

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad (“Bursa Securities”) has perused the contents of this Circular in respect of the Proposed New Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature prior to its issuance as the said contents fall under the category of Limited Review Circular pursuant to the provisions of Practice Note 18 of Main Market Listing Requirements of Bursa Securities.

Bursa Securities takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from, or in reliance upon the whole or any part of the contents of this Circular.



Registration No. 200201017804 (585467-M)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

in relation to:

**PROPOSED NEW SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY
TRANSACTIONS OF A REVENUE OR TRADING NATURE**

IMPORTANT DATES AND TIMES:

Last date and time for lodgement of the Form of Proxy:	Tuesday, 28 May 2024 at 10:00 a.m.
Date and time of the annual general meeting :	Thursday, 30 May 2024 at 10.00 a.m.
Venue of the annual general meeting :	Sapphire On The Park, Function Hall, 3 rd Floor, Jalan Lintang Selatan, Batu Lintang, 93200 Kuching, Sarawak.

This Circular is dated 30 April 2024

For the purpose of this Circular, except where the context otherwise requires, the following definitions will apply:

- “AGM”** - Annual General Meeting
- “Board”** - The Board of Directors of Naim Holdings Berhad
- “Bursa Securities”** - Bursa Malaysia Securities Berhad
- “Companies Act”** - The Malaysian Companies Act 2016, as amended from time to time and any enactment thereof
- “Directors”** - The directors for the time being of Naim Holdings Berhad, and shall have the same meaning given in Section 2(1) of the Capital Markets and Services Act, 2007 and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transactions were agreed upon, a director or chief executive of Naim Holdings Berhad, its subsidiary or holding company
- “Listing Requirements”** - The Main Market Listing Requirements of Bursa Securities and practice notes issued thereunder including any amendments thereto that may be made from time to time
- “LPD”** - 29 March 2024, being the latest practicable date prior to the printing of this Circular
- “Major Shareholder”** - A person who has an interest or interests in one (1) or more voting shares in Naim Holdings Berhad and the number or the aggregate number of those shares, is:
- (a) 10% or more of the total number of voting shares in Naim Holdings Berhad; or
- (b) 5% or more of the total number of voting shares in Naim Holdings Berhad where such person is the largest shareholder of Naim Holdings Berhad.
- Includes any person who is or was within the preceding six (6) months of the date on which the terms of the transactions were agreed upon, a major shareholder of Naim Holdings Berhad or any other corporation which is its subsidiary or holding company
- For the purpose of this definition, “interest in shares” shall have the same meaning given in Section 8 of the Companies Act.
- “NAIM” or “the Company”** Naim Holdings Berhad
- “Naim Group” or “the Group”** Naim and its subsidiaries, collectively
- “Person Connected”** - This shall have the same meaning as in Paragraph 1.01 of the Listing Requirement
- “Proposed New Shareholders’ Mandate”** - Proposed new shareholders’ mandate for NAIM Group to enter into RRPTs of a revenue or trading nature
- “Related Party”** - A director, major shareholder or person connected with such director or major shareholder. For the purpose of this definition, “director”, “major shareholder” and their person connected shall have the same meanings as defined herein

“Related Party Transaction”- A transaction entered into by NAIM or its subsidiaries which involves the interest, direct or indirect, of a related party

“RM” - Ringgit Malaysia

“RRPTs” - A related party transaction which is recurrent, of a revenue or trading nature and which is necessary for day-to-day operations of NAIM Group and which has been made or will be made by NAIM Group at least once in three (3) years in the ordinary course of business of NAIM Group

“Shares” - Ordinary shares in the capital of NAIM

Words denoting the singular shall, where applicable, include the plural and vice versa, and words denoting the masculine gender shall, where applicable, include the feminine and neuter genders. Words denoting persons include corporations.

Any reference to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act and used in this Circular shall have the meaning assigned to it under the Companies Act.

Any reference to a time of day shall be a reference to Malaysian time.

