

THIS STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in doubt as to the course of action to take, you should consult your stockbroker, solicitor, accountant, banker or other professional advisers immediately.

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Shareholders should rely on their own evaluation to assess the merits and risks of the Proposal as set out herein.



SHARE BUY-BACK STATEMENT

IN RELATION TO THE

**PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY
TO PURCHASE ITS OWN SHARES (“PROPOSED RENEWAL OF SHARE BUY-BACK
AUTHORITY”)**

The resolution for the Proposed Renewal of Share Buy-Back Authority has been included in the Notice of the Company’s Twenty-Second Annual General Meeting (“22nd AGM”). The AGM will be held at Sapphire On The Park, Function Hall, 3rd Floor, Jalan Lintang Selatan, Batu Lintang, 93200 Kuching, Sarawak on Thursday, 30 May 2024 at 10:00 a.m.

The Notice of the 22nd AGM together with the Proxy Form, Administrative Details, Annual Report 2023 and this Statement are published on the Company’s website at www.naim.com.my or Bursa Malaysia website at www.bursa.com.my. Please follow the procedures in the Administrative Details for the 22nd AGM provided in the Annual Report 2023 in order to register, participate and vote.

Members who appoint a proxy or proxies may deposit their duly executed proxy forms in hardcopy or by electronic means in the following manner before 10:00 am on Tuesday, 28 May 2024:-

- (a) **Hard copy** - Please submit to the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd (“Tricor”) at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or Tricor’s Customer Service Center at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur; OR
- (b) **Electronic form** - Please lodge via Tricor’s TIIH Online website at <https://tiah.online> (applicable to individual members only) by following the procedures provided in the Administrative Details for the 22nd AGM.

The lodging of the proxy form will not preclude you from participating and voting at the 22nd AGM should you subsequently wish to do so.

This Statement is dated 30 April 2024

SHARE BUY BACK STATEMENT

IN RELATION TO THE

PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

1.0 INTRODUCTION

At the Twenty-First (21st) Annual General Meeting (“21st AGM”) held on 25 May 2023, the Company obtained its shareholders’ approval to renew its share buy-back authority to purchase up to 10% of the total issued shares of the Company (“NAIM”).

In accordance with the Listing Requirements, governing the purchase of own shares by a listed company, the aforesaid approval shall lapse at the conclusion of the forthcoming AGM which will be held at Sapphire On The Park, Function Hall, 3rd Floor, Jalan Lintang Selatan, Batu Lintang, 93200 Kuching, Sarawak on Thursday, 30 May 2024 at 10:00 a.m. unless a new mandate is obtained from the shareholders.

The Board proposes to seek the approval from the shareholders for renewal of the authority to purchase up to 10% of the total number of issued shares of the Company.

The purpose of this Statement is to provide you with the relevant information for the Proposed Renewal of Share Buy-Back Authority for the Company to purchase its own shares and to seek your approval for the ordinary resolution pursuant to an agenda under Special Business to be tabled at the forthcoming AGM of the Company.

The Notice of the forthcoming AGM together with the Proxy Form and Administrative Notes are available on the Company’s website at www.naim.com.my.

2.0 DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The Board proposes to seek approval from the shareholders of the Company for a renewal of authority to enable the Company to purchase shares from time to time and at any time, in aggregate such number of Shares representing not more than ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Malaysia at the point of purchase subject to compliance with Section 127 of the Companies Act 2016 (“the Act”), the Listing Requirements and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of purchase.

The issued share capital of the Company as at 29 March 2024 being the latest practicable date (“LPD”) was RM454,801,825 comprising 513,799,322 shares. The maximum number of shares which may be purchased by the Company shall not exceed 51,379,932 shares. Taking into account the number of treasury shares held as at LPD of 13,056,000, the balance shares that can be purchased by the Company is 38,323,932 shares. The purchase of own shares will be carried out on Bursa Securities through appointed stockbrokers.

The Proposed Renewal of Share Buy-Back Authority is subject to compliance with the Act and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the purchase including compliance with the public shareholding spread as required by the Listing Requirements. The authority from shareholders for the Proposed Renewal of Share Buy-Back Authority, if renewed, will be effective immediately upon the passing of the ordinary resolution to be tabled at the forthcoming 22nd AGM of the Company and will continue to be in force until:

- (i) the conclusion of the next AGM; or
- (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever is the earlier.

