

NAIM HOLDINGS BERHAD (“NAIM” OR THE “COMPANY”)

- PROPOSED RIGHTS ISSUE
 - PROPOSED EXEMPTION
-

1. INTRODUCTION

On behalf of the Board of Directors of Naim (“**Board**”), AmInvestment Bank Berhad (“**AmInvestment Bank**”) wishes to announce that the Company proposes to undertake a renounceable rights issue of up to 355,416,000 new ordinary shares in Naim (“**Naim Share(s)**” or “**Share(s)**”) (“**Rights Share(s)**”) at an issue price of RM0.45 per Rights Share (“**Issue Price**”), on the basis of three (3) Rights Shares for every two (2) existing Naim Shares held on an entitlement date to be determined later (“**Entitlement Date**”) (“**Proposed Rights Issue**”).

In conjunction with the Proposed Rights Issue, an application will be submitted to the Securities Commission Malaysia (“**SC**”) for the grant of an exemption to Datuk Amar Abdul Hamed Bin Haji Sepawi (“**Datuk Amar**”), Datuk Hasmi Bin Hasnan (“**Datuk Hasmi**”) and persons acting in concert with them (“**PACs**”) under Paragraph 4.08 of the Rules on Take-overs, Mergers and Compulsory Acquisitions (“**Rules**”) from the obligation to undertake a mandatory offer for the remaining Naim Shares not already owned by them arising from the subscription by Datuk Amar, Datuk Hasmi and certain PACs for excess Rights Shares pursuant to the irrevocable undertakings detailed in Section 2.1.2 of this announcement (“**Proposed Exemption**”).

(The Proposed Rights Issue and the Proposed Exemption are collectively referred to as the “**Proposals**”)

Further details of the Proposals are set out in the ensuing sections of this announcement.

2. DETAILS OF THE PROPOSALS

2.1 Details of the Proposed Rights Issue

The Proposed Rights Issue will entail an issuance of up to 355,416,000 Rights Shares at an issue price of RM0.45 per Rights Share, on the basis of three (3) Rights Shares for every two (2) existing Naim Shares held by the entitled shareholders whose names appear in the Record of Depositors of the Company (“**Entitled Shareholders**”) on the Entitlement Date.

As at 27 August 2018, being the latest practicable date prior to the date of this announcement (“**LPD**”), the issued share capital of Naim was RM250,000,000 comprising 250,000,000 Naim Shares (including 13,056,000 treasury shares (“**Treasury Shares**”).

For the avoidance of doubt, the Treasury Shares which are retained by the Company will have no rights to participate in the Proposed Rights Issue. In this regards, the Board will ensure that the Company will not dispose any of the Treasury Shares held by the Company or carry out any further buy-back of Naim Shares at any time prior to the completion of the Proposed Rights Issue.

The Proposed Rights Issue is renounceable in full or in part. Accordingly, the Entitled Shareholders can subscribe for and/or renounce their entitlements to the Rights Shares in full or in part.

Any unsubscribed Rights Shares will be made available to other Entitled Shareholders and/or their renounee(s) under excess Rights Shares applications and to such other persons as the Board shall determine. The Rights Shares will be provisionally allotted to the Entitled Shareholders. It is the intention of the Board to allocate the excess Rights Shares in a fair and equitable manner and on such basis to be determined by the Board and announced later by the Company.

In determining the shareholders' entitlements to the Rights Shares under the Proposed Rights Issue, fractional entitlements, if any, will be disregarded and dealt with in such manner and on such terms and conditions as the Board in its absolute discretion deems fit or expedient or in the best interests of the Company.

2.1.1 Basis of determining the Issue Price

The issue price of RM0.45 per Rights Share was determined by the Board after taking into consideration, amongst others, the following:-

- (i) the prevailing market conditions and current and historical market price of Naim Shares; and
- (ii) the resultant theoretical ex-rights price of Naim Shares ("**TERP**") of RM0.55 computed based on the five (5)-day volume weighted average price ("**VWAP**") of Naim Shares up to and including the LPD of RM0.6876 whereby the Issue Price represents a discount of 18.18% to the TERP.