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APPENDICES

APPENDIX A – FURTHER INFORMATION

BUILDING VALUE SPIRITEDLY



NAIM HOLDINGS BERHAD

Registration No. 200201017804 (585467-M)
(Incorporated in Malaysia)

Registered Office

9th Floor, Wisma Naim
2 ½ Mile,
Rock Road
93200 Kuching, Sarawak

30 April 2024

Board of Directors:

Datuk Amar Abdul Hamed Bin Haji Sepawi	- <i>Non-Executive Chairman</i>
Datuk Hasmi Bin Hasnan	- <i>Managing Director</i>
Chin Chee Kong	- <i>Non-Independent Non-Executive Director</i>
Datin Mary Sa'diah Binti Zainuddin	- <i>Independent Non-Executive Director</i>
Tan Chuan Dyi	- <i>Independent Non-Executive Director</i>
Datuk Ahmad Bin Abu Bakar	- <i>Independent Non-Executive Director</i>
Sulaihah Binti Maimunni	- <i>Independent Non-Executive Director</i>

To: The Shareholders of Naim Holdings Berhad

Dear Sir/Madam,

PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

1. INTRODUCTION

On 19 April 2024, the Board announced that the Company proposes to seek shareholders' approval for the Proposed New Shareholders' Mandate at the forthcoming 22nd AGM.

The purpose of this Circular is to provide you with information on the Proposed New Shareholders' Mandate and to seek your approval for the resolution pertaining to the Proposed New Shareholders' Mandate to be tabled as a Special Business at the forthcoming 22nd AGM of the Company. The extract of the resolution on the Proposed New Shareholders' Mandate is enclosed together with this Circular.

The purpose of this Circular is to provide shareholders with details, effects and rationale pertaining to the Proposed New Shareholders' Mandate and to seek shareholders' approval for the resolution, which is to be tabled as an ordinary resolution at the forthcoming 22nd AGM scheduled to be held on 30 May 2024.

Shareholders of NAIM are advised to read and consider carefully the contents of this Circular before voting on the resolution pertaining to this proposal at the forthcoming 22nd AGM scheduled to be held on 30 May 2024.

2. BACKGROUND INFORMATION OF PROVISIONS IN THE LISTING REQUIREMENTS

Paragraph 10.09(2) of the Listing Requirements states that with regard to related party transactions which are recurrent, of a revenue or trading nature and which are necessary for day-to-day operations, the Company may seek a mandate from its shareholders, subject to the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (b) the Shareholder Mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Shareholder Mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1) of the Listing Requirements;
- (c) the Company's circular to shareholders for the Shareholder Mandate includes the information as may be prescribed by Bursa Securities. The draft circular must be submitted to Bursa Securities together with a checklist showing compliance with such information;
- (d) in a meeting to obtain shareholders' mandate, the relevant related party must comply with the requirements set out in Paragraph 10.08(7) of the Listing Requirements; and
- (e) the Company must immediately announce to Bursa Securities when the actual value of a RRPT entered into by the Company, exceeds the estimated value of the RRPT disclosed in the circular by ten percent (10%) or more and the Company must include the information as may be prescribed by Bursa Securities in its announcement.

In accordance with Section 3.3(a) of Practice Note 12 of the Listing Requirements, the Company may procure a mandate for the acquisition or disposal of land or land-based property provided that the transaction is a Recurrent Related Party Transaction and any one of the percentage ratios is not more than 10%. As disclosed under Section 3.2 of this Circular, the estimates of the value of this category of transactions cannot be ascertained given the various types of properties sold by the Group which vary from project to project. However, any one of the percentage ratios of the transactions is not more than 10%.

The principal activities of the Company are investment holding and provision of management services. Its subsidiaries are involved in property development, contractor for civil, building and earthworks, investment holding, property investment, quarry licensee and operator, and trading of construction materials.