3.0 TREATMENT OF PURCHASED SHARES

In accordance with Section 127 of the Act, the Board may, at its discretion, deal with the purchased NAIM shares in the following manner:

- (i) cancel the shares so purchased;
- (ii) retain the shares so purchased as treasury shares;
- (iii) retain part of the shares so purchased as treasury shares and cancel the remainder;
- (iv) distribute the treasury shares held as dividend to the shareholders;
- (v) resell the treasury shares on the market of Bursa Malaysia;
- (vi) transfer the treasury shares as purchase consideration; or
- (vii) deal in such other manner as Bursa Malaysia and such other relevant authorities may allow from time to time.

In the event the Company ceases to hold all or part of the purchased shares as a result of the above, the Company may further purchase such additional number of shares provided that the total shares purchased (including shares held as treasury shares then) does not exceed ten per centum (10%) of its ordinary issued and paid-up share capital at the time of such purchase.

4.0 POTENTIAL ADVANTAGES/RATIONALE AND DISADVANTAGES OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

4.1 Potential Advantages/Rationale of the Proposed Renewal of Share Buy-Back Authority

The Company may be able to stabilize the supply and demand of Naim shares in the open market and thereby support its fundamental value.

The Proposed Renewal of Share Buy-Back Authority is expected to enhance value for shareholders from a resultant reduction in the number of shares in the market. Further, it may also enhance the Earnings Per Share and the return on equity in the event of the cancellation of the shares bought back by the Company which will benefit shareholders.

The shares bought back can also be held as treasury shares and resold in accordance with Listing Requirements on the market of Bursa Securities at a higher price with the intention of realizing a potential gain without affecting the total number of issued shares of the Company.

The Company will be able to utilize its financial resources that it has no immediate usage, for the purchase of Naim shares. The actual number of Shares to be purchased, the total amount of funds involved for each purchase and the funding of the purchase will depend on the market conditions and sentiments of the stock market as well as the financial resources available to the Company.

The Proposed Renewal of Share Buy-Back Authority does not impose an obligation on the Company to purchase its own Shares but rather, it will allow the Board to exercise the power of the Company to purchase its own Shares at any time within the abovementioned time period.

4.2 Potential Disadvantages of the Proposed Renewal of Share Buy-Back Authority

The Proposed Renewal of Share Buy-Back Authority will reduce the financial resources of the Company, which may result in the Company forgoing other investment opportunities that may emerge in the future.

As the Proposed Renewal of Share Buy-Back Authority can only be made out of retained profit of the Company, it may result in the reduction of financial resources available for distribution to Shareholders in the future.

Nevertheless, the Proposed Renewal of Share Buy-Back Authority is not expected to have any potential material disadvantage to the Company and the shareholders, as it will be implemented with careful consideration of the financial resources of the Company.

5.0 RETAINED PROFITS AND FUNDING

Paragraph 12.10(1) of the Listing Requirements stipulates that the Proposed Renewal of Share Buy-Back Authority must be made wholly out of the retained profits of the Company.

The Board proposes to allocate a maximum amount not exceeding the retained profits of the Company for the Proposed Renewal of Share Buy-back Authority. Based on the latest audited financial statements of the Company for the financial year ended 31 December 2023, the audited retained profits of the Company stood at RM55,710,719.

The Proposed Renewal of Share Buy-Back Authority is expected to be financed by internally generated funds and/or external borrowings, the proportion of which will depend on the quantum of purchase consideration as well as the availability of internally generated funds and the borrowings at the time of purchase(s).

In addition, the Board will ensure that the Company satisfies the solvency tests as required under Section 112(2) of the Act before execution of the Proposed Renewal of Share Buy-Back Authority.

6.0 PRICING

Pursuant to the Listing Requirements, the Company shall purchase its own shares on Bursa Securities at a price which is not more than 15% above the weighted average market price of the shares for the five (5) market days immediately before the purchase.

In the case of a resale of the purchased shares held as treasury shares on Bursa Securities at:-

- (i) a price which is not less than the weighted average market price for the shares for the five (5) market days immediately before the resale; or
- (ii) a discounted price of not more than five per centum (5%) to the weighted average market price for the shares for the five (5) market days immediately before the resale provided that:-
 - (a) the resale takes place not earlier than thirty (30) days from the date of purchase; and
 - (b) the resale price is not less than the cost of purchase of the shares being resold.