2.1.2 Major shareholders' undertakings and underwriting arrangement

It is the intention of the Company to undertake the Proposed Rights Issue on a minimum subscription level basis where the Proposed Rights Issue would entail a minimum issuance of 222,222,222 Rights Shares to raise minimum gross proceeds of approximately RM100.00 million, which will be channeled towards the proposed utilisation as set out in Section 3 of this announcement ("**Minimum Subscription Level**").

In order to meet the Minimum Subscription Level, subject to the Proposed Exemption being granted, the Company intends to procure from the following shareholders:-

- Datuk Amar;
- Datuk Hasmi;
- Island Harvests Sdn Bhd ("**Island Harvests**");
- Hasmi & Associates Management Sdn Bhd ("**Hasmi & Associates**");
- Lambaian Kukuh Sdn Bhd ("**Lambaian Kukuh**");
- Tapak Beringin Sdn Bhd ("**Tapak Beringin**"); and
- Lembah Rakyat Sdn Bhd ("**Lembah Rakyat**")

irrevocable and unconditional undertakings to:-

- (i) subscribe for their respective entitlements based on their shareholdings as at the Entitlement Date ("**Entitlement Undertaking**"); and
- (ii) apply for an additional 79,979,247 Rights Shares not taken up by the other Entitled Shareholders and/or their renounee(s) by way of excess Rights Shares applications ("**Additional Undertaking**").

("Proposed Undertaking")

(Datuk Hasmi, Datuk Amar, Island Harvests, Hasmi & Associates, Lambaian Kukuh Tapak Beringin and Lembah Rakyat are collectively referred to as the "**Undertaking Shareholders**").

The details of the Proposed Undertaking are illustrated based on the following two (2) scenarios:-

Minimum Scenario : Assuming only the Undertaking Shareholders subscribe for the Rights Shares pursuant to the Proposed Undertakings and none of the other Entitled Shareholders subscribe for their entitlement under the Proposed Rights Issue

Maximum Scenario : Assuming all the Entitled Shareholders fully subscribe for their entitlement under the Proposed Rights Issue

Minimum Scenario

Undertaking Shareholders	Shareholdings as at the LPD		Entitlement Undertaking		Additional Undertaking		Direct shareholdings after the Proposed Rights Issue	
	No. of Naim Shares	% ⁽ⁱ⁾	No. of Rights Shares	% ⁽ⁱⁱ⁾	No. of Rights Shares	% ⁽ⁱⁱⁱ⁾	No. of Naim Shares	% ^(iv)
Datuk Amar	9,736,600	4.11	14,604,900	10.27	8,211,927	10.27	32,553,427	7.09
Datuk Hasmi	16,668,850	7.03	25,003,275	17.58	14,058,643	17.58	55,730,768	12.14
Island Harvests	30,619,600	12.92	45,929,400	32.29	25,824,817	32.29	102,373,817	22.30
Hasmi & Associates	9,672,750	4.08	14,509,125	10.20	8,158,075	10.20	32,339,950	7.04
Lambaian Kukuh	163,150	0.07	244,725	0.17	137,602	0.17	545,477	0.12
Tapak Beringin	27,406,900	11.57	41,110,350	28.90	23,115,200	28.90	91,632,450	19.96
Lembah Rakyat	560,800	0.24	841,200	0.59	472,983	0.59	1,874,983	0.41
Total	94,828,650	40.02	142,242,975	100.00	79,979,247	100.00	317,050,873	69.06

Notes:-

- (i) Based on the total issued share capital of Naim as at the LPD amounting to 236,944,000 Naim Shares (excluding Treasury Shares).
- (ii) Based on 142,242,975 Rights Shares to be issued pursuant to the Entitlement Undertaking.
- (iii) Based on 79,979,247 excess Rights Shares to be issued to the Undertaking Shareholders pursuant to the Additional Undertaking.
- (iv) Based on the enlarged issued share capital of Naim amounting to 459,166,222 Naim Shares (excluding Treasury Shares) after the Proposed Rights Issue under the Minimum Subscription Level.

