

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 adviser 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

The above proposal will be tabled as Special Business at the Company’s Sixteenth Annual General Meeting (“AGM”) which is to be held at Damai Beach Resort, Teluk Bandung Santubong, 93756 Kuching, Sarawak on Monday, 28 May 2018 at 10.00 a.m. The Notice of the Sixteenth Annual General Meeting together with the Form of Proxy are enclosed together with the Annual Report for the financial year ended 31 December 2017.

A member entitled to attend and vote at the AGM is entitled to appoint a proxy or proxies to attend and vote on his/her behalf. 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, 26 May 2018 at 10.00 a.m.

Date and time of AGM : Monday, 28 May 2018 at 10.00 a.m.

This Statement is dated 27 April 2018

SHARE BUY BACK STATEMENT

IN RELATION TO THE

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

1.0 INTRODUCTION

At the Fifteenth (15th) Annual General Meeting (“AGM”) held on 29 May 2017, the shareholders approved the renewal of authority to purchase own shares up to 10% of the total issued shares of the Company.

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, 28 May 2018 at 10.00 am

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 Authority for the Company to Purchase its own Shares and to seek your approval for the ordinary resolution pertaining thereto to be tabled as a special business at the forthcoming AGM.

2.0 DETAILS OF THE PROPOSED SHARE BUY-BACK

The Board proposes to seek from the shareholders of the Company a renewal of authority for the Company to purchase 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 at the time of the purchase, on Bursa Securities through stockbrokers to be appointed by the Company at a later date. Arising from the migration to the no par value regime under the Act, par value is no longer relevant. Pursuant to Section 74 of the Act, as at 31 March 2018 (“latest practicable date”), the total number of issued shares of the Company is 250 million. The total number of shares purchased by the Company and being held as treasury shares up to and including 31 March 2018 was 13,056,000. As such, the balance that can be purchased taking into account the total cumulative treasury shares held up to 31 March 2018 is 11,944,000 shares.

The Proposed Share Buy-Back 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 Share Buy-Back, if renewed, will be effective immediately upon the passing of the ordinary resolution to be tabled at the forthcoming Sixteenth AGM of the Company and will continue to be in force 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.

3.0 TREATMENT OF PURCHASED SHARES

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 shares shall continue to be valid until all the purchased shares have been dealt with by the Directors of the Company.

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 SHARE BUY-BACK

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

The Proposed Share Buy-Back is expected to 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 its 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 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 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 Share Buy-Back

The Proposed Share Buy-Back 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 Share Buy-Back 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 FUNDING

Paragraph 12.10(1) of the Listing Requirements stipulates that the Proposed Share Buy-Back 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 Share Buy-back. Based on the latest audited financial statements of the Company for the financial year ended 31 December 2017, the audited retained profits of the Company stood at RM120,960,775.

The funding of the Proposed Share Buy-Back will be through 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).

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 31 March 2018, being the most practicable date prior to the printing of this Statement:

Substantial Shareholders and Directors	Shareholding as at 31 March 2018*		Shareholding after the Proposed Share Buy-Back#	
	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)

8.0 PUBLIC SHAREHOLDING SPREAD

In implementing the Proposed Share Buy-Back, the Company will ensure that a minimum public shareholding spread of 25% is maintained. The public shareholding spread of Naim as at 31 March 2018 was 56.84%. The public shareholdings spread of the Company as at 31 March 2018 after incorporating the effects of the Proposed Share Buy-Back is 52.07%.

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:

Year 2017	Lowest (RM)	Highest (RM)
January	1.54	1.90
February	1.54	1.72
March	1.50	1.57
April	1.51	1.65
May	1.23	1.60
June	1.23	1.40
July	1.24	1.31
August	1.15	1.25
September	1.14	1.26
October	1.16	1.25
November	1.05	1.19
December	1.02	1.42

The last transacted price of Naim shares on latest practicable date was RM0.985.
(Source : Yahoo! Finance)

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 or cancellation of any treasury shares in the past twelve (12) months preceding the date of this Statement.

