

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

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IMPIANA HOTELS BERHAD

Registration No: 200601021085 (740838-A)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

- (I) PROPOSED CONSOLIDATION OF EVERY 5 EXISTING ORDINARY SHARES IN IMPIANA HOTELS BERHAD (“IMPIANA” OR THE “COMPANY”) (“IMPIANA SHARES” OR “SHARES”) INTO 1 NEW IMPIANA SHARE (“CONSOLIDATED SHARE”) (“PROPOSED SHARE CONSOLIDATION”);**
- (II) PROPOSED AMENDMENTS TO THE CONSTITUTION OF IMPIANA (“PROPOSED AMENDMENTS”); AND**
- (III) PROPOSED ISSUANCE OF REDEEMABLE CONVERTIBLE NOTES (“NOTES”) (CONVERTIBLE INTO A MAXIMUM OF 577,735,632 NEW ORDINARY SHARES IN IMPIANA HOTELS BERHAD) WITH AN AGGREGATE PRINCIPAL AMOUNT OF UP TO RM150.00 MILLION (“PROPOSED NOTES ISSUE”)**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser

kenanga

Kenanga Investment Bank Berhad

Registration No.: 197301002193 (15678-H)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting (“**EGM**”) of Impiana Hotels Berhad will be held on Friday, 11 November 2022 at 10.00 a.m. or at any adjournment thereof, as a virtual meeting via live streaming broadcast from Jasmin Room, Level 1, Impiana KLCC Hotel, 13 Jalan Pinang, 50450 Kuala Lumpur, Malaysia on Friday, 11 November 2022 at 10.00 a.m. or at any adjournment thereof. The Notice of EGM together with the Form of Proxy are enclosed in this Circular.

Members are to register online at <https://vps.megacorp.com.my/eVzDXE>. Please refer to the Administrative Guide

A member of Impiana entitled to attend, participate, speak (in the form of real-time submission of typed texts) and vote at the EGM is entitled to appoint up to two (2) proxies to attend, participate, speak (in the form of real-time submission of typed texts) and vote on his / her behalf. In such event, the completed and signed Form of Proxy should be just lodged at the office of the Poll Administrator at Mega Corporate Services Sdn Bhd, Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur or email to EGM-support.impiana@megacorp.com.my not less than 24 hours before the time appointed for holding the EGM or any adjournment thereof. The lodging of the Form of Proxy shall not preclude you from attending, participating, speaking (in the form of real-time submission of typed texts) and voting in person at the EGM should you subsequently wish to do so, but if you do, your proxy shall be precluded from attending the EGM.

Last date and time for lodging the Form of Proxy	:	Thursday, 10 November 2022 at 10.00 a.m.
Date and time of the EGM	:	Friday, 11 November 2022 at 10.00 a.m. or at any adjournment thereof

This Circular is dated 20 October 2022

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

5D-VWAP	:	5 days volume weighted average market price
Act	:	Companies Act 2016, as may be amended, supplemented or modified from time to time
Announcement	:	The announcement dated 7 June 2022 in relation to the Proposals
AOF	:	Advance Opportunities Fund (CT 168559), incorporated under the Companies Law (2018 Revision) of the Cayman Islands. B.W.I as an exempted company with limited liability
AOF 1	:	Advance Opportunities Fund 1 (CT 308364) is an open-ended fund incorporated under the Companies Law (2018 Revision) of Cayman Islands. B.W.I as an exempted company with limited liability
Board	:	Board of Directors of Impiana
Bursa Securities	:	Bursa Malaysia Securities Berhad
Circular	:	This circular to the shareholders dated 20 October 2022
CMSA	:	Capital Markets and Services Act, 2007
Consolidated Shares	:	New Impiana Shares after the Proposed Share Consolidation
Constitution	:	The constitution of Impiana
Conversion Price	:	The price at which each Conversion Share shall be issued upon conversion of the Notes, as set out in the Subscription Agreement
Conversion Shares	:	New Impiana Shares to be issued pursuant to the conversion of the Notes at the conversion terms, subject to the terms and conditions as set out in the Subscription Agreement
Director(s)	:	A natural person who holds directorship in the Company and shall have the meaning given in Section 2(1) of the Capital Markets and Services Act, 2007
EGM	:	Extraordinary general meeting
Entitlement Date	:	Entitlement date to be determined and announced later by the Board
EPS	:	Earnings per Share
FPE	:	Financial period ended
FYE(s)	:	Financial year ended / ending, as the case may be
ICPS	:	Irredeemable convertible preference shares
Impiana or Company	:	Impiana Hotels Berhad
Impiana Cherating	:	Impiana Cherating Sdn Bhd

DEFINITIONS (CONT'D)

Impiana Group or Group	:	Impiana and its subsidiaries, collectively
Impiana Shares or Shares	:	Ordinary shares in Impiana
Kenanga IB	:	Kenanga Investment Bank Berhad
LBT	:	Loss before tax
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	7 October 2022, being the latest practicable date prior to the printing of this Circular
Market Day(s)	:	Any day between Monday and Friday (inclusive of both days) on which Bursa Securities is open for trading of securities
Maturity Date	:	The date falling 36 months (3 years) from the closing date of the first sub-tranche of Tranche 1 Notes
Maximum Conversion Shares	:	A maximum number of 577,735,632 Conversion Shares will be issued upon the full conversion of the Notes.
MCO	:	Movement Control Order
Minimum Conversion Price or MCP	:	RM0.05, being the minimum Conversion Price for the Notes to be converted into Conversion Shares
NA	:	Net assets attributable to the owners of the Company
Noteholder(s)	:	Holder(s) of the Notes
Notes	:	Redeemable convertible notes
Proposals	:	Proposed Share Consolidation, Proposed Amendments and Proposed Notes Issue, collectively
Proposed Amendments	:	Proposed amendments to the Constitution
Proposed Notes Issue	:	Proposed issuance of Notes with an aggregate principal amount of up to RM150.00 million
Proposed Share Consolidation	:	Proposed consolidation of every 5 existing Impiana Shares into 1 new Impiana Share
Record of Depositors	:	A record of securities holders established and maintained by Bursa Malaysia Depository Sdn Bhd
RM and sen	:	Ringgit Malaysia and sen, respectively
Subscribers	:	AOF and AOF 1, collectively
Subscriber's Appointee	:	Any authorised agent appointed by the Subscribers
Subscription Agreement	:	A conditional subscription agreement dated 7 June 2022 entered into between Impiana and the Subscribers in relation to the Proposed Notes Issue
Supplemental Letter	:	A supplemental letter dated 4 August 2022 entered into between Impiana and the Subscribers to revise the original MCP in relation to the Notes Issue from RM0.10 to RM0.05

DEFINITIONS (CONT'D)

References to “we”, “us”, “our” and “ourselves” mean our Company, or where the context otherwise requires, our Group.

All references to “you” in this Circular mean the shareholders of our Company.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

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EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION OF THE PROPOSALS. YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE ENTIRE CONTENTS OF THIS CIRCULAR WITHOUT RELYING SOLELY ON THIS EXECUTIVE SUMMARY BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS AT THE FORTHCOMING EGM OF THE COMPANY.

<u>Key information</u>	<u>Summary</u>	<u>Reference in Circular</u>
Summary of the Proposals	<p>Impiana intends to undertake the following:</p> <p>(a) <u>Proposed Share Consolidation</u></p> <p>The Proposed Share Consolidation entails the consolidation of every 5 existing Impiana Shares into 1 Consolidated Share. As at the LPD, the issued ordinary share capital of our Company is RM481,724,820 comprising 1,444,339,082 Impiana Shares. In addition, as at the LPD, our Company has 182,520,325 ICPS comprising 132,837,560 ICPS-A and 49,682,765 ICPS-B. For illustration purposes, none of the ICPS are assumed to be converted into new Impiana Shares prior to the Proposed Share Consolidation thus the 1,444,339,082 Impiana Shares will be consolidated into 288,867,816 Consolidated Shares pursuant to the Proposed Share Consolidation.</p> <p>(b) <u>Proposed Amendments</u></p> <p>The Proposed Amendments entails the amendments to the relevant articles of the Constitution to reflect the adjusted conversion rights and conversion ratio of ICPS-A and ICPS-B as a consequence of the Proposed Share Consolidation.</p> <p>(c) <u>Proposed Notes Issue</u></p> <p>The Proposed Notes Issue entails the issuance of redeemable convertible notes with an aggregate principal amount of up to RM150.00 million, which will mature on the date falling 36 months from the closing date of the first sub-tranche of the Tranche 1 Notes.</p> <p>The number of Impiana Shares to be issued upon conversion of the Notes shall depend on the Conversion Price which will be determined later, provided the Conversion Price is not less than RM0.05, being the MCP.</p> <p>The maximum number of Shares which may be issued pursuant to the conversion of all (and not part of) the Notes shall be 577,735,632 Shares (subject to adjustments in the event of stock splits, consolidation and / or re-classification of the Shares) unless otherwise increased pursuant to the terms and conditions of the Subscription Agreement.</p>	Section 2

EXECUTIVE SUMMARY (CONT'D)