Details of the principal activities of the subsidiaries of the Company are as follows:

Name of Company	Effective equity interest held (%)	Principal Activities
Naim Land Sdn Bhd	100.0	Property developer and civil and building contractor
Naim Engineering Sdn Bhd	100.0	Civil, building and earthwork contractor
Naim Assets Sdn Bhd	100.0	Investment holding
Naim Academy Sdn Bhd	100.0	Investment holding

Subsidiaries of Naim Land Sdn Bhd

Name of Company	Effective equity interest held (%)	Principal Activities
Desa Ilmu Sdn Bhd	60.0	Property developer
Peranan Makmur Sdn Bhd	70.0	Property developer
Khidmat Mantap Sdn. Bhd.	100.0	Property developer
Naim Realty Sdn Bhd	100.0	Property investment
Naim Supply & Logistic Sdn Bhd	100.0	Trading of construction materials
Naim Commercial Sdn Bhd	100.0	Property developer
Naim Human Capital Sdn Bhd	100.0	Provision of management services
Naim Cendera Lapan Sdn Bhd	100.0	Quarry licensee and operator
Jelas Kemuncak Resources Sdn Bhd	100.0	Quarry operator
Simbol Warisan Sdn Bhd	75.0	Quarry licensee
Yakin Pelita Sdn. Bhd.	100.0	Property investment
Petrochemical Hub Sdn. Bhd.	100.0	Property investment and provision of workers' accommodation business
Dataran Wangsa Sdn Bhd	100.0	Property developer
Yakin Jelas Sdn Bhd	100.0	Property investment
Pavilion Quest Sdn Bhd	100.0	Property investment
Solid Greenland Sdn Bhd	100.0	Property investment
Naim Ready Mix Sdn Bhd	100.0	Inactive
TR Green Sdn Bhd	100.0	Inactive
Naim (MM2H) Sdn Bhd	100.0	Inactive
Naim Incorporated Berhad	100.0	Inactive
Naim Oil & Gas Sdn Bhd	100.0	Inactive
Kuching Paragon Sdn. Bhd.	100.0	Inactive
Miri Paragon Sdn. Bhd.	100.0	Inactive
Naim Data Sdn Bhd	100.0	Inactive
Naim Mortgage Sdn Bhd	100.0	Inactive
Lotus Paradigm Sdn. Bhd.	70.0	Inactive

Subsidiaries of Naim Engineering Sdn Bhd

Name of Company	Effective equity interest held (%)	Principal Activities
Naim Capital Sdn Bhd	100.0	Investment holding
Naim Overseas Sdn Bhd	100.0	Investment holding
Naim Gamuda (NAGA) JV Sdn Bhd	70.0	Civil contractor
Naim Binaan Sdn Bhd	100.0	Inactive
Naim Premix Sdn Bhd	100.0	Inactive
Naim Equipment Sdn Bhd	100.0	Inactive
Naim Recruitment & Agency Sdn Bhd	100.0	Inactive
BDA Naim Sdn Bhd	80.0	Inactive

Subsidiaries of Naim Assets Sdn Bhd

Name of Company	Effective equity interest held (%)	Principal Activities
Naim Hotel Sdn Bhd	100	Hotel operation
Naim Property Services Sdn Bhd	100	Provision of property management services
Bintulu Paragon Sdn Bhd	100	Property and investment holding

Subsidiaries of Naim Academy Sdn Bhd

Name of Company	Effective equity interest held (%)	Principal Activities
Naim Skills Academy Sdn Bhd (formerly known as Permyjaya Sino Education Sdn Bhd)	100.0	Inactive
Mawar Education Centre Sdn Bhd	53.3	Provision of educational business

Subsidiaries of Naim Capital Sdn Bhd

Name of Company	Effective equity interest held (%)	Principal Activities
Naim Capital Port Sdn Bhd	100.0	Civil contractor
Naim Capital Housing Sdn Bhd	100.0	Civil contractor

Subsidiary of Peranan Makmur Sdn Bhd

Name of Company	Effective equity interest held (%)	Principal Activities
Harmony Faber Sdn Bhd	70.0	Property investment

Subsidiaries of Naim Overseas Sdn Bhd

Name of Company	Effective equity interest held (%)	Principal Activities
Naim Engineering Construction (Fiji) Limited	99.9	Inactive
Naim Quarry (Fiji) Limited	99.9	Inactive
Naim Premix (Fiji) Limited	99.9	Inactive

It is envisaged that in the normal course of the Group's businesses, transactions of a revenue or trading nature between companies in the Group and the Related Parties are likely to occur, and which are necessary for its day-to-day operations.