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Maximum Scenario

Undertaking Shareholders	Shareholdings as at the LPD		Entitlement Undertaking		Additional Undertaking		Direct shareholdings after the Proposed Rights Issue	
	No. of Naim Shares	% ⁽ⁱ⁾	No. of Rights Shares	% ⁽ⁱⁱ⁾	No. of Rights Shares	%	No. of Naim Shares	% ⁽ⁱⁱⁱ⁾
Datuk Amar	9,736,600	4.11	14,604,900	4.11	-	-	24,341,500	4.11
Datuk Hasmi	16,668,850	7.03	25,003,275	7.03	-	-	41,672,125	7.03
Island Harvests	30,619,600	12.92	45,929,400	12.92	-	-	76,549,000	12.92
Hasmi & Associates	9,672,750	4.08	14,509,125	4.08	-	-	24,181,875	4.08
Lambaian Kukuh	163,150	0.07	244,725	0.07	-	-	407,875	0.07
Tapak Beringin	27,406,900	11.57	41,110,350	11.57	-	-	68,517,250	11.57
Lembah Rakyat	560,800	0.24	841,200	0.24	-	-	1,402,000	0.24
Total	94,828,650	40.02	142,242,975	40.02	-	-	237,071,625	40.02

Notes:-

(i) Based on the total issued share capital of Naim as at the LPD amounting to 236,944,000 Naim Shares (excluding Treasury Shares).

(ii) Based on 355,416,000 Rights Shares to be issued under the Proposed Rights Issue.

(iii) Based on the total issued share capital of Naim amounting to 592,360,000 Naim Shares (excluding Treasury Shares) after the Proposed Rights Issue.

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On the basis that the Proposed Undertaking is obtained and the Minimum Subscription Level will be fulfilled via the Proposed Undertaking, Naim does not intend to procure any underwriting arrangement for the remaining Rights Shares not subscribed for by the other Entitled Shareholders.

Pursuant to Paragraphs 3.06(1) and 8.02(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), Naim must ensure that at least 25% of the total listed Naim Shares are in the hands of a minimum number of 1,000 public shareholders holding not less than 100 Naim Shares each.

For information purposes, the public shareholding spread of Naim is not expected to fall below 25% of the enlarged issued share capital of Naim after the completion of the Proposals, including in the event that the Undertaking Shareholders subscribe to their full entitlement as well as the Additional Undertaking and no other Entitled Shareholders subscribe for the Rights Shares.

2.1.3 Ranking of the Rights Shares

The Rights Shares will, upon allotment and issuance, rank *pari-passu* in all respects with the existing issued Naim Shares, save and except that the Rights Shares will not be entitled to any dividends, rights, allotments and/or any other forms of distribution that may be declared, made or paid, the entitlement date of which is prior to the date of allotment of the Rights Shares.

2.1.4 Listing and quotation of the Rights Shares

An application will be made to Bursa Securities for the listing and quotation of the Rights Shares on the Main Market of Bursa Securities.

2.2 Details of the Proposed Exemption

As at the LPD, Datuk Amar, Datuk Hasmi and their PACs hold 94,829,750 Naim Shares, representing approximately 40.02% of the total issued share capital of Naim (excluding Treasury Shares).

On the basis that the Proposed Undertaking is obtained, and assuming that none of the Entitled Shareholders subscribe for their respective entitlements under the Proposed Rights Issue other than the Undertaking Shareholders, the shareholdings of Datuk Amar, Datuk Hasmi and their PACs in Naim will, over a six (6)-month period, collectively increase by more than 2% upon the completion of the Proposed Rights Issue as further detailed in Section 2.1.2 of this announcement.

