn. Bhd.	7,500	-	-	7,500
BDA Naim Sdn. Bhd. (formerly known as Unique Composite Sdn. Bhd.)	400,000	-	-	400,000
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
<b>Shareholdings in which Datuk Hasmi Bin Hasnan has deemed interests</b>				
The Company	135,259,244	-	-	135,259,244
Desa Ilmu Sdn. Bhd.	8,000,000	-	-	8,000,000
NAIM GAMUDA (NAGA) JV SDN. BHD.	7,000,000	-	-	7,000,000
Peranan Makmur Sdn. Bhd.	7,000,000	-	-	7,000,000
Simbol Warisan Sdn. Bhd.	7,500	-	-	7,500
BDA Naim Sdn. Bhd.	400,000	-	-	400,000
Naim Engineering Construction (Fiji) Limited	999,999	-	-	999,999
Naim Quarry (Fiji) Limited	999,999	-	-	999,999
Naim Premix (Fiji) Limited	999,999	-	-	999,999
Lotus Paradigm Sdn. Bhd.	70	-	-	70

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

The other Directors holding office at 31 December 2022 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 those disclosed below and Note 27 to the financial statements) 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.

The Directors' benefits payable to or receivable by Directors of the Company and its subsidiaries in respect of the financial year ended 31 December 2022 are as follows:

	Company RM'000	Group RM'000
Directors of the Company:		
Fees	450	450
Short term employee benefits	3,340	3,826
Estimated monetary value of benefit-in-kind	38	41
Total Directors' remuneration	3,828	4,317

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

## Issue of shares and debentures

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

## Options granted over unissued shares

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

No shares have been granted during the current year pursuant to the Long Term Incentive Plan, a share scheme which was approved by the shareholders of the Company in May 2015 but has not been implemented and rolled out since then.

## 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 RM57,000.

### 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.



# **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

## **Other statutory information**

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

- i. all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii. any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

- i. that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii. that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii. which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv. not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2022 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.

**Auditors**

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

The auditors' remuneration of the Group and the Company during the year in respect of audit services rendered are RM396,000 and RM82,000 respectively (also see 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: 13 April 2023

# STATEMENTS OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Assets</b>					
Property, plant and equipment	3	117,721	124,879	5,100	5,300
Investment in subsidiaries	4	-	-	337,423	315,373
Investment in associates	5	440,582	396,062	172,358	172,358
Investment in joint ventures	6	2,027	1,904	-	-
Inventories	7	172,242	172,242	-	-
Investment properties	8	80,503	76,086	-	-
Intangible asset	9	113	794	-	-
Deferred tax assets	10	2,229	2,396	-	-
Other investments	11	3,017	3,028	-	-
Trade and other receivables	12	30,700	46,268	-	-
<b>Total non-current assets</b>		<b>849,134</b>	<b>823,659</b>	<b>514,881</b>	<b>493,031</b>
Inventories	7	558,215	549,053	-	-
Contract costs	13	4,730	4,883	-	-
Contract assets	13	39,316	43,389	-	-
Trade and other receivables	12	77,365	115,227	76,736	105,888
Deposits and prepayments	14	10,449	8,179	20	20
Current tax recoverable		1,334	1,103	71	103
Other financial assets	15	15,416	15,421	2,824	2,788
Cash and cash equivalents	16	247,758	274,751	29,797	32,729
		954,583	1,012,006	109,448	141,528
Assets classified as held for sale	17	83	82	-	-
<b>Total current assets</b>		<b>954,666</b>	<b>1,012,088</b>	<b>109,448</b>	<b>141,528</b>
<b>Total assets</b>		<b>1,803,800</b>	<b>1,835,747</b>	<b>624,329</b>	<b>634,559</b>
<b>Equity</b>					
Share capital	18	454,802	454,802	454,802	454,802
Reserves	19	809,879	776,023	15,866	36,462
<b>Total equity attributable to owners of the Company</b>		<b>1,264,681</b>	<b>1,230,825</b>	<b>470,668</b>	<b>491,264</b>
<b>Non-controlling interests</b>	4	<b>21,950</b>	<b>21,737</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>1,286,631</b>	<b>1,252,562</b>	<b>470,668</b>	<b>491,264</b>

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Liabilities</b>					
Loans and borrowings	20	87,620	68,459	38,797	388
Deferred tax liabilities	10	21,167	22,097	-	-
<b>Total non-current liabilities</b>		<u>108,787</u>	<u>90,556</u>	<u>38,797</u>	<u>388</u>
Loans and borrowings	20	145,330	200,358	41,091	86,466
Trade and other payables	21	256,017	280,557	73,773	56,441
Contract liabilities	13	1,871	5,566	-	-
Provisions	22	3,472	3,472	-	-
Current tax payable		1,692	2,676	-	-
<b>Total current liabilities</b>		<u>408,382</u>	<u>492,629</u>	<u>114,864</u>	<u>142,907</u>
<b>Total liabilities</b>		<u>517,169</u>	<u>583,185</u>	<u>153,661</u>	<u>143,295</u>
<b>Total equity and liabilities</b>		<u>1,803,800</u>	<u>1,835,747</u>	<u>624,329</u>	<u>634,559</u>

The notes on pages 109 to 191 are an integral part of these financial statements.

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Revenue</b>	23	368,566	422,251	6,634	46,653
Cost of sales		( 339,862)	( 380,892)	-	-
<b>Gross profit</b>		28,704	41,359	6,634	46,653
Other operating income		2,911	6,482	268	161
Selling and promotional expenses		( 3,946)	( 3,909)	-	-
Administrative expenses		( 23,687)	( 18,993)	( 7,395)	( 7,024)
Other expenses		( 12,199)	( 9,057)	( 18,000)	( 59,618)
Net changes in impairment loss on financial assets and contract assets		2,319	( 4,011)	-	-
<b>Results from operating activities</b>	24	( 5,898)	11,871	( 18,493)	( 19,828)
Other non-operating expense	25	( 55)	( 2,004)	-	-
Finance income	26	8,419	9,758	3,576	3,850
Finance costs	26	( 11,969)	( 12,151)	( 5,679)	( 4,880)
<b>Net finance costs</b>		( 3,550)	( 2,393)	( 2,103)	( 1,030)
Share of results (net of tax) of equity-accounted:					
- associates	5	39,765	( 79,619)	-	-
- joint ventures	6	1,256	777	-	-
<b>Profit/(Loss) before tax</b>		31,518	( 71,368)	( 20,596)	( 20,858)
Tax (expense)/income	28	( 6,446)	( 5,598)	-	312
<b>Profit/(Loss) for the year</b>		25,072	( 76,966)	( 20,596)	( 20,546)

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Other comprehensive (expenses)/income, net of tax</b>					
<b><i>Items that will not be reclassified subsequently to profit or loss</i></b>					
Change in fair value of equity investments designated at fair value through other comprehensive income ("FVOCI")		( 11)	( 43)	-	-
<b><i>Items that are or may be reclassified subsequently to profit or loss</i></b>					
Foreign currency translation differences for foreign operations		42	( 5)	-	-
Realisation of reserves to profit or loss arising from deemed disposal of equity interest in an associate		-	( 1,344)	-	-
Share of other comprehensive income of equity-accounted associates		9,016	7,839	-	-
<b>Total other comprehensive income for the year</b>		<u>9,047</u>	<u>6,447</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income/(expenses) for the year</b>		<u>34,119</u>	<u>( 70,519)</u>	<u>( 20,596)</u>	<u>( 20,546)</u>
<b>Profit/(Loss) attributable to:</b>					
Owners of the Company		24,809	( 78,665)	( 20,596)	( 20,546)
Non-controlling interests	4	263	1,699	-	-
<b>Profit/(Loss) for the year</b>		<u>25,072</u>	<u>( 76,966)</u>	<u>( 20,596)</u>	<u>( 20,546)</u>
<b>Total comprehensive income/(expenses) attributable to:</b>					
Owners of the Company		33,856	( 72,218)	( 20,596)	( 20,546)
Non-controlling interests	4	263	1,699	-	-
<b>Total comprehensive income/(expenses) for the year</b>		<u>34,119</u>	<u>( 70,519)</u>	<u>( 20,596)</u>	<u>( 20,546)</u>
<b>Basic and diluted earnings/(loss) per ordinary share (sen)</b>	29	<u>4.95</u>	<u>( 15.71)</u>		

The notes on pages 109 to 191 are an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

<u>Group</u>	Share capital RM'000	Foreign currency translation reserve RM'000
<b>At 1 January 2021</b>	454,802	6,172
<i>Foreign currency translation differences for foreign operations</i>	-	( 5)
<i>Realisation of reserves to profit or loss arising from deemed disposal of equity interest in an associate</i>	-	( 1,344)
<i>Change in fair value of equity investments designated at FVOCI</i>	-	-
<i>Share of other comprehensive income of associates</i>	-	7,839
Total other comprehensive income/(expenses) for the year (Loss)/Profit for the year	-	6,490
<b>Total comprehensive income/(expenses) for the year</b>	-	6,490
Changes in ownership interests in a subsidiary [Note 36(iii)]	-	-
Dividend paid to:		
- owners of the Company (Note 30)	-	-
- non-controlling interests	-	-
<b>At 31 December 2021/1 January 2022</b>	454,802	12,662
<i>Foreign currency translation differences for foreign operations</i>	-	42
<i>Change in fair value of equity investments designated at FVOCI</i>	-	-
<i>Share of other comprehensive income of associates</i>	-	9,016
Total other comprehensive income/expenses for the year Profit for the year	-	9,058
<b>Total comprehensive income/(expenses) for the year</b>	-	9,058
Redemption and cancellation of preference shares previously issued by a subsidiary to minority shareholder	-	-
<b>At 31 December 2022</b>	454,802	21,720
	(Note 18)	(Note 19)

The notes on pages 109 to 191 are an integral part of these financial statements.

Attributable to owners of the Company /  
Non-distributable / Distributable

Treasury shares RM'000	Other reserves RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
( 34,748)	166	922,342	1,348,734	15,906	1,364,640
-	-	-	( 5)	-	( 5)
-	-	-	( 1,344)	-	( 1,344)
-	( 43)	-	( 43)	-	( 43)
-	-	-	7,839	-	7,839
-	( 43)	-	6,447	-	6,447
-	-	( 78,665)	( 78,665)	1,699	( 76,966)
-	( 43)	( 78,665)	( 72,218)	1,699	( 70,519)
-	-	( 6,132)	( 6,132)	6,132	-
-	-	( 39,559)	( 39,559)	-	( 39,559)
-	-	-	-	( 2,000)	( 2,000)
( 34,748)	123	797,986	1,230,825	21,737	1,252,562
-	-	-	42	-	42
-	( 11)	-	( 11)	-	( 11)
-	-	-	9,016	-	9,016
-	( 11)	-	9,047	-	9,047
-	-	24,809	24,809	263	25,072
-	( 11)	24,809	33,856	263	34,119
-	-	-	-	( 50)	( 50)
( 34,748)	112	822,795	1,264,681	21,950	1,286,631
(Note 19)	(Note 19)	(Note 19)		(Note 4)	



## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

<u>Company</u>	Note	/ <u>Attributable to owners of the Company</u> /			
		<u>Share capital</u> RM'000	<u>Treasury shares</u> RM'000	<u>Retained earnings</u> RM'000	<u>Total equity</u> RM'000
<b>At 1 January 2021</b>		454,802	( 34,748)	131,315	551,369
Loss and total comprehensive expenses for the year		-	-	( 20,546)	( 20,546)
Distribution to owners of the Company					
- Dividend paid to owners of the Company	30	-	-	( 39,559)	( 39,559)
<b>At 31 December 2021/1 January 2022</b>		<u>454,802</u>	<u>( 34,748)</u>	<u>71,210</u>	<u>491,264</u>
Loss and total comprehensive expenses for the year		-	-	( 20,596)	( 20,596)
<b>At 31 December 2022</b>		<u>454,802</u>	<u>( 34,748)</u>	<u>50,614</u>	<u>470,668</u>
		(Note 18)	(Note 19)	(Note 19)	

The notes on pages 109 to 191 are an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS

## FOR THE YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<b>Cash flows from operating activities</b>				
Profit/(Loss) before tax	31,518	( 71,368)	( 20,596)	( 20,858)
<i>Adjustments for:</i>				
Amortisation of:				
- investment properties (Note 8)	2,111	2,125	-	-
- intangible assets (Note 9)	681	681	-	-
Change in fair value of equity investments designated at FVOCI	11	43	-	-
Depreciation of property, plant and equipment (Note 3.3)	9,899	9,399	244	146
Dividend income from:				
- a subsidiary	-	-	-	( 40,000)
- an associate	-	-	( 4,206)	( 4,206)
- other investments	( 125)	( 42)	-	-
(Gain)/Loss on disposal of:				
- property, plant and equipment (Note 24)	( 39)	( 511)	-	( 1)
- deemed disposal of associates (Notes 25 and 37)	55	2,004	-	-
Finance costs (Note 26)	11,969	12,151	5,679	4,880
Finance income (Note 26)	( 8,419)	( 9,758)	( 3,576)	( 3,850)
Property, plant and equipment written off (Note 24)	-	4	-	-
Net change in impairment loss on financial assets and contract assets	( 2,319)	4,011	-	-
Impairment loss on other assets:				
- investment in a subsidiary (Note 4)	-	-	18,000	50,000
- investment in an associate	-	-	-	9,618
Inventories written down	-	26	-	-
Share of results of equity-accounted associates and joint ventures	( 41,021)	78,842	-	-
Unrealised foreign exchange gain	( 247)	( 159)	( 238)	( 159)
Operating profit/(loss) before changes in working capital	4,074	27,448	( 4,693)	( 4,430)
Inventories	( 9,041)	40,978	-	-
Contract costs	153	105	-	-
Contract assets/liabilities	2,661	( 16,816)	-	-
Trade and other receivables, deposits and prepayments	51,226	29,355	( 4,059)	( 5,123)
Trade and other payables	( 24,348)	( 43,413)	14,678	41,830
Provisions	-	( 67)	-	-
Cash generated from operations	24,725	37,590	5,926	32,277
Tax (paid)/refunded	( 8,821)	( 16,181)	32	( 30)
<b>Net cash from operating activities</b>	<b>15,904</b>	<b>21,409</b>	<b>5,958</b>	<b>32,247</b>

## STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<b>Cash flows from investing activities</b>				
Acquisition of:				
- property, plant and equipment [Note (iii)]	( 1,748)	( 972)	( 44)	( 89)
- investment properties (Note 8)	( 7,757)	( 59)	-	-
- a subsidiary [Note 36(iv)]	-	-	-	( 200)
Proceeds from disposal of property, plant and equipment	39	512	-	1
Increase in investment of a subsidiary [Note 36(i)]	-	-	( 3,650)	-
Redemption and cancellation of preference shares by a subsidiary previously issued to a minority shareholder [Note 36(i)]	( 50)	-	-	-
Change in pledged deposits	5	( 58)	( 36)	( 36)
Dividends received	4,331	4,248	4,206	44,206
Distribution of profits from a joint venture (Note 6)	1,530	1,530	-	-
Interest received	8,389	9,922	387	1,074
<b>Net cash from investing activities</b>	<u>4,739</u>	<u>15,123</u>	<u>863</u>	<u>44,956</u>
<b>Cash flows from financing activities</b>				
Dividend paid to:				
- owners of the Company (Note 30)	-	( 39,559)	-	( 39,559)
- non-controlling interests	-	( 2,000)	-	-
Proceeds from loans and borrowings	84,500	55,000	40,000	50,000
Repayment of loans and borrowings	( 120,216)	( 100,779)	( 46,878)	( 64,000)
Repayment of finance lease liabilities	-	( 17)	-	-
Repayment of hire purchases	( 151)	( 11)	( 88)	-
Interest paid	( 12,016)	( 12,524)	( 3,025)	( 3,687)
<b>Net cash used in financing activities</b>	<u>( 47,883)</u>	<u>( 99,890)</u>	<u>( 9,991)</u>	<u>( 57,246)</u>
Net (decrease)/increase in cash and cash equivalents	( 27,240)	( 63,358)	( 3,170)	19,957
Effect of exchange rate fluctuations on cash held	247	159	238	159
Cash and cash equivalents at beginning of year	274,751	337,950	32,729	12,613
<b>Cash and cash equivalents at end of year [Note (i)]</b>	<u><u>247,758</u></u>	<u><u>274,751</u></u>	<u><u>29,797</u></u>	<u><u>32,729</u></u>

## 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		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deposits placed with licensed banks with maturities less than three months	203,852	227,067	24,940	28,047
Cash in hand and at banks	39,769	39,161	4,857	4,682
Housing Development Accounts	4,137	8,523	-	-
Total cash and cash equivalents as shown in the statements of cash flows (also see Note 16)	<u>247,758</u>	<u>274,751</u>	<u>29,797</u>	<u>32,729</u>

### *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		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Payments relating to:				
- short-term leases	21	88	234	234
- leases of low-value assets	357	337	3	4
Total cash outflows for leases	<u>378</u>	<u>425</u>	<u>237</u>	<u>238</u>

### *iii. Property, plant and equipment*

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Paid using internal funds	1,748	972	44	89
In the form of hire purchases [Note (iv)]	-	755	-	476
Total (Note 3)	<u>1,748</u>	<u>1,727</u>	<u>44</u>	<u>565</u>

# STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

Notes (continued)

*iv. Reconciliation of movement of liabilities to cash flows arising from financing activities (see Note 20)*

<u>Group</u>	Term loans RM'000	Revolving credits RM'000	Finance lease RM'000	Hire purchases RM'000	Total RM'000
At 1 January 2021	146,798	167,000	17	54	313,869
Acquisition via hire purchases [Note (iii)]	-	-	-	755	755
Changes in financing cash flows	( 50,779)	5,000	( 17)	( 11)	( 45,807)
At 31 December 2021/1 January 2022	96,019	172,000	-	798	268,817
Changes in financing cash flows	16,284	( 52,000)	-	( 151)	( 35,867)
At 31 December 2022	112,303	120,000	-	647	232,950
<u>Company</u>					
At 1 January 2021	25,378	75,000	-	-	100,378
Acquisition via hire purchases [Note (iii)]	-	-	-	476	476
Changes in financing cash flows	( 24,000)	10,000	-	-	( 14,000)
At 31 December 2021/1 January 2022	1,378	85,000	-	476	86,854
Changes in financing cash flows	43,122	( 50,000)	-	( 88)	( 6,966)
At 31 December 2022	44,500	35,000	-	388	79,888

# 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 2022 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 2022 do not include other entities.