11.0 EFFECTS OF THE PROPOSED SHARE BUY-BACK

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

11.1 Share Capital

The Proposed Share Buy-Back 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 2018	After Share Buy-Back
250,000,000	225,000,000

11.2 Earnings

The effect of the Proposed Share Buy-Back 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 Share Buy-Back 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 Share Buy-Back 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, 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 Share Buy-Back 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 2018 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 Share Buy-Back. 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 Share Buy-Back.

13.0 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 Share Buy-Back.

14.0 DIRECTORS' RECOMMENDATIONS

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

15.0 SIXTEENTH AGM

The Sixteenth AGM of Naim, which will be held at Damai Beach Resort, Teluk Bandung, Santubong, 93756 Kuching on Monday, 28 May 2018 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the resolution pertaining to the Proposed Share Buy-Back 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.

APPENDIX I – FURTHER INFORMATION

1.0 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.

2.0 MATERIAL LITIGATIONS

a. Land Issue

On 20 March 2017, Naim Land Sdn. Bhd. ("NLSB"), a wholly owned subsidiary of the Company, received a Writ of Summons from 2 persons suing on behalf of themselves and their other siblings, and families, claiming against NLSB, the Superintendent of Land & Survey, Miri Division and the State Government of Sarawak to have native customary rights ("NCR") over an area of approximately 47.15 acres within parcels of land described as Lot 8837 and Lot 6182 both of Block 11 Kuala Baram Land District and Lot 820 Block 13 Kuala Baram Land District, which is within NLSB's existing township areas. The land was previously alienated by the State Government of Sarawak in 1997 and due land premium had been settled in prior years.

NLSB filed its Defence to the claim on 26 May 2017 and had on 21 July 2017 filed a Notice of Application for certain questions or issues of law to be determined before or without a full trial of the action and consequentially, if appropriate, to strike out the plaintiff's Statement of Claim. Parties had exchanged affidavits in respect of the said application and ruling on the same was delivered on 17 January 2018, wherein the Judge ruled that there was no merit in NLSB's application and dismissed the application with costs of RM1,000, and set down the matter for trial from 21 to 25 May 2018. NLSB had filed a Notice of Appeal to the Court of Appeal on 1 February 2018 against the Judge's ruling.

b. Other litigations

On 25 April 2017, Naim Engineering Sdn. Bhd., ("NESB") a subsidiary of the Company, received three (3) separate payments claims amounting to RM29,595,000 from a subcontractor made against NESB under the Construction Industry Payment and Adjudication Act 2012 ("CIPAA"). NESB is instituting a counterclaim against the said contractor. NESB submitted a Payment Response on 11 May 2017 and is currently still awaiting the subcontractor's response. The Directors are of the opinion that the above-mentioned payment claims by the subcontractor are baseless and frivolous and had instructed our solicitors to vigorously contest the case to defend our interest.

c. Arbitration proceedings against contract client

On 17 November 2017, NESB commenced proceedings against the Ministry of Education ("MOE") as the 1st respondent and Sebiro Holdings Sdn. Bhd. (In Liquidation) ("Sebiro") as the 2nd respondent. The proceedings were to seek resolution on contractual disputes covering claims in relation to payment for the work done including variation and the release of retention sum in connection with the contracts entered into between NESB, Sebiro and MOE for the "Cadangan Program Pembinaan, Peningkatan dan Pembaikpulihan Sekolah-Sekolah dan Asrama di Negeri Sarawak" ("School Project"). The various schools under the School Project were completed on various dates and Certificates of Practical Completion as well as Certificates of Making Good Defect were issued. The total sum involved in the arbitration, including the retention sum, is estimated to be around RM14,344,350.54.

At the same time, NESB is also pursuing the issue against MOE under CIPAA. Payment Claims were issued to MOE on 7 March 2018. As at the deadline of 21 March 2018, there was no response received from MOE and NESB is now proceeding with the issuance of the Notices of Adjudication.

There is no operational impact arising from the arbitration and/or the adjudication, as the projects have been completed.

3.0 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 2016 and the 31 December 2017.
- c. The relevant course papers in respect of material litigations referred to in Section 2 above.