3. FEATURES OF THE PROPOSED NEW SHAREHOLDERS' MANDATE

3.1 Classes of Related Parties

The Proposed New Shareholders' Mandate will apply to the following classes of Related Parties:

- (i) Directors or Major Shareholders; and
- (ii) Persons Connected to the Directors or Major Shareholders.

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3.2 Details of Recurrent Related Party Transactions contemplated under the Proposed New Shareholders' Mandate

3.2.1 The class and nature of the Recurrent Related Party Transactions of the Group are as follows:

Transaction	Vendor/Provider	Purchaser/Recipient	Interested Related Parties	Estimated aggregate value from the forthcoming AGM on 30 May 22024 to the next AGM (RM'000)
Sale of properties, including land or land-based property	NAIM Group	Directors and/or major shareholders of the NAIM Group and persons connected with them	All Directors and major shareholders of NAIM Group@	Up to 10% of any one of the percentage ratios
Purchase of properties, including land or land-based property	Directors and/or major shareholders of the NAIM Group and persons connected with them	NAIM Group	All Directors and major shareholders of NAIM Group@	Up to 10% of any one of the percentage ratios

Notes:

@ The Directors, Major Shareholders and/or Persons Connected to them who would be purchasing/selling the properties could not be ascertained at this juncture.

3.3. Amount due and owing by Related Parties pursuant to RRPT

There is no outstanding amount due under the RRPT which has exceeded the agreed credit term as at the end of the financial year ended 31 December 2023.

3.4 Review methods or procedures for RRPT

The Board has in place an internal control system, which includes review methods or procedures to ensure that the transactions with Related Parties are undertaken on normal commercial terms not prejudicial to the interests of the minority shareholders. These procedures are in place to ensure that each major Related Party Transaction is approved and reviewed by the Directors or authorised personnel, based on the prices and terms which are not more favourable to the Related Parties than those generally available to the public, on arm's length basis and are not detrimental to the interest of the minority shareholders, giving due consideration to all circumstances of each transaction.

These procedures include the following:

- (a) On a periodic basis, the methods and procedures pertaining to Related Parties Transactions will be reviewed by the Audit Committee to ensure that the prices and terms of the transactions are not more favourable to the Related Parties than those generally available to the public, and are not detrimental to the interest of the minority shareholders.
- (b) The annual internal audit plan shall incorporate a review of all RRPT to ensure that the relevant approvals have been obtained and the review procedures in respect of such transactions are adhered to. Should any discrepancies arise relating to the methods and procedures, proper steps would be taken to rectify them accordingly.
- (c) The Audit Committee shall, amongst others, review these internal audit plan and reports on RRPT and any conflict of interest situation that may arise within the Group, including any transaction, procedure or course of conduct that raises questions of management integrity.
- (d) At least two (2) other contemporaneous transactions and/or quotations with unrelated third parties for similar products/services and/or quantities will be used as a comparison to determine whether the prices and terms offered to/by the Related Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities.

In the event that quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be determined based on the normal margin for similar or comparable products to ensure that the RRPTs are not detrimental to the NAIM Group.

- (e) The NAIM Group shall maintain a register to record all RRPT entered into pursuant to the Proposed New Shareholders' Mandate to ensure accurate disclosure thereof. The aggregate value of the RRPT shall be appropriately disclosed in the annual report of NAIM.
- (f) A list of Related Parties mandated pursuant to the shareholders' mandate will be circulated within the Group with notification that all RRPTs are required to be undertaken on arm's length basis and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the interest of the minority shareholders.
- (g) The cost plus method will be used where appropriate in the determination of fair price or contract rates. This method determines the arm's length price or rate by adding an appropriate handling charge.
- (h) The terms and conditions on purchases and sales are determined by market forces, under similar commercial terms for transactions with third parties which depend on the demand and supply of the products and are subject to the availability of the products in the market.