Datuk Amar, Datuk Hasmi and their PACs will accordingly be obliged to undertake a mandatory take-over offer for all the remaining Naim Shares not already held by them in accordance with Paragraph 4.01(b) of the Rules (“**Mandatory Offer**”).

Datuk Amar, Datuk Hasmi and their PACs intend to submit an application to the SC for the grant of an exemption to undertake a Mandatory Offer under Paragraph 4.08(1)(b) of the Rules, after obtaining the approval of the non-interested shareholders of the Company for the Proposed Exemption pursuant to Paragraph 4.08(2)(b) of the Rules to waive their rights to receive the Mandatory Offer at an extraordinary general meeting (“**EGM**”) to be convened.

In the event that the non-interested shareholders of the Company and/or the SC do not approve the Proposed Exemption, the Proposed Rights Issue will not be implemented as the Proposals are inter-conditional.

3. UTILISATION OF PROCEEDS RAISED FROM THE PROPOSED RIGHTS ISSUE

Based on the issue price of RM0.45 for each Rights Share, the Proposed Rights Issue is expected to raise gross proceeds of approximately RM100.00 million under the Minimum Scenario and up to approximately RM159.94 million under the Maximum Scenario.

The Company intends to utilise the proceeds raised from the Proposed Rights Issue in the following manner: -

Details	Note	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)	Estimated timeframe for utilization ^(v)
Property development activities	(i)	70,000	114,937	Within 18 months
General working capital	(ii)	4,200	4,200	Within 12 months
Repayment of borrowings	(iii)	25,000	40,000	Within 12 months
Estimated expenses in relation to the Proposed Rights Issue	(iv)	800	800	Within 3 months
Total estimated proceeds		100,000	159,937	

Notes:-

- (i) The Company intends to utilise up to approximately RM114.9 million to fund its property development activities. Such expenses are envisaged to include consultant and professional fees, payment to suppliers and contractors, site overhead as well as administrative costs. As this juncture, the Company has identified the following property development projects to be funded via the proceeds from the Proposed Rights Issue:-

Project	Note	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)
Kuching Paragon	(a)	21,000	36,000
Bintulu Paragon	(b)	24,000	39,000
Bandar Baru Permyjaya	(c)	25,000	39,937
Total		70,000	114,937

Notes:-

- (a) Comprises the condominium development, namely Sapphire On The Park @ Kuching Paragon, as part of the Group's Kuching Paragon integrated development in Kuching, Sarawak. The estimated gross development value ("GDV") of the project is RM190.0 million. The development has commenced in 1st quarter of 2018 and it is expected to complete by 1st quarter of 2021.
- (b) Comprises the condominium development, namely The Peak @ Bintulu Paragon, as part of the Group's Bintulu Paragon integrated development in Bintulu, Sarawak. The estimated GDV of the project is RM150.0 million. The development has commenced in 2nd quarter of 2015 and it is expected to complete by 2nd quarter of 2019.
- (c) Comprises the landed residential component on a 42.6 acre land in Miri, Sarawak, as part of the Group's Bandar Baru Permyjaya (BPP) mixed development. The estimated GDV of the project is RM140.0 million. The development has commenced in 2nd quarter of 2018 and it is expected to complete by 1st quarter of 2021.

The actual utilisation of proceeds for the abovementioned projects will depend on the actual funding requirement and the timing of completion of the Proposed Rights Issue. Any amount not utilised for one (1) or more of these projects will be utilised for the other projects set out above.