Key information	Summary	Reference in Circular
Rationale for the Proposals	<p>(a) <u>Proposed Share Consolidation</u></p> <p>The Proposed Share Consolidation will enhance our Company's share capital structure as the consolidation of the existing Impiana Shares will reduce the number of our Company shares available in the market. Hence, our Company shall benefit from easier management of a smaller number of Impiana Shares and all else being equal, would be indifferent to the shareholders as the Proposed Share Consolidation will not have any impact on the market value of Impiana Shares as disclosed in Section 2.1.2 of this Circular.</p> <p>(b) <u>Proposed Amendments</u></p> <p>The Proposed Amendments are intended to facilitate the adjustment to the conversion rights and conversion ratio of ICPS-A and ICPS-B as a consequence of the Proposed Share Consolidation.</p> <p>(c) <u>Proposed Notes Issue</u></p> <p>Our Board is of the view that the Proposed Notes Issue is the most appropriate avenue of raising funds for the proposed utilisations as set out in Section 2.3.8 of this Circular based on the following rationale:</p> <p>(i) the Proposed Notes Issue will enable Impiana to raise funds expeditiously and cost effectively as the Proposed Notes Issue has pre-identified investor, which allows our Company to save costs on road shows and marketing for potential investors; and</p> <p>(ii) the Proposed Notes Issue will enable Impiana to raise funds via the hybrid market, that is between the debt market where gearing and security or rating may be an issue, and the equity market, where current market conditions may not be conducive.</p>	Section 3
Approvals required	<p>(a) Bursa Securities for the Proposed Share Consolidation and listing of and quotation for the Conversion Shares pursuant to the Proposed Notes Issue on the Main Market of Bursa Securities subject to the conditions as disclosed in Section 7 of this Circular;</p> <p>(b) the shareholders of Impiana at an EGM to be convened; and</p> <p>(c) any other relevant authorities or parties, if required.</p>	Section 7
Directors' statement and recommendation	<p>Our Board, having reviewed and considered all aspects of the Proposals, including the rationale, justifications and effects of the Proposals, is of the opinion that the Proposals are in the best interest of our Company and is fair, reasonable and on terms that are not detrimental to the interest of the minority shareholders of Impiana.</p>	Section 12



IMPIANA HOTELS BERHAD

Registration No: 200601021085 (740838-A)
(Incorporated in Malaysia)

Registered Office:

21st Floor Menara KH
Jalan Sultan Ismail
50250 Kuala Lumpur
Wilayah Persekutuan, Malaysia

20 October 2022

Board of Directors

Dato' Seri Ismail @ Farouk Bin Abdullah (*Executive Chairman*)
Prof. Dr Mohd Amy Azhar Bin Haji Mohd Harif (*Independent Non-Executive Director*)
Datuk Supperamaniam A/L Manickam (*Independent Non-Executive Director*)
Dyana Sofya Binti Mohd Daud (*Non-Independent Non-Executive Director*)
Dato' Hong Khay Kuan (*Independent Non-Executive Director*)

To: The shareholders of Impiana Hotels Berhad

Dear Sir/Madam,

- (I) PROPOSED SHARE CONSOLIDATION;**
- (II) PROPOSED AMENDMENTS; AND**
- (III) PROPOSED NOTES ISSUE**

(COLLECTIVELY REFERRED TO AS "PROPOSALS")

1. INTRODUCTION

On 7 June 2022, Kenanga IB, on behalf of our Board, announced the Proposals.

On 4 August 2022, Kenanga IB, on behalf of our Board, announced the revision to the MCP pursuant to the Proposed Notes Issue. The original MCP as announced on 7 June 2022 was set at RM0.10. The MCP was subsequently revised to RM0.05 on 4 August 2022, taking into account the prevailing market price performance and trading history of Impiana Shares from 7 June 2022 until 29 July 2022 and the intention of our Board to facilitate a smooth implementation of the Notes Issue. The revised MCP will enable our Company to facilitate a progressive subscription and conversion of the Notes as well as a progressive divestment of the Conversion Shares via the open market without interruption arising from any non-conversion of the Notes due to the Conversion Price falling below the MCP.

On 6 October 2022, Kenanga IB, on behalf of our Board, announced that Bursa Securities had, vide its letter dated 6 October 2022, resolved to approve the following:

- (i) Proposed Share Consolidation; and
- (ii) Listing of up to 577,735,632 new Impiana Shares to be issued pursuant to the conversion of the Notes arising from the Proposed Notes Issue.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSALS TOGETHER WITH OUR BOARD'S RECOMMENDATION THEREON AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM TOGETHER WITH THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN CAREFULLY BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSALS

2.1. Proposed Share Consolidation

2.1.1. Basis and number of Consolidated Shares

The Proposed Share Consolidation entails the consolidation of every 5 existing Impiana Shares into 1 Consolidated Share.

As at the LPD, the issued share capital of our Company is RM481,724,820 comprising 1,444,339,082 Impiana Shares. In addition, as at the LPD, our Company has 182,520,325 ICPS comprising:

- (i) 132,837,560 ICPS-A ⁽¹⁾ with a conversion ratio of 10 existing ICPS-A into 1 new Impiana Share based on the amendment of the Constitution consequent to the consolidation of Impiana Shares which was completed on 10 February 2020; and
- (ii) 49,682,765 ICPS-B ⁽²⁾ with a conversion ratio of 1 existing ICPS-B into 1 new Impiana Share.

Notes:

- (1) *As at the LPD, 3,271,040 ICPS-A are held by Impiana Sdn Bhd and 129,566,520 ICPS-A are held by other ICPS-A holders.*
- (2) *As at the LPD, 48,491,427 ICPS-B are held by Impiana Sdn Bhd and 1,191,338 ICPS-B are held by Dato' Seri Ismail @ Farouk Bin Abdullah.*

For illustration purposes, pursuant to the Proposed Share Consolidation:

- (i) the 1,444,339,082 Impiana Shares as at the LPD (assuming none of the ICPS are converted into new Shares prior to the Entitlement Date) will be consolidated into 288,867,816 Consolidated Shares ("**Minimum Scenario**"); and
- (ii) the 1,507,305,603 Impiana Shares as at the LPD (assuming all of the ICPS are converted into new Shares prior to the Entitlement Date) will be consolidated into 301,461,121 Consolidated Shares ("**Maximum Scenario**").

For the avoidance of doubt, the actual number of Consolidated Shares will be determined based on the total number of issued shares of our Company as at the Entitlement Date after taking into consideration any new Shares that may be issued arising from conversion of the ICPS.

However, the eventual number of Impiana Shares under both the Minimum Scenario and Maximum Scenario will be the same i.e. 301,461,121 Impiana Shares, as illustrated below:

Minimum Scenario

	As at the LPD		Pro forma (I)		Pro forma (II)	
			After Proposed Share Consolidation		After Pro forma (I) and full conversion of ICPS ⁽¹⁾	
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
Impiana Sdn Bhd	350,327	24.25	70,065	24.25	⁽²⁾ 79,829	26.48
Dato' Seri Ismail @ Farouk Bin Abdullah	293,744	20.34	58,749	20.34	⁽³⁾ 58,987	19.57
ICPS-A holders ⁽⁴⁾	-	-	-	-	⁽⁴⁾ 2,591	0.86
Others	800,268	55.41	160,054	55.41	160,054	53.09
Total	1,444,339	100.00	288,868	100.00	301,461	100.00

Notes:

- (1) Pursuant to the Proposed Share Consolidation, the conversion rights and conversion ratio of ICPS-A and ICPS-B shall be adjusted to take into consideration the consolidation of 5 existing Impiana Shares into 1 Impiana Share. Accordingly, pursuant to the Proposed Amendments, the conversion ratio of ICPS-A shall be amended to 50 existing ICPS-A into 1 new Impiana Share and the conversion ratio of ICPS-B shall be amended to 5 existing ICPS-B into 1 new Impiana Share. Please refer to Section 2.2 of this Circular for further information on the Proposed Amendments.
- (2) As at the LPD, Impiana Sdn Bhd has 3,271,040 ICPS-A and 48,491,427 ICPS-B. This is assuming 3,271,040 ICPS-A are converted into 65,421 new Impiana Shares at the adjusted conversion ratio of 50 existing ICPS-A into 1 new Impiana Share and 48,491,427 ICPS-B are converted into 9,698,285 new Impiana Shares at the adjusted conversion ratio of 5 existing ICPS-B into 1 new Impiana Share.
- (3) As at the LPD, Dato' Seri Ismail @ Farouk Bin Abdullah has 1,191,338 ICPS-B. This is assuming 1,191,338 ICPS-B are converted into 238,268 new Impiana Shares at the adjusted conversion ratio of 5 existing ICPS-B into 1 new Impiana Share.
- (4) As at the LPD, 129,566,520 ICPS-A are held by other ICPS-A holders. This is assuming 129,566,520 ICPS-A are converted into 2,591,330 new Impiana Shares at the adjusted conversion ratio of 50 existing ICPS-A into 1 new Impiana Share.

Maximum Scenario

	As at the LPD		Pro forma (I)		Pro forma (II)	
			After full conversion of ICPS		After Pro forma (I) and Proposed Share Consolidation	
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
Impiana Sdn Bhd	350,327	24.25	⁽¹⁾ 399,146	26.48	79,829	26.48
Dato' Seri Ismail @ Farouk Bin Abdullah	293,744	20.34	⁽²⁾ 294,935	19.57	58,987	19.57
ICPS-A holders ⁽³⁾	-	-	⁽³⁾ 12,957	0.86	2,591	0.86
Others	800,268	55.41	800,268	53.09	160,054	53.09
Total	1,444,339	100.00	1,507,306	100.00	301,461	100.00

Notes:

- (1) As at the LPD, Impiana Sdn Bhd has 3,271,040 ICPS-A and 48,491,427 ICPS-B. This is assuming 3,271,040 ICPS-A are converted into 327,104 new Impiana Shares at the existing conversion ratio of 10 existing ICPS-A into 1 new Impiana Share and 48,491,427 ICPS-B are converted into 48,491,427 new Impiana Shares at the existing conversion ratio of 1 existing ICPS-B into 1 new Impiana Share.
- (2) As at the LPD, Dato' Seri Ismail @ Farouk Bin Abdullah has 1,191,338 ICPS-B. This is assuming 1,191,338 ICPS-B are converted into 1,191,338 new Impiana Shares at the existing conversion ratio of 1 existing ICPS-B into 1 new Impiana Share.
- (3) As at the LPD, 129,566,520 ICPS-A are held by other ICPS-A holders. This is assuming 129,566,520 ICPS-A are converted into 12,956,652 new Impiana Shares at the existing conversion ratio of 10 existing ICPS-A into 1 new Impiana Share.

