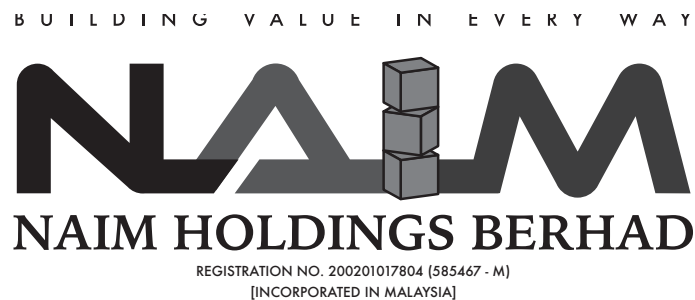


**THIS STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

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.

Bursa Malaysia Securities Berhad (“Bursa Securities”) has not perused this Statement prior to its issuance as it is an exempt Statement. Bursa Securities takes no responsibility for the contents of this Statement, 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 Statement.

Shareholders should rely on their own evaluation to assess the merits and risks of the Proposals 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 resolution pertaining to the above proposal is set out in the Notice of the Company’s Eighteenth Annual General Meeting (“18th AGM”) which will be conducted entirely through live streaming from the broadcast venue 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 (“Broadcast Venue”) on Wednesday, 24 June 2020 at 12 noon.

In line with the Government’s initiative to curb the spread of Coronavirus Disease 2019 (“COVID-19”), the 18th AGM will be conducted on a virtual basis through live streaming and online remote voting via Remote Participation and Voting facilities (“RPV”) which are available on Tricor Investor & Issuing House Services Sdn. Bhd.’s (“Tricor”) TIH Online website at <https://tiih.online>. Please follow the procedures provided in the Information for Shareholders for the 18th AGM in order to register, participate and vote remotely via the RPV facilities.

Last date and time for lodging the Form of Proxy : Tuesday, 23 June 2020 at 12 noon

Date and time of 18th AGM : Wednesday, 24 June 2020 at 12 noon

**This Statement is dated 27 May 2020**

## **IN RELATION TO THE**

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

#### **1. INTRODUCTION**

At the Seventeenth (17th) Annual General Meeting (“17th AGM”) held on 24 May 2019, 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 18th AGM of the Company which will be held on Wednesday, 24 June 2020 at 12 noon

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 18th AGM.

#### **2. 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 at the time of the purchase subject to compliance with Section 127 of the Companies Act, 2016 (“the Act”) the Listing Requirements and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of purchase.

The issued share capital of the Company as at 30 April 2020 (“latest practicable date”) is RM454,801,172 comprising 513,799,322 shares (inclusive of 13,056,000 treasury shares). The maximum number of shares which may be purchased by the Company shall not exceed 51,379,932 shares. The purchase of own shares will be carried out on Bursa Securities through appointed stockbrokers.

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 18th 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. TREATMENT OF PURCHASED SHARES**

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

- i. cancel the 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. 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.

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

Nevertheless, the Proposed 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. 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 2019, the audited retained profits of the Company stood at RM102,685,721.

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. 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. SHAREHOLDINGS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The table shows the direct and indirect interests of directors and substantial shareholders of Naim as at 30 April 2020, being the most practicable date prior to the printing of this Statement:

Substantial Shareholders and Directors	Shareholding as at 30 April 2020*		Shareholding after the Proposed Share Buy-Back#	
	Direct	Indirect	Direct	Indirect
Tapak Beringin Sdn. Bhd.	91,632,450 (18.30%)	Nil	91,632,450 (19.82%)	Nil
Island Harvests Sdn. Bhd.	102,373,817 (20.44%)	Nil	102,373,817 (22.14%)	Nil
Hasmi & Associates Management Sdn. Bhd.	32,339,950 (6.46%)	Nil	32,339,950 (6.99%)	Nil