- (ii) *The proceeds are proposed to be used for the Group's day-to-day operating and administrative expenses, which include, inter alia, sales and marketing expenses, personnel costs, as well as office expenses.*
- (iii) *The Company intends to utilise up to RM40.0 million to partly repay the Group's outstanding borrowings. As at the LPD, the Group's total borrowings amounted to RM559.7 million comprising mainly term loans and revolving credit. The partial repayment of the said borrowings is expected to result in interest costs savings of RM1.40 million (under Minimum Scenario) and RM2.24 million (under Maximum Scenario) based on the Group's weighted average interest rate of 5.6%.*
- (iv) *The estimated expenses include professional fees and fees payable to the relevant authorities, printing cost of circular to shareholders and abridged prospectus, advertisement and miscellaneous expenses. Any shortfall or excess in funds allocated for estimated expenses will be funded from or used for the Group's working capital requirements.*
- (v) *From the date of completion of the Proposed Rights Issue.*

4. RATIONALE FOR THE PROPOSALS

4.1 Proposed Rights Issue

The Board is of the view that the Proposed Rights Issue is an appropriate avenue to raise the necessary funding for the property development activities as well as partial repayment of borrowings of Naim and its subsidiaries ("**Naim Group**" or "**Group**") after taking into consideration the following:-

- (i) the Proposed Rights Issue will enable the Company to raise the requisite funds without incurring additional interest expense, as compared to bank borrowings, thereby minimizing any potential cash outflow in respect of interest servicing;
- (ii) the Proposed Rights Issue will enable the issuance of new Naim Shares without diluting shareholders' equity interest assuming that all Entitled Shareholders subscribe in full for their respective entitlements under the Proposed Rights Issue;
- (iii) the Proposed Rights Issue will provide all Entitled Shareholders the opportunity to further participate in the prospects and future growth of Naim Group on a pro-rata basis; and
- (iv) the Proposed Rights Issue will strengthen the financial position and capital base of Naim by reducing its gearing level and increasing its net assets ("**NA**") thereby providing greater financial flexibility. The Board believes that the Proposed Rights Issue will help position the Group on better financial footing to undertake more projects in the future, in tandem with its strategy to further enhance its profitability.

4.2 Proposed Exemption

The Proposed Exemption will relieve Datuk Amar, Datuk Hasmi and their PACs from the obligation to undertake a Mandatory Offer upon completion of the Proposed Rights Issue as they will only grant the Proposed Undertaking on the basis that they will not be obliged to undertake the Mandatory Offer.

As the Proposed Rights Issue is being undertaken on a minimum subscription basis, which is premised on the Minimum Subscription Level being fulfilled via the Proposed Undertaking, the Proposed Exemption will ensure that the Proposed Rights Issue can be successfully undertaken without a need on the part of the Company to arrange for the underwriting of Rights Shares not taken up by Entitled Shareholders.

5. EFFECTS OF THE PROPOSALS

The Proposed Exemption will not have any effect on Naim's issued share capital, NA, gearing, and earnings.

The pro forma effects of the Proposed Rights Issue on Naim's issued share capital, NA, gearing, substantial shareholders' shareholdings and earnings are as follows:-

5.1 Share capital

The proforma effect of the Proposed Rights Issue on the share capital of the Company as at the LPD is set out below:-

	Minimum Scenario		Maximum Scenario	
	No. of Naim Shares (<i>'000</i>)	(<i>RM'000</i>)	No. of Naim Shares (<i>'000</i>)	(<i>RM'000</i>)
Issued share capital as at the LPD	250,000	336,092	250,000	336,092
<i>Less: Treasury Shares</i>	<i>(13,056)</i>	<i>(34,748)</i>	<i>(13,056)</i>	<i>(34,748)</i>
	236,944	301,344	236,944	301,344
To be issued pursuant to the Proposed Rights Issue ⁽ⁱ⁾	222,222	100,000 ⁽ⁱ⁾	355,416	159,937 ⁽ⁱ⁾
Enlarged share capital	459,166	401,344	592,360	461,281

Note:-

(i) Based on the issue price of RM0.45 per Rights Share.