2.1.2. Adjustment to the reference price of the Shares

The Proposed Share Consolidation will result in an adjustment to the reference share price of Impiana Shares listed and quoted on the Main Market of Bursa Securities. For illustration purposes, based on the last transacted market price of Impiana Shares as at the LPD of RM0.02, the theoretical adjusted reference share price of Impiana Shares upon completion of the Proposed Share Consolidation is as follows:

	Minimum Scenario		Maximum Scenario	
	As at the LPD	After Proposed Share Consolidation	As at the LPD	After Proposed Share Consolidation
No. of Impiana Shares	1,444,339,082	288,867,816	1,507,305,603	301,461,121
Closing market / theoretical adjusted reference share price per Impiana Share (RM)	0.02	⁽¹⁾ 0.10	0.02	⁽¹⁾ 0.10
Total market value of Impiana (RM) ⁽²⁾	28,886,782	28,886,782	30,146,112	30,146,112

Notes:

(1)
$$\text{Theoretical adjusted reference share price per Impiana Share} = \text{Last transacted market price per Impiana Share as at the LPD (RM)} \times \frac{\text{No. of Impiana Shares as at the LPD}}{\text{No. of Consolidated Shares}}$$

- (2) The total market value of Impiana is arrived at by multiplying the number of Impiana Shares with the closing market / theoretical adjusted reference share price per Impiana Share.

For illustration purposes, based on a shareholding of 1,000 Impiana Shares, the effect of the Proposed Share Consolidation is set out below:

	As at the LPD	After Proposed Share Consolidation
No. of Impiana Shares	1,000	200
Closing market / theoretical adjusted reference share price per Impiana Share (RM)	0.02	⁽¹⁾ 0.10
Total market value of shareholding (RM) ⁽²⁾	20.00	20.00

Notes:

$$\begin{aligned} (1) \quad & \text{Theoretical adjusted reference share price per Impiana Share} = \text{Last transacted market price per Impiana Share as at the LPD (RM)} \times \frac{\text{No. of Impiana Shares as at the LPD}}{\text{No. of Consolidated Shares}} \\ & = \text{RM0.02} \times \frac{1,000}{200} \\ & = \text{RM0.10} \end{aligned}$$

(2) The total market value of Impiana is arrived at by multiplying the number of Impiana Shares with the closing market / theoretical adjusted reference share price per Impiana Share.

Based on the illustrations above, the Proposed Share Consolidation will reduce the number of Impiana Shares and increase the reference share price of Impiana Share. However, it will not have any impact on the total market value of the securities held by the shareholders of Impiana. Any fractional entitlements arising from the Proposed Share Consolidation shall be disregarded and / or dealt with by our Board in such manner at its absolute discretion as it may deem fit and in the best interest of our Company.

The Proposed Share Consolidation is expected to result in adjustments to the conversion ratio and conversion rights of the ICPS (“**Adjustments**”). Further details on the Adjustments are set out in Section 2.2 of this Circular.

2.1.3. Ranking of Consolidated Shares

The Consolidated Shares shall, upon allotment and issuance, rank equally in all respects with each other.

2.1.4. Suspension of trading in Impiana Shares

There will not be any suspension of trading in Impiana Shares pursuant to the Proposed Share Consolidation

2.1.5. Listing of and quotation for Consolidated Shares and notices of allotment

The Consolidated Shares shall be listed and quoted on the Main Market of Bursa Securities on the next Market Day after the Entitlement Date.

The notice of allotment will be issued and despatched to the entitled shareholders within 4 Market Days after the date of listing of and quotation for the Consolidated Shares on the Main Market of Bursa Securities, or such other period as may be prescribed by Bursa Securities.

2.2. Proposed Amendments

Our Board has resolved to amend the relevant articles of the Constitution to reflect the adjusted conversion rights and conversion ratio of ICPS-A and ICPS-B as a consequence of the Proposed Share Consolidation, as follows:

<u>Article</u>	<u>Existing</u>	<u>Proposed Amendments</u>
6.3(d)(6)	<u>Conversion Rights</u> (i) 10 ICPS-A are entitled to be converted into 1 new share through the surrender of the ICPS-A, at the discretion of the holder at the Conversion Ratio;	<u>Conversion Rights</u> (i) 50 ICPS-A are entitled to be converted into 1 new share through the surrender of the ICPS-A, at the discretion of the holder at the Conversion Ratio;
6.3(d)(11)	<u>Conversion Ratio</u> The ICPS-A will be convertible, at the option of the ICPS holders at the ratio of	<u>Conversion Ratio</u> The ICPS-A will be convertible, at the option of the ICPS holders at the ratio of

<u>Article</u>	<u>Existing</u>	<u>Proposed Amendments</u>
	10 ICPS-A for 1 new share of the Company without payment of any consideration.	50 ICPS-A for 1 new share of the Company without payment of any consideration.
6.3(e)(6)	<u>Conversion Rights</u> (i) Each ICPS-B is entitled to be converted into 1 new share through the surrender of the ICPS-B, at the discretion of the holder at the Conversion Ratio;	<u>Conversion Rights</u> (i) 5 ICPS-B are entitled to be converted into 1 new share through the surrender of the ICPS-B, at the discretion of the holder at the Conversion Ratio;
6.3(e)(10)	<u>Conversion Ratio</u> The ICPS-B will be convertible, at the option of the holders at the ratio of 1 ICPS-B for 1 new Share without payment of any consideration.	<u>Conversion Ratio</u> The ICPS-B will be convertible, at the option of the holders at the ratio of 5 ICPS-B for 1 new Share without payment of any consideration.
6.3(e)(12)	<u>Adjustments</u> The Conversion Ratio will be adjusted in the event of the following:- (i) a bonus issue or any other issuance of new Shares arising from a capitalisation exercise; (ii) a capital distribution whether based on a reduction of capital or otherwise, but excluding any cancellation of capital which is loss or unrepresented by assets; or (iii) a rights issue.	<u>Adjustments</u> The Conversion Ratio will be subject to adjustments from time to time, at the determination of the Board, in the event of the following:- (i) a bonus issue or any other issuance of new Shares arising from a capitalisation exercise; (ii) a capital distribution whether based on a reduction of capital or otherwise, but excluding any cancellation of capital which is loss or unrepresented by assets; (iii) a subdivision of Shares; (iv) a consolidation of Shares; or (v) a rights issue.

For illustration purposes, the adjusted conversion rights and conversion ratio upon completion of the Proposed Amendments are as follows:

ICPS-A

	<u>Existing</u>	<u>After the Proposed Amendments</u>
No. of ICPS-A	132,837,560	132,837,560
Conversion ratio	10 ICPS-A for 1 new Impiana Share	50 ICPS-A for 1 new Impiana Share ⁽¹⁾
No. of Impiana Shares pursuant to conversion of ICPS-A	13,283,756	2,656,751
No. of Impiana Shares	1,444,339,082	288,867,816
No. of enlarged Impiana Shares after conversion of ICPS-A	1,457,622,838	291,524,568
Shareholding in Impiana	0.91%	0.91%

Note:

$$\begin{aligned}
 (1) \quad \text{Adjusted conversion ratio} &= 10 && \times && \frac{\text{No. of Impiana Shares as at the LPD}}{\text{No. of Consolidated Shares}} \\
 &= 10 && \times && \frac{1,444,339,082}{288,867,816} \\
 &= 50
 \end{aligned}$$

ICPS-B

	Existing	After the Proposed Amendments
No. of ICPS-B	49,682,765	49,682,765
Conversion ratio	1 ICPS-B for 1 new Impiana Share	5 ICPS-B for 1 new Impiana Share ⁽¹⁾
No. of Impiana Shares pursuant to conversion of ICPS-B	49,682,765	9,936,553
No. of Impiana Shares	1,444,339,082	288,867,816
No. of enlarged Impiana Shares after conversion of ICPS-B	1,494,021,847	298,804,369
Shareholding in Impiana	3.33%	3.33%

Note:

$$\begin{aligned}
 (1) \quad \text{Adjusted conversion ratio} &= 1 && \times && \frac{\text{No. of Impiana Shares as at the LPD}}{\text{No. of Consolidated Shares}} \\
 &= 1 && \times && \frac{1,444,339,082}{288,867,816} \\
 &= 5
 \end{aligned}$$

2.3. Proposed Notes Issue

Impiana had, on 7 June 2022, entered into a Subscription Agreement with the Subscribers for the Proposed Notes Issue, which will be issued in 4 tranches, subject to the terms and conditions as set out in the Subscription Agreement. On 4 August 2022, Impiana and the Subscribers entered into a Supplemental Letter to revise the MCP from RM0.10 to RM0.05. On the date of the Subscription Agreement and for as long as Impiana's obligations remain outstanding under the Subscription Agreement, the Subscribers shall (if required by laws of Singapore) or shall be entitled to, by delivering a written notice to our Company, at any time and from time to time, appoint the Subscribers' Appointee which, if applicable, is regulated by the Monetary Authority of Singapore ⁽¹⁾, to act for and on behalf of each of the Subscribers in respect of all its rights, obligations and entitlements set out under the Subscription Agreement with effect from the date set out in the authorisation notice.

Note:

(1) As a general rule, any collective investment scheme ("CIS") that is offered in Singapore is required to be authorised or recognised in Singapore by the Monetary Authority of Singapore ("MAS"). The CIS would need to comply with the requirements under the laws of Singapore and regulations made thereunder. As AOF 1 is a CIS which offers its participating shares to accredited investors in Singapore, AOF 1 is registered as a restricted foreign scheme with MAS. The laws of Singapore requires that the investments of a restricted foreign scheme be fully managed by a fund manager licensed and regulated by the MAS. On the other hand, the investments of AOF is not required to be managed by a licensed and regulated fund manager in view that it is a proprietary fund. Please refer to Section 2.3.5 of this Circular for further information on the Subscribers.

The Notes are transferable and / or tradable in accordance with the terms and conditions of the Subscription Agreement. The Notes may only be offered, sold, or delivered, directly or indirectly, to persons to whom an offer or invitation to subscribe for the Notes and to whom the Notes are issued, which would fall within Part 1 of Schedule 6 or Section 229(1)(b) of the CMSA and Part 1 of Schedule 7 or Section 230(1)(b) of the CMSA and read together with Schedule 9 or Section 257(3) of the CMSA, as amended from time to time, and in accordance with other selling restrictions as may be applicable outside Malaysia.

