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

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

BUILDING VALUE IN EVERY WAY



NAIM HOLDINGS BERHAD

COMPANY NO. 585467 - M (INCORPORATED IN MALAYSIA)

SHARE BUY BACK STATEMENT

IN RELATION TO THE

**PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO
PURCHASE OF OWN SHARES (“PROPOSED RENEWAL”)**

The above proposal will be tabled as Special Business at the Company’s Fifteenth Annual General Meeting (“AGM”) which is to be held at Damai Beach Resort, Teluk Bandung Santubong, 93756 Kuching, Sarawak on Monday, 29 May 2017 at 10.00 a.m. The Notice of the Fifteenth Annual General Meeting together with the Form of Proxy are enclosed together with the Annual Report for the financial year ended 31 December 2016.

The Form of Proxy should be lodged at the office of Share Registrar at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time stipulated for holding the meeting or at any adjournment thereof. The lodging of Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Saturday, 27 May 2017 at 10.00 a.m.

Date and time of AGM : Monday, 29 May 2017 at 10.00 a.m.

This Statement is dated 28 April 2017

SHARE BUY BACK STATEMENT

IN RELATION TO THE

PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE OF OWN SHARES (“PROPOSED RENEWAL”)

1. INFORMATION ON THE PROPOSED RENEWAL

1.1 Details of the Proposed Renewal

During the Annual General Meeting (“AGM”) held on 26 May 2016, the shareholders approved the proposed renewal of authority to purchase own shares up to 10% of the total issued and paid-up share capital of the Company as quoted on the Bursa Securities. In accordance with the Listing Requirements governing the purchase of own shares by a listed company, the aforesaid approval will continue in force until the conclusion of the forthcoming AGM of the Company which will be held on Monday, 29 May 2017 at 10.00 am

The Board proposes to seek approval from the shareholders for a renewal of the authority to purchase up to 10% of the issued and paid-up share capital of the Company as quoted on Bursa Securities as at the point of purchase. As at 31 March 2017, the total issued and paid up share capital of Naim is RM250 million comprising 250 million ordinary shares.

Based on the current paid up share capital of 250 million shares, the maximum number of shares which may be purchased by the Company will not be more than 25 million shares. The total number of shares purchased by the Company and being held as treasury shares up to and including 31 March 2017 is 13,056,000. As such, the balance that can be purchased taking into account the total cumulative treasury shares held up to 31 March 2017 is 11,944,000 shares.

The Proposed Renewal shall be effective upon the passing of the resolution at the forthcoming AGM of Naim until:

- i. the conclusion of the next AGM of the Company, following the general meeting at which such resolution was passed at which time it shall lapse, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- 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.

In accordance with Section 127 of the Companies Act 2016 (the “Act”), the Board may, at its discretion, deal with the purchased NAIM shares in the following manner:

- i. cancel the NAIM shares so purchased;
- ii. retain the NAIM shares so purchased as treasury shares;
- iii. retain part of the NAIM shares so purchased as treasury shares and cancel the remainder of the NAIM shares;
- iv. distribute the shares as dividends to shareholders, such dividends to be known as “share dividends”;
- v. resell the shares or any of the shares in accordance with the relevant rules of the stock exchange;
- vi. transfer the shares, or any of the shares for the purposes of or under an employees’ share scheme;
- vii. transfer the shares, or any of the shares as purchase consideration.

or in any other manner as may be prescribed by the Act, all applicable laws regulations and guidelines applied from time to time by Bursa Securities and/or any other relevant authority for the time being in force and that the authority to deal with the purchased NAIM shares shall continue to be valid until all the purchased NAIM shares have been dealt with by the Directors of the Company.

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

2. RATIONALE FOR THE PROPOSED RENEWAL

The Proposed Renewal may enable the Company to utilize its surplus financial resources to purchase its own shares from the market. It may stabilize the supply and demand of Naim Shares traded on the Main Market of Bursa Securities and thereby supports its fundamental value.

The Proposed Renewal would enhance shareholders value from a resultant reduction in the number of shares in the market (unless the purchased Shares are resold on Bursa Securities).

3. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED RENEWAL

3.1 Potential Advantages

The potential advantages of the Proposed Renewal are as follows:

- i. The Proposed Share Buy-Back may provide an opportunity for the Company to purchase its own shares when the market prices are below the intrinsic value in order to realize potential capital gain in the event that the market prices of the shares appreciate in the future
- ii. Naim may be able to stabilize the supply and demand of Naim Shares in the open market and thereby support its fundamental value;
- iii. General investors' confidence in the stability of Naim Shares' price is expected to be enhanced as Naim is empowered to implement the Proposed Renewal;
- iv. Naim will be able to utilize its financial resources that it has no immediate usage for the purchase of Naim Shares;
- v. The Proposed Renewal will help enhance value for shareholders from a resultant reduction in the number of shares in the market provided, all things being equal. Further, it may increase the earnings per share when the purchased shares are cancelled, thereby making the shares more attractive to investors; and
- vi. Naim may utilize the treasury shares as future dividend pay out to Naim shareholders and/or for resale in the market should opportunities arise in the future.

