

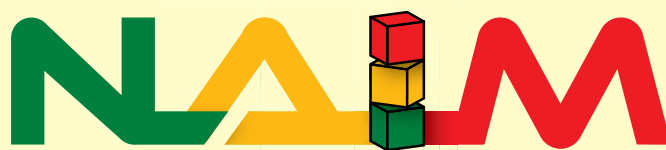
THIS STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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 Proposal as set out herein.

BUILDING VALUE SPIRITEDLY



NAIM HOLDINGS BERHAD

REGISTRATION NO. 200201017804 (585467 - M)

Share Buy Back Statement

IN RELATION TO THE

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

The Proposed Share Buy-Back will be tabled as Special Business at the Company's Nineteenth Annual General Meeting ("19th AGM") which will be conducted entirely through live streaming from the broadcast venue at Naim Holdings Berhad, 10th Floor, Wisma Naim, 2 ½ Mile, Rock Road, 93200 Kuching, Sarawak ("Broadcast Venue") on Thursday, 24 June 2021 at 10.00 a.m.

The Notice of the 19th AGM together with the Form of Proxy, Administrative Details, Annual Report 2020 and this Statement are published on the Company's website at www.naim.com.my or Bursa Malaysia website at www.bursa.com.my. Please follow the procedures in the Administrative Details for the 19th AGM provided in the Annual Report 2020 in order to register, participate and vote remotely.

Members who appoint a proxy or proxies may deposit their duly executed Forms of Proxy in hardcopy or by electronic means in the following manner before 10:00 am on Wednesday, 23 June 2021:-

- a. Hard copy Please submit to the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or Tricor's Customer Service Center at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur; OR
- b. Electronic form Please lodge via Tricor's TIH Online website at <https://tiah.online> (applicable to individual members only) by following the procedures provided in the Administrative Details for the 19th AGM.

The lodging of the Form of Proxy will not preclude you from participating and voting remotely at the 19th AGM should you subsequently wish to do so.

This Statement is dated 24 May 2021

Share Buy Back Statement

IN RELATION TO THE PROPOSED SHARE BUY-BACK

1. INTRODUCTION

At the Eighteenth (18th) Annual General Meeting (“18th AGM”) held on 24 June 2020, the shareholders approved the renewal of authority to purchase own shares up to 10% of the total issued shares of the Company (“NAIM”).

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 19th AGM of the Company which will be held on Thursday, 24 June 2021 at 10 a.m.

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 Share Buy-Back 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. 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 shares 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 2021 (“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 19th AGM of the Company and will continue to be in force until:

- i. the conclusion of the next AGM; or
- 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(4) 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;

The treasury shares retained may be resold on Bursa Securities or distributed to shareholders as share dividends or cancelled subsequently or dealt with in such manner as prescribed by the Act.

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 Share Buy-Back 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 2020, the audited retained profits of the Company stood at RM131,315,864.40.

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 2021, being the most practicable date prior to the printing of this Statement:

Substantial Shareholders and Directors	Shareholding as at 30 April 2021*		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
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%)

* 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 2021 was 35.75%. The public shareholdings spread of the Company as at 30 April 2021 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)
May 2020	0.580	0.690
June 2020	0.620	0.870
July 2020	0.805	1.060
August 2020	0.815	0.915
September 2020	0.720	0.840
October 2020	0.770	0.955
November 2020	0.765	0.925
December 2020	0.750	0.855
January 2021	0.700	0.790
February 2021	0.705	0.815
March 2021	0.755	0.930
April 2021	0.770	0.870

The last transacted price of Naim shares on latest practicable date was RM0.795.

(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 2021	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:-

- i. Existing shareholding of less than 33% to increase to 33% and above;
- ii. 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 is 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

Save for the inadvertent proportionate increase in the percentage of the shareholdings and/or voting rights in their capacity as shareholders of the Company as a consequence of the implementation of the Proposed Share Buy-back, none of the Directors or substantial shareholders of the Company or persons connected with them has any interest, direct or indirect, in the Proposed Share Buy-back.

14. DIRECTORS’ RECOMMENDATIONS

The Board, after having considered all aspects of the Proposed Share Buy-back, is of the opinion that the Proposed Share Buy-back is in the best interest of the Company. Accordingly, they recommend that you vote in favour of the ordinary resolution pertaining to the Proposed Share Buy-back to be tabled at the forthcoming 19th AGM.

15. FURTHER INFORMATION

Shareholders are advised to refer to the attached Appendix I 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. Contract litigation

On 12 November 2020, Naim Engineering Sdn. Bhd. ("NESB"), NAIM's subsidiary, received a Writ of Summons together with a Statement of Claim from a subcontractor in respect of two completed works package projects. The claims against NESB is 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.

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 material financial and/or operational impact on the Group's results for the financial year ending 31 December 2020. Notwithstanding, in the event that the claim is allowed by the Court, the financial impact is limited to what is claimed by the subcontractor in the Statement of Claim. The Group has instructed our solicitors to vigorously contest the claim.

The subcontractor had on 25 April 2017 issued three (3) separate Payment Claims, totalling some RM29.60 million, under the Construction Industry Payment and Adjudication Act 2012 ("CIPAA") against NESB; the subject matter of which is similar to that as contained in the Statement of Claim. The subcontractor however failed to and/or did not pursue the matter then after NESB responded with its Payment Response dated 11 May 2017.

On 6 May 2021, both parties agreed for the Court proceedings to be stayed in favour of arbitration.

b. Other litigation

On 30 April 2021, Jelas Kemuncak Resources Sdn. Bhd. ("JKRSB"), NAIM's subsidiary filed a Writ of Summons and Statement of Claim against Sia Bintangor Holdings Sdn. Bhd. for outstanding debt in the sum of RM15.9 million, interest thereon and costs.

However, the Writ of Summons and Statement of Claim was withdrawn on 3 May 2021 and re-filed on the same day as the first filing was done under incorrect Court coding. The re-filed Writ of Summons and Statement of Claim has been served on the defendant who has entered appearance of 19 May 2021.

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 2019 and 31 December 2020; and
- c. The relevant course papers in respect of material litigations referred to in Section 2 above.