The Notes are convertible at the option of the Noteholder(s) into new Conversion Shares at the conversion terms and redeemable at the election of Impiana and / or on the Maturity Date in cash, subject to the terms and conditions as set out in the Subscription Agreement.

2.3.1. Salient terms of the Notes

Unless otherwise stated, the terms used in this Section shall have the same meanings as those defined in the Subscription Agreement.

The salient terms of the Notes are as follows:

- Issue instrument : 2.0% redeemable convertible notes due in 2025
- Issue size : Up to RM150.00 million in aggregate nominal value, divided into 4 tranches, namely:
- (a) Tranche 1 of RM30.00 million comprising 60 equal sub-tranches of RM500,000 each ("**Tranche 1 Notes**");
 - (b) Tranche 2 of RM40.00 million comprising 80 equal sub-tranches of RM500,000 each ("**Tranche 2 Notes**");
 - (c) Tranche 3 of RM30.00 million comprising 30 equal sub-tranches of RM1,000,000 each ("**Tranche 3 Notes**"); and
 - (d) Tranche 4 of RM50.00 million comprising 50 equal sub-tranches of RM1,000,000 each ("**Tranche 4 Notes**").
- The issuance of Tranche 2 Notes, Tranche 3 Notes and Tranche 4 Notes shall be at the discretion of the Company in accordance with the terms and conditions of the Subscription Agreement.
- Tenure : 36 months (3 years) from the closing date of the first sub-tranche of Tranche 1 Notes.
- Interest rate : The Notes shall bear interest from the respective dates on which they are issued and registered in accordance with the terms and conditions as set out in the Subscription Agreement at the rate of 2.0% per annum, payable semi-annually in arrears on 30 June and 31 December in each year (each as "**Interest Payment Date**") with the first semi-annual payment of interest being made on (a) 31 December 2022 if the closing date of the first sub-tranche of Tranche 1 Notes takes place before 31 December 2022, or (b) 30 June 2023 if the closing date of the first sub-tranche of Tranche 1 Notes takes place after 31 December 2022, in respect of the period from (and including) the closing date of the first sub-tranche of Tranche 1 Notes and the last payment of interest being made on the Maturity Date.
- Method of issue : The Notes will be privately placed to and subscribed by the Subscribers. No offering circular, information memorandum or prospectus will be issued by our Company for the proposed placement of the Notes.
- Issue price : In relation to each sub-tranche of the Notes, the amount equivalent to 100% of the nominal value of the Notes for such sub-tranche.
- Issue and subscription date of the sub- : Pursuant to the Subscription Agreement, the Subscribers in principle have agreed to subscribe up to RM150.00 million of the Notes. However, the subscription of the first sub-tranche of Tranche 1 Notes is dependent on the fulfilment of the closing conditions as set out in the Subscription Agreement.

tranches of
Tranche 1 Notes

Once fulfilled, the Subscribers are obliged to subscribe for the first sub-tranche of Tranche 1 Notes.

In respect of the first sub-tranche of Tranche 1 Notes, the date falling 5 business days immediately after the fulfilment of the last closing conditions set out in the Subscription Agreement or such other date as our Company and the Subscribers (“Parties”) may agree in writing, such date being the closing date for the first sub-tranche of Tranche 1 Notes.

Subject to the concurrent subscription of sub-tranches, thereafter, in respect of each of the subsequent sub-tranches of Tranche 1 Notes, on or before the 5th business day after the conversion date of the immediately preceding sub-tranche of Tranche 1 Notes (“Tranche 1 Conversion Date”), in respect of the immediately preceding sub-tranche of Tranche 1 Notes or such other date as the Parties may agree in writing, such date being the closing date for such subsequent sub-tranche of Tranche 1 Notes. The Subscribers are entitled (at its election) to subscribe for each such subsequent sub-tranche of Tranche 1 Notes notwithstanding the immediately preceding sub-tranche of Tranche 1 Notes has yet to be converted.

Allocation of
Tranche 1 Notes
among the
Subscribers

: Subject to the terms and conditions and as stated in Clause 2.2 of the Subscription Agreement, the allocation of the Tranche 1 Notes subscribed for shall be at the sole discretion ⁽¹⁾ of the Subscribers or the Subscribers’ appointee (as the case may be) and they shall jointly issue a notice (“Allocation Notice”) to our Company informing of the allocation of the Tranche 1 Notes to the Subscribers respectively at least 5 business days before the closing date for the first sub-tranche of Tranche 1 Notes.

Note:

(1) *There is no specific mechanism in place on the allocation of the Notes among the Subscribers and it is at full discretion of the Subscribers themselves.*

In respect of each of the subsequent sub-tranches of Tranche 1 Notes and subject to the concurrent subscription of sub-tranches, the Subscribers or the Subscribers’ appointee (as the case may be) shall jointly issue an Allocation Notice to our Company informing of the allocation of the Notes subscribed for by the Subscribers on the Tranche 1 Conversion Date in respect of the immediately preceding sub-tranche of Tranche 1 Notes or at least 5 business days before the closing date for each of the subsequent sub-tranche of Tranche 1 Notes.

The Parties acknowledge and confirm that our Company shall immediately upon receiving the Allocation Notice, extend a copy of the same to the facility agent and thereafter to furnish the facility agent with the issue request at least 4 business days before the respective closing date for the first sub-tranche of Tranche 1 Notes as well as each of the subsequent sub-tranche of Tranche 1 Notes.

Issue and
subscription of
Tranche 2 Notes,
Tranche 3 Notes
and Tranche 4
Notes

: In respect of each Tranche 2 Notes, Tranche 3 Notes and Tranche 4 Notes, our Company has the option to require the Subscribers to subscribe for such Notes from our Company (collectively “Options” and each, an “Option”) at the note issue price of the Notes at the relevant option period stated as follows:

- (a) in respect of Tranche 2 Notes, the period commencing from and including the Tranche 1 Conversion Date of the last of the Notes comprised in the last sub-tranche of Tranche 1 Notes to and including the 10th business day thereafter or such other periods as the Parties may agree in writing;
- (b) in respect of Tranche 3 Notes, the period commencing from and including the conversion date of the last of the Notes comprised in the last sub-tranche of Tranche 2 Notes to and including the 10th business day thereafter or such other periods as the Parties may agree in writing; and
- (c) in respect of Tranche 4 Notes, the period commencing from and including the conversion date of the last of the Notes comprised in the last sub-tranche of Tranche 3 Notes to and including the 10th business day thereafter or such other periods as the Parties may agree in writing;

(“Option Period”).

To exercise the Option, our Company shall notify the Subscribers in writing in the form provided in the Subscription Agreement (**“Exercise Notice”**) at any time during the Option Period in respect of the Option.

Upon receipt of the Exercise Notice from our Company in respect of Tranche 2 Notes, Tranche 3 Notes and / or Tranche 4 Notes, as the case may be, and subject to the fulfilment of the closing conditions to the closing of Tranche 2 Notes, Tranche 3 Notes and / or Tranche 4 Notes the Subscribers shall be obliged to subscribe, and our Company shall be obliged to issue, at the issue price of the Notes:

- (a) the first sub-tranche of Tranche 2 Notes, Tranche 3 Notes and / or Tranche 4 Notes, as the case may be, on or before the 5th business day following the date of the Exercise Notice or such other date as the Parties may agree in writing, such date being the closing date for the first sub-tranche of Tranche 2 Notes, Tranche 3 Notes and / or Tranche 4 Notes respectively; and
- (b) subject to the concurrent subscription of sub-tranches, thereafter, in respect of each subsequent sub-tranche of Tranche 2 Notes, Tranche 3 Notes and / or Tranche 4 Notes, on or before the 5th business day after the conversion date of the immediately preceding sub-tranche of Tranche 2 Notes, Tranche 3 Notes or Tranche 4, whichever applicable or such other date as the Parties may agree in writing, such date being the closing date for such subsequent sub-tranche of Tranche 2 Notes, Tranche 3 Notes or Tranche 4 Notes, as the case may be.

Lapse of the Options

Unless otherwise agreed by the Parties, if the Subscribers do not receive the Exercise Notice:

- (a) in respect of Tranche 2 Notes, by the expiration of the relevant Option Period, the Options in respect of Tranche 2 Notes, Tranche 3 Notes and Tranche 4 Notes shall lapse and cease to have any force or effect whatsoever and the Subscribers will have no obligation to subscribe and pay for Tranche 2 Notes, Tranche 3 Notes and Tranche 4 Notes;
- (b) in respect of Tranche 3 Notes, by the expiration of the relevant Option Period, the Options in respect of Tranche 3 Notes and Tranche 4 Notes shall lapse and cease to have any force or effect whatsoever and the Subscribers will have no obligation to subscribe and pay for Tranche 3 Notes and Tranche 4 Notes; and
- (c) in respect of Tranche 4 Notes, by the expiration of the relevant Option Period, the Options in respect of Tranche 4 Notes shall lapse and cease to have any force or effect whatsoever and the Subscribers will have no obligation to subscribe and pay for Tranche 4 Notes.

Notwithstanding the foregoing, the Parties agree that unless the Subscription Agreement has been terminated by the Parties in accordance with the terms and conditions of the Subscription Agreement, notwithstanding the lapse of the Options, the Parties shall be entitled to, by mutual agreement, in writing and if deemed fit continue with the subscription of the immediately ensuing Notes in accordance with the terms of the Subscription Agreement, as if the Option has been exercised by our Company within the Option Period.

Allocation of Tranche 2 Notes, Tranche 3 Notes and Tranche 4 Notes among the Subscribers : Subject to the terms and conditions of the Subscription Agreement, the Subscribers or the Subscribers' appointee (as the case may be) shall jointly issue an Allocation Notice to our Company informing of the allocation of the first sub-tranche of Tranche 2 Notes, Tranche 3 Notes and Tranche 4 Notes, as the case may be, to the Subscribers respectively at least 5 business days before the closing date for the first sub-tranche of Tranche 2 Notes, Tranche 3 Notes and Tranche 4 Notes, as the case may be.