- (i) Market prices will be used to determine the transaction price for sales to the Related Parties.
- (j) All RRPTs are reviewed by the Audit Committee of the Company periodically.

3.5 Threshold of Authority

There is no threshold for the approval of Recurrent Related Party Transactions within the Group as the sale or purchase of land or land-based properties by the Group are guided by the provision in Section 3.3 of Practice Note 12 of the Listing Requirements and the Recurrent Related Party Transactions contemplated under the Proposed New Shareholders' Mandate will be carried out at arm's length basis, on transaction prices and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.

3.6 Statement by Audit Committee

The Audit Committee of NAIM comprises of the following members:

Members	Designation
Tan Chuan Dyi	Chairman (Independent Non-Executive Director)
Datuk Ahmad Bin Abu Bakar	Member (Independent Non-Executive Director)
Chin Chee Kong	Member (Non-Independent Non-Executive Director)

The Audit Committee of NAIM has seen and reviewed the methods and/or procedures stated in Section 3.4 on pages 4 to 5 of this Circular and is of the view that the existing procedures, processes and guidelines are adequate and sufficient to monitor, track and identify RRPT in a timely and orderly manner. The Audit Committee also viewed that the method and/or procedures as stated in Section 3.4 on pages 4 to 5 of this Circular are sufficient to ensure that the RRPT are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.

The Audit Committee will review these processes, procedures and guidelines annually or as and when needs arise to ensure all RRPTs will be carried out on normal commercial terms which are not prejudicial to the interests of shareholders and on terms not more favourable to the Related Parties than those generally available to the public and are not detrimental to the interest of the minority shareholders.

4. EFFECTS OF THE PROPOSED NEW SHAREHOLDERS' MANDATE

The Proposed New Shareholders' Mandate will not have any effect on the net assets per share, earnings per share, gearing of the Group, and share capital and substantial shareholders' shareholdings of NAIM.

5. RATIONALE AND BENEFIT OF THE PROPOSED NEW SHAREHOLDERS' MANDATE

The Recurrent Related Party Transactions that are set out in this Circular are all in the ordinary course of business and intended to meet the business needs of the Group on the best possible terms and represent sound business decisions that are taken for legitimate and bona fide business purposes which will enhance the Group's ability to explore beneficial business opportunities.

The Proposed New Shareholders' Mandate, if approved by the shareholders, will eliminate the need to make announcements to Bursa Securities or to convene separate general meetings from time to time to seek shareholders' approval as and when Recurrent Related Party Transaction(s) with the specified classes of Related Parties arise. This will reduce substantially the expenses associated with the convening of general meetings on an ad hoc basis, improve administrative efficiency considerably and allow manpower resources and time to be focused on attaining the Group's corporate objectives and business opportunities.

The Proposed New Shareholders' Mandate is intended to facilitate transactions entered into in the ordinary course of business of the Group which are transacted from time to time with the Related Parties at arm's length, on the Group's normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders of the Company.

6. CONDITIONS OF THE PROPOSED NEW SHAREHOLDERS' MANDATE

The Proposed New Shareholders' Mandate is conditional upon approval being obtained from the shareholders of NAIM at the forthcoming AGM. The Proposed New Shareholders' Mandate is subject to annual renewal and will continue to be in force until:

- (i) the conclusion of the next AGM of NAIM at which the Proposed New Shareholders' Mandate was passed, at which time it will lapse unless by a resolution passed at the meeting, the authority is renewed;
- (ii) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Companies Act [but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act]; or
- (iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

A disclosure of a breakdown of the aggregate value of the RRPT conducted pursuant to the Proposed New Shareholders' Mandate during the financial year shall be made in the annual report where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1)(a) of the Listing Requirements, amongst others, based on the following information:

- the type of the RRPT made; and
- the names of the related parties involved in each type of the RRPT made and their relationship with NAIM.