7.0 SHAREHOLDINGS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The table shows the direct and indirect interests of directors and substantial shareholders of Naim as at 29 March 2024, being the most practicable date prior to the printing of this Statement:-

Substantial Shareholders and Directors	Shareholding as at 29 March 2024*		Shareholding after the Proposed Share Buy-Back#	
	Direct	Indirect	Direct	Indirect
Tapak Beringin Sdn. Bhd.	71,632,450 (14.31%)	Nil	71,632,450 (15.49%)	Nil
Island Harvests Sdn. Bhd.	102,373,817 (20.44%)	Nil	102,373,817 (22.14%)	Nil
Hasmi & Associates Management Sdn. Bhd.	32,339,950 (6.46%)	Nil	32,339,950 (6.99%)	Nil
Lembah Rakyat Sdn. Bhd.	1,874,983 (0.37%)	Nil	1,874,983 (0.41%)	Nil
Lambaian Kukuh Sdn. Bhd.	545,477 (0.11%)	Nil	545,477 (0.12%)	Nil
Datuk Amar Abdul Hamed Bin Haji Sepawi	32,553,427 (6.50%)	73,507,433^ (14.68%)	32,553,427 (7.04%)	73,507,433^ (15.90%)
Datuk Hasmi Bin Hasnan	55,730,768 (11.13%)	135,259,244~ (27.01%)	55,730,768 (12.05%)	135,259,244~ (29.25%)

Note:

* Percentage is computed based on a share capital of 500,743,322 (Share capital of 513,799,322 shares less the number of treasury shares of 13,056,000).

Percentage is computed based on a share capital of 462,419,390 (Share capital of 513,799,322 shares less 10% share capital should the Company acquires the full amount of 51,379,932 shares).

^ Deemed interested by virtue of his interest in Tapak Beringin Sdn Bhd and Lembah Rakyat Sdn Bhd pursuant to Section 8(4) of the Companies Act 2016.

~ Deemed interested by virtue of his interest in Island Harvests Sdn Bhd, Hasmi & Associates Management Sdn Bhd and Lambaian Kukuh Sdn Bhd pursuant to Section 8(4) of the Companies Act 2016.

8.0 PUBLIC SHAREHOLDING SPREAD

In implementing the Proposed Renewal of Share Buy-Back Authority, the Company will ensure that a minimum public shareholding spread of 25% is maintained. The public shareholding spread of Naim as at 29 March 2024 was 40.68%. The public shareholdings spread of the Company as at 29 March 2024 after incorporating the effects of the Proposed Renewal of Share Buy-Back Authority is 35.76%.

9.0 HISTORICAL SHARE PRICE OF NAIM

The monthly highest and lowest closing price of Naim shares as traded on Bursa Securities for the past twelve (12) months are as follows:

	Lowest (RM)	Highest (RM)
April 2023	0.535	0.595
May 2023	0.490	0.565
June 2023	0.490	0.630
July 2023	0.620	0.945
August 2023	0.635	0.915
September 2023	0.815	0.975
October 2023	0.695	0.885
November 2023	0.700	0.810
December 2023	0.690	0.860
January 2024	0.770	0.880
February 2024	0.755	0.915
March 2024	0.755	0.850

The last transacted price of Naim shares on the latest practicable date was RM0.826.

(Source: Investing.com)

10.0 PURCHASE, RESALE AND CANCELLATION OF NAIM SHARES IN THE LAST TWELVE MONTHS

The Company did not purchase its own shares and there were no resale, transfer and/or cancellation of any treasury shares in the past twelve (12) months preceding the date of this Statement.

11.0 EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The following are the financial effects of the Proposed Renewal of Share Buy-Back Authority, if the Share Buy-Back is carried out in full:-

11.1 Share Capital

The Proposed Renewal of Share Buy-Back Authority will have no effect on the issued share capital of Naim if all of the Shares purchased are held as treasury shares. However, if the Shares purchased were subsequently cancelled, the issued share capital of the Company will be reduced to 462,419,390.

No. of share capital	
As at 29 March 2024	After Share Buy-Back
513,799,322	462,419,390

11.2 Earnings

The effect of the Proposed Renewal of Share Buy-Back Authority on the earnings per share of the Company will depend on, inter-alia, the actual number of shares bought back and the price paid and the effective cost of funding to the Company, or any loss in interest income to the Company.

In the event the shares which are retained as treasury shares are resold, the extent of the effect on earnings of the Company will depend on the actual selling price, the number of treasury shares resold and the effective gain arising therefrom.