In respect of each of the subsequent sub-tranches of Tranche 2 Notes, Tranche 3 Notes and Tranche 4 Notes, as the case may be, and subject to the concurrent subscription of sub-tranches, the Subscribers or the Subscribers' appointee (as the case may be) shall jointly issue an Allocation Notice to our Company informing of the allocation of the Notes subscribed for by the Subscribers on the conversion date of the last of the Notes comprised in such sub-tranches, as the case may be, in respect of the immediately preceding sub-tranche of Tranche 2 Notes, Tranche 3 Notes and Tranche 4 Notes, as the case may be, or at least 5 business days before the closing date for each of the subsequent sub-tranche of Tranche 2 Notes, Tranche 3 Notes and Tranche 4 Notes, as the case may be.

The Parties acknowledge and confirm that, under each of the above situation, our Company shall immediately upon receiving the Allocation Notice, extend a copy of the same to the facility agent and thereafter to furnish the facility agent with the issue request at least 4 business days before the respective closing date for the first sub-tranche of Tranche 2 Notes, Tranche 3 Notes and Tranche 4 Notes, as the case may be, as well as each of the subsequent sub-tranche of Tranche 2 Notes, Tranche 3 Notes and Tranche 4 Notes, as the case may be.

Concurrent subscription of sub-tranches : Notwithstanding any provisions in the Subscription Agreement, in respect of each subsequent sub-tranche of Tranche 1 Notes, Tranche 2 Notes, Tranche 3 Notes and Tranche 4 Notes (other than the respective first sub-tranches):

(a) the Subscribers shall be entitled at any time prior to full conversion of the preceding sub-tranche (at its election) to subscribe for each such subsequent sub-tranche notwithstanding the last Note comprised in the immediately preceding sub-tranche has yet to be converted by issuing to our Company a written request; and

(b) our Company shall be obliged to issue each such sub-tranche on or before the 5th business day on receipt of such written request issued by the Subscribers or such other date as the Parties may agree in writing, such date being the closing date of such subsequent sub-tranche.

Concurrent Subscription of Tranches : Subject always to amongst others, the fulfilment of the closing conditions as set out in the Subscription Agreement and our Company exercising the Option to require the Subscribers to subscribe for such Notes from our Company at the Note Issue Price during the relevant Option Period, the Parties agree that the Subscribers shall be entitled (at its election) to subscribe for any sub-tranches of Tranche 1 Notes including the last sub-tranche of Tranche 1 Notes concurrently with the first sub-tranche of Tranche 2 Notes. The same mechanism shall apply accordingly to the subscription of any sub-tranches of Tranche 2 Notes, Tranche 3 Notes and Tranche 4 Notes including its respective last sub-tranche concurrently with the first sub-tranche of Tranche 3 Notes and Tranche 4 Notes, as the case may be.

Conversion terms : The Notes will be issued in multiples of RM50,000 and each Noteholder has the right to convert any Notes ("**Conversion Right**") into duly authorised, validly issued, fully-paid and unencumbered Shares, at the option of the Noteholders thereof.

Subject to the Maximum Conversion Shares, the number of Conversion Shares to which a Noteholder is entitled on conversion of the Notes shall be determined by dividing the aggregate principal amount of the Notes held by the Noteholder with the applicable Conversion Price, determined in effect on the relevant Conversion Date (as defined below), provided that the aggregate number of shares arising from the conversion of the Notes shall not exceed the Maximum Conversion Shares. Fractions of a Conversion Share will not be issued on conversion and no adjustment or cash payment will be made in respect thereof.

In the event the Noteholders exercise their Conversion Right which will result in a breach of the Maximum Conversion Shares, the following formula shall apply:

$$A = \min[(Cap - SC), \left\lceil \left(\frac{N \times FV}{CP} \right) \right\rceil]$$

where:

- “A” : the number of Conversion Shares to be issued and allotted
“Cap” : the Maximum Conversion Shares
“SC” : the total number of Conversion Shares issued pursuant to historical exercises of Conversion Right in respect of (i) Tranche 1 Notes or (ii) Tranche 2 Notes and Tranche 3 Notes (as the case maybe)
“N” : the number of Notes presented for conversion
“FV” : RM50,000 being the nominal value of each Note presented for conversion
“CP” : the Conversion Price

If $\left(\frac{N \times FV}{CP} > A\right)$, then our Company is under an obligation to:

- (a) issue the Noteholders such number of Conversion Shares equivalent to A; and
(b) pay the Noteholders in cash equivalent to $\left(\frac{N \times FV}{CP} - A\right) \times \text{Closing Price}$

Maximum Conversion Shares : The maximum number of Shares which may be issued pursuant to the conversion of all (and not part of) the Notes shall be 577,735,632 Conversion Shares (subject to adjustments in the event of stock splits, consolidation and / or re-classification of the Shares) unless otherwise increased pursuant to the terms and conditions of the Subscription Agreement.

The Maximum Conversion Shares of 577,735,632 is derived upon taking into consideration of amongst others, the Minimum Conversion Price, dilution to our Company's shareholders' shareholdings and the proceeds required to be raised as disclosed in Section 2.3.8 of this Circular.

Conversion period : Any time from and including the respective dates on which the Notes are issued and registered in accordance with the Subscription Agreement up to the close of business (at the place where the Note is deposited for conversion, namely, Malaysia) on the day falling 7 calendar days prior to the Maturity Date (“**Conversion Period**”).

Conversion Price : The Conversion Price shall be 80% of the average closing price per Share on any 3 consecutive business days as selected by the Noteholder during the 45 business days immediately preceding the relevant conversion date of the Notes on which Shares were traded on the Main Market of Bursa Securities provided always that the Conversion Price for each Share shall not be less than the MCP of RM0.05, the basis of which is set out in Section 2.3.2 of this Circular. If the Conversion Price for each Share calculated in accordance with the conditions above is less than the MCP, the Conversion Price for each Share shall be equal to the MCP.

Notwithstanding any other provisions to the contrary, in the event that the 3 business days as selected by the relevant Noteholder were not consecutive business days, the 3 business days selected shall be deemed consecutive in nature for the purposes of calculating the Conversion Price, provided that:

- (a) those consecutive business days that ought to have been selected (to constitute consecutive) were not selected as that they were business days where no trades were done on the Shares on the Main Market of Bursa Securities; and
(b) the 1st business day immediately thereafter where there were trading in the Shares were selected as a business day in their stead.

Minimum Conversion Price : RM0.05 is proposed to be the illustrative MCP upon completion of the Proposed Share Consolidation, or as adjusted pursuant to Condition 8.17 ⁽¹⁾ of Schedule 3D of the Subscription Agreement or such other amount agreed by our Company and Subscribers (whereby the determination of such other amount shall be subject to the relevant approvals in a general meeting of the shareholders of our Company and approval from Bursa Securities, if required).

Note:

- (1) *For example, to be adjusted pursuant to amongst others share split, share consolidation or reclassification of Impiana Shares into other securities of our Company.*

The MCP has taken into consideration, amongst others, our Group's commercial and financial requirements, the theoretical adjusted prevailing market price after taking into consideration the Proposed Share Consolidation and trading history of Impiana Shares. The MCP of RM0.05 is based on the historical theoretical adjusted minimum closing price of RM0.10, after adjustment pursuant to the Proposed Share Consolidation (the lowest closing price of Impiana Shares for the past 3 years up to the LPD is RM0.02).

Conversion date : The date on which the emailed completed notice of conversion in the long form as provided in the Subscription Agreement ("**Long Form Conversion Notice**") is received by our Company in accordance with the provision of the Subscription Agreement is herein referred to as the "**Conversion Date**" applicable to such Notes, provided however that our Company may from time to time, pursuant to the Subscription Agreement, give written notice to all Noteholders specifying a period being not more than 3 business days commencing on the expiry of the notice during which the Notes will not be convertible, provided always that the aggregate of the days on which the Notes are not convertible shall not exceed 12 business days in any calendar year. Where such Long Form Conversion Notice is received during a period in which the Notes are not convertible, the "**Conversion Date**" shall be (other than for the purpose of the determination of the Conversion Price) the business day following the expiry of such period.

Conditions precedent to the closing of the first sub-tranche of Tranche 1 Notes : Notwithstanding any other provisions in the Subscription Agreement, the Subscribers shall not be obliged to subscribe and pay for the first sub-tranche of Tranche 1 Notes unless the following conditions precedent shall have been satisfied on or before the date falling 6 calendar months from the date of the Subscription Agreement or such other date as the Parties may agree in writing or otherwise waived by the Subscribers (if capable of being waived) in its sole discretion:

- (a) on the date of the Subscription Agreement, there shall have been delivered to the Subscribers, a list setting out the names of the substantial shareholders of our Company dated the date of the Subscription Agreement, in such form and substance reasonably satisfactory to the Subscribers, which is certified to be true and accurate by a director or company secretary of our Company;
- (aa) our Company shall within 2 business days from the date of announcement on Bursa Securities, serve to the Subscribers via electronic communications, a copy of the circular issued by our Company in regards to seeking shareholders' approval for the issuance of the Notes and allotment and issue of the Conversion Shares in accordance with the terms of the Subscription Agreement;
- (b) on or before the closing date of the first sub-tranche of Tranche 1 Notes, the approvals of shareholders for:
 - (i) the invitation for subscription, or the issue, of the Notes and the allotment and the issue of the Conversion Shares in accordance with the terms and conditions of the Subscription Agreement;
 - (ii) the consolidation of every five existing ordinary shares in our Company into one ordinary share in our Company; and
 - (iii) all other approvals of shareholders to which the aforesaid approval for the issuance of the Notes is inter-conditional upon,

shall have been obtained at a general meeting of our Company and, where such approvals are obtained subject to any conditions and / or amendments, such conditions and / or amendments being acceptable to the Subscribers, and to the extent that any such conditions are required to be fulfilled on or before the closing date of the first sub-tranche of