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5.2 NA and gearing

The proforma effects of the Proposed Rights Issue on the audited consolidated NA and gearing of Naim as at 31 December 2017 are set out below:-

(i) Minimum Scenario

	Audited as at 31 December 2017 (RM'000)	After the Proposed Rights Issue (RM'000)
Share capital	336,092	436,092 ⁽ⁱ⁾
Retained earnings	815,835	815,035 ⁽ⁱⁱ⁾
Treasury shares	(34,748)	(34,748)
Foreign currency translation reserve	10,917	10,917
Other reserves	129	129
Shareholders' fund / NA	1,128,225	1,227,425
No. of Naim Shares in issue	236,944	459,166
NA per Share	4.76	2.67
Total borrowings	545,404	520,404 ⁽ⁱⁱⁱ⁾
Gearing (times)	0.48	0.42

Notes:-

- (i) Computed assuming 222.22 million Rights Shares are issued under the Minimum Subscription Level at the issue price of RM0.45 each.
- (ii) After deducting the estimated expenses of RM0.8 million.
- (iii) After the repayment of bank borrowings of RM25.0 million from the utilisation of proceeds.

(ii) Maximum Scenario

	Audited as at 31 December 2017 (RM'000)	After the Proposed Rights Issue (RM'000)
Share capital	336,092	496,029 ⁽ⁱ⁾
Retained earnings	815,835	815,035 ⁽ⁱⁱ⁾
Treasury shares	(34,748)	(34,748)
Foreign currency translation reserve	10,917	10,917
Other reserves	129	129
Shareholders' fund / NA	1,128,225	1,287,362
No. of Naim Shares in issue	236,944	592,360
NA per Share	4.76	2.17
Total borrowings	545,404	505,404 ⁽ⁱⁱⁱ⁾
Gearing (times)	0.48	0.39

Notes:-

- (i) Computed assuming 355.42 million Rights Shares are issued at the issue price of RM0.45 each.
- (ii) After deducting the estimated expenses of RM0.8 million.
- (iii) After the repayment of bank borrowings of RM40.0 million from the utilisation of proceeds.

5.3 Substantial shareholders' shareholdings

The pro forma effects of the Proposed Rights Issue on the shareholdings of the substantial shareholders of Naim are as follows: -

(i) Minimum Scenario

	As at the LPD				After the Proposed Rights Issue			
	Direct		Indirect		Direct		Indirect	
	No. of Naim Shares	⁽¹⁾ %	No. of Naim Shares	⁽¹⁾ %	No. of Naim Shares	⁽²⁾ %	No. of Naim Shares	⁽²⁾ %
Datuk Amar	9,736,600	4.11	27,967,700 ⁽³⁾	11.80	32,553,427	7.09	93,507,433 ⁽³⁾	20.37
Datuk Hasmi	16,668,850	7.03	40,455,500 ⁽⁴⁾	17.07	55,730,768	12.14	135,259,244 ⁽⁴⁾	29.46
Island Harvests	30,619,600	12.92	-	-	102,373,817	22.30	-	-
Tapak Beringin	27,406,900	11.57	-	-	91,632,450	19.96	-	-
Lembaga Tabung Haji	24,827,200	10.48	-	-	24,827,200	5.41	-	-

Notes:-

- (1) Based on the total issued share capital of Naim as at the LPD amounting to 236,944,000 Naim Shares (excluding Treasury Shares).
- (2) Based on the enlarged issued share capital of Naim amounting to 459,166,222 Naim Shares (excluding Treasury Shares) after the Proposed Rights Issue based on Minimum Subscription Level.
- (3) Deemed interested by virtue of his interest in Lembah Rakyat and Tapak Beringin pursuant to Section 8 of the Companies Act, 2016 ("Act").
- (4) Deemed interested by virtue of his interest in Island Harvests , Hasmi & Associates and Lambaian Kukuh pursuant to Section 8 of the Act.