11.3 Net Assets ("NA") and Working Capital

The effect of the Proposed Renewal of Share Buy-Back Authority is dependent on the purchase price(s) of the Shares and the effective funding cost. However, should the Company subsequently resells the treasury shares on the Bursa Securities, depending on the price(s) at which the said Shares are re-sold, the Proposed Renewal of Share Buy-Back Authority may have a positive effect on the NA and working capital of the Company, if there is a gain on disposal.

12.0 IMPLICATION RELATING TO THE MALAYSIAN CODE ON TAKE OVERS AND MERGERS, 2016 ("Code")

If the Proposed Renewal of Share Buy-Back Authority results in the equity interest of any one of the substantial shareholders and their respective parties acting in concert obtain control in the Company:-

- (i) existing shareholding of less than 33% to increase to 33% and above;
- (ii) existing shareholding of between 33% to 50% to increase by more than 2% in any 6 months period

the affected substantial shareholder and parties acting in concert would be obliged to undertake a mandatory offer for the remaining Naim shares not held by the said affected substantial shareholder and parties acting in concert pursuant to the Code. However, a waiver to undertake a mandatory offer may be granted by the Securities Commission under the Code, subject to the affected substantial shareholder and parties acting in concert complying with certain conditions.

In this respect, the Board is mindful of the potential implications relating to the Code. In the event that the obligations relating to the Code are expected to be triggered as a result of the Proposed Renewal of Share Buy-Back Authority, which is an action outside its direct participation, the affected substantial shareholder and parties acting in concert may apply to the Securities Commission for an exemption from undertaking the mandatory offer under the Code.

13.0 INTERESTS OF THE DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

Save for the inadvertent proportionate increase in the percentage of the shareholdings and/or voting rights in their capacity as shareholders of the Company as a consequence of the implementation of the Proposed Renewal of Share Buy-back Authority, none of the Directors or substantial shareholders of the Company or persons connected with them has any interest, direct or indirect, in the Proposed Renewal of Share Buy-back Authority.

14.0 DIRECTORS' RECOMMENDATIONS

The Board, after having considered all aspects of the Proposed Renewal of Share Buy-back Authority, is of the opinion that the Proposed Renewal of Share Buy-back Authority is in the best interest of the Company. Accordingly, they recommend that you vote in favour of the ordinary resolution pertaining to the Proposed Renewal of Share Buy-back Authority to be tabled at the forthcoming 22nd AGM.

15.0 FURTHER INFORMATION

Shareholders are advised to refer to the attached Appendix I for further information.

APPENDIX I – FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Statement has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given in this Statement and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

2. MATERIAL LITIGATIONS

Contract litigation (Status as at 29 March 2024)

Save for the material litigation as disclosed below, there are neither the Company nor its subsidiaries as at the date of this Circular, is engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on the financial position or the business of NAIM Group, and the Directors of NAIM have no knowledge of any proceedings pending or threatened, against NAIM Group, which might materially and adversely affect the business or financial position of NAIM Group.

On 12 November 2020, Naim Engineering Sdn. Bhd. (“NESB”), a wholly-owned subsidiary company, received a Writ of Summons together with a Statement of Claim from a subcontractor in respect of two completed work packages. The claims against NESB were for damages and/or compensation in the sum of about RM32.93 million, or alternatively a sum of about RM29.60 million, 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. The appointed Arbitrator had ordered, inter alia, for the hearing dates to be fixed in July 2024 and August 2024. Pursuant to the directive from the arbitrator, both parties' quantum expert witnesses had submitted the following :-

- (i) their assessment reports on the parties' claims and counter-claims on 12 January 2024; and
- (ii) their rebuttal reports on 22 March 2024.

The next due dates for submission of joint statement and supplementary reports by the parties' quantum expert witnesses are scheduled on 3 May 2024 and 31 May 2024 respectively.

Based on our records, the Group is of the view that the claim by the subcontractor is frivolous. As such, the Group does not expect the claim to succeed and is of the view that the claim does not have a 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.

3. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of Naim Holdings Berhad at 9th Floor, Wisma Naim, 2 ½ Mile, Jalan Rock, 93200 Kuching, Sarawak during business hours from Mondays to Fridays (except public holidays) from the date of this Statement up to the date of the AGM:

- (a) the Constitution of Naim Holdings Berhad;
- (b) the audited consolidated financial statements for the past two (2) financial years ended 31 December 2022 and 31 December 2023; and
- (c) the relevant cause papers in respect of material litigations referred to in Section 2 of this Appendix I.