Tranche 1 Notes, they are fulfilled. In addition, such approvals shall not be amended, withdrawn, revoked, rescinded or cancelled;

- (c) (i) on or before the closing date of the first sub-tranche of Tranche 1 Notes, all approvals for the transactions contemplated under the Subscription Agreement shall have been duly obtained and such approvals shall not be amended, withdrawn, revoked, rescinded or cancelled and, where such approvals are obtained subject to any conditions and / or amendments, such conditions and / or amendments being acceptable to the Subscribers, and to the extent that any such conditions are required to be fulfilled on or before the closing date of the first sub-tranche of Tranche 1 Notes, they are fulfilled; and (ii) on or before the closing date of the first sub-tranche of Tranche 1 Notes, the lodgement shall have been duly performed and such lodgement shall not be amended, withdrawn, revoked, rescinded or cancelled and, where such lodgement is subject to any conditions and/or amendments, such conditions and / or amendments being acceptable to the Subscribers, and to the extent that any such conditions are required to be fulfilled on or before the closing date of the first sub-tranche of Tranche 1 Notes, they are fulfilled;
- (d) (i) all the representations, warranties, undertakings and covenants of our Company including the warranties shall be accurate and correct in all respects at, and as if made on, the closing date of the first sub-tranche of Tranche 1 Notes; (ii) our Company shall have performed all of its undertakings or obligations hereunder to be performed on or before the closing date of the first sub-tranche of Tranche 1 Notes; and (iii) there shall have been delivered to the Subscribers a certificate, dated as at that closing date, certified to be true and correct by two directors or a director with the company secretary of our Company, to such effect;
- (e) all other necessary approvals, consents and waivers (including any governmental, regulatory and / or corporate approvals and consents), for the transactions contemplated under the Subscription Agreement (in particular but without limitation the issue by our Company and the subscription by the Subscribers of the Notes, including any shareholders or directors' approval and other regulatory and / or corporate approvals and consents required by the Subscribers) having been obtained in form and substance satisfactory to the Subscribers (in the reasonable opinion of the Subscribers) and remaining valid and subsisting as at the closing date of the first sub-tranche of Tranche 1 Notes; and
- (f) delivery to the Subscribers of the following documents on the closing date of the first sub- tranche of Tranche 1 Notes:
 - (i) the documents listed in Schedule 1 of the Subscription Agreement;
 - (ii) a legal opinion issued by a firm of legal advisers to our Company in relation to Malaysian law, as shall be acceptable to the Subscribers;
 - (iii) certified true copies of (aa) the resolutions of the directors of our Company; and (bb) the resolutions of our Shareholders (all duly certified by a director or a company secretary of our Company), approving the issuance of the Notes and the allotment and issuance of the Conversion Shares in accordance with the terms of the Subscription Agreement;
 - (iv) certified true copies of all necessary approvals and / or consents of Bursa Securities or any other regulatory authorities for the issue of the Notes, the allotment and issue of the Conversion Shares upon the exercise of the Conversion Right in respect of the Notes, the listing of the Conversion Shares on the Main Market of Bursa Securities and such other relevant approvals in relation thereto and in connection therewith ("**Approvals**") (all duly certified by a director or a company secretary of our Company); and
 - (v) such other documents, opinions and certificates as the Subscribers may reasonably require in relation to the Notes issuance.

If any of the above conditions precedent are not satisfied or jointly waived by the Subscribers (if capable of being waived), on or before the fulfilment date in respect of the first sub-tranche of Tranche 1 Notes, the Subscribers shall inform our Company of the unfulfillment of the conditions precedents in writing and, the Subscription Agreement shall cease, and the Parties shall be released and discharged from their respective obligations under the Subscription Agreement, except for (a) the liability of our Company for the payment of costs and expenses in relation to the Notes and / or Conversion Shares, (b) indemnity by our Company and (c) any antecedent breaches.

- Conditions precedent to the closing of the Tranche 1 Notes, Tranche 2 Notes, Tranche 3 Notes and Tranche 4 Notes (other than the first sub-tranche of Tranche 1 Note)
- : Notwithstanding any other provisions in the Subscription Agreement, the Subscribers shall not be obliged to subscribe and pay for any of the Tranche 1 Notes, Tranche 2 Notes, Tranche 3 Notes and Tranche 4 Notes (other than the first sub-tranche of Tranche 1 Notes) unless the following conditions shall have been satisfied on or prior to each applicable closing date in respect of such remaining sub-tranches or otherwise waived by the Subscribers (if capable of being waived) in its sole discretion:
- (a) the approvals of Shareholders obtained by our Company at a general meeting of our Company for the invitation for subscription, or the issue, of the Notes and the allotment and the issue of the Conversion Shares in accordance with the terms of the Subscription Agreement and all other matters in relation thereto and in connection therewith, shall remain effective and not have been amended, withdrawn, revoked, rescinded or cancelled and, where such approvals are obtained subject to any conditions and / or amendments, such conditions and / or amendments being acceptable to the Subscribers, and to the extent that any such conditions are required to be fulfilled on or before each subsequent closing date, they are fulfilled;
 - (b)
 - (i) all Approvals for the transactions contemplated under the Subscription Agreement, obtained by our Company shall not have been amended, withdrawn, revoked, rescinded or cancelled on or prior to each subsequent closing date and, where such approvals were obtained subject to any conditions and / or amendments, such conditions and / or amendments being acceptable to the Subscribers, and to the extent that any such conditions are required to be fulfilled on or before each subsequent closing date in respect of each sub-tranche of the Notes, they are fulfilled;
 - (ii) the lodgement performed by our Company shall not have been amended, withdrawn, revoked, rescinded or cancelled on or prior to each subsequent closing date and, where such lodgement is subject to any conditions and / or amendments, such conditions and / or amendments being acceptable to the Subscribers, and to the extent that any such conditions are required to be fulfilled on or before each subsequent closing date in respect of each sub-tranche of the Notes, they are fulfilled;
 - (c) at each subsequent closing date in respect of each sub-tranche of the Notes, (i) all the representations, warranties, undertakings and covenants of our Company including the warranties set out in the Subscription Agreement shall be accurate and correct in all respects at, and as if made on, that closing date; (ii) our Company shall have performed all of its undertakings or obligations hereunder to be performed on or before that closing date; and (iii) there shall have been delivered to the Subscribers a certificate, dated as at that closing date, certified to be true and correct by 2 directors or a director and the company secretary of our Company, to such effect;
 - (d) all other necessary approvals, consents and waivers (including any governmental, regulatory and / or corporate approvals and consents), for the transactions contemplated under the Subscription Agreement (in particular but without limitation the issue by our Company and the subscription by the Subscribers of the Notes, including any shareholders or directors' approval and other regulatory and / or corporate approvals and consents required by the Subscribers) having been obtained in form and substance satisfactory to the Subscribers in its sole and absolute

discretion and remaining valid and subsisting as at each subsequent closing date in respect of each sub-tranche of the Notes; and

- (e) there shall have been delivered to the Subscribers, each in form and substance satisfactory to the Subscribers certified on or dated, as the case may be, on that closing date:
 - (i) the documents listed in Schedule 1 of the Subscription Agreement; and
 - (ii) such other documents, opinions and certificates as the Subscribers may reasonably require.

If any of the conditions set out above are not satisfied or jointly waived by the Subscribers, if capable of being waived, on or before the applicable closing date in respect of such sub-tranche of the Notes, the Subscribers shall have the right to:

- (a) fix a new closing date in respect of such sub-tranche of the Notes; or
- (b) elect not to proceed with completion of the subscription of such sub-tranche of the Notes; or
- (c) terminate the Subscription Agreement, in which event, the Subscribers shall inform our Company of the unfulfillment of the conditions precedents in writing and the Subscription Agreement shall ipso facto cease and the Parties shall be released and discharged from their respective obligations under the Subscription Agreement, except for (i) the liability of our Company for the payment of costs and expenses pursuant to the Subscription Agreement; (ii) any outstanding interest (if any); (iii) indemnity by our Company and (iv) any antecedent breaches.

Rights of Noteholders to participate in securities of the Company : Our Company may offer and sell any new Shares provided that, in respect of any proposed private placement of such new Shares, our Company shall by a written notification offer and sell such new Shares on the same terms and conditions to the Noteholder prior to offering such new Shares to any other person ("**Right of First Refusal to new Shares**") except:

- (a) any allotment of new Shares as consideration or part consideration for acquisition of an investment in shares, securities, assets, business or other assets by our Group; and
- (b) allotment and issuance of Shares to shareholders without preference amongst shareholders (but so that the exclusion of shareholders who are overseas or on other grounds approved by Bursa Securities shall not be deemed as preference of the other shareholders).

For the avoidance of doubt, the Rights of First Refusal to New Shares shall not apply to:

- (a) an issue by our Company of Shares to officers, including directors, or employees of our Company or any of its subsidiaries or associated companies pursuant to any share option scheme or performance scheme approved by the shareholders in general meeting;
- (b) any issue by our Company of Shares pursuant to the exercise of any of the existing warrants of our Company; or
- (c) any purchase by our Company of Shares pursuant to any share purchase scheme approved by Shareholders in any general meeting, whether such Shares purchased are deemed cancelled or held in treasury; or
- (d) any proposed private placement up to 20% of our Company's issued shares.

Our Company or any subsidiary (if applicable) may offer and sell any securities convertible into securities of the same class as the issued shares or securities substantially similar to the Notes ("**Equity-linked Securities**") provided that, in respect of any proposed private placement of such Equity-linked Securities:

- (a) our Company shall, and our Company shall procure that the relevant Subsidiary (if applicable) shall, offer and sell such Equity-linked Securities to the Noteholders prior to offering such Equity-linked Securities to any other person ("**Right of First Refusal to Equity-linked Securities**"); and
- (b) the Equity-linked Securities shall not be convertible into Issued Shares at a price which is below the MCP, unless prior written consent of the Noteholders have been obtained ⁽¹⁾.