3.2 Potential Disadvantages

The Proposed Renewal will reduce the financial resources of the Company, which may result in the Company forgoing other investment opportunities that may emerge in the future. Nevertheless, the Proposed Renewal 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.

4. FUNDING

A sum not exceeding the Company's retained profits and/or the share premium account at the time of purchase(s) will be allocated for the Proposed Renewal and the Proposed Renewal is expected to be mainly financed by Naim's internally generated funds and/or external borrowings. Depending on the quantum and the purchase price, the Proposed Renewal may reduce the working capital of the Naim Group. As at 31 December 2016, the audited retained profits and share premium reserve of the Company were RM106 million and RM86 million respectively.

5. SHAREHOLDINGS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The table shows the direct and indirect interests of directors and substantial shareholders of Naim as at 31 March 2017, being the most practicable date prior to the printing of this Statement:

Substantial Shareholders and Directors	Shareholding as at 31 March 2017*		Shareholding after the Proposed Renewal#	
	Direct	Indirect	Direct	Indirect
Tapak Beringin Sdn. Bhd.	27,406,900 (11.57%)	Nil	27,406,900 (12.18%)	Nil
Island Harvests Sdn. Bhd.	30,619,600 (12.92%)	Nil	30,619,600 (13.60%)	Nil
Lembaga Tabung Haji	24,827,200 (10.48%)	Nil	24,827,200 (11.03%)	Nil
Datuk Amar Abdul Hamed Bin Haji Sepawi	9,736,600 (4.11%)	27,967,700 (11.80%)	9,736,600 (4.33%)	27,967,700 (12.43%)
Datuk Hasmi Bin Hasnan	16,668,850 (7.03%)	40,455,500 (17.07%)	16,668,850 (7.41%)	40,455,500 (17.98%)
Wong Ping Eng	5,000 (0.002%)	Nil	5,000 (0.002%)	Nil

* Percentage is computed based on a share capital of 236,944,000 (Paid-up 250 million shares less the number of treasury shares of 13,056,000)

Percentage is computed based on a share capital of 225,000,000 (Paid-up 250 million shares less 10% share capital should the Company acquires the full amount of 25 million shares)

6. PUBLIC SHAREHOLDING SPREAD

In implementing the Proposed Renewal, the Company will ensure that a minimum public shareholding spread of 25% is maintained. The public shareholding spread of Naim as at 31 March 2017 was 56.84%. The public shareholdings spread of the Company as at 31 March 2017 after incorporating the effects of the Proposed Renewal is 52.07%.

7.0 EFFECTS OF THE PROPOSED RENEWAL

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

7.1 Share Capital

The Proposed Renewal will have no effect on the issued and paid-up 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 and paid-up share capital of the Company will be reduced to 225,000,000.

No. of issued and paid-up share capital	
As at 31 March 2017	After Share Buy-Back
250,000,000	225,000,000

7.2 Earnings

The effect of the Proposed Renewal 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.

7.3 Net Assets ("NA") and Working Capital

The effect of the Proposed Renewal 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 may have a positive effect on the NA and working capital of the Company, if there is a gain on disposal.

8.0 IMPLICATION RELATING TO THE MALAYSIAN CODE ON TAKE OVERS AND MERGERS, 1998 ("Code")

Pursuant to Practice Notes 2.3(1) of the Code, where the combined holding of a group of persons acting in concert is less than 33% of the voting shares of the Company, and thereafter any member of that group acquires voting shares in the Company such that the combined holding of the group exceeds 33%, Part II of the Code will apply to all the members of the Group of persons acting in concert.

In the event that the Company acquires the full amount of Naim shares authorized under the Proposed Renewal and all the Naim shares so acquired are held as treasury shares or cancelled, the equity interest of the respective Substantial Shareholders as at 31 March 2017 will increase as disclose in section 5.0 of this Statement. However, as disclosed herein at the material time, none of the major shareholders' equity interest exceeds the 33% threshold as provided in the Code and therefore the resulting increase has no impact on the Code.

The Board is aware of the requirements of the Code and will be mindful of the requirements when making any purchase of Naim shares pursuant to the Proposed Renewal. The substantial shareholders upon receipt of this Statement are also made aware and are reminded to be mindful of the requirements and consequences of the Code resulting from any purchase of Naim shares pursuant to the Proposed Renewal.

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

None of the Directors and/or Major Shareholders and/or persons connected to them has any interests, direct or indirect, in the Proposed Renewal.

10.0 DIRECTORS' RECOMMENDATIONS

Having considered all aspects of the Proposed Renewal, the Directors are of the opinion that the Proposed Renewal is in the best interests of the Company. Accordingly, the Directors recommend that you vote in favour of the resolution pertaining to the Proposed Renewal to be tabled at the forthcoming AGM.

11.0 FIFTEENTH AGM

The Fifteenth AGM of Naim, which will be held at Damai Beach Resort, Teluk Bandung, Santubong, 93756 Kuching on Monday, 29 May 2017 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the resolution pertaining to the Proposed Renewal as described therein.

If you are unable to attend and vote in person at the AGM, you are requested to complete and return the enclosed Form of Proxy in accordance with the instructions therein as soon as possible and in any event so as to arrive at the office of Share Registrar at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time fixed for the AGM. The completion and returning of the Form of Proxy will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.