Substantial Shareholders and Directors	Shareholding as at 30 April 2020*		Shareholding after the Proposed Share Buy-Back#	
	Direct	Indirect	Direct	Indirect
Datuk Amar Abdul Hamed Bin Haji Sepawi	32,553,427 (6.50%)	93,507,433 (18.67%)	32,553,427 (7.04%)	93,507,433 (20.22%)
Datuk Hasmi Bin Hasnan	55,730,768 (11.13%)	135,259,244 (27.01%)	55,730,768 (12.05%)	135,259,244 (29.25%)
Wong Ping Eng	12,500 (0.002%)	Nil	12,500 (0.003%)	Nil

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

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

## 8. 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 30 April 2020 was 35.75%. The public shareholdings spread of the Company as at 30 April 2020 after incorporating the effects of the Proposed Share Buy-Back is 28.29%.

## 9. HISTORICAL SHARE PRICE OF NAIM

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

	Lowest (RM)	Highest (RM)
April 2019	1.03	1.28
May 2019	0.685	1.12
June 2019	0.705	0.875
July 2019	0.865	0.975
August 2019	0.8	1.17
September 2019	0.845	1.01
October 2019	0.84	1.1
November 2019	0.95	1.12
December 2019	0.94	1.14
January 2020	0.97	1.33
February 2020	1.01	1.38
March 2020	0.335	1.08

The last transacted price of Naim shares on latest practicable date was RM0.62.

(Source: Investing.com)

## 10. PURCHASE, RESALE AND CANCELLATION OF NAIM SHARES IN THE LAST TWELVE MONTHS

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

## 11. 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:-

### 1. Share Capital

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

No. of share capital	
As at 30 April 2020	After Share Buy-Back
513,799,322	462,419,390

### 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.

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

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

- Existing shareholding of less than 33% to increase to 33% and above;
- Existing shareholding of between 33% to 50% to increase by more than 2% in any 6 months period

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

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

## 13. 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. 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 18th AGM. Voting shall be done by way of poll pursuant to Paragraph 8.29A Listing Requirements.

## 15. 18<sup>TH</sup> AGM

The 18th AGM of Naim, the notice of which is set out in the Company's Annual Report 2019, which will be conducted entirely through live streaming from the broadcast venue 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 ("Broadcast Venue") on Wednesday, 24 June 2020 at 12 noon for the purpose of considering and, if thought fit, passing the resolution pertaining to the Proposed Share Buy-Back as described therein.

The Broadcast Venue of the 18th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue of the meeting. No shareholders/proxies from the public should be physically present at the Broadcast Venue on the day of the 18th AGM.

Since the 18th AGM will be conducted via a virtual meeting, you may appoint the Chairman of the Meeting as your proxy and indicate the voting instruction in the Proxy Form. You are required to complete, sign and return the Proxy Form, which is enclosed in the Annual Report 2019, in accordance with the instructions printed therein as soon as possible and in any event so as to arrive at the office of the 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 twenty-four (24) hours before the time fixed for the 18th AGM or no later than Tuesday, 23 June 2020 at 12 noon. You may also submit the proxy appointment electronically via Tricor's TIH Online website at <https://tiih.online> no later than the aforementioned date.

## 16.0 FURTHER INFORMATION

Shareholders are requested to refer to Appendix I contained in this Statement for further information.

## **APPENDIX I – FURTHER INFORMATION**

### **1. DIRECTORS' RESPONSIBILITY STATEMENT**

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

### **2. MATERIAL LITIGATIONS**

#### **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 3 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. However, NLSB had filed a Notice of Appeal to the Court of Appeal on 1 February 2018 against the Judge's ruling, which appeal is awaiting hearing. The main trial is held abeyance pending disposal of NLSB's appeal to the Court of Appeal.

Since then, there had been no changes in the litigation status.

### **3. DOCUMENTS AVAILABLE FOR INSPECTION**

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

- a. The Constitution of Naim Holdings Berhad;
- b. The audited consolidated financial statements for the past two (2) financial years ended 31 December 2018 and the 31 December 2019; and
- c. The relevant course papers in respect of material litigations referred to in Section 2 above.