In addition, NAIM is required to immediately announce to Bursa Securities when the actual value of a RRPT entered into by the Group exceeds the estimated value of the RRPT as set out in Section 3.2 of this Circular by ten percent (10%) or more.

7. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

All the Directors have and will continue to abstain from all Board deliberations and voting in relation to the said Recurrent Related Party Transactions. The Directors shall abstain from voting on the Proposed New Shareholders' Mandate, in respect of their direct and indirect interests in the Company, where applicable, at the 22nd AGM of the Company to be convened.

As at the LPD, the direct and indirect interests of the interested Directors, Major Shareholders and Persons Connected with them in the Company are as follows:

Directors, Major Shareholders and Persons Connected with them	No. of shares			
	Direct	%	Indirect	%
Datuk Amar Abdul Hamed Bin Haji Sepawi	32,553,427	6.50	73,507,433 [^]	14.68%
Datuk Hasmi Bin Hasnan	55,730,768	11.13	135,259,244 [#]	27.01
Island Harvests Sdn Bhd	102,373,817	20.44	-	-
Tapak Beringin Sdn Bhd	71,632,450	14.31	-	-
Hasmi & Associates Management Sdn Bhd	32,339,950	6.46	-	-
Lembah Rakyat Sdn Bhd	1,874,983	0.37	-	-
Lambaian Kukuh Sdn Bhd	545,477	0.11	-	-
Chin Chee Kong	-	-	-	-
Datuk Ahmad Bin Abu Bakar	-	-	-	-
Datin Mary Sa'diah Binti Zainuddin	-	-	-	-
Tan Chuan Dyi	-	-	-	-
Sulaihah Binti Maimunni	-	-	-	-

Note:

[^] 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.

All the Directors of the Company have undertaken to ensure that the Persons Connected to them (if any) will abstain from voting in respect of their direct and indirect shareholdings on the ordinary resolution pertaining to the Proposed New Shareholders' Mandate at the forthcoming 22nd AGM of the Company.

Saved as disclosed above, none of the Major Shareholders and/or Persons Connected to the Major Shareholders of NAIM has any interest, direct or indirect, in the Proposed New Shareholders' Mandate.

8. RECOMMENDATION BY DIRECTORS

All the Directors have abstained from making an opinion and/or any recommendation on the entry into the Recurrent Related Party Transactions as specified in Section 3.2 of the Proposed New Shareholders' Mandate to be tabled at the forthcoming 22nd AGM of the Company.

9. ANNUAL GENERAL MEETING

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. and any adjournment thereof for the purpose of considering and, if thought fit, passing the ordinary resolutions as set out in the notice of AGM.

10. ACTION TO BE TAKEN BY SHAREHOLDERS

If you are unable to attend and vote in person at the AGM and wish to appoint a proxy to attend and vote on your behalf, you should complete, sign and return the proxy form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of NAIM at 9th Floor, Wisma Naim, 2 ½ Mile, Rock Road, 93200 Kuching, Sarawak not later than 10.00 a.m. on Tuesday, 28 May 2024. The lodging of the proxy form does not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

11. FURTHER INFORMATION

Shareholders are requested to refer to the attached **Appendix A** for further information.

Yours faithfully
For and on behalf of the Board

TAN CHUAN DYI
Independent Non-Executive Director

APPENDIX A – ADDITIONAL INFORMATION

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Directors of NAIM and they collectively and individually accept full responsibility for the accuracy of the information given herein 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 CONTRACTS

There are no material contracts not being contracts entered into in the ordinary course of business which have been entered into by NAIM Group during the two (2) years immediately preceding the date of this Circular.

3. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

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.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of NAIM on the 9th Floor, Wisma Naim, 2 ½ Mile, Rock Road, 93200 Kuching, Sarawak following the publication of this Circular from Mondays to Fridays (except public holidays) during business hours up to and including the date of the forthcoming 22nd AGM:

- (a) the Constitution of NAIM;
- (b) the audited financial statements of the NAIM Group for the past two (2) financial years ended 31 December 2022 to 31 December 2023;
- (c) the relevant cause papers in respect of material litigation referred to in Section 3 of this Appendix A.