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(ii) **Maximum Scenario**

	As at the LPD				After the Proposed Rights Issue			
	Direct		Indirect		Direct		Indirect	
	No. of Naim Shares	⁽¹⁾ %	No. of Naim Shares	⁽¹⁾ %	No. of Naim Shares	⁽²⁾ %	No. of Naim Shares	⁽²⁾ %
Datuk Amar	9,736,600	4.11	27,967,700 ⁽³⁾	11.80	24,341,500	4.11	69,919,250 ⁽³⁾	11.80
Datuk Hasmi	16,668,850	7.03	40,455,500 ⁽⁴⁾	17.07	41,672,125	7.03	101,138,750 ⁽⁴⁾	17.07
Island Harvests	30,619,600	12.92	-	-	76,549,000	12.92	-	-
Tapak Beringin	27,406,900	11.57	-	-	68,517,250	11.57	-	-
Lembaga Tabung Haji	24,827,200	10.48	-	-	62,068,000	10.48	-	-

Notes:-

- (1) Based on the total issued share capital of Naim as at the LPD amounting to 236,944,000 Naim Shares (excluding Treasury Shares).
(2) Based on the enlarged issued share capital of Naim amounting to 592,360,000 Naim Shares (excluding Treasury Shares) after the Proposed Rights Issue.
(3) Deemed interested by virtue of his interest in Lembah Rakyat and Tapak Beringin pursuant to Section 8 of the Act.
(4) Deemed interested by virtue of his interest in Island Harvests, Hasmi & Associates and Lambaian Kukuh pursuant to Section 8 of the Act.

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5.4 Earnings and earnings per share (“EPS”)

As the Proposed Rights Issue is expected to be completed in the 1st quarter of 2019, the Proposed Rights Issue is not expected to have any effect on the earnings of Naim Group for the financial year ending (“FYE”) 31 December 2018. However, the Proposed Rights Issue is expected to contribute positively to the future earnings of the Naim Group in the ensuing financial years Group via the utilisation of the proceeds.

5.5 Convertible securities

The Company does not have any outstanding convertible securities as at the LPD.

6. APPROVALS REQUIRED FOR THE PROPOSALS

The Proposals are subject to the following approvals being obtained:-

- (i) Bursa Securities for the listing and quotation of the Rights Shares on the Main Market of Bursa Securities;
- (ii) shareholders of Naim at an EGM of the Company to be convened;
- (iii) the SC for the Proposed Exemption; and
- (iv) any other relevant authorities and/ or parties, if required.

The Proposed Rights Issue and the Proposed Exemption are inter-conditional upon each other.

The Proposals are not conditional upon any other corporate exercises undertaken or to be undertaken by Naim.

7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of the directors and/or major shareholders of Naim and/or persons connected with them have any interest, whether direct and/or indirect, in the Proposed Exemption, save for the following:-

- (i) Datuk Amar, being the Chairman and a shareholder of Naim, is also one of the Undertaking Shareholders and the controlling shareholder of Tapak Beringin;
- (ii) Datuk Hasmi, being the Managing Director and a shareholder of Naim, is also one of the Undertaking Shareholders and the controlling shareholder of Island Harvests; and

(Datuk Amar and Datuk Hasmi are referred to the “**Interested Directors**”)

- (iii) Island Harvests and Tapak Beringin, being major shareholders of Naim, are also the Undertaking Shareholders (“**Interested Major Shareholders**”).

In view of the above, the Interested Directors and Interested Major Shareholders are interested in the Proposed Exemption. As the Proposed Rights Issue and Proposed Exemption are inter-conditional upon each other, the Interested Directors and Interested Major Shareholders are therefore deemed to be also interested in the Proposed Rights Issue.

As such, the Interested Directors have abstained and will continue to abstain from deliberation and voting on the Proposals at all Board meetings. In addition, the Interested Directors and Interested Major Shareholders will also abstain from voting and undertake to ensure that persons connected with them, if any, will abstain from voting in respect of their direct and/or indirect shareholdings in Naim, if any, on the resolutions pertaining to the Proposals to be tabled at the EGM to be convened.

In this regard, Hasmi & Associates, Lambaian Kukuh and Lembah Rakyat, being the remaining Undertaking Shareholders and persons connected with the Interested Directors, will abstain from voting in respect of their direct and/or indirect shareholdings in Naim on the resolutions pertaining to the Proposals to be tabled at the EGM to be convened.