Note:

- (1) *Save for the event where the price which is below the MCP, there are no other circumstances which requires the prior written consent of the Noteholders for conversion of the Equity-linked Securities into Issued Shares.*

For the avoidance of doubt, the term "**Equity-linked Securities**" shall exclude (i) any Shares, rights issues, warrants relating to the Shares, or convertible preference shares, issued to shareholders without preference among the shareholders (but so that the exclusion of shareholders who are overseas or on other grounds approved by Bursa Securities shall be deemed not to be a preference of the other shareholders) or (ii) any new securities convertible into securities of the same class as the issued shares or securities substantially similar to the Notes in respect of which our Company or any subsidiary (if applicable) is restricted from doing all of the (a) and (b) provided above by law, the Listing Requirements or any other applicable regulations.

The Right of First Refusal to Equity-linked Securities is only exercisable by the Noteholders from and including the date of receipt by such Noteholders of a notice ("**First Right of Refusal Notice**") in writing from our Company setting out the details of such offer to and including the date falling 14 business days thereafter ("**Exercise Period**"). To indicate that it wishes to exercise the Right of First Refusal to Equity-linked Securities, a Noteholder ("**Exercising Noteholder**") shall notify our Company in writing at any time during the Exercise Period that it wishes to exercise the Right of First Refusal to Equity-linked Securities. If during the Exercise Period, our Company receives notices from the Noteholders indicating they wish to exercise the Right of First Refusal to Equity Linked Securities in respect of the entire issue of the Equity-linked Securities ("**Valid Full Exercise**"), our Company or the relevant subsidiary (if applicable) shall issue to each Exercising Noteholder, and each Exercising Noteholder shall subscribe, such Equity-linked Securities in the proportion of each Exercising Noteholder's holding of Notes relative to the nominal value of all the outstanding Notes held by all the Exercising Noteholders (unless otherwise agreed between the Noteholders). For the avoidance of doubt, on a Valid Full Exercise, our Company or the relevant Subsidiary (if applicable), as the case may be, shall issue, and the Exercising Noteholders shall subscribe for, the entire (and not part of) issue of the relevant Equity-linked Securities. If the Noteholder delivers during the Exercise Period, a notice indicating its wish to exercise the Right of First Refusal only in respect of a portion (but not the entire) of the issues of the Equity-linked Securities ("**Valid Partial Exercise**"):

- (a) as soon as practicable after its receipt of the Valid Partial Exercise, our Company shall or shall procure the relevant subsidiary (if applicable) to issue, a notice ("**Right of Participation Notice**") to each Noteholder and (where applicable) each other prospective investor;
- (b) each Noteholder that wishes to exercise the Right of Participation (each a "**Participating Noteholder**") shall complete and return to our Company or the Subsidiary (if applicable), as the case may be, by no later than the date of expiry of the private placement offer, a counterpart of the Right of Participation Notice, indicating therein the nominal value of the Equity-linked Securities (the "**Participation Amount**") for which it intends to subscribe; and

- (c) if the aggregate of the participation indicated by the Participating Noteholders referred to in sub-paragraph (b) above is:
- (i) less than 20% of the aggregate nominal value offered under such private placement, our Company or the relevant subsidiary (if applicable) is not required to issue the Equity-linked Securities to any Participating Noteholders;
 - (ii) not less than 20% but not more than 50% of the aggregate nominal value offered under such private placement, each Participating Noteholder shall subscribe for, and our Company or the relevant Subsidiary (if applicable) shall issue to the relevant Participating Noteholder, the Equity-linked Securities in an amount equal to the Participation Amount in respect of such Participating Noteholder; and
 - (iii) more than 50% of the aggregate nominal value offered under such private placement, the Participating Noteholders shall subscribe for, and our Company or the relevant Subsidiary (if applicable) shall issue to the relevant Participating Noteholders, an aggregate of at least 50% of the aggregate amount offered under such private placement, and the part of such amount subscribed for by each Participating Noteholder shall be in the proportion that its holding of the Notes bears to the nominal value of all the outstanding Notes held by all the Participating Noteholders (unless otherwise agreed between the Participating Noteholders).

For the period from and including the date on which our Company or the relevant Subsidiary (if applicable) issues the First Right of Refusal Notice to and including the last date of the Participation Period, our Company shall close the record of Noteholders at any time and advertise the notice in national newspaper in English language and of daily and general circulation in Malaysia PROVIDED THAT such closure of the record of Noteholders shall not affect any Noteholder's Conversion Right unless such Noteholder is an Exercising Noteholder or a Participating Noteholder, in which event such Noteholder's Conversion Right shall be suspended during such period.

Ranking of the Notes : The Notes constitute:

- (i) direct, unconditional, unsubordinated and unsecured obligations of our Company, ranking pari passu and rateably without any preference among themselves, and, subject as mentioned above and save as otherwise provided under any applicable laws or regulations, equally with all other unsecured obligations (other than subordinated obligations, if any) of our Company from time to time outstanding; and
- (ii) legal, valid and binding obligations of our Company to pay to the Noteholders, the sums represented thereby.

The Noteholders shall not be entitled to the right to receive dividends, bonuses and other distributions made by our Company nor shall the Noteholders have the right to receive notices of or to attend, speak or vote at any general meetings held by our Company until the Notes held by the Noteholders have been converted into Shares.

Events of default : For so long as there are any Notes outstanding, if any of the following events (each, an "**Event of Default**") occur:

- (a) for so long as there are any Notes outstanding, any of the approvals, consents and / or waivers required to be obtained by our Company under the Subscription Agreement are not obtained when it is required to be obtained or are amended, withdrawn, revoked, rescinded or cancelled;
- (b) where any of the approvals required to be obtained by our Company under the Subscription Agreement were obtained subject to any conditions which were required to be fulfilled, such conditions were not fulfilled when it is required to be fulfilled;

- (c) there is a default in any payment by our Company in relation to the terms of payment of interest and / or principal value due in respect of the Notes as detailed in the Subscription Agreement;
- (d) the Closing Price per Share remains at or is below the MCP for more than ten 10 consecutive business days;
- (e) there is default by our Company in the performance or observance of any covenant, condition, provision or obligation (including the performance of its obligations to allot and issue Shares arising from the conversion of the Notes as and when the Noteholders exercise its Conversion Rights in accordance with the conditions of the Subscription Agreement) contained in the Notes and on its part to be performed or observed (other than the covenant to pay the nominal value and interest in respect of any of the Notes) and such default continues for the period of 7 business days following the service by any Noteholder on our Company of notice requiring the same to be remedied;
- (f) any other notes, debentures, bonds or other instruments of indebtedness or any other loan indebtedness having an aggregate outstanding amount of over RM138.00 million ⁽¹⁾ only or the equivalent in any other currency or currencies (hereinafter collectively called "**Indebtedness**") of our Company or any of the Subsidiaries become or becomes prematurely repayable following a default in respect of the terms thereof which shall not have been remedied, or steps are taken to enforce any security therefor, or our Company or any of our Subsidiaries defaults in the repayment of any such Indebtedness at the maturity thereof or at the expiration of any applicable grace period therefor or any guarantee of or indemnity in respect of any Indebtedness of others having an aggregate outstanding amount of over RM138.00 million ⁽¹⁾ given by our Company or any of our Subsidiaries shall not be honoured when due and called upon;
- (g) a resolution is passed or an order of a court of competent jurisdiction is made that our Company be wound up or dissolved (otherwise than for the purposes of or pursuant to a consolidation, amalgamation, merger, reconstruction or reorganisation that is approved by our Shareholders, as the case may be, and upon which the continuing corporation effectively assumes the entire obligations of our Company, as the case may be, under the Notes);
- (h) a resolution is passed or an order of a court of competent jurisdiction is made that any Subsidiary be wound up or dissolved (otherwise than (i) for the purposes of or pursuant to a consolidation, amalgamation, merger, reconstruction or reorganisation (other than as described in (ii) below) the terms of which have previously been approved in writing by the holders of the Notes in aggregate representing more than 50% of the total outstanding nominal value of the Notes at any time, (ii) for the purposes of or pursuant to a consolidation, amalgamation, merger or reconstruction with or into our Company or another Subsidiary of our Company, or (iii) by way of a voluntary winding up or dissolution where there are surplus assets in such Subsidiary and such surplus assets attributable to the Company and / or any Subsidiary are distributed to our Company and / or such Subsidiary);
- (i) an encumbrancer takes possession or a receiver is appointed of the whole or a material part of the assets or undertaking of our Group;
- (j) our Company or any subsidiary without any lawful cause stops payment (within the meaning of any applicable bankruptcy or insolvency law) or is unable to pay its debts as and when they fall due (within the meaning of any applicable bankruptcy or insolvency law) or (ii) our Company or any subsidiary (otherwise than for the purposes of such a consolidation, amalgamation, merger, reconstruction or reorganisation as is referred to in paragraphs (g) or (h) above) ceases or through an official action of the board of directors of our Company or any subsidiary, as the case may be, threatens to cease to carry on its business, and such action has a material adverse effect on our Group;

- (k) proceedings shall have been initiated against our Company or any subsidiary under any applicable bankruptcy, reorganisation or insolvency law and such proceedings have not been discharged or stayed within a period of 14 calendar days;
- (l) our Company or any subsidiary shall initiate or consent to proceedings seeking with respect to itself adjudication of bankruptcy or insolvency, or a decree of commencement of composition or reorganisation or other similar procedures, or the appointment of an administrator or other similar official under any applicable bankruptcy, reorganisation or insolvency law or make a general assignment for the benefit of, or enter into any composition with, its creditors, and such action has a material adverse effect on our Group;
- (m) a distress, execution or seizure before judgment is levied or enforced upon or sued out against a part of the property of our Company or any subsidiary, which is material in its effect upon the operations of either our Company or such subsidiary, as the case may be, and is not discharged within 14 calendar days thereof;
- (n) the delisting of the Shares on the Main Market of Bursa Securities or a suspension of trading of such Shares on the Main Market of Bursa Securities for a period of 5 consecutive business days or more save for trading halts made at the request of our Company for pending corporate announcements;
- (o) the ratio of Borrowings to Net Worth exceeds 3 times;
- (p) the Net Worth is less than RM35.00 million ⁽²⁾;
- (q) for so long as there are any Notes outstanding our Company engages in any transaction with any hedge fund operating or originating from any part of the world; or
- (r) any credit facilities granted to our Company or any of its subsidiaries are withdrawn, terminated or suspended for any reason whatsoever, and such action has a material adverse effect on our Group,

then any Note may, by notice in writing ("**Relevant Notice**") given to the Company at the designated office by the Noteholder thereof, be declared immediately due and payable whereupon it shall become immediately due and payable at 118% ⁽³⁾ of its nominal value, together with accrued interest as set out in the Subscription Agreement, without further formality ("**Default Redemption Amount**"). Interests shall accrue on the Default Redemption Amount on a daily basis at the rate of 2.0% ⁽³⁾ per month ("**Default Interest**") commencing from the business day immediately following the date of the Relevant Notice up to and including the date on which the Noteholder receives full payment of the Default Redemption Amount, together with accrued Default Interest.

"**Borrowings**" means, without duplication, at any time, as stated in the most recent audited consolidated accounts of our Company ("**Accounts**") (i) all obligations of our Company or any of its subsidiaries for borrowed money, (ii) all obligations of such person evidenced by the Notes, notes or other similar instruments, (iii) all obligations of such person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (iv) all obligations of such person as lessee which are capitalised in accordance with the accounting principles under which the Accounts are prepared, (v) all obligations of such person to purchase securities or other property that arise out of or in connection with the sale of the same or substantially similar securities or property, (vi) all non-contingent obligations of such person to reimburse any bank or other person in respect of amounts paid under a letter of credit or similar instrument and (vii) all borrowings of others guaranteed by our Company or any of its subsidiary.

"Net Worth" means, at any time, as stated in the Accounts, the aggregate of the amounts shown in the Accounts as paid up or credited as paid up on the issued share capital of our Company and standing to the credit of retained earnings and other capital and revenue reserves and includes minority interests therein; less any amount which is attributable to any debit balance in its statement of profit and loss as shown in the Accounts to the extent not already charged against retained earnings.

Notes:

- (1) *This was arrived at after taking into account the current gearing and total indebtedness position, and any potential additional indebtedness that our Company can take on after the conversion of the Notes.*
- (2) *This is within the range of the net assets of our Company of between RM23 million and RM44 million in the last 5 financial years.*
- (3) *Based on a commercial decision agreed upon between our Company and the Subscribers via the Subscription Agreement.*

Redemption option : The Notes which are not redeemed or purchased, converted or cancelled by our Company will be redeemed by the Company, subject to there being no Event of Default, at 100% of their nominal value on the Maturity Date. Our Company shall at least one month prior to the Maturity Date, despatch to all Noteholders, a notice of the Maturity Date.

Subject to there being no Event of Default, our Company may at any time and from time to time, purchase the Notes at 115% ⁽¹⁾ of its nominal value, or such other amount as may be agreed between our Company and the relevant Noteholder.

Our Company may redeem the Notes presented for conversion in cash at the Conversion Redemption Amount (as defined below) if the Conversion Price is less than or equal to 65% ⁽¹⁾ of the average of the daily traded volume weighted average price ("VWAP") per Share for the 45 consecutive business days period prior to the relevant closing date in respect of each first sub-tranche of the respective tranches of the Notes, at an amount calculated in accordance with the formula as set out below ("**Conversion Redemption Amount**"):

$$R = N \times \{P + [8\% \times P \times (D/365)] + I\}$$

where:

- "R" : the Conversion Redemption Amount.
- "D" : the number of days elapsed since the relevant closing date in respect of each sub-tranche of the Notes.
- "N" : the number of Notes presented for conversion.
- "P" : RM50,000 being the face value of each Note presented for conversion.
- "I" : the remaining unpaid interest accrued on each Note presented for conversion.

Note:

- (1) *Based on a commercial decision agreed upon between our Company and the Subscribers via the Subscription Agreement.*

Form and denomination : The Notes are issued in multiples of RM50,000.

Transferability : The Notes will be tradable and / or transferable in accordance with the terms and conditions of the Notes.

Rating : The Notes will not be rated.

Listing : The Notes will not be listed on Bursa Securities.

An application will be made to Bursa Securities for the listing of and quotation for the Conversion Shares on the Main Market of Bursa Securities. Upon obtaining the approval from Bursa Securities, the Conversion Shares, as and when issued, will be listed on the Main Market of Bursa Securities.

Termination : The Subscribers may by notice in writing to our Company and copied to the facility agent, terminate the Subscription Agreement at any time before the time on the relevant closing date when payment would otherwise be due in accordance with the terms and conditions of the Subscription Agreement.

Upon the notice of termination being given by the Subscribers:

- (a) the Subscription Agreement shall terminate and be of no further effect save for the terms as set out in the Subscription Agreement; and
- (b) each Party shall cease to have further rights or obligations under the Subscription Agreement provided that such termination shall be without prejudice to any rights of the Subscribers which may have accrued prior to such termination.

For the avoidance of doubt, the Notes or the Conversion Shares already issued to the Subscribers pursuant to the Subscription Agreement and the obligations of our Company to the Subscribers or any other person in respect of such Notes or the Conversion Shares under the Subscription Agreement or otherwise, shall not be affected and those provisions shall continue to survive termination.

Governing law : The Notes and the trust deed to be entered into between our Company and the trustee of the Notes will be governed by the laws of Malaysia.

Further details and terms of the Notes in relation to the Proposed Notes Issue are set out in the Subscription Agreement that will be available for inspection as disclosed in Section 5 of Appendix II of this Circular.

Based on the Maximum Conversion Shares, Impiana will only issue up to 577,735,632 Conversion Shares upon conversion of the Notes. In the event the total aggregate number of Conversion Shares issued have already reached the Maximum Conversion Shares, our Company shall redeem the outstanding unconverted Notes at the redemption amount of 100% of its principal amount.

The basis of the redemption amount was agreed by our Company and the Subscribers from a commercial perspective after taking into consideration the flexibility of drawdown, the funding requirements and cash flow position of our Group.

Maximum Redemption Scenario

For illustration purposes, assuming the entire Notes of RM150.00 million are issued and the Maximum Conversion Shares of 577,735,632 Shares are issued at the MCP of RM0.05 pursuant to the Maximum Conversion Shares, the maximum redemption amount that shall be paid by our Company for the outstanding unconverted Notes is computed as follows:

Tranche	Sub-tranches	MCP (RM)	Nominal value of the Notes issued (RM)	Number of Conversion Shares
<u>Converted Notes</u>				
1	1 to 58	0.05	28,886,782	577,735,632
Subtotal			28,886,782	577,735,632
<u>Unconverted Notes</u>				
1	58 to 60	0.05	1,113,218	(1) -
2	1 to 80	0.05	40,000,000	(1) -
3	1 to 30	0.05	30,000,000	(1) -
4	1 to 50	0.05	50,000,000	(1) -
Subtotal			121,113,218	-
Total			150,000,000	577,735,632

Note:

(1) No Impiana Shares shall be issued after the Maximum Conversion Shares has been reached.

Details	RM
Aggregate principal amount of the entire Notes Issued	150,000,000
Converted Notes	⁽¹⁾ 28,886,782
Outstanding unconverted Notes	121,113,218
Maximum redemption amount	⁽²⁾ 121,113,218

Notes:

(1) *Assuming 577,735,632 Conversion Shares are issued at RM0.05, being the MCP.*

(2) *Based on 100% of the principal amount of the outstanding unconverted Notes.*

Notwithstanding the above, our Company will not issue further Notes once the Maximum Conversion Shares has been reached. Hence, the redemption amount to be paid by our Company for any outstanding unconverted Notes shall be minimal in the event the Maximum Conversion Shares has been reached. The redemption amount for the outstanding unconverted Notes, if any, shall be funded by our Company via cash from the proceeds raised from the conversion of the last sub-tranche of Notes, internally generated funds and / or bank borrowing, which will be determined at a later juncture.

There is in place a monitoring system to ensure the total aggregate number of Conversion Shares will not exceed the Maximum Conversion Shares. Kenanga IB, as the facility agent, will continue to monitor the number of Conversion Shares in issue as and when there is a request for issuance of new sub-tranches of Notes by our Company. Our Company will also continue to monitor the total aggregate number of Conversion Shares in issue before any further issuance of new sub-tranches of Notes. In the event the total aggregate number of Conversion Shares issued have already reached the Maximum Conversion Shares, our Company shall redeem the remaining issued Notes as set out above, if any.

Default Redemption Amount

For the avoidance of doubt, the Notes are neither guaranteed nor secured. In the event of defaults, all outstanding Notes will be immediately due and payable by our Company at 118% of the nominal value together with an accrued interest at the rate of 2% per annum on the Notes. Further, interest shall accrue on the Default Redemption Amount on a daily basis at the rate of 2% per month up to and including the date that the Noteholders receive full payment of the Default Redemption Amount. In addition to the above, upon termination of the Subscription Agreement by the Subscribers, our Company is liable for the payment of:

- (i) all costs and expenses already incurred by our Company in connection with the preparation of the Subscription Agreement and any other related agreements and any other document relating to the issue, subscription, offer, sale and delivery of the Notes pursuant to the terms and conditions of the Subscription Agreement;
- (ii) all fees and expenses of our Company's legal and other professional advisers incurred in connection with the issue of the Notes;
- (iii) all costs and expenses incurred in connection with the preparation, printing and authentication of the Notes;
- (iv) an administrative fee of 6.0% ⁽¹⁾ of the aggregate nominal value subscribed of each sub-tranche of the issued Tranche 1 Notes, Tranche 2 Notes, Tranche 3 Notes and Tranche 4 Notes payable to Advance Capital Partners Pte. Ltd. (Singapore Company Registration Number 200506044H) (or such other party as may be jointly notified by the Subscribers);

Note:

(1) *Based on commercial decision agreed upon between our Company and the Subscribers, after taking into consideration, among others, the typical