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

These financial statements were authorised for issue by the Board of Directors on 13 April 2023.

## 1. Basis of preparation

### a. Statement of compliance

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

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

MFRSs / Amendments	Effective date
MFRS 17, <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17, <i>Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information</i>	1 January 2023
Amendments to MFRS 101, <i>Presentation of Financial Statements – Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108, <i>Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112, <i>Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendment to MFRS 16, <i>Leases – Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101, <i>Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 10, <i>Consolidated Financial Statements</i> and MFRS 128, <i>Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Yet to be confirmed

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

- from the annual period beginning on 1 January 2023, the accounting standard and amendments that are effective for annual periods beginning on 1 January 2023, except for MFRS 17 and Amendments to MFRS 17 which are assessed as presently not applicable to the Group and to the Company.
- from the annual period beginning on 1 January 2024, the accounting to standard and amendments that are effective for annual periods beginning on or after 1 January 2024.

The initial applications of the abovementioned accounting standards and amendments are not expected to have any material financial impacts to the current and prior periods financial statements of the Group and of the Company.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 1. Basis of preparation (continued)

### b. Basis of measurement

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

### c. Functional and presentation currency

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

### 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. Actual results may differ from these estimates.

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

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 Notes 2(s)(i) and 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 10)

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

## 1. Basis of preparation (continued)

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

- **Impairment assessment of trade receivables and contract assets** [see Notes 13.2(c) and 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.

- **Impairment assessment of property, plant and equipment** (see Note 3)

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

- **Impairment assessment of investment in subsidiaries and associates** (see Notes 4 and 5)

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

- **Impairment assessment of completed developed properties held for sale** (see Note 7)

Completed developed properties are stated at the lower of cost and net realisable value. In determining the estimated net realisable value of these inventories, the Group analyses and assesses on a regular basis the historical trends of product sales performance and pricing, expected future market demand of the product as well as the estimated sales costs that may be incurred in securing the sales. The estimation is highly judgemental as product demand and pricing levels could change from time to time following the changes in customers' preferences, product affordability and property market demand and supply conditions.

## 2. Significant accounting policies

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

### a. Basis of consolidation

#### i. Subsidiaries

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

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

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 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.

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 whether it measures 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.

##### 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.

## 2. Significant accounting policies (continued)

### a. Basis of consolidation (continued)

#### 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.

#### 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 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 impairment losses, unless the investment is classified as held for sale or distribution. The cost of the investment includes transaction costs.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 2. Significant accounting policies (continued)

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

##### *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.

#### 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.

## 2. Significant accounting policies (continued)

### b. Foreign currency (continued)

#### i. Foreign currency transactions (continued)

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on 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 a 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.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 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. 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.

##### **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 reclassified to profit or loss.

## 2. Significant accounting policies (continued)

### c. Financial instruments (continued)

#### ii. *Financial instrument categories and subsequent measurement* (continued)

##### *Financial assets* (continued)

##### 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 profit or loss.

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

##### *Financial liabilities*

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

##### a. *Fair value through profit or loss*

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

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

- a. if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
- b. a group of financial liabilities or financial 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 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 other comprehensive income and remaining amount of the change in fair value in profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 2. Significant accounting policies (continued)

### c. Financial instruments (continued)

#### ii. *Financial instrument categories and subsequent measurement* (continued)

##### *Financial liabilities* (continued)

##### **b. Amortised cost**

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

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

#### iii. *Financial guarantee contracts*

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

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

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

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

#### iv. *Regular way purchase or sale of financial assets*

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

Trade date accounting refers to:

- a. the recognition of an asset to be received and the liability to be paid 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 by the Company; and
- b. the derecognition of an asset and the recognition of any gain or loss on disposal on the day it is delivered by the Group or by 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.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

## 2. Significant accounting policies (continued)

### c. Financial instruments (continued)

#### 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 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(u)].

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

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

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 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 is assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

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

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

Leasehold land (right-of-use asset)	over remaining lease terms of 49 years to 99 years
Buildings	5, 10 and 50 years
Hotel property	50 years
Furniture and fittings	6 to 10 years
Motor vehicles	5 years
Office 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 at the end of the reporting period, and adjusted as appropriate.

#### e. Leases

##### i. Definition of a lease

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

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

## 2. Significant accounting policies (continued)

### e. Leases (continued)

#### i. Definition of a lease (continued)

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.

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 2. Significant accounting policies (continued)

#### e. Leases (continued)

##### ii. Recognition and initial measurement (continued)

###### 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 life of the right-of-use asset is 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" or "other operating income" in profit or loss.

#### 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.

## 2. Significant accounting policies (continued)

### f. Intangible assets (continued)

#### 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.

#### 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 is not amortised but is 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 licence period from the date that they are available for use.

Stone quarry licence is amortised over the licence period of 15 years.

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

### g. Investment properties

Investment properties are properties which are owned or right-of-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 administrative 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 amortisation and accumulated impairment losses, if any.

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 as in accordance with the accounting policy on borrowing costs [see Note 2(u)]. Right-of-use asset held under a lease contract that meets the definition of investment property is initially 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 2. Significant accounting policies (continued)

#### g. Investment properties (continued)

##### 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 amortised until the assets are ready for their intended use. The estimated useful lives for the current and comparative periods are as follows:

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

##### iii. Reclassification to/from investment property

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

#### 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 reclassified 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 controls of the inventory are 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 develop 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 or the Company recognises incremental costs of obtaining contracts when the Group or the Company expects to recover these costs.

#### *ii. Costs to fulfil a contract*

The Group or the Company 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 or of the Company, 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 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 had there been no impairment loss recognised previously.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 2. Significant accounting policies (continued)

#### k. Contract asset/Contract liability

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

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

#### l. Non-current assets held for sale

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

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

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

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

#### m. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks (except for those pledged as security deposits) 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 by the Company in the management of their short term commitments.

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

## 2. Significant accounting policies (continued)

### 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 in 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 or the Company's procedures for recovery of the amounts due.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 2. Significant accounting policies (continued)

#### n. Impairment (continued)

##### 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 that have indefinite useful lives, the recoverable amount is estimated each period at the same time.

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

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

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

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

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

#### o. Equity instruments

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

##### i. Issue expenses

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

## 2. Significant accounting policies (continued)

### o. Equity instruments (continued)

#### 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 are 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 service provided by the employee and the obligation can be estimated reliably.

#### ii. State plans

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

### q. Payables

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

### r. Provisions

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

### s. Revenue and other income

#### i. Revenue from contracts with customers

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 2. Significant accounting policies (continued)

#### s. Revenue and other income (continued)

##### i. Revenue from contracts with customers (continued)

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 controls 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 land and properties

Revenue from sales of land and properties (comprising landed properties, condominiums and apartments as well as vacant land lots) is recognised as and when the controls of the properties are 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 controls of the properties.

Revenue from sales of land and 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-alone 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.

## 2. Significant accounting policies (continued)

### s. Revenue and other income (continued)

#### i. Revenue from contracts with customers (continued)

##### Hotel room rental and other related revenue from hotel operation

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

##### Services rendered

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

#### ii. Other income

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

##### i. Dividend income

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

##### ii. Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Rental income from sub-leased property is recognised in profit or loss as other operating 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 obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs [see Note 2(u)].

### t. Government grant

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

### u. Borrowing costs

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 2. Significant accounting policies (continued)

#### u. Borrowing costs (continued)

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.

#### v. Income tax

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

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, 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 assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

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

#### w. Earnings per ordinary share

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

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.

## 2. Significant accounting policies (continued)

### x. Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue 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 Group Managing Director, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

### y. Contingent liabilities

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

### z. Fair value measurements

Fair value of an asset or a liability, except for share-based payments and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or to 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 the asset to another market participant that would use the asset in its highest and best use.

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or the liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or the 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

<u>Group</u>	(Right-of-use assets)		Buildings RM'000
	Freehold land RM'000	Leasehold land RM'000	
<b>Cost</b>			
At 1 January 2021	747	6,939	54,100
Additions	-	-	-
Disposals/Write-offs	-	-	-
Reclassifications	-	-	-
At 31 December 2021/1 January 2022	747	6,939	54,100
Additions	-	-	201
Transfer from investment properties (Note 8.2)	-	-	1,589
Disposals/Write-offs	-	-	-
Adjustment*	-	-	-
Reclassifications	-	-	-
At 31 December 2022	747	6,939	55,890
<b>Depreciation and impairment loss</b>			
At 1 January 2021			
- Accumulated depreciation	-	1,353	13,206
- Accumulated impairment loss	-	-	-
Depreciation for the year (Note 3.3)	-	1,353	13,206
Disposals/Write-offs	-	77	1,366
At 31 December 2021/1 January 2022			
- Accumulated depreciation	-	1,430	14,572
- Accumulated impairment loss	-	-	-
Depreciation for the year (Note 3.3)	-	1,430	14,572
Transfer from investment properties (Note 8.2)	-	77	1,387
Disposals/Write-offs	-	-	360
At 31 December 2022			
- Accumulated depreciation	-	1,507	16,319
- Accumulated impairment loss	-	-	-
	-	1,507	16,319
<b>Carrying amounts</b>			
At 31 December 2021	747	5,509	39,528
At 31 December 2022	747	5,432	39,571

(Note 3.4)

\* Representing adjustments related to over-accruals of some estimated costs to completion for certain hotel assets previously provided for following the finalisation of accounts with contractors/suppliers during the current financial year.

Hotel property RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment RM'000	Plant and machinery RM'000	Jetty and wharf RM'000	Assets under construction RM'000	Total RM'000
45,411	43,338	12,632	27,428	44,037	1,952	-	236,584
71	86	878	473	29	-	190	1,727
-	( 64)	( 2,342)	( 682)	( 6,309)	-	-	( 9,397)
( 475)	284	-	( 3)	194	-	-	-
45,007	43,644	11,168	27,216	37,951	1,952	190	228,914
123	551	48	301	87	-	437	1,748
-	-	-	-	-	-	-	1,589
-	( 70)	( 616)	( 144)	( 11)	-	-	( 841)
-	( 115)	-	-	-	-	-	( 115)
( 84)	-	-	-	84	-	-	-
45,046	44,010	10,600	27,373	38,111	1,952	627	231,295
921	17,250	12,450	22,377	30,860	1,952	-	100,369
3,323	-	-	-	-	-	-	3,323
4,244	17,250	12,450	22,377	30,860	1,952	-	103,692
898	4,069	134	1,164	2,027	-	-	9,735
-	( 64)	( 2,342)	( 677)	( 6,309)	-	-	( 9,392)
1,819	21,255	10,242	22,864	26,578	1,952	-	100,712
3,323	-	-	-	-	-	-	3,323
5,142	21,255	10,242	22,864	26,578	1,952	-	104,035
898	3,968	201	1,932	1,557	-	-	10,020
-	-	-	-	-	-	-	360
-	( 70)	( 616)	( 144)	( 11)	-	-	( 841)
2,717	25,153	9,827	24,652	28,124	1,952	-	110,251
3,323	-	-	-	-	-	-	3,323
6,040	25,153	9,827	24,652	28,124	1,952	-	113,574
39,865	22,389	926	4,352	11,373	-	190	124,879
39,006	18,857	773	2,721	9,987	-	627	117,721



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

<u>Company</u>	Buildings RM'000	Furniture and fittings RM'000	Office equipment RM'000	Motor vehicles RM'000	Total RM'000
<b>Cost</b>					
At 1 January 2021	5,952	1,123	368	-	7,443
Additions	-	-	5	560	565
Disposals/Write-offs	-	-	( 51)	-	( 51)
At 31 December 2021/1 January 2022	5,952	1,123	322	560	7,957
Additions	-	-	44	-	44
At 31 December 2022	5,952	1,123	366	560	8,001
<b>Depreciation</b>					
At 1 January 2021	1,091	1,109	362	-	2,562
Depreciation for the year (Note 3.3)	119	13	5	9	146
Disposals/Write-offs	-	-	( 51)	-	( 51)
At 31 December 2021/1 January 2022	1,210	1,122	316	9	2,657
Depreciation for the year (Note 3.3)	119	-	13	112	244
At 31 December 2022	1,329	1,122	329	121	2,901
<b>Carrying amounts</b>					
At 31 December 2021	4,742	1	6	551	5,300
At 31 December 2022	4,623	1	37	439	5,100

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

#### 3.1 Titles to properties

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

	<u>Group</u>	
	2022	2021
	RM'000	RM'000
<u>Carrying amount</u>		
Hotel property	39,006	39,865
	<u>39,006</u>	<u>39,865</u>

#### 3.2 Motor vehicles under hire purchases

	<u>Group</u>		<u>Company</u>	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Carrying amount of leased assets	724	917	439	551
	<u>724</u>	<u>917</u>	<u>439</u>	<u>551</u>

#### 3.3 Allocation of depreciation

Depreciation for the year is allocated as follows:

	<u>Group</u>		<u>Company</u>	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Recognised in profit or loss (Note 24)	9,899	9,399	244	146
Capitalised in:				
- contract costs	-	50	-	-
- inventory (under property development costs)	121	286	-	-
	<u>10,020</u>	<u>9,735</u>	<u>244</u>	<u>146</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

#### 3.4 Leasehold land (Right-of-use assets)

	(Right-of-use assets) Leasehold land		Total RM'000
	(unexpired lease term more than 50 years) RM'000	(unexpired lease term less than 50 years) RM'000	
<b>Cost</b>			
At 1 January 2021, 31 December 2021/1 January 2022 and 31 December 2022	5,991	948	6,939
<b>Depreciation</b>			
At 1 January 2021	986	367	1,353
Depreciation for the year	59	18	77
At 31 December 2021/1 January 2022	1,045	385	1,430
Depreciation for the year	59	18	77
At 31 December 2022	1,104	403	1,507
<b>Carrying amount</b>			
At 31 December 2021	4,946	563	5,509
At 31 December 2022	4,887	545	5,432

#### 3.5 Assets charged to banks as security for borrowings (see also Note 20.2)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Right-of-use assets – Leasehold land	732	740	-	-
Hotel property	39,006	39,865	-	-
Motor vehicles	724	917	439	551
	40,462	41,522	439	551

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

#### 3.6 Impairment loss

At each financial year, the Group performs assessment to determine whether there is any indication that the hotel property may be impaired.

The recoverable amount of the hotel property was estimated based on its value in use by reference to the discounted cash flow projections over the remaining useful life of the said asset. The estimation of value in use was determined using a pre-tax discount rate of 8%. Other key assumptions used in the estimation include average room rate, occupancy rate, food and beverages revenue and appropriate rate of profit return.

A total impairment loss of RM3,323,000 was made against the carrying amount of the hotel property in prior years. During the current year under review, the Group re-evaluated the recoverable amount of the hotel property based on the same basis applied thereto and concluded that neither further impairment loss is necessary nor any reversal of impairment loss previously made is required.

### 4. Investment in subsidiaries

	<u>Company</u>	
	2022	2021
	RM'000	RM'000
<b>Cost of investment</b>		
Unquoted shares, at cost	437,212	397,162
Less: Impairment loss	( 99,789)	( 81,789)
	<u>337,423</u>	<u>315,373</u>

During the year, the Company subscribed for additional 40,050,000 new ordinary shares issued by a direct subsidiary, settled by way of cash of RM3,650,000 and capitalisation of debts owing thereto of RM36,400,000 [also see Note 36(i)].

#### Impairment loss

At each financial year, the Company conducts an impairment evaluation to ascertain whether there is any indication that the investment in any of its subsidiaries may be impaired.

During the current financial year, an impairment loss of RM18,000,000 (2021: RM50,000,000) is recognised as other expenses in profit or loss (see Note 24) against the carrying amount of the investment in a subsidiary based on the estimated recoverable amount of the said investment. The recoverable amount is based on the estimated value in use with reference to the anticipated future performance of the said subsidiary. Key assumptions used in the estimation include projected revenue from secured projects and expected projects, other income and administrative expenses adjusted for some appropriate annual rate of increment over the projection periods of 5 years. The estimation of value in use was determined using a pre-tax discount of 6%.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 4. Investment in subsidiaries (continued)

#### Information of subsidiaries

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

Name of subsidiary	Principal activities	Effective ownership interest and voting interest (%)	
		2022	2021
<u>Direct subsidiaries</u>			
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
Naim Academy Sdn. Bhd. ("NACSB")	Investment holding	100.0	100.0
<u>Subsidiaries of NLSB</u>			
Desa Ilmu Sdn. Bhd.	Property developer	60.0	60.0
Peranan Makmur Sdn. Bhd. ("PMSB")	Property developer	70.0	70.0
Khidmat Mantap Sdn. Bhd.	Property developer	100.0	100.0
Naim Realty Sdn. Bhd.	Property investment	100.0	100.0
Naim Supply & Logistic Sdn. Bhd.	Trading of construction materials	100.0	100.0
Naim Commercial Sdn. Bhd.	Property developer	100.0	100.0
Naim Human Capital Sdn. Bhd.	Provision of management services	100.0	100.0
Naim Cendera Lapan Sdn. Bhd.	Quarry licensee and operator	100.0	100.0
Jelas Kemuncak Resources Sdn. Bhd.	Quarry operator	100.0	100.0
Simbol Warisan Sdn. Bhd.	Quarry licensee	75.0	75.0
Yakin Pelita Sdn. Bhd.	Property investment	100.0	100.0
Petrochemical Hub Sdn. Bhd.	Property investment	100.0	100.0
Dataran Wangsa Sdn. Bhd.	Property developer	100.0	100.0
Yakin Jelas Sdn. Bhd.	Property investment	100.0	100.0
Pavilion Quest Sdn. Bhd.**	Property investment	100.0	100.0
Solid Greenland Sdn. Bhd.**	Property investment	100.0	100.0
Naim Ready Mix Sdn. Bhd.	Inactive	100.0	100.0
TR Green Sdn. Bhd.	Inactive	100.0	100.0
Naim (MM2H) Sdn. Bhd.	Inactive	100.0	100.0
Naim Incorporated Berhad	Inactive	100.0	100.0

## 4. Investment in subsidiaries (continued)

Name of subsidiary	Principal activities	Effective ownership interest and voting interest (%)	
		2022	2021
<u>Subsidiaries of NLSB (continued)</u>			
Naim Oil & Gas Sdn. Bhd.	Inactive	100.0	100.0
Kuching Paragon Sdn. Bhd.	Inactive	100.0	100.0
Miri Paragon Sdn. Bhd.	Inactive	100.0	100.0
Naim Data Sdn. Bhd.**	Inactive	100.0	100.0
Naim Mortgage Sdn. Bhd.	Inactive	100.0	100.0
Lotus Paradigm Sdn. Bhd.	Inactive	70.0	70.0
<u>Subsidiaries of NESB</u>			
Naim Capital Sdn. Bhd. (“NCSB”)	Investment holding	100.0	100.0
Naim Overseas Sdn. Bhd. (“NOSB”)	Investment holding	100.0	100.0
NAIM GAMUDA (NAGA) JV SDN. BHD.	Civil contractor	70.0	70.0
Naim Binaan Sdn. Bhd.	Inactive	100.0	100.0
Naim Premix Sdn. Bhd.	Inactive	100.0	100.0
Naim Equipment Sdn. Bhd.	Inactive	100.0	100.0
Naim Recruitment & Agency Sdn. Bhd. **	Inactive	100.0	100.0
BDA Naim Sdn. Bhd. (formerly known as Unique Composite Sdn. Bhd.)	Inactive	80.0	80.0
<u>Subsidiaries of NASB</u>			
Naim Hotel Sdn. Bhd.	Hotel operation	100.0	100.0
Naim Property Services Sdn. Bhd. **	Provision of property management services	100.0	100.0
Bintulu Paragon Sdn. Bhd.	Inactive	100.0	100.0
<u>Subsidiary of NACSB</u>			
Permyjaya Sino Education Sdn. Bhd.	Inactive	100.0	100.0
<u>Subsidiaries of NCSB</u>			
Naim Capital Port Sdn. Bhd.	Civil contractor	100.0	100.0
Naim Capital Housing Sdn. Bhd.	Civil contractor	100.0	100.0
<u>Subsidiary of PMSB</u>			
Harmony Faber Sdn. Bhd.	Property investment	70.0	70.0
<u>Subsidiaries of NOSB</u>			
Naim Engineering Construction (Fiji) Limited #	Inactive	99.9	99.9
Naim Quarry (Fiji) Limited #	Inactive	99.9	99.9
Naim Premix (Fiji) Limited #	Inactive	99.9	99.9

\*\* Not audited by KPMG PLT.

# Audited by other member firms of KPMG International.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 4. Investment in subsidiaries (continued)

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

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

	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
<b>31.12.2022</b>				
NCI percentage of ownership/voting interest	40%	30%		
Carrying amount of NCI	14,391	9,856	( 2,297)	21,950
Profit/(Loss) allocated to NCI	190	1,043	( 970)	263

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

	DISB RM'000	NAGA RM'000
<b>Summarised financial information before intra-group elimination</b>		
<b>As at 31 December 2022</b>		
Non-current assets	565	-
Current assets	39,860	96,244
Current liabilities	( 4,529)	( 63,390)
Net assets	<u>35,896</u>	<u>32,854</u>
<b>Year ended 31 December 2022</b>		
Revenue	800	263,430
Profit and total comprehensive income for the year	<u>394</u>	<u>3,477</u>
Cash flows from:		
- operating activities	7,832	5,921
- investing activities	645	677
Net increase in cash and cash equivalents	<u>8,477</u>	<u>6,598</u>

	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
<b>31.12.2021</b>				
NCI percentage of ownership/voting interest	40%	30%		
Carrying amount of NCI	14,201	8,813	( 1,277)	21,737
Profit/(Loss) allocated to NCI	96	1,883	( 280)	1,699

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

##### Non-controlling interests (“NCI”) in subsidiaries (continued)

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

	DISB RM’000	NAGA RM’000
<b>Summarised financial information before intra-group elimination</b>		
<b>As at 31 December 2021</b>		
Non-current assets	567	-
Current assets	40,475	127,309
Current liabilities	( 5,540)	( 97,932)
Net assets	<u>35,502</u>	<u>29,377</u>
<b>Year ended 31 December 2021</b>		
Revenue	1,687	299,719
Profit and total comprehensive income for the year	<u>240</u>	<u>6,276</u>
Cash flows from/(used in):		
- operating activities	32	6,129
- investing activities	668	341
- financing activities	( 5,000)	-
Net (decrease)/increase in cash and cash equivalents	<u>( 4,300)</u>	<u>6,470</u>

#### 5. Investment in associates

	Group		Company	
	2022	2021	2022	2021
	RM’000	RM’000	RM’000	RM’000
<b>At cost</b>				
Shares in Malaysia				
- unquoted	32,416	32,416	-	-
- quoted	181,976	181,976	181,976	181,976
Share of post-acquisition reserves	226,190	181,670	-	-
	<u>440,582</u>	<u>396,062</u>	<u>181,976</u>	<u>181,976</u>
Less: Impairment loss	-	-	( 9,618)	( 9,618)
	<u>440,582</u>	<u>396,062</u>	<u>172,358</u>	<u>172,358</u>
<b>Market value</b>				
Quoted shares in Malaysia	<u>377,334</u>	<u>236,364</u>	<u>377,334</u>	<u>236,364</u>

##### Impairment loss

At each financial year, the Company performs assessment to determine whether there is any indication that the carrying amount of investment in any of its associate may be impaired.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 5. Investment in associates (continued)

#### Impairment loss (continued)

An impairment loss of RM9,618,000 was recognised in profit or loss in the previous financial year against the carrying amount of the investment in an associate based on the estimated recoverable amount of the said investment. The estimated recoverable amount is determined with reference to the underlying assets and liabilities of the associate as well as the anticipated future performance of the associate. The estimated recoverable amount is then adjusted from the higher of the estimated value in use or the estimated fair value less costs of disposal used in the impairment assessment in the associate.

During the current year under review, the Company re-evaluated the recoverable amount of the said investment based on the same basis applied thereto and concluded that neither further impairment loss is necessary nor any reversal of impairment loss previously made is required. The carrying amount of the investment in the said associate approximates its estimated recoverable amount as at reporting period.

Details of the material associates, all of which the principal place of business and country of incorporation is in Malaysia, are as follows:

Name of entity	Nature of relationship	Effective ownership interest and voting interest (%)	
		2022	2021
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	24.22	24.22
Samalaju Properties Sdn. Bhd. ("SPSB") #	Property and township development, including providing temporary accommodation facilities, in line with Group's existing property segment operation	39.00	39.00
GAMUDA NAIM ENGINEERING AND CONSTRUCTION (GNEC) SDN. BHD. ("GNEC") ** @	One of civil contractors to the Group	35.00	35.00
Perdana Petroleum Berhad ("PPB")	Provision of marine support services for the oil and gas industry, which is a subsidiary of DEHB	3.47 <sup>^</sup>	3.47 <sup>^</sup>
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. ("MSHSB") #	Specialist hospital operator in one of the Group's existing development township	15.53 <sup>^^</sup>	15.53 <sup>^^</sup>

# Held through NLSB

\*\* Held through NESB

@ Financial year end of 31 July

## 5. Investment in associates (continued)

<sup>^</sup> Although the Group's direct shareholdings is less than 20% in PPB, i.e. 3.47% as of 31 December 2022, the Directors have determined that the Group has significant influence, partly because it has two (2) board representatives in PPB. In addition, the Group's effective equity interest in PPB, if taking into account of the Group's share of the equity interest in PPB held through DEHB, is about 18.90% (2021: 18.90%) as at financial year end.

<sup>^^</sup> While the Group's equity interest in MSHSB is less than 20%, the Group has determined that it still has significant influence in the investee company because of the two (2) representatives the Group currently has on the board of MSHSB.

All associates' financial year ends on 31 December, other than that marked with "@". For the purpose of applying the equity method for associates with a different financial year from the Group's, the last available audited financial statements and/or management accounts up to 31 December 2022 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			
	DEHB	SPSB	GNEC	PPB
<u>31.12.2022</u>	RM'000	RM'000	RM'000	RM'000
<b>As at 31 December</b>				
Non-current assets	1,504,627	156,799	15,925	713,767
Current assets	855,495	85,859	245,609	106,556
Non-current liabilities	( 336,554)	( 2,586)	( 41)	( 151,713)
Current liabilities	( 370,132)	( 178,147)	( 199,444)	( 83,281)
Non-controlling interests	( 204,429)	-	-	-
Net assets	<u>1,449,007</u>	<u>61,925</u>	<u>62,049</u>	<u>585,329</u>
Redeemable convertible preference shares ("RCPS")	-	( 44,100)	-	( 7,993)
	<u><u>1,449,007</u></u>	<u><u>17,825</u></u>	<u><u>62,049</u></u>	<u><u>577,336</u></u>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 5. Investment in associates (continued)

#### Summary of financial information (continued)

	Group				Other immaterial associates RM'000	Total RM'000
	DEHB RM'000	SPSB RM'000	GNEC RM'000	PPB RM'000		
<b>31.12.2022</b> (continued)						
<b>Year ended 31 December</b>						
Profit for the year	124,244	6,231	13,780	11,385		
Other comprehensive income	30,386	-	-	47,711		
Total comprehensive income for the year	154,630	6,231	13,780	59,096		
<i>Included in the total comprehensive income is:</i>						
Revenue	984,183	30,963	288,886	196,628		
<b>Reconciliation of net assets to carrying amount as at 31 December</b>						
Group's share of net assets	350,936	6,952	21,717	20,045	4,500	404,150
Group's share of RCPS	-	19,110	-	-	-	19,110
Goodwill	19,674	-	-	-	-	19,674
Elimination of unrealised profit	-	-	-	-	( 2,352)	( 2,352)
Carrying amount in the statement of financial position	370,610	26,062	21,717	20,045	2,148	440,582
<b>Group's share of results for the year ended 31 December</b>						
Group's share of:						
- profit/(loss), net of tax	30,645	4,096	4,823	294	( 93)	39,765
- other comprehensive income	7,359	-	-	1,657	-	9,016
Group's share of total comprehensive income/(expenses)	38,004	4,096	4,823	1,951	( 93)	48,781
<b>Other information</b>						
Dividends received	4,206	-	-	-	-	4,206

	Group			
	DEHB RM'000	SPSB RM'000	GNEC RM'000	PPB RM'000
<b>31.12.2021</b>				
<b>As at 31 December</b>				
Non-current assets	1,549,627	153,867	19,963	736,050
Current assets	783,820	88,056	232,606	103,555
Non-current liabilities	( 479,546)	( 5,328)	( 2,088)	( 168,704)
Current liabilities	( 360,420)	( 185,172)	( 202,212)	( 141,597)
Non-controlling interests	( 183,870)	-	-	-
Net assets	1,309,611	51,423	48,269	529,304
Redeemable convertible preference shares ("RCPS")	-	( 44,100)	-	( 8,249)
	1,309,611	7,323	48,269	521,055

## 5. Investment in associates (continued)

## Summary of financial information (continued)

	Group					Total RM'000
	DEHB RM'000	SPSB RM'000	GNEC RM'000	PPB RM'000	Other immaterial associates RM'000	
<b>31.12.2021</b> (continued)						
<b>Year ended 31 December</b>						
(Loss)/Profit for the year	( 318,932)	5,508	22,143	( 325,196)		
Other comprehensive income	25,001	-	-	39,235		
Total comprehensive (expenses) /income for the year	( 293,931)	5,508	22,143	( 285,961)		
<i>Included in the total comprehensive (expenses) /income is:</i>						
Revenue	667,736	28,489	281,586	160,557		
<b>Reconciliation of net assets to carrying amount as at 31 December</b>						
Group's share of net assets	317,190	2,856	16,894	18,097	4,786	359,823
Group's share of RCPS	-	19,110	-	-	-	19,110
Goodwill	19,674	-	-	-	-	19,674
Elimination of unrealised profit	-	-	-	-	( 2,545)	( 2,545)
Carrying amount in the statement of financial position	336,864	21,966	16,894	18,097	2,241	396,062
<b>Group's share of results for the year ended 31 December</b>						
Group's share of:						
- (loss)/profit, net of tax	( 78,055)	2,370	7,750	( 11,281)	( 403)	( 79,619)
- other comprehensive income	6,486	-	-	1,353	-	7,839
Group's share of total comprehensive (expenses)/income	( 71,569)	2,370	7,750	( 9,928)	( 403)	( 71,780)
<b>Other information</b>						
Dividends received	4,206	-	-	-	-	4,206

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 6. Investment in joint ventures - Group

	2022 RM'000	2021 RM'000
<b>At cost</b>		
Capital contribution	4,500	4,500
Share of post-acquisition reserves	( 2,473)	( 2,596)
	2,027	1,904
	2,027	1,904

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:

<b>Name of entity</b>	<b>Effective voting interest (%)</b>	
	<b>2022</b>	<b>2021</b>
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

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

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

	NESB- Hock Peng JV RM'000	PPES Works - NLSB JV RM'000
<b><u>31.12.2022</u></b>		
<b>As at 31 December</b>		
Current assets	23,427	1,413
Current liabilities	( 20,801)	( 35)
Net assets	2,626	1,378
	2,626	1,378

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

*Summary of financial information* (continued)

	NESB- Hock Peng JV RM'000	PPES Works - NLSB JV RM'000	Other immaterial joint ventures RM'000	Total RM'000
<b>31.12.2022</b> (continued)				
<b>Year ended 31 December</b>				
Profit/(Loss) and total comprehensive income/(expenses) for the year (before tax)	3,246	( 5)		
<i>Included in the total comprehensive income/(expenses)</i>				
Revenue	71,755	-		
Interest income	24	-		
<b>Reconciliation of net assets to carrying amount as at 31 December</b>				
Group's share of net assets and carrying amount in the statement of financial position	1,339	620	68	2,027
<b>Group's share of results for the year ended 31 December</b>				
Group's share of profit/(loss) and total comprehensive income/(expenses), net of tax	1,258	( 2)	-	1,256
<b>Other information</b>				
Distribution of profit received	1,530	-	-	1,530
<b>31.12.2021</b>				
<b>As at 31 December</b>				
Current assets	14,050	1,418		
Current liabilities	( 11,670)	( 35)		
Net assets	2,380	1,383		
<b>Year ended 31 December</b>				
Profit/(Loss) and total comprehensive income/(expenses) for the year (before tax)	2,008	( 4)		
<i>Included in the total comprehensive income/(expenses)</i>				
Revenue	49,441	-		
Interest income	33	-		
<b>Reconciliation of net assets to carrying amount as at 31 December</b>				
Group's share of net assets and carrying amount in the statement of financial position	1,214	622	68	1,904

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

#### Summary of financial information (continued)

<u>31.12.2021</u> (continued)	NESB- Hock Peng JV RM'000	PPES Works - NLSB JV RM'000	Other immaterial joint ventures RM'000	Total RM'000
<b>Group's share of results for the year ended 31 December</b>				
Group's share of profit/(loss) and total comprehensive income/(expenses), net of tax	778	( 1)	-	777
<b>Other information</b>				
Distribution of profit received	1,530	-	-	1,530

### 7. Inventories

	<u>Group</u>	
	2022 RM'000	2021 RM'000
<b>Non-current</b>		
<u>At cost</u>		
Land held for property development (right-of-use assets) (Note 7.1)	172,242	172,242
<b>Current</b>		
<u>At cost</u>		
Completed goods for sale		
- Developed properties (Note 7.2)	323,494	225,725
- Manufactured/Trading inventories (construction and building materials)	836	1,062
Raw materials and consumables	409	391
Properties under construction		
- Property development costs	231,348	318,978
	556,087	546,156
<u>At net realisable value</u>		
Completed goods for sale		
- Manufactured/Trading inventories	139	148
- Developed properties	1,989	2,749
	2,128	2,897
	558,215	549,053
Total inventories	730,457	721,295
<b>Recognised in profit or loss:</b>		
- inventories recognised as cost of sales	62,585	75,195
- written down to net realisable value	-	26

**7. Inventories** (continued)**7.1 Land held for property development** (continued)**Security**

Certain parcels of leasehold land with carrying amounts of RM40,160,000 (2021: RM40,160,000) are charged to banks as security for certain term loan facilities (see Note 20.2).

**7.2 Government grant**

A government grant amounting to RM27,872,000 was received in prior years to facilitate and reimburse certain development costs incurred for a mixed development project upon the fulfilment of conditions imposed.

The grant received was initially recognised as a reduction in inventory costs and will be subsequently realised to profit or loss when the developed properties are sold. As at the year end, accumulated grant of RM12,646,000 (2021: RM12,509,000) has been realised to profit or loss as a reduction in cost of sale for the total developed properties sold.

**8. Investment properties - Group**

	(Right-of-use assets) Long-term leasehold land (unexpired lease term more than 50 years) RM'000	Buildings RM'000	Buildings under construction RM'000	Total RM'000
<b>Cost</b>				
At 1 January 2021	32,353	61,752	-	94,105
Additions	-	-	59	59
At 31 December 2021/1 January 2022	<u>32,353</u>	<u>61,752</u>	<u>59</u>	<u>94,164</u>
Additions	-	-	7,757	7,757
Transfer to property, plant and equipment (Notes 3 and 8.2)	-	( 1,589)	-	( 1,589)
At 31 December 2022	<u><u>32,353</u></u>	<u><u>60,163</u></u>	<u><u>7,816</u></u>	<u><u>100,332</u></u>
<b>Amortisation</b>				
At 1 January 2021	3,352	12,601	-	15,953
Amortisation for the year (Note 24)	454	1,671	-	2,125
At 31 December 2021/1 January 2022	<u>3,806</u>	<u>14,272</u>	<u>-</u>	<u>18,078</u>
Amortisation for the year (Note 24)	454	1,657	-	2,111
Transfer to property, plant and equipment (Notes 3 and 8.2)	-	( 360)	-	( 360)
At 31 December 2022	<u><u>4,260</u></u>	<u><u>15,569</u></u>	<u><u>-</u></u>	<u><u>19,829</u></u>



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 8. Investment properties - Group (continued)

	(Right-of-use assets) Long-term leasehold land (unexpired lease term more than 50 years) RM'000	Buildings RM'000	Buildings under construction RM'000	Total RM'000
<b>Carrying amounts</b>				
At 31 December 2021	28,547	47,480	59	76,086
At 31 December 2022	28,093	44,594	7,816	80,503
<b>Fair value</b> (see Note 8.5)				
At 31 December 2021	88,834	54,868	- <sup>^</sup>	143,702
At 31 December 2022	88,834	53,279	- <sup>^</sup>	142,113

<sup>^</sup> The Group is unable to determine reliably the fair value of investment property under construction at this stage until the construction is complete and the future annual cash flows can be measured reliably, whichever is earlier.

8.1 Investment property with a carrying amount of RM41,793,000 (2021: RM42,819,000) is charged to a bank as security for a term loan facility granted to a subsidiary (see Note 20.2).

#### 8.2 Transfer to property, plant and equipment

Following the change in its use, some investment properties are reclassified to property, plant and equipment (see Note 3) and are measured at their carrying amount before the reclassification.

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

	2022 RM'000	2021 RM'000
Lease income	5,157	5,000
Direct operating expenses:		
- income generating investment properties	4,299	3,963
- non-income generating investment properties	60	44

#### 8.4 Maturity analysis of operating lease payments

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

<b>As a lessor</b>	2022 RM'000	2021 RM'000
Within one year	4,496	3,966
One to two years	1,844	3,233
Two to three years	969	1,227
Three to four years	769	714
More than four years	4,106	4,876
	12,184	14,016

**8. Investment properties - Group (continued)****8.5 Fair value information**

Fair value of investment properties as at end of the reporting period are categorised as Level 3, summarised as follows:

<b>Group</b>	<b>2022</b> <b>RM'000</b>	<b>2021</b> <b>RM'000</b>
Leasehold land	88,834	88,834
Buildings	53,279	54,868
	<u>          </u>	<u>          </u>

***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 certain investment properties, the Group occasionally reviews and reassesses their fair value based on informal comparison 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.

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 and anticipated occupancy rates achieved. For land, the fair value is determined using the comparison 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 9. Intangible asset – Group

Stone quarry  
licence  
RM'000

#### Cost

At 1 January 2021, 31 December 2021/1 January 2022 and 31 December 2022 10,206

#### Amortisation and impairment loss

At 1 January 2021

- Accumulated amortisation 7,370

- Accumulated impairment loss 1,361

8,731

Amortisation for the year (Note 24)

681

At 31 December 2021/1 January 2022

- Accumulated amortisation 8,051

- Accumulated impairment loss 1,361

9,412

Amortisation for the year (Note 24)

681

At 31 December 2022

- Accumulated amortisation 8,732

- Accumulated impairment loss 1,361

10,093

#### Carrying amounts

At 31 December 2021 794

At 31 December 2022 113

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

#### 9.1 Impairment loss

An impairment loss of RM1,361,000 was recognised as other expenses in profit or loss in earlier financial years based on estimated recoverable amount of the intangible asset, which was determined based on estimated value in use of the intangible asset over a period of 2 years.

During the current year under review, the Group has re-evaluated the recoverable amount based on the same basis applied thereto and concluded that no further impairment loss is necessary nor any reversal of impairment loss previously made is required.

#### 9.2 Amortisation

The amortisation of the stone quarry license is recognised in cost of sales.

## 10. Deferred tax assets and liabilities - Group

### Recognised deferred tax

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Fair value adjustment on acquisition of subsidiaries*	-	-	( 19,536)	( 20,453)	( 19,536)	( 20,453)
Property, plant and equipment	-	-	( 2,013)	( 1,750)	( 2,013)	( 1,750)
Capital allowances carried forward	117	99	-	-	117	99
Tax losses carried forward	554	505	-	-	554	505
Other items	1,940	1,898	-	-	1,940	1,898
Tax assets/(liabilities)	2,611	2,502	( 21,549)	( 22,203)	( 18,938)	( 19,701)
Set off of tax	( 382)	( 106)	382	106	-	-
Net tax assets/(liabilities)	2,229	2,396	( 21,167)	( 22,097)	( 18,938)	( 19,701)

\* 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 is amortised, as the case may be.

Certain subsidiaries of the Group have recognised deferred tax assets of RM2,229,000 (2021: RM2,396,000) based on the estimation of probable utilisation of those deductible temporary differences in the foreseeable future.

Movements in deferred tax during the year are as follows:

<u>Group</u>	At 1.1.2021		Recognised in profit or loss		At 31.12.2021/ 1.1.2022		Recognised in profit or loss		At 31.12.2022	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Fair value adjustment on acquisition of subsidiaries	( 21,345)	892	( 20,453)	917	( 19,536)					
Property, plant and equipment	( 1,839)	89	( 1,750)	( 263)	( 2,013)					
Capital allowances carried forward	48	51	99	18	117					
Tax losses carried forward	530	( 25)	505	49	554					
Other items	4,002	( 2,104)	1,898	42	1,940					
	( 18,604)	( 1,097)	( 19,701)	763	( 18,938)					
			(Note 28)				(Note 28)			

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

#### *Unrecognised deferred tax assets*

Deferred tax assets of RM53,343,000 (2021: RM50,663,000) 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	
	2022	2021
	RM'000	RM'000
Capital allowances carried forward	10,816	10,646
Unutilised tax losses	196,477	185,725
Other items	14,968	14,724
	222,261	211,095
	222,261	211,095

Capital allowance does not have any expiration date under the current tax regime. Under prevailing tax laws, unutilised tax losses can be carried forward for a maximum of 10 consecutive years of assessment with effect from the year of assessment 2019. The unutilised tax losses of RM142,022,000, RM7,474,000, RM14,970,000, RM21,264,000 and RM10,747,000 can be carried forward up to YA2028, YA2029, YA2030, YA2031 and YA2032 respectively under the current tax legislation of Malaysia.

### 11. Other investments - Group

	2022	2021
	RM'000	RM'000
<b><i>Fair value through other comprehensive income</i></b>		
- unquoted shares in Malaysia	2,963	2,963
- quoted shares in Malaysia	54	65
	3,017	3,028
	3,017	3,028
<b><i>Fair value</i></b> (also Note 32.4)		
- unquoted shares in Malaysia	2,963	2,963
- quoted shares in Malaysia	54	65
	3,017	3,028
	3,017	3,028

The Group designated the other investments as fair value through other comprehensive income because these investments in equity securities represent investments that the Group intends to hold over a long-term period.

Total dividend income receivables from the other investments held on hand during the and as at the financial year are RM125,000 (2021: RM42,000) (see Note 24).

## 12. Trade and other receivables

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<b>Non-current</b>				
<b>Trade receivables</b>				
Trade receivables from contracts with customers (Notes 12.2 and 12.3)	28,159	40,689	-	-
<b>Other receivables</b>				
Other receivables (Note 12.2)	2,541	5,579	-	-
	<u>30,700</u>	<u>46,268</u>	<u>-</u>	<u>-</u>
<b>Current</b>				
<b>Trade receivables</b>				
Trade receivables from contracts with customers (Notes 12.1, 12.2 and 12.3)	39,953	81,348	-	-
Amount due from an associate (Note 12.5)	2,256	2,523	-	-
	<u>42,209</u>	<u>83,871</u>	<u>-</u>	<u>-</u>
<b>Other receivables</b>				
Other receivables (Note 12.2)	32,001	28,102	27	16
Amount due from:				
- subsidiaries (Note 12.4)	-	-	76,709	105,872
- associates (Note 12.5)	3,155	3,254	-	-
	<u>35,156</u>	<u>31,356</u>	<u>76,736</u>	<u>105,888</u>
Total current	<u>77,365</u>	<u>115,227</u>	<u>76,736</u>	<u>105,888</u>
Grand total	<u>108,065</u>	<u>161,495</u>	<u>76,736</u>	<u>105,888</u>

12.1 Trade receivables of the Group as at 31 December 2021 included retention sums of RM2,190,000 relating to construction contracts, being the unconditional rights to contract considerations with customers. The retention sums were unsecured and interest-free.

12.2 Included in the trade and other receivables of the Group is a remaining sum of RM10,092,000 (2021: RM14,227,000) due from a debtor for sale of two (2) parcels of leasehold land in prior years. The amount is expected to be recovered over a period of four years commencing from October 2020 or upon the issuance of titles, whichever is later.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 12. Trade and other receivables (continued)

12.3 The Group's trade receivables also include a sum of RM38,108,000 (2021: RM47,393,000) 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. The outstanding receivable is unsecured, bears interest at 7.80% (2021: 7.80%) per annum and is expected to be collected as follows:

	Group	
	2022 RM'000	2021 RM'000
Within 1 year	11,818	10,845
1 - 2 year	12,641	11,818
2 - 3 year	13,649	12,641
More than 3 years	-	12,089
	38,108	47,393

12.4 Included in the amount due from subsidiaries is a sum of RM69,920,000 (2021: RM98,956,000), which is unsecured and bears interest at rates ranging from 3.73% to 4.86% (2021: 3.75% to 3.81%) per annum. The remaining balances are unsecured, interest-free and repayable on demand.

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

### 12.6 Offsetting of financial assets and financial liabilities

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
<b><u>2022</u></b>			
Trade receivables	11,339	( 11,339)	-
Trade accruals	11,339	( 11,339)	-
	11,339	( 11,339)	-
<b><u>2021</u></b>			
Trade receivables	11,769	( 11,769)	-
Trade accruals	11,769	( 11,769)	-
	11,769	( 11,769)	-

Certain trade and other receivables and trade payables were set off for presentation purpose as these receivables include some payments in-kind portion made in relation to the contractors' claims. They intend to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### 13. Contract with customers

#### 13.1 Contract costs

	2022 RM'000	2021 RM'000
Cost to fulfil contract		
- costs incurred directly on contracts with customers	4,730	4,883
	<u>4,730</u>	<u>4,883</u>

#### 13.2 Contract assets/(liabilities)

	2022 RM'000	2021 RM'000
Contract assets	39,316	43,389
Contract liabilities	( 1,871)	( 5,566)
	<u>39,316</u>	<u>43,389</u>
	<u>( 1,871)</u>	<u>( 5,566)</u>

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:

	2022 RM'000	2021 RM'000
Revenue recognised arising from contract liabilities at the beginning of period	2,771	14,678
Contract assets at the beginning of period reclassified to trade receivables	38,325	14,091
Increase/(Decrease) in revenue recognised in previous periods arising from change in contract considerations	3,093	( 1,134)
	<u>3,093</u>	<u>( 1,134)</u>

b. Included in the contract assets of the Group is a sum of RM52,000 (2021: RM107,000) held by customers and is regarded as conditional rights to contract considerations until the completion of performance under the contracts with customers. Such amounts will be transferred to trade receivables when the rights become unconditional.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 13. Contract with customers (continued)

#### 13.2 Contract assets/(liabilities) (continued)

##### c. Impairment assessment on contract assets

Credit risk on contract assets arises from construction projects and sale of development properties. The Group adopts a 'simplified approach' when performing impairment assessments 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 applies similar credit risk management 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 2022 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:

<b>Group</b>	<b>2022</b> RM'000	<b>2021</b> RM'000
Gross amount	46,612	52,968
Loss allowance	( 7,296)	( 9,579)
Net amount	<u>39,316</u>	<u>43,389</u>

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

<b>Group</b>	<b>RM'000</b>
Balance at 1 January 2021	6,946
Addition	2,633
Balance at 31 December 2021/1 January 2022	<u>9,579</u>
Reversal	( 2,283)
Balance at 31 December 2022	<u>7,296</u>

### 14. Deposits and prepayments

	<b>Group</b>		<b>Company</b>	
	<b>2022</b> RM'000	<b>2021</b> RM'000	<b>2022</b> RM'000	<b>2021</b> RM'000
Deposits	5,463	5,243	19	19
Prepayments	4,986	2,936	1	1
	<u>10,449</u>	<u>8,179</u>	<u>20</u>	<u>20</u>

**15. Other financial assets**

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash pledged with licensed banks (Note 15.1)	15,416	15,421	2,824	2,788

**15.1 Cash pledged as security**

- a. Deposits of RM1,164,000 (2021: RM1,143,000) are pledged as security to licensed banks for the issuance of bank guarantees for housing projects.
- b. A sum of RM14,252,000 (2021: RM14,278,000) 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.

**16. Cash and cash equivalents**

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deposits placed with licensed banks with maturities less than three months	203,852	227,067	24,940	28,047
Cash in hand and at banks	39,769	39,161	4,857	4,682
Housing Development Accounts (Note 16.1)	4,137	8,523	-	-
Total cash and cash equivalents	<u>247,758</u>	<u>274,751</u>	<u>29,797</u>	<u>32,729</u>

16.1A balance of RM4,137,000 (2021: RM8,523,000) is maintained in designated Housing Development Accounts ("HDA") pursuant to the Sarawak's Housing Development (Control and Licensing) Ordinance, 2013 and Housing Development (Control and Licensing) Regulations, 2014 in connection with certain property development projects of the Group. The utilisation of these balances is restricted before the 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.

**17. Assets held for sale - Group**

	2022 RM'000	2021 RM'000
<b>Assets classified as held for sale</b>		
Property, plant and equipment	<u>83</u>	<u>82</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 18. Share capital

	— Group and Company —	
	2022	2021
<u>Ordinary shares with no par value</u>		
<b>Issued and fully paid shares with no par value classified as equity instruments:</b>		
<b>Number of shares ('000)</b>		
Opening and closing balances	513,799	513,799
<b>Amount (RM'000)</b>		
Opening and closing balances	454,802	454,802

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	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Retained earnings	822,795	797,986	50,614	71,210
Treasury shares	( 34,748)	( 34,748)	( 34,748)	( 34,748)
Foreign currency translation reserve	21,720	12,662	-	-
Other reserves	112	123	-	-
	809,879	776,023	15,866	36,462

#### 19.1 Treasury shares

The shareholders of the Company, via an ordinary resolution passed in the Annual General Meeting held on 26 May 2022, approved the Company's plan to repurchase its own shares in aggregate not exceeding 10% of the total number of issued 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 2022, the Company holds 13,056,000 (2021: 13,056,000) of the Company's shares. All rights attached to the treasury shares that are held by the Company are suspended until those shares are reissued.

#### 19.2 Foreign currency translation reserve

The foreign currency translation reserve arises from the translation of the financial statements of subsidiaries and/or associates whose presentation currency differs from the presentation currency of the Group's financial statements which is RM.

#### 19.3 Other reserves

Other reserves comprise cash flow hedge in associates as well as changes in fair value of equity investments designated at fair value through other comprehensive income.

## 20. Loans and borrowings

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Non-current</b>				
Secured term loans	87,130	67,812	38,500	-
Hire purchases (Note 20.1)	490	647	297	388
	<u>87,620</u>	<u>68,459</u>	<u>38,797</u>	<u>388</u>
<b>Current</b>				
Unsecured revolving credits	120,000	172,000	35,000	85,000
Secured term loans	25,173	28,207	6,000	1,378
Hire purchases (Note 20.1)	157	151	91	88
	<u>145,330</u>	<u>200,358</u>	<u>41,091</u>	<u>86,466</u>
Total	<u>232,950</u>	<u>268,817</u>	<u>79,888</u>	<u>86,854</u>

## 20.1 Hire purchases are payable as follows:

	2022			2021		
	Payment RM'000	Profit RM'000	Principal RM'000	Payment RM'000	Profit RM'000	Principal RM'000
<b>Group</b>						
Less than one year	180	23	157	180	29	151
Between one to two years	180	16	164	180	23	157
Between two to five years	338	12	326	518	28	490
	<u>698</u>	<u>51</u>	<u>647</u>	<u>878</u>	<u>80</u>	<u>798</u>
<b>Company</b>						
Less than one year	105	14	91	105	17	88
Between one to two years	105	10	95	105	14	91
Between two to five years	209	7	202	314	17	297
	<u>419</u>	<u>31</u>	<u>388</u>	<u>524</u>	<u>48</u>	<u>476</u>

## 20.2 Security

Term loans

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 20. Loans and borrowings (continued)

#### 20.2 Security (continued)

##### Revolving credits

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.

##### Hire purchases

The hire purchases are secured on the respective leased assets acquired (see Note 3.2).

#### 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Trade payables</b>				
Trade payables (Note 21.1)	81,383	80,824	-	-
Amount due to associates (Note 21.4)	12,811	20,569	-	-
Trade accruals	144,617	160,970	-	-
	<u>238,811</u>	<u>262,363</u>	<u>-</u>	<u>-</u>
<b>Other payables</b>				
Other payables (Note 21.3)	2,255	6,931	-	54
Accruals	7,250	5,276	556	423
Advance payments and deposits received	7,152	5,567	195	195
Amount due to:				
- subsidiaries (Note 21.2)	-	-	73,022	55,769
- associates (Note 21.4)	549	420	-	-
	<u>17,206</u>	<u>18,194</u>	<u>73,773</u>	<u>56,441</u>
Total	<u>256,017</u>	<u>280,557</u>	<u>73,773</u>	<u>56,441</u>

21.1 Included in trade payables of the Group are retention sums and performance bonds amounting to RM54,811,000 (2021: RM57,995,000).

21.2 Included in the amount due to subsidiaries is a sum of RM70,175,000 (2021: RM54,787,000) bearing interest ranging from 3.73% to 4.86% (2021: 3.75% to 3.81%) per annum. The remaining balance is interest free and unsecured.

21.3 Other payables of the Group as at 31 December 2021 included a remaining outstanding land premium of RM3,524,000 in relation to prior years' acquisition of investment properties. The acquisition consideration was payable over an extended period up to 7 years at an effective interest of 5.22% per annum. The outstanding land premium has been fully settled during the current year.

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

## 22. Provisions

**Group  
RM'000**

### **Provisions for maintenance**

At 1 January 2021	3,539
Utilised during the year	( 67)
At 31 December 2021/1 January 2022 and 31 December 2022	<u>3,472</u>

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

## 23. Revenue

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue from contracts with customers (Note 23.1)	364,070	417,911	2,428	2,447
Other revenue				
- Rental income	4,496	4,340	-	-
- Dividend income from:				
- a subsidiary	-	-	-	40,000
- an associate	-	-	4,206	4,206
	<u>368,566</u>	<u>422,251</u>	<u>6,634</u>	<u>46,653</u>

### 23.1 Disaggregation of revenue

Disaggregation of the revenue from contracts with customers

<b>Major products/services</b>	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Construction contracts	265,352	310,293	-	-
Sales of properties	85,618	92,582	-	-
Sales of goods	2,731	2,868	-	-
Revenue from hotel operations	9,514	11,232	-	-
Services rendered	855	936	2,428	2,447
	<u>364,070</u>	<u>417,911</u>	<u>2,428</u>	<u>2,447</u>

### **Timing of recognition**

Over time	340,318	384,314	-	-
At a point in time	23,752	33,597	2,428	2,447
	<u>364,070</u>	<u>417,911</u>	<u>2,428</u>	<u>2,447</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 23. Revenue (continued)

#### 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 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 24 months, depending on the nature of contract works performed.
Sales of properties	Revenue is recognised, either over time, or at a point in time, depending on the timing when controls of the assets pass to buyers.	Based on billings milestones as spelled out in contracts, certified by architects where applicable.	Discounts/rebates granted during promotional periods. Liquidated and ascertained damages arising from late completion, as established in contracts.	Defect liability period up to 24 months, as established in contracts and/or based on historical business practices.
Sales of goods	Revenue is recognised at a point in time when the goods are delivered and accepted by customers.	Credit period of up to 60 days from invoice date.	-	-
Revenue from hotel operations	Revenue is recognised, either over time, or at a point in time, depending on the timing when the customers receives and consumes the services/goods.	Based on published terms as stated in invoice	-	-
Services rendered (comprising management fee and maintenance services)	Revenue is recognised at a point in time when the services are rendered.	Credit period of up to 60 days from invoice date.	-	-

**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 based on the management's best estimations and on the assumption that there are no significant changes to the existing contractual periods and contract considerations.

	2022 RM'000	2021 RM'000
Within one year	337,400	229,646
More than one year	309,082	616,769
	<u>646,482</u>	<u>846,415</u>
<b>Represented by:</b>		
Construction contracts	634,431	806,251
Sales of properties	12,051	40,164
	<u>646,482</u>	<u>846,415</u>

**24. Results from operating activities**

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000

**Results from operating activities is arrived at after charging:**

Auditors' remuneration:

- Audit fee				
KPMG PLT	371	351	82	80
Overseas affiliates of KPMG PLT	25	20	-	-
Other auditors	17	13	-	-
- Non-audit fee				
KPMG PLT	26	71	20	18
Local affiliates of KPMG PLT	181	162	16	13
Overseas affiliates of KPMG PLT	14	2	-	-
Other auditors	8	4	-	-
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 24. Results from operating activities (continued)

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<b>Results from operating activities is arrived at after charging/(crediting):</b> (continued)				
<b>Material expense</b>				
Amortisation of:				
- intangible asset (Note 9)	681	681	-	-
- investment properties (Note 8)	2,111	2,125	-	-
Depreciation of property, plant and equipment (excluding those capitalised in inventories and contract costs) (Note 3.3)	9,899	9,399	244	146
Property, plant and equipment written off	-	4	-	-
Personnel expenses (including key management personnel):				
- contributions to state plans	3,581	3,258	-	-
- wages, salaries and others	29,429	25,971	-	-
Foreign exchange loss				
- realised	2	-	-	-
Impairment loss on other assets:				
- investment in a subsidiary (Note 4)	-	-	18,000	50,000
- investment in an associate (Note 5)	-	-	-	9,618
Inventories written down	-	26	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net change in impairment loss on:</b>				
Financial assets at amortised cost [Note 32.3(a)]	( 36)	1,378	-	-
Contract assets [Note 13.2(c)]	( 2,283)	2,633	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Expenses arising from leases:</b> (Note 24.1)				
Expenses relating to:				
- short-term leases	21	88	234	234
- leases of low-value assets	357	337	3	4
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Material income</b>				
Dividend income from other investments (Note 11)				
- quoted shares in Malaysia	( 1)	( 1)	-	-
- unquoted shares in Malaysia	( 124)	( 41)	-	-
Dividend income from subsidiaries and associates				
- quoted shares in Malaysia	-	-	( 4,206)	( 4,206)
- unquoted shares in Malaysia	-	-	-	( 40,000)
Gain on disposal of property, plant and equipment	( 39)	( 511)	-	( 1)
Foreign exchange gain				
- unrealised	( 247)	( 159)	( 238)	( 159)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

### Lease expenses

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 associated lease liabilities for these leases. The lease payments for these short-term leases and low-value assets are recognised as expenses to profit or loss on a straight-line basis over the lease term.

### 25. Other non-operating expenses

Other non-operating expense comprises losses on deemed disposals amounting to RM55,000 (2021: RM2,004,000) arising from the dilution in the effective equity interest in one (2021: two) associate(s) [see Notes 37(i) and 37(ii)].

## 26. Finance income and costs

### Recognised in profit or loss

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<b><i>Interest income of financial assets calculated using the effective interest method that are at amortised costs:</i></b>				
- fixed deposits and cash funds	4,077	4,080	398	248
- interest income from deferred payment scheme	3,530	4,310	-	-
- other finance income	812	1,368	3,178	3,602
	<u>8,419</u>	<u>9,758</u>	<u>3,576</u>	<u>3,850</u>
<b><i>Interest expense of financial liabilities that are not at fair value through profit or loss:</i></b>				
- loans and borrowings	10,785	12,144	3,108	3,474
- other finance costs	1,184	7	2,571	1,406
	<u>11,969</u>	<u>12,151</u>	<u>5,679</u>	<u>4,880</u>

## 27. Compensations to key management personnel

Compensations paid/payable to key management personnel are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
- Fees	450	494	450	494
- Short-term employee benefits	3,826	3,343	3,340	3,343
	<u>4,276</u>	<u>3,837</u>	<u>3,790</u>	<u>3,837</u>
Other key management personnel (including subsidiaries' directors)				
- Fees	60	60	-	-
- Short-term employee benefits	3,634	4,303	57	153
	<u>3,694</u>	<u>4,363</u>	<u>57</u>	<u>153</u>
Total	<u>7,970</u>	<u>8,200</u>	<u>3,847</u>	<u>3,990</u>

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 RM44,000 (2021: RM52,000).

## 28. Tax expense/income

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Major components of tax expense/(income) include:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current tax expense/(income)				
- current year	7,426	8,236	-	-
- prior years	( 217)	( 3,735)	-	( 312)
	<u>7,209</u>	<u>4,501</u>	<u>-</u>	<u>( 312)</u>
Deferred tax (income)/expense (Note 10)				
- recognition and reversal of temporary differences	( 926)	( 662)	-	-
- prior years	163	1,759	-	-
	<u>( 763)</u>	<u>1,097</u>	<u>-</u>	<u>-</u>
Total tax expense/(income) recognised in profit or loss	<u>6,446</u>	<u>5,598</u>	<u>-</u>	<u>( 312)</u>

### Reconciliation of tax expense/income

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit/(Loss) for the year	25,072	( 76,966)	( 20,596)	( 20,546)
Total tax expense/(income)	6,446	5,598	-	( 312)
Profit/(Loss) excluding tax	<u>31,518</u>	<u>( 71,368)</u>	<u>( 20,596)</u>	<u>( 20,858)</u>
Share of tax of equity-accounted associates and joint ventures	17,515	6,294	-	-
	<u>49,033</u>	<u>( 65,074)</u>	<u>( 20,596)</u>	<u>( 20,858)</u>
Tax calculated using Malaysian tax rate of 24%	11,768	( 15,618)	( 4,943)	( 5,006)
Effect of different tax rates in foreign jurisdiction	( 19)	4	-	-
Non-deductible expenses	10,072	37,214	5,952	15,654
Non-taxable income	( 486)	( 8,491)	( 1,009)	( 10,648)
Movements in unrecognised deferred tax assets	2,680	2,159	-	-
Utilisation of tax loss previously not recognised	-	( 1,400)	-	-
	<u>24,015</u>	<u>13,868</u>	<u>-</u>	<u>-</u>
Over-provision in prior years	( 54)	( 1,976)	-	( 312)
Less: Share of tax of equity-accounted associates and joint ventures	( 17,515)	( 6,294)	-	-
Total tax expense/(income)	<u>6,446</u>	<u>5,598</u>	<u>-</u>	<u>( 312)</u>

### 29. Earnings per ordinary share - Group

**Basic and Diluted earnings/(loss) per ordinary share**

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

	2022	2021
Profit/(Loss) attributable to ordinary shareholders (RM'000)	24,809	( 78,665)
Weighted average number of ordinary shares, net of treasury shares of 13,056,000 (2021: 13,056,000) ('000)	500,743	500,743
Basic and Diluted earnings/(loss) per share (sen)	<u>4.95</u>	<u>( 15.71)</u>

**30. Dividend**

	Sen per share	Total amount RM'000	Date of payment
<b>2021</b>			
Interim 2021 ordinary	7.9	<u>39,559</u>	6 August 2021

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

**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, hotel operation as well as quarry operation.

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

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

**Segment assets and liabilities**

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

**31. Operating segments (continued)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

	<b>Property development</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue from external customers	85,618	92,582
Inter segment revenue	-	-
Total segment revenue	<u>85,618</u>	<u>92,582</u>
Segment profit/(loss)	6,520	8,970
Share of results (net of tax) of:		
- associates, other than Dayang Enterprise Holdings Bhd. ("DEHB group")	4,096	2,370
- joint ventures	-	-
	<u>10,616</u>	<u>11,340</u>
Unallocated expenses		
Loss on deemed disposal of interests in associates, DEHB and Perdana Petroleum Berhad ("PPB")		
Share of results (net of tax) of associates, DEHB group <sup>1</sup> (in oil and gas segment)		
Tax expense		
Profit/(Loss) for the year		
Other comprehensive income, net of tax		
Total comprehensive income/(expenses) for the year		
Total comprehensive income attributable to non-controlling interests		
Total comprehensive income/(expenses) attributable to owners of the Company		

Included in the measure of segment profit/(loss) are:

Depreciation and amortisation (including depreciation capitalised in inventories and contract costs)

Finance income

Finance costs

Net changes in impairment loss on financial assets and contract assets

Inventories written down

<sup>1</sup> Share of results of DEHB Group comprised the share of results from two associates, DEHB and PPB

**31. Operating segments (continued)**

Construction		Others		Inter-segment elimination		Consolidated	
2022	2021	2022	2021	2022	2021	2022	2021
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
265,352	310,293	17,596	19,376	-	-	368,566	422,251
54,872	36,796	2,794	2,828	( 57,666)	( 39,624)	-	-
<u>320,224</u>	<u>347,089</u>	<u>20,390</u>	<u>22,204</u>	<u>( 57,666)</u>	<u>( 39,624)</u>	<u>368,566</u>	<u>422,251</u>
1,551	9,961	( 8,706)	( 5,237)	( 3,981)	( 698)	( 4,616)	12,996
4,730	7,347	-	-	-	-	8,826	9,717
1,256	777	-	-	-	-	1,256	777
<u>7,537</u>	<u>18,085</u>	<u>( 8,706)</u>	<u>( 5,237)</u>	<u>( 3,981)</u>	<u>( 698)</u>	<u>5,466</u>	<u>23,490</u>
						( 4,832)	( 3,518)
						( 55)	( 2,004)
						30,939	( 89,336)
						( 6,446)	( 5,598)
						<u>25,072</u>	<u>( 76,966)</u>
						9,047	6,447
						<u>34,119</u>	<u>( 70,519)</u>
						( 263)	( 1,699)
						<u>33,856</u>	<u>( 72,218)</u>
<b>Property development</b>		<b>Construction</b>		<b>Others</b>		<b>Consolidated</b>	
2022	2021	2022	2021	2022	2021	2022	2021
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
4,605	3,951	165	556	8,042	8,034	12,812	12,541
( 812)	( 1,368)	( 3,530)	( 4,310)	-	-	( 4,342)	( 5,678)
3,786	2,479	4,191	3,569	3,992	6,103	11,969	12,151
343	534	( 2,283)	2,633	( 379)	844	( 2,319)	4,011
-	-	-	-	-	26	-	26
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26</u>	<u>-</u>	<u>26</u>

## NOTES TO THE FINANCIAL STATEMENTS (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		Segment
	2022 RM'000	2021 RM'000	
Customer A	235,509	274,469	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 disclosure.

## 32. Financial instruments

### 32.1 Categories of financial instruments

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

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

Group	Financial assets				Total RM'000
	Other investment RM'000	Trade and other receivables RM'000	Cash and cash equivalents RM'000	Other financial assets RM'000	
<b>At 31.12.2022</b>					
Carrying amount	3,017	108,065	247,758	15,416	374,256
AC	-	108,065	247,758	15,416	371,239
FVOCI	3,017	-	-	-	3,017
<b>At 31.12.2021</b>					
Carrying amount	3,028	161,454 <sup>^</sup>	274,751	15,421	454,654
AC	-	161,454 <sup>^</sup>	274,751	15,421	451,626
FVOCI	3,028	-	-	-	3,028

<sup>^</sup> Excluding amount receivable from Royal Malaysian Custom Department.

## 32. Financial instruments (continued)

## 32.1 Categories of financial instruments (continued)

<u>Group</u> (continued)	<u>Financial liabilities</u>			Total RM'000
	Loans and borrowings RM'000	Trade and other payables* RM'000	Provisions RM'000	
<b>At 31.12.2022</b>				
Carrying amount	( 232,950)	( 248,865)	( 3,472)	( 485,287)
AC	( 232,950)	( 248,865)	( 3,472)	( 485,287)
<b>At 31.12.2021</b>				
Carrying amount	( 268,817)	( 274,990)	( 3,472)	( 547,279)
AC	( 268,817)	( 274,990)	( 3,472)	( 547,279)

\* Excluding advance payment received and/or deposit received from contract customers

<u>Company</u>	<u>Financial assets</u>			Total RM'000
	Trade and other receivables RM'000	Cash and cash equivalents RM'000	Other financial assets RM'000	
<b>At 31.12.2022</b>				
Carrying amount	76,736	29,797	2,824	109,357
AC	76,736	29,797	2,824	109,357
<b>At 31.12.2021</b>				
Carrying amount	105,888	32,729	2,788	141,405
AC	105,888	32,729	2,788	141,405

<u>Company</u>	<u>Financial liabilities</u>		
	Loans and borrowings RM'000	Trade and other payables RM'000	Total RM'000
<b>At 31.12.2022</b>			
Carrying amount	( 79,888)	( 73,773)	( 153,661)
AC	( 79,888)	( 73,773)	( 153,661)
<b>At 31.12.2021</b>			
Carrying amount	( 86,854)	( 56,441)	( 143,295)
AC	( 86,854)	( 56,441)	( 143,295)

## 32. Financial instruments (continued)



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Net gains/(losses) on:</b>				
Financial assets at AC	8,700	8,539	3,814	4,009
Financial liabilities at AC	( 11,969)	( 12,151)	( 5,679)	( 4,880)
Equity instruments designated at FVOCI	114	( 1)	-	-
	<u>( 3,155)</u>	<u>( 3,613)</u>	<u>( 1,865)</u>	<u>( 871)</u>

### 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 unsecured short-term advances to subsidiaries and financial guarantees given to banks for credit facilities granted to certain subsidiaries. There are no significant changes as compared to previous year.

#### Receivables

#### **Risk management objectives, policies and processes for managing the risk**

- Receivables from external parties

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

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

The contract assets [see Note 13.2(c)] have substantially the same risk characteristics as the trade receivables from the same categories of customers. The Group or the Company has 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.

### 32. Financial instruments (continued)

### 32.3 Financial risk management (continued)

#### a. Credit risk (continued)

##### Receivables (continued)

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

- Intercompany balances

The Company sometimes provides some financial support assistance via unsecured short-term advances to some of its subsidiaries. The Company monitors the results of these 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Two (2021: two) external parties	50,508	100,401	-	-
One (2021: two) subsidiary(ies)	-	-	76,587	103,988
	<u>50,508</u>	<u>100,401</u>	<u>76,587</u>	<u>103,988</u>

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Malaysia	108,055	161,429	76,736	105,888
Fiji	10	25	-	-
	<u>108,065</u>	<u>161,454</u>	<u>76,736</u>	<u>105,888</u>

##### *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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 32.3 Financial risk management (continued)

#### a. Credit risk (continued)

##### Receivables (continued)

##### Recognition and measurement of impairment loss (continued)

For receivables from goods sold and/or 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:

<u>Group</u>	<b>Gross RM'000</b>	<b>Loss allowance RM'000</b>	<b>Net RM'000</b>
<b><u>2022</u></b>			
Not past due	71,938	-	71,938
Past due 0-30 days	6,658	( 28)	6,630
Past due 31-60 days	2,267	( 32)	2,235
Past due 61-90 days	345	( 70)	275
Past due 91-180 days	2,267	( 344)	1,923
Past due more than 180 days	38,715	( 13,651)	25,064
Trade and other receivables	<u>122,190</u>	<u>( 14,125)</u>	<u>108,065</u>
<b><u>2021</u></b>			
Not past due	126,475	-	126,475
Past due 0-30 days	3,462	( 28)	3,434
Past due 31-60 days	1,227	( 28)	1,199
Past due 61-90 days	830	( 57)	773
Past due 91-180 days	1,551	( 441)	1,110
Past due more than 180 days	57,354	( 28,891)	28,463
Trade and other receivables	<u>190,899</u>	<u>( 29,445)</u>	<u>161,454</u>

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

<u>Group</u>	<b>Trade receivables RM'000</b>	<b>Other receivables RM'000</b>	<b>Total RM'000</b>
Balance at 1 January 2021	19,199	8,868	28,067
Additions	718	660	1,378
Balance at 31 December 2021/1 January 2022	<u>19,917</u>	<u>9,528</u>	<u>29,445</u>
Additions	244	343	587
Reversals	( 623)	-	( 623)
Write-offs	( 15,158)	( 126)	( 15,284)
Balance at 31 December 2022	<u>4,380</u>	<u>9,745</u>	<u>14,125</u>

### 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 debts owing by its subsidiaries, which are considered to have low credit risk. As the Company is able to determine the timing of payments of these debts and manage the utilisation of assets, there is no indication that the amounts due from subsidiaries of RM76,709,000 (2021: RM105,872,000) are not recoverable as at the end of the reporting period. The Company considers a subsidiary's debts to be credit impaired when the subsidiary is unlikely to repay its debts to the Company in full. The Company determines the probability of default for these debts using internal information available.

**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 when required. 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:

<b><u>Company</u></b>	<b>2022</b> <b>RM'000</b>	<b>2021</b> <b>RM'000</b>
Bank guarantees	28,523	29,176
Other loans and borrowings outstanding and recognised in financial statements	152,803	181,640
Total	<u>181,326</u>	<u>210,816</u>

The Company reviews and reassesses the credit risk when a subsidiary's financial position deteriorates significantly and makes losses from its operation. The Company considers the financial guarantee to be credit impaired when the subsidiary is unlikely to repay its credit obligation to the bank in full. The Company determines the probability of default of the guaranteed loans individually using internal information available.

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)

## NOTES TO THE FINANCIAL STATEMENTS (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:

<u>Group</u>	Carrying amount RM'000	Contractual interest rate %
<b>2022</b>		
Trade and other payables	248,865	-
Provisions	3,472	-
Loans and borrowings		
- Secured term loans	112,303	4.79 - 6.00
- Unsecured revolving credits	120,000	3.84 - 5.53
- Hire purchases	647	3.74 - 6.93
<b>2021</b>		
Trade and other payables		
- interest-bearing	3,524	5.22
- non interest-bearing	271,466	-
Provisions	3,472	-
Loans and borrowings		
- Secured term loans	96,019	3.92 - 6.00
- Unsecured revolving credits	172,000	3.38 - 4.06
- Hire purchases	798	3.74 - 6.93
<b>Company</b>		
<b>2022</b>		
Other payables		
- interest-bearing	70,175	3.73 - 4.86
- non interest-bearing	3,598	-
Loans and borrowings		
- Secured term loan	44,500	4.79
- Unsecured revolving credits	35,000	4.60 - 5.12
Hire purchases	388	3.85
Financial guarantees*	-	-
<b>2021</b>		
Other payables		
- interest-bearing	54,787	3.75 - 3.81
- non interest-bearing	1,654	-
Loans and borrowings		
- Secured term loan	1,378	4.20
- Unsecured revolving credits	85,000	3.60 - 3.96
- Hire purchases	476	3.85
Financial guarantees*	-	-

\* 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)

<b>Contractual cash flows RM'000</b>	<b>Under 1 year RM'000</b>	<b>1-2 years RM'000</b>	<b>2-5 years RM'000</b>	<b>More than 5 years RM'000</b>
248,865	230,883	3,716	14,266	-
3,472	3,472	-	-	-
129,562	30,387	24,819	50,155	24,201
121,382	121,382	-	-	-
698	180	180	338	-
<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
3,708	3,708	-	-	-
271,466	251,283	7,861	12,322	-
3,472	3,472	-	-	-
109,221	32,515	22,288	38,232	16,186
173,229	173,229	-	-	-
878	180	180	518	-
<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
70,175	70,175	-	-	-
3,598	3,598	-	-	-
52,412	7,918	7,713	21,413	15,368
35,343	35,343	-	-	-
419	105	105	209	-
181,326	181,326	-	-	-
<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
54,787	54,787	-	-	-
1,654	1,654	-	-	-
1,384	1,384	-	-	-
85,436	85,436	-	-	-
524	105	105	314	-
210,816	210,816	-	-	-
<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

## NOTES TO THE FINANCIAL STATEMENTS (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:

	2022 RM'000	2021 RM'000
Cash and cash equivalents denominated in USD		
- Group	4,904	4,631
- Company	4,798	4,490
	<u>          </u>	<u>          </u>

A 10% (2021: 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 below. 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.

	Equity and Profit or loss	
	2022 RM'000	2021 RM'000
USD		
- Group	( 373)	( 352)
- Company	( 365)	( 341)
	<u>          </u>	<u>          </u>

A 10% (2021: 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. Investment in equity securities and short-term receivables and payables are not significantly exposed to interest rate risk.

### 32. Financial instruments (continued)

32.3 **Financial risk management** (continued)c. **Market risk** (continued)ii. **Interest rate risk** (continued)**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.

**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	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<b>Fixed-rates instruments</b>				
- Financial assets	250,382	282,819	27,764	30,835
- Financial liabilities	( 165,504)	( 231,768)	( 35,388)	( 85,476)
<b>Floating rates instruments</b>				
- Financial assets	-	-	69,920	98,956
- Financial liabilities	( 67,446)	( 40,573)	( 114,675)	( 56,165)

**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.

	Equity and Profit or loss			
	2022		2021	
	100bp increase	100bp decrease	100bp increase	100bp decrease
	RM'000	RM'000	RM'000	RM'000
<b>Floating rate instruments</b>				
- Group	( 1,639)	1,639	( 629)	629
- Company	( 1,264)	1,264	337	( 337)

32. **Financial instruments** (continued)



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 32.3 Financial risk management (continued)

#### c. Market risk (continued)

##### 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.

### 32.4 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.

<u>Group</u>	Fair value of financial instruments carried at fair value		
	(Level 1) RM'000	(Level 3) RM'000	Total RM'000
<b>2022</b>			
<b>Financial assets</b>			
Other investments	54	2,963	3,017
Trade and other receivables	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Financial liabilities</b>			
Loans and borrowings			
- Unsecured revolving credits	-	-	-
- Secured term loans	-	-	-
- Hire purchases	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
<b>2021</b>			
<b>Financial assets</b>			
Other investments	65	2,963	3,028
Trade and other receivables	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Financial liabilities</b>			
Loans and borrowings			
- Unsecured revolving credits	-	-	-
- Secured term loans	-	-	-
- Hire purchases	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>

Fair value of financial instruments not carried at fair value			Total fair value RM'000	Carrying amount RM'000
(Level 2) RM'000	(Level 3) RM'000	Total RM'000		
-	-	-	3,017	3,017
-	38,108	38,108	38,108	38,108
<u>-</u>	<u>38,108</u>	<u>38,108</u>	<u>38,108</u>	<u>38,108</u>
-	120,000	120,000	120,000	120,000
-	112,580	112,580	112,580	112,303
647	-	647	647	647
<u>-</u>	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>
<u>-</u>	<u>112,580</u>	<u>112,580</u>	<u>112,580</u>	<u>112,303</u>
<u>647</u>	<u>-</u>	<u>647</u>	<u>647</u>	<u>647</u>
-	-	-	3,028	3,028
-	47,393	47,393	47,393	47,393
<u>-</u>	<u>47,393</u>	<u>47,393</u>	<u>47,393</u>	<u>47,393</u>
-	172,000	172,000	172,000	172,000
-	96,296	96,296	96,296	96,019
798	-	798	798	798
<u>-</u>	<u>172,000</u>	<u>172,000</u>	<u>172,000</u>	<u>172,000</u>
<u>-</u>	<u>96,296</u>	<u>96,296</u>	<u>96,296</u>	<u>96,019</u>
<u>798</u>	<u>-</u>	<u>798</u>	<u>798</u>	<u>798</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 32. Financial instruments (continued)

#### 32.4 Fair value information (continued)

<u>Company</u>	Fair value of financial instruments not carried at fair value			Total fair value RM'000	Carrying amount RM'000
	(Level 2) RM'000	(Level 3) RM'000	Total RM'000		
<b>2022</b>					
<b>Financial liabilities</b>					
Loans and borrowings					
- Unsecured revolving credits	-	35,000	35,000	35,000	35,000
- Secured term loan	-	44,569	44,569	44,569	44,500
- Hire purchases	388	-	388	388	388
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>2021</b>					
<b>Financial liabilities</b>					
Loans and borrowings					
- Unsecured revolving credits	-	85,000	85,000	85,000	85,000
- Secured term loan	-	1,378	1,378	1,378	1,378
- Hire purchases	476	-	476	476	476
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

The Group does not have any outstanding financial derivatives as at 31 December 2022.

#### **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 financial 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 financial 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 interest rates at the end of the reporting period. For finance leases and hire purchases, the market interest rate 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.

**32. Financial instruments** (continued)**32.4 Fair value information** (continued)**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 rate was 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 various stakeholders in the Group and to sustain the future development of the business.

As at end of reporting period, the Group is in net equity surplus position of RM1,264,681,000 with total loans and borrowings of RM232,950,000, which gives rise to a gearing ratio of approximately 18% and is below the debt to equity ratio of not exceeding 1 time (see Note 20.3).

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

**34. Capital expenditure commitments**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Property, plant and equipment</b>		
- Authorised but not contracted for	15,000	15,000
<b>Investment properties</b>		
- Authorised and contracted for	1,200	4,850
- Authorised but not contracted for	30,000	25,150
	46,200	45,000
	46,200	45,000

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 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 controls. 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 and key management personnel.

#### *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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b><u>Subsidiaries</u></b>				
Management fee income	-	-	( 2,428)	( 2,447)
Management fee expense	-	-	1,284	1,034
Rental expense on premises	-	-	234	234
Interest income	-	-	( 3,178)	( 3,602)
Interest expense	-	-	2,571	1,406
Dividend income	-	-	-	( 40,000)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b><u>Associates</u></b>				
Construction costs payable	157,130	161,528	-	-
Construction contract sum billed	-	( 2,093)	-	-
Dividend income	( 4,206)	( 4,206)	( 4,206)	( 4,206)
Sales of goods	( 66)	-	-	-
Sale of property, plant and equipment	-	( 160)	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**35. Related parties** (continued)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Joint venture</b>				
Distribution of profit	1,530	1,530	-	-

The balances with the subsidiaries, associates and joint ventures are disclosed in Notes 12 and 21 to the financial statements.

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 existing subsidiaries***

On 20 April 2022, the Company subscribed for additional 50,000 new ordinary shares issued by its wholly owned subsidiary, Naim Engineering Sdn. Bhd. (“NESB”) for a cash consideration of RM50,000. The share proceeds arising therefrom were subsequently used by NESB to redeem in full 50,000 preference shares previously issued to a minority shareholder. The preference shares were thereupon cancelled.

Later, in May 2022, the Company subscribed for another 40,000,000 new ordinary shares issued thereby for a total consideration of RM40,000,000, settled by way of cash of RM3,600,000 and capitalisation of debts owing thereto amounting to RM36,400,000.

Another direct subsidiary, Naim Land Sdn. Bhd. (“NLSB”) subscribed for additional 99,998 new ordinary shares in Naim (MM2H) Sdn. Bhd. during the last financial year for a total consideration of RM99,998, also settled in full by way of capitalisation of debts owing thereto.

The above share subscriptions do not have any material impact to the Group as there are no changes in the Group’s equity interests in NESB and Naim (MM2H) Sdn. Bhd..

***ii. Acquisition of a new subsidiary***

During the last financial year, NLSB subscribed for 2 ordinary shares in Naim Mortgage Sdn. Bhd. (“NMSB”), representing 100% of the equity interest therein, for a cash consideration of RM2. The acquisition did not have a material impact on the Group’s assets and liabilities due to the dormancy of NMSB since its incorporation.

***iii. Additional investment in an existing subsidiary***

NLSB also acquired the remaining 30% equity interest in Jelas Kemuncak Resources Sdn. Bhd. (“JKRSB”) from a minority shareholder during the last financial year at a cash consideration of RM1. The resultant equity interest held by the Group therein had increased from 70% to 100% following the said acquisition.

This change in the ownership interest in JKRSB was accounted for as an equity transaction between the Group and non-controlling interest holder. The change in the Group’s share of net assets of about RM6,132,000 was adjusted against the Group’s retained earnings.

***iv. Internal restructuring***

During the last financial year, the Company acquired the entire equity interest of Naim Academy Sdn. Bhd. (“NACSB”) from NLSB for a cash consideration of RM200,000. Simultaneously, NACSB acquired the entire equity interest of Permyjaya Sino Education Sdn. Bhd. from NLSB for a cash consideration of RM2.00. These acquisitions do not have any impact to the Group as there are no changes in the group equity interest in these subsidiaries.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 37. Movements in investment in associates

#### *i. Dilution in equity interest in Perdana Petroleum Berhad (“PPB”)*

During the current year under review, approximately 795,000 (2021: 1.7 million) redeemable convertible preference shares (“RCPS”) in PPB were converted into ordinary shares by the RCPS holders of PPB. Nevertheless, the Group’s resultant equity interest in PPB following the conversion of RCPS did not vary much from the 3.47% reported as of 31 December 2021. At the same time, another 24.22% owned associate of the Company, Dayang Enterprise Holdings Bhd. (“DEHB”) also recorded a dilution in its ownership interest in PPB, from 63.72% in 2021 to 63.69% in 2022 as a result of the RCPS conversion.

The dilution in the equity interest in PPB arising from the above RCPS conversions, after considering both direct and indirect interests held therein, was accounted for as a loss on deemed disposal amounting to RM55,000 (2021: RM214,000), which was recognised as other non-operating expense in profit or loss (see Note 25).

#### *ii. Decrease in investment in DEHB*

In the last financial year, the Group’s equity interest in DEHB had decreased from 26.42% to 24.22% following a private placement exercise effected by DEHB. The dilution in equity interest was accounted for as deemed disposal with a resultant loss of RM1,790,000 recognised as part of other non-operating expense in profit or loss (see Note 25).

#### *iii. Dilution in equity interest in Miri Specialist Hospital Sdn. Bhd. (“MSHSB”)*

During the last financial year, following a new share allotment exercise effected by an associate, MSHSB in which the Group had elected not to subscribe for its entitlement, the Group’s equity interest in MSHSB was diluted from 30.00% to 15.53% as a result.

Although the Group’s shareholding in MSHSB is less than 20% following the dilution in equity interest, the Group determines that it still has significant influence in MSHSB because it has two (2) board representatives in MSHSB.

The dilution in equity interest in MSHSB was accounted for as a deemed disposal. However, there was no impact arising from the dilution in equity interest in MSHSB as the carrying amount of the said investment had been previously reduced to zero following its share of losses up to its interest in MSHSB.

### 38. Material litigation

#### *Contract litigation*

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

Following the stay of proceedings in favour of arbitration as agreed by both parties, a Notice of Arbitration dated 16 July 2021 was received on 19 July 2021. On 11 April 2022, NESB and the subcontractor agreed and confirmed the appointment of an arbitrator. A preliminary meeting with the arbitrator was held on 23 May 2022. On 18 July 2022, the subcontractor filed their statement of claim where NESB had then filed its statement of defence and counterclaim on 11 October 2022. The subcontractor then submitted a reply and their defence to NESB’s counterclaim on 20 December 2022, of which NESB is currently performing internal assessment and review.

**38. Material litigation** (continued)**Contract litigation** (continued)

The Group is of the view that the claim by the subcontractor is frivolous. As such, the Group does not expect the claim to succeed and is of the view that the claim does not have material financial and/or operational impact to the Group. Notwithstanding, in the event that the claim is allowed by the Arbitrator, the financial impact is limited to what is claimed by the subcontractor in the Statement of Claim. The Group has instructed its solicitor to vigorously contest the claim.

**39. Comparative figures**

The following figures have been reclassified to conform with current year's presentation as well as in relation to the effect of offsetting of financial assets and financial liabilities as disclosed in Note 12.6:

	<b>Group</b>	
	<b>As restated</b>	<b>As previously reported</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Statement of financial position (Extract):</b>		
Trade and other receivables	115,227	126,996
Other financial assets	15,421	-
Cash and cash equivalents	274,751	290,172
Trade and other payables	<u>( 280,557)</u>	<u>( 292,326)</u>



## **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 98 to 191 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial positions of the Group and of the Company as of 31 December 2022 and of their financial performance and cash flows for the financial year then ended.

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

.....  
**Datuk Amar Abdul Hamed Bin Haji Sepawi**

.....  
**Datuk Hasmi Bin Hasnan**

Kuching,

Date: 13 April 2023

# **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 98 to 191 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed

in Kuching in the State of Sarawak

on 13 April 2023.

.....  
**Emily Hii San San**

Before me:

# **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NAIM HOLDINGS BERHAD**

## **Report on the Audit of the Financial Statements**

### **Opinion**

We have audited the financial statements of Naim Holdings Berhad, which comprise the statements of financial position as at 31 December 2022 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 98 to 191.

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 2022, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### **Basis for Opinion**

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

### ***Independence and Other Ethical Responsibilities***

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

## Key Audit Matters

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

### 1. Revenue recognition relating to construction contracts - Group

*Refer to Note 1(d), Basis of Preparation and Note 2(s)(i), Accounting policy-Revenue from contracts with customers and Note 23, Revenue*

The key audit matter	How the matter was addressed in our audit
<p>The total revenue from construction contracts recognised by the Group was RM265 million for the financial year ended 31 December 2022, representing 72% of total revenue of the Group.</p> <p>Revenue from construction contracts is accounted for based on over time recognition using input method. The stage of completion is determined by reference to the actual contract costs incurred for work performed to-date bear to the total estimated contract costs.</p> <p>Consequently, the recognition of revenue is highly dependent on judgement exercised and estimates made in determining the estimated costs to complete, and the ability to deliver contracts within the contractual time and potential claims and penalties for late deliveries.</p> <p>We focused on this area as a key audit matter due to the degree of judgement involved in the estimation of cost to complete over the contract life. Changes in judgements and the related estimates throughout a contract life can result in material adjustments to revenue and consequently, the profit margin of contracts.</p>	<p>We performed the following audit procedures, among others:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the Group's processes, systems and controls implemented, in respect of the budgeting process of estimated costs to complete and monitoring of costs incurred for work performed to date.</li> <li>• We obtained an understanding of the method, key assumptions and underlying data used in the process for estimates made in determining the estimated costs to complete.</li> <li>• We have obtained an understanding of the basis of the key judgements made for the revenue recognition in particular on the number of performance obligations, determining the transaction price, allocation of transaction price to each performance obligation, appropriateness of over time revenue recognition.</li> <li>• We challenged the basis of estimations applied by the Group in regard to the required cost to complete the construction contracts and assessed whether there were biasness in estimating these costs. 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, on a sample basis, to sub-contractors' contracts and suppliers' quotations.</li> <li>• We checked, on sample basis, variations and claims arising from the contract revenue and sub-contract costs to correspondences, supplementary agreements or variation orders.</li> <li>• We interviewed the Group and evaluated the construction progress against the contracted completion date and assessed if any penalties were payable arising from expected and actual delay in completion of contracts.</li> </ul>

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NAIM HOLDINGS BERHAD (CONTINUED)

## Key Audit Matters (continued)

### 2. Recognition of revenue from sales of properties - Group

Refer to Note 1(d), Basis of Preparation, Note 2(s)(i), Accounting policy-Revenue from contracts with customers and Note 23, Revenue

The key audit matter	How the matter was addressed in our audit
<p>The total revenue from sales of properties recognised by the Group is RM85 million for the financial year ended 31 December 2022, representing 23% of total revenue of the Group.</p> <p>Revenue 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 stage of completion is determined by reference to the actual contract costs incurred for work performed to-date bear to the total estimated total property development costs.</p> <p>Consequently, the recognition of revenue is highly dependent on judgement exercised and estimates made in determining the estimated costs to complete, and the ability to deliver properties within the contracted time.</p> <p>We focused on this area as a key audit matter due to the degree of judgement involved in the estimation of cost to complete over the project life. Changes in judgements and the related estimates throughout a property development life can result in material adjustments to revenue and profit recognised on uncompleted properties.</p>	<p>We performed the following audit procedures, among others:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the Group's processes, systems and controls implemented, in respect of the budgeting process of estimated costs to complete and monitoring of costs incurred for work performed to date.</li> <li>• We obtained an understanding of the method, key assumptions and underlying data used in the process for estimates made in determining the estimated costs to complete.</li> <li>• We obtained an understanding of the basis of the key judgements made for the revenue recognition in particular on the number of performance obligations, determining the transaction price, allocation of transaction price to each performance obligation, appropriateness of whether revenue for each contract is to be recognised over time or at a point in time.</li> <li>• We challenged the basis of estimations applied by the Group in regard to the required cost to complete the contracts and assessed whether there were biasness in estimating these costs. 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.</li> </ul>

**Key Audit Matters** (continued)**3. Impairment of completed developed properties held for sale - Group**

Refer to Note 1(d), Basis of Preparation, Note 2(h)(iii), Accounting policy-Inventories and Note 7, Inventories

The key audit matter	How the matter was addressed in our audit
<p>The total completed developed properties held by the Group is RM325 million for the financial year ended 31 December 2022, representing 18% of total assets.</p> <p>We focus on this area as a key audit matter as property overhang units in the property industry remained on the high side despite of government's initiatives to help boost property sales. The risk is now heightened with increasing construction cost, coupled with competitive pricing within the industry, particularly for high rise properties. Subsequent sales of these units are highly dependent on market conditions.</p> <p>Thus, assessment of the valuation of the inventories is critical to ascertain that the carrying amount of these completed properties are stated at the lower of cost and net realisable value as such assessment involved estimates made by the Group and was influence by assumptions concerning future market conditions.</p>	<p>We performed the following audit procedures, among others:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the Group's processes and controls implemented in estimating the net realisable value of these inventories.</li> <li>• We obtained an understanding of the method, key assumptions and underlying data used in the assessment on the net realisable value for the completed development properties held for sale.</li> <li>• We challenged the basis of estimations applied by the Group in regard to net realisable value and assessed whether there were biasness as well as the Group's assessment on the effect of estimate uncertainty. Our procedures include checking to subsequent sales or planned selling prices of the respective units, taking into account market conditions and key attributes such as property size, types and location by reference to similar/comparable properties within the proximity.</li> </ul>

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.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NAIM HOLDINGS BERHAD (CONTINUED)

## 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.

**Auditors' Responsibilities for the Audit of the Financial Statements** (continued)

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

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

**Report on Other Legal and Regulatory Requirements**

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

**Other Matter**

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

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

**Nicholas Chia Wei Chit**  
Approval Number: 03102/03/2024 J  
Chartered Accountant

Kuching,  
Date: 13 April 2023







# PART 7

## Other Information

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# ANALYSIS OF SHAREHOLDINGS AS AT 31 MARCH 2023

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	22	0.32	606	0.00
100 – 1,000	1,019	14.91	606,010	0.12
1,001 – 10,000	3,402	49.80	18,665,915	3.73
10,001 – 100,000	2,055	30.08	68,476,719	13.67
100,001 – 25,037,165 (*)	330	4.83	163,143,596	32.58
25,037,166 and above (**)	4	0.06	249,850,476	49.90
<b>Total</b>	<b>6,832</b>	<b>100.00</b>	<b>500,743,322#</b>	<b>100.00</b>

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.	70,272,017	14.03
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.	FOONG KAH HENG	5,900,000	1.18
9.	HWS PROPERTIES SDN BHD	4,312,250	0.86
10.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEE ZHEN XAO (6000085)	2,065,000	0.41
11.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN LEONG KIAT (M02)	2,000,000	0.40
12.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PLASMA CAPITAL SDN. BHD.	2,000,000	0.40
13.	TAN KOK CHUAN	1,951,500	0.39
14.	LEMBAH RAKYAT SDN. BHD.	1,874,983	0.37
15.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR SINCERE SUCCESS SDN BHD (PB)	1,618,000	0.32
16.	TAN AI BENG	1,460,000	0.30
17.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEW POK OI	1,436,100	0.29

## TOP 30 SHAREHOLDERS

No	Name	No. of Shares Held	% Shareholding
18.	CHOY WEE CHIAP	1,400,000	0.28
19.	MAYBANK NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SAN TUAN SAM	1,397,900	0.28
20.	TAPAK BERINGIN SDN. BHD.	1,360,433	0.27
21.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR IBRAHIM BIN BAKI	1,359,600	0.27
22.	TING SIEW CHII	1,295,000	0.26
23.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	1,264,050	0.25
24.	PUBLIC INVEST NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MUHAMAD ALOYSIUS HENG (M)	1,238,300	0.25
25.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD UBS AG SINGAPORE FOR TOH HOOI HAK	1,200,000	0.24
26.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR TING KUOK LEY @ DAVID KUOK LEH TING (PB)	1,186,900	0.24
27.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GAN HUA CHA (6000154)	1,152,100	0.23
28.	NG SIEW KOOI	1,135,000	0.23
29.	KONG FOOD KIM	1,100,000	0.22
30.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HII SUI CHENG (E-JCL)	1,080,500	0.22

## 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.	71,632,450	14.31	-	-
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	73,507,433	14.68

## DIRECTORS' DIRECT AND INDIRECT INTEREST IN THE COMPANY

	Direct No. of Shares Held		Indirect No. of Shares Held	
		%		%
1. DATUK AMAR ABDUL HAMED BIN HAJI SEPAWI	32,553,427	6.50	73,507,433	14.68
2. DATUK HASMI BIN HASNAN	55,730,768	11.13	135,259,244	27.01
3. BEH BOON EWE	-	-	-	-
4. DATUK AHMAD BIN ABU BAKAR	-	-	-	-
5. DATIN MARY SA'DIAH BINTI ZAINUDDIN	-	-	-	-
6. CHIN CHEE KONG	-	-	-	-
7. TAN CHUAN DYI	-	-	-	-
8. 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
<b>PROPERTIES UNDER PROPERTY, PLANT AND EQUIPMENT</b>				
Part of Lot 6180, Block 11 Kuala Baram Land District	Clubhouse	20.07.1995 Expiring 26.05.2114	29,220 (5,385)*	23,487
Part of Lot 4532 Bintulu Town District	Hotel Land and Building	06.11.2008 Expiring 04.07.2111	1,969 (12,662)	39,738
<b>PROPERTIES UNDER INVENTORY - LAND HELD FOR DEVELOPMENT</b>				
Lot 6186, Part of Lot 8837, Block 11 Kuala Baram Land District	Land For Development	20.07.1995 Expiring 26.06.2114	459,680	20,778
Lot 5234, Block 25 Muara Tuang Land District	Land For Development	29.05.2008 Expiring 15.01.2112	1,808,000	26,709
Lot 4288, Block 26 Kemena Land District	Land For Development	14.11.2014 Expiring 13.11.2113	114,680	17,204
Lot 2905, Block 20 Kemena Land District	Land For Development	20.05.2013 Expiring 19.05.2112	260,000	15,080
Lot 8619, Block 11 Kuala Baram Land District	Land For Development	12.09.2012 Expiring 11.09.2111	142,000	8,529
Lot 4533 Bintulu Town District	Land For Development	26.09.2008 Expiring 04.07.2111	54,997	12,697
<b>INVESTMENT PROPERTY</b>				
Lot 2597, Block 8 Muara Tebas Land District	Industrial Land	27.07.2016 Expiring 26.07.2076	200,300	10,002
Lot 3244, Block 11 Kuala Baram Land District	Commercial Land and Retail Building	20.07.1995 Expiring 19.07.2094	34,130 (25,560)	41,793

\* *excluding outdoor facilities*

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 21<sup>st</sup> Annual General Meeting of Members of NAIM HOLDINGS BERHAD will be held at Naim Sapphire Luxury Homes, Function Hall, 3<sup>rd</sup> Floor, Jalan Lintang Selatan, Batu Lintang, 93200 Kuching, Sarawak on Thursday, 25 May 2023 at 10:00 a.m. 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 2022. **[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

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

Datuk Hasmi Bin Hasnan  
Datin Mary Sa'diah Binti Zainuddin  
Datuk Ahmad Bin Abu Bakar

**ORDINARY RESOLUTION 3**

**ORDINARY RESOLUTION 4**

**ORDINARY RESOLUTION 5**

### 4. Re-Appointment of Auditors

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

**ORDINARY RESOLUTION 6**

## SPECIAL BUSINESSES

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

### 5. ORDINARY RESOLUTION 7 – RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

“THAT subject to the passing of Ordinary Resolution No. 4, approval be and is hereby given to Datin Mary Sa'diah Binti Zainuddin to continue to serve as an Independent Non-Executive Director of the Company until the conclusion of the next AGM.”

**ORDINARY RESOLUTION 7**

### 6. ORDINARY RESOLUTION 8 - AUTHORITY TO ALLOT AND ISSUE SHARES

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

AND THAT in connection with the above, pursuant to Section 85 of the Companies Act 2016 to be read together with Clause 8 (d) of the Constitution of the Company, the shareholders of the Company do hereby waive their preemptive rights over all new shares, grants of new shares or any other convertible securities in the Company and/or any new shares to be issued pursuant to such grants or other convertible securities, such new shares when issued, to rank pari passu with existing issued shares in the Company.”

**ORDINARY RESOLUTION 8**

## NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

### 7. ORDINARY RESOLUTION 9 - PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES (“PROPOSED SHARE BUY-BACK”)

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

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

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

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

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

### ORDINARY RESOLUTION 9

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

#### BY ORDER OF THE BOARD

**JOYCE TAN (MAICSA7066653)**  
**SSM Practising Certificate No. 202208000308**  
**LIM TIEN WEI (MAICSA7073465)**  
**SSM Practising Certificate No. 202208000234**  
**Company Secretaries**

**Kuching, Sarawak**  
**26 April 2023**

#### NOTES:

1. A member entitled to attend, speak and vote at the same meeting may appoint a proxy to attend, speak and vote on his behalf. A proxy may but need not be a member of the Company.
2. To be valid the Proxy form duly completed must be deposited at the Office of the Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, to submit the proxy form electronically via TIIH Online at <https://tjih.online> not less than forty eight (48) hours before the time set for holding the meeting or any adjournment thereof. Please follow the procedures as set out in the Administrative Guide for the electronic lodgement of proxy form.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that where a Member is an authorised nominee as defined in accordance with the provisions of the Securities Industry (Central Depositories) Act 1991, it may appoint up to two (2) proxies in respect of each Securities Account it holds with ordinary shares in the Company standing to the credit of the said Securities Account.
4. 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.
5. If the appointer is a corporation, this form must be executed under its common seal or under the hand of an officer or attorney duly authorised.

6. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respects of each omnibus account it holds.
7. Only members registered in the Record of Depositors as at 18 May 2023 shall be eligible to attend the meeting or appoint proxy to attend and vote on his/her behalf.
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in this Notice will be put to vote by poll.

## Explanatory Notes on Ordinary and Special Businesses

### a. Item 1 of the Agenda

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

### b. Ordinary Resolutions 1 and 2 – Directors' Remuneration

Pursuant to Section 230(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 2023 to April 2024 are as follows:

Description	Non-Executive Chairman May 2023 to April 2024 RM	Non-Executive Director May 2023 to April 2024 RM
Fixed allowance per month	73,230	Not applicable
EPF contribution per month	11,717	Not applicable
Directors' Fee per month	Not applicable	7,500
Additional Directors' Fee per month for Senior Independent Non-Executive director	Not applicable	1,000
Meeting allowance per Board meeting	2,000	2,000
Meeting allowance per Board Committees meeting	1,500	1,500
Other Benefits	Car, driver, petrol, medical coverage, professional & club memberships, travel, communication, D&O <sup>®</sup> Liability Insurance coverage and other claimable benefits	reimbursement for travel expenses (to attend meetings and company functions), communication, professional membership fee, D&O <sup>®</sup> Liability Insurance coverage and other claimable benefits

**Notes:** <sup>®</sup> - Directors & Officers

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



## NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

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

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

The Directors retiring under Clause 85(a) are as follows:

- i. Datuk Hasmi Bin Hasnan;
  - ii. Datin Mary Sa'diah Binti Zainuddin; and
  - iii. Datuk Ahmad Bin Abu Bakar
- and being eligible have offered themselves for re-election.

The respective profiles of the above Directors are set out in the Profile of Directors pages 22 to 29.

The details of interest in securities of the Company (if any) held by the Directors are stated on page 203 of the Annual Report.

### d. Ordinary Resolution 6 – Re-appointment of Auditors

The Board has at its meeting held on 13 April 2023 approved the recommendation of the Audit Committee on the re-appointment of Messrs KPMG PLT as Auditors of the Company. The Board is satisfied that Messrs KPMG PLT has met the relevant criteria prescribed under Paragraph 15.21 of the Main Market Listing Requirements of Bursa Securities which was concluded through the assessment carried out by the Audit Committee on the suitability and independence of Messrs. KPMG PLT.

### e. Ordinary Resolution 7 – Retention of Independent Non-Executive Directors

Datin Mary Sa'diah Binti Zainuddin has served as Independent Non-Executive Director for a cumulative term of 10 years. The Nominating Committee and the Board have carried out an evaluation and assessment and concluded that Datin Mary Sa'diah Binti Zainuddin continues to be independent and objective in all board deliberations. She continues to comply with the relevant criteria and provisions under the definition of independence of the Main Market Listing Requirements of Bursa Securities. She is not related to any directors and major shareholders of the Company and hence she is not under the influence of other directors and major shareholders. Upon the recommendation by the Nominating Committee, the Board of Directors recommended that Datin Mary Sa'diah Binti Zainuddin to be retained as an Independent Non- Executive Director of the Company until the conclusion of the next AGM.

### f. Ordinary Resolution 8 – Authority to Allot and Issue Share pursuant to Sections 75 and 76 of the Companies Act 2016

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

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

The Company did not issue any new shares under the general mandate which was approved at the 21<sup>st</sup> AGM.

### g. Ordinary Resolution 9 – Proposed Renewal of Authority for the Company to Purchase its Own Shares

The Proposed Ordinary Resolution 9, 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 26 April 2023 is enclosed for further information.

# ADMINISTRATIVE DETAILS FOR THE TWENTY-FIRST ANNUAL GENERAL MEETING (“21<sup>ST</sup> AGM”) OF NAIM HOLDINGS BERHAD

Date	:	Thursday, 25 May 2023
Venue	:	NAIM Sapphire Luxury Homes, Function Hall, 3rd Floor, Jalan Lintang Selatan, Batu Lintang, 93200 Kuching, Sarawak
Time & Place of Registration	:	From 9.00 a.m. until commencement of poll voting NAIM Sapphire Luxury Homes, Function Hall, 3rd Floor, Jalan Lintang Selatan, Batu Lintang, 93200 Kuching, Sarawak

## 1. OTHER IMPORTANT INFORMATION

If any of the members/proxies/corporate representatives (“Persons”) is unwell with fever, dry cough, tiredness, sore throat, aches and pains, nasal congestion, runny nose, diarrhoea or shortness of breath, they must seek medical attention and quarantine themselves at home. Under such circumstances, the Persons are advised to appoint the Chairman of the meeting as their proxy to attend and vote on their behalf at the 21<sup>st</sup> AGM.

Generally, any Persons who:

- feel unwell before the 21<sup>st</sup> AGM; or
- have been placed on quarantine orders or stay-at-home notices; or
- have a travel history to certain countries/regions in the specified period preceding the 21<sup>st</sup> AGM, as announced by the Ministry of Health, must not attend the 21<sup>st</sup> AGM in person, and instead are strongly encouraged to appoint the Chairman of this 21<sup>st</sup> AGM as their proxy to attend and vote on their behalf at the 21<sup>st</sup> AGM.

Any Persons attending the 21<sup>st</sup> AGM physically should wear a face mask in advance and throughout the 21<sup>st</sup> AGM and practice proper self-sanitisation, including the use of hand sanitisers.

## 2. CORPORATE MEMBERS

Corporate members who wish to appoint corporate representatives instead of a proxy to attend and vote at the 21<sup>st</sup> AGM, must deposit their **original or duly certified certificate** of appointment of corporate representative to Tricor Investor & Issuing House Services Sdn. Bhd. not later than **Tuesday, 23 May 2023 at 10:00 a.m.**

Attorneys appointed by power of attorney are required to deposit their power of attorney with Tricor Investor & Issuing House Services Sdn. Bhd. not later than **Tuesday, 23 May 2023 at 10:00 a.m.** to attend and vote at the 21<sup>st</sup> AGM.

If a corporate member (through its corporate representative(s) or appointed proxy(ies)) is unable to attend the 21<sup>st</sup> AGM, you may appoint the Chairman of the meeting as your proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

## 3. NO DOOR GIFT/FOOD VOUCHER

There will be **no distribution/provision of door gifts or food vouchers** for the 21<sup>st</sup> AGM.

We would like to thank our members for your kind co-operation and understanding in these challenging times.

# ADMINISTRATIVE DETAILS FOR THE TWENTY-FIRST ANNUAL GENERAL MEETING (“21<sup>ST</sup> AGM”) OF NAIM HOLDINGS BERHAD (CONTINUED)

## 4. GENERAL MEETING RECORD OF DEPOSITORS (“ROD”)

Only a depositor whose name appears on the **ROD as at 18 May 2023** shall be entitled to attend, speak and vote at the 21<sup>st</sup> AGM or appoint proxies/corporate representatives/attorneys to attend and/or vote on his/her behalf.

## 5. PROXY

If you are unable to attend the meeting on 25 May 2023, you may appoint the Chairman of the meeting as proxy and indicate the voting instructions in the Form of Proxy.

You may also submit the Form of Proxy electronically via **TIIH Online** website at <https://tiih.online> no later than **Tuesday, 23 May 2023 at 10:00 a.m.** Please read and follow the procedures below to submit Form of Proxy electronically.

You may submit your Form of Proxy to Tricor Investor & Issuing House Services Sdn. Bhd. by e-mail to [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com). However, please ensure that the **Original Form of Proxy** is deposited with Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, 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 forty-eight (48) hours before the time appointed for holding the 21<sup>st</sup> AGM or any adjournment thereof, otherwise the Form of Proxy shall be treated as invalid.

## 6. ELECTRONIC LODGEMENT OF FORM OF PROXY

The procedures to lodge your Form of Proxy electronically via Tricor’s **TIIH Online** website are summarised below:

Procedure	Action
<b>i. Steps for Individual Members</b>	
a. Register as a User with <b>TIIH Online</b>	at <a href="https://tiih.online">https://tiih.online</a> . Register as a user under the “e-Services”. Select the “ <b>Sign Up</b> ” button and followed by “ <b>Create Account by Individual Holder</b> ”. Please do refer to the tutorial guide posted on the homepage for assistance.
• Using your computer, please access the website	• If you are already a user with <b>TIIH Online</b> , you are not required to register again.
of Form of Proxy	b. Proceed with submission
• After the release of the	Notice of Meeting by the Company, login with your username (i.e. email address) and password.
	• Select the corporate event: “ <b>Naim Holdings Berhad 21<sup>st</sup> AGM – Submission of Proxy Form</b> ”.
	• Read and agree to the Terms & Conditions and confirm the Declaration.
	• Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf.
	• Appoint your proxy(s) and insert the required details of your proxy(s) or appoint Chairman as your proxy.
	• Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote.
	• Review and confirm your proxy(s) appointment.
	• Print Form of Proxy for your record.

**ii. Steps for Corporation or Institutional Members**

Procedure	Action
c. Register as a User with <b>TIIH Online</b> website	<ul style="list-style-type: none"> <li>• Access <b>TIIH Online</b> website at <a href="https://tiih.online">https://tiih.online</a>.</li> <li>• Under e-Services, the authorised or nominated representative of the corporation or institutional member selects “<b>Create Account by Representative of Corporate Holder</b>”.</li> <li>• Complete the registration form and upload the required documents.</li> <li>• Registration will be verified, and you will be notified by e-mail within one (1) to two (2) working days.</li> <li>• Proceed to activate your account with the temporary password given in the e-mail and re-set your own password.</li> </ul> <p>Note: The representative of a corporation or institutional member must register as a user in accordance with the above steps before he/she can subscribe to this corporate member electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.</p>
d. Proceed with submission of Form of Proxy	<ul style="list-style-type: none"> <li>• Login to <b>TIIH Online</b> website at <a href="https://tiih.online">https://tiih.online</a>.</li> <li>• Select the corporate exercise name: “<b>Naim Holdings Berhad 21<sup>st</sup> AGM – Submission of Proxy Form</b>”.</li> <li>• Agree to the Terms &amp; Conditions and Declaration.</li> <li>• Proceed to download the file format for “Submission of Proxy Form” in accordance with the Guidance Note set therein.</li> <li>• Prepare the file for the appointment of proxies by inserting the required data.</li> <li>• Submit the duly completed proxy appointment file.</li> <li>• Select “Submit” to complete your submission.</li> <li>• Print the confirmation report of your submission for your record.</li> </ul>

**7. POLL VOTING**

The Voting at the 21<sup>st</sup> AGM will be conducted by poll in accordance with Paragraph 8.29A of Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

During this 21<sup>st</sup> AGM, the Poll Administrator will brief on the voting procedures. The voting session will commence as soon as the Chairman calls for the poll to be opened.

Upon completion of the voting session for the 21<sup>st</sup> AGM, the Scrutineers will verify and announce the poll results followed by the Chairman’s declaration whether the resolution is duly passed.

**8. REGISTRATION**

- a. Registration will start at 9.00 a.m. in **Naim Sapphire Luxury Homes, Function Hall, 3rd Floor, Jalan Lintang Selatan, Batu Lintang, 93200 Kuching, Sarawak.**
- b. Please present your original MyKad/passport to the registration staff for verification.
- c. Upon verification, you are required to write your name, mobile contact and sign the Attendance list placed on the registration table.
- d. No person will be allowed to register on behalf of another person even with the original MyKad/passport of the other person.

# **ADMINISTRATIVE DETAILS FOR THE TWENTY-FIRST ANNUAL GENERAL MEETING (“21<sup>ST</sup> AGM”) OF NAIM HOLDINGS BERHAD (CONTINUED)**

## **9. HELP DESK**

Please proceed to the Help Desk for any clarification or queries apart from registration details.

The Help Desk will also handle revocation of proxy's appointment.

## **10. RECORDING OR PHOTOGRAPHY**

Strictly **NO** unauthorised recording or photography of the proceedings of the 21<sup>st</sup> AGM is allowed.

## **11. ENQUIRY**

If you have any enquiries on the above, please contact the following persons during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

### **Tricor Investor & Issuing House Services Sdn. Bhd.**

General Line : +603-2783 9299

Fax Number : +603-2783 9222

Email : [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com)

Contact Persons : Mr. Jia Jin : +603-2783 9246 Email : [Jia.Jin.Lim@my.tricorglobal.com](mailto:Jia.Jin.Lim@my.tricorglobal.com)

: Ms. Siti Zalina : +603-2783 9247 Email : [Siti.Zalina@my.tricorglobal.com](mailto:Siti.Zalina@my.tricorglobal.com)

: Ms. Lay Kiow : +603-2783 9232 Email : [Lay.Kiow.Lim@my.tricorglobal.com](mailto:Lay.Kiow.Lim@my.tricorglobal.com)



**NAIM HOLDINGS BERHAD**

REGISTRATION NO. 200201017804 (585467 - M)

## FORM OF PROXY

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

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

IC No./ID No./Company No. \_\_\_\_\_ (new) \_\_\_\_\_ (old)

of \_\_\_\_\_  
(FULL ADDRESS)

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

First Proxy

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

and or failing him/her

Second Proxy

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

Or failing him/her the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the 21<sup>st</sup> Annual General Meeting of the Company will be held at NAIM Sapphire Luxury Homes, Function Hall, 3<sup>rd</sup> Floor, Jalan Lintang Selatan, Batu Lintang, 93200 Kuching, Sarawak on **Thursday, 25 May 2023 at 10:00 a.m.** or any adjournment thereof, in the manner indicated below:

Resolutions	FOR	AGAINST
Ordinary Resolution 1 Approval of Directors' fees and remuneration for the Non-Executive Chairman		
Ordinary Resolution 2 Approval of Directors' fees and remuneration for the Non-Executive Directors		
Ordinary Resolution 3 Re-election of Director: Datuk Hasmi Bin Hasnan		
Ordinary Resolution 4 Re-election of Director: Datin Mary Sa'diah Binti Zainuddin		
Ordinary Resolution 5 Re-election of Director: Datuk Ahmad Bin Abu Bakar		
Ordinary Resolution 6 Re-appointment of Auditors: Messrs KPMG PLT as Auditors and authorising the Directors to fix their remuneration		
<b>Special Businesses</b>		
Ordinary Resolution 7 Retention of Datin Mary Sa'diah Binti Zainuddin as Independent Director		
Ordinary Resolution 8 Authority to allot and issue shares		
Ordinary Resolution 9 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 \_\_\_\_\_ 2023

\_\_\_\_\_  
Signature of Shareholder(s)/Common Seal

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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

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**NOTES:**

1. A member entitled to attend, speak and vote at the same meeting may appoint a proxy to attend, speak and vote on his behalf. A proxy may but need not be a member of the Company.
2. To be valid the Proxy form duly completed must be deposited at the Office of the Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, to submit the proxy form electronically via TIIH Online at <https://tjih.online> not less than forty eight (48) hours before the time set for holding the meeting or any adjournment thereof. Please follow the procedures as set out in the Administrative Guide for the electronic lodgement of proxy form.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that where a Member is an authorised nominee as defined in accordance with the provisions of the Securities Industry (Central Depositories) Act 1991, it may appoint up to two (2) proxies in respect of each Securities Account it holds with ordinary shares in the Company standing to the credit of the said Securities Account.
4. 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.
5. If the appointer is a corporation, this form must be executed under its common seal or under the hand of an officer or attorney duly authorised.
6. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respects of each omnibus account it holds.
7. Only members registered in the Record of Depositors as at 18 May 2023 shall be eligible to attend the meeting or appoint proxy to attend and vote on his/her behalf.
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in this Notice will be put to vote by poll.

# FROM WHERE WE BEGAN . . .



Annual Report  
**1998**  
NAIM CENDERA SDN BHD



Annual Report  
**1999**  
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Annual Report  
**2000**  
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Annual Report  
**2001**  
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Annual Report  
**2002**  
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Listing on KLSE Main Board  
**2003**



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**2004**  
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Annual Report  
**2006**  
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Annual Report  
**2007**  
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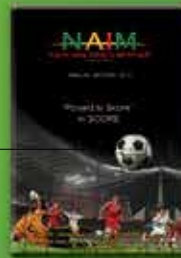
Annual Report  
**2008**  
NAIM HOLDINGS BERHAD  
(Formerly known as Naim Cendera  
Holdings Berhad)



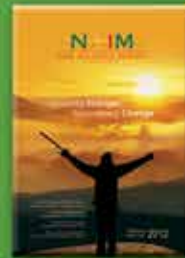
Annual Report  
**2009**  
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**2022**  
NAIM HOLDINGS BERHAD