Wong Ping Eng (“WPE”) is the Deputy Managing Director and a shareholder of Naim (holding 0.002% shareholdings in Naim), as well as a shareholder of Hasmi & Associates (holding 3.15% shareholdings in Hasmi & Associates) as at the LPD. In view of this, WPE has voluntarily abstained and will continue to abstain from deliberation and voting on the Proposals at all Board meetings in order to mitigate any potential conflict of interest situation. She has also voluntarily abstained from voting and undertaken to ensure that persons connected with her, if any, will abstain from voting in respect of their direct and/or indirect shareholdings in Naim, if any, on the resolutions pertaining to the Proposals to be tabled at the EGM to be convened.

Save for the above, none of the directors and/or major shareholders of Naim and/or persons connected with them have any interest, either direct or indirect, in the Proposals apart from their respective entitlements under the Proposed Rights Issue (including the right to apply for additional Rights Shares under excess Right Shares application), to which all the shareholders of the Company are similarly entitled.

The shareholdings of the Interested Directors, Interested Major Shareholders and the PACs as at the LPD are as follows:-

	As at the LPD			
	Direct		Indirect	
	No. of Naim Shares	(i)%	No. of Naim Shares	(i)%
<u>Interested Directors</u>				
Datuk Amar	9,736,600	4.11	27,967,700	11.80 ⁽ⁱⁱ⁾
Datuk Hasmi	16,668,850	7.03	40,455,500	17.07 ⁽ⁱⁱⁱ⁾
WPE	5,000	0.002	-	-
<u>PACs</u>				
Island Harvests	30,619,600	12.92	-	-
Tapak Beringin	27,406,900	11.57	-	-
Hasmi & Associates	9,672,750	4.08	-	-
Lambaian Kukuh	163,150	0.07	-	-
Lembah Rakyat	560,800	0.24	-	-
Jamiah Bt Hasenan @ Hasnah Bt Hasnan (“Jamiah”) ^(iv)	1,000	(v)	-	-
Abdul Jalal Bin Abdul Rahim (“Abdul Jalal”) ^(iv)	100	(v)	-	-

Notes:-

- (i) Based on the total issued share capital of Naim as at the LPD amounting to 236,944,000 Naim Shares (excluding Treasury Shares).
- (ii) Deemed interested by virtue of his interest in Lembah Rakyat and Tapak Beringin pursuant to Section 8 of the Act.
- (iii) Deemed interested by virtue of his interest in Island Harvests, Hasmi & Associates and Lambaian Kukuh pursuant to Section 8 of the Act.
- (iv) Jamiah is the sister of Datuk Hasmi, whereas Abdul Jalal is the brother-in-law of Datuk Hasmi.
- (v) Negligible.

8. DIRECTORS' STATEMENT

The Board (save for Datuk Amar, Datuk Hasmi and WPE), after having considered all aspects of the Proposals, is of the opinion that the Proposals are in the best interests of Naim.

9. ADVISERS

AmlInvestment Bank has been appointed as Principal Adviser to the Company for the Proposals.

Pursuant to the Rules, the Board will in due course appoint an Independent Adviser, to advise the non-interested directors and non-interested shareholders of Naim on the Proposed Exemption.

10. APPLICATION TO THE AUTHORITIES

Barring unforeseen circumstances, the application to Bursa Securities in relation to the Proposed Rights Issue is expected to be made within two (2) months from the date of this announcement.

The application for the Proposed Exemption will be submitted to the SC after obtaining the requisite approval of the non-interested shareholders of the Company at the EGM to be convened.

11. ESTIMATED TIMEFRAME FOR COMPLETION

Barring unforeseen circumstances and subject to the approvals of the relevant authorities being obtained, the Proposals are expected to be completed by the 1st quarter of 2019.

This announcement is dated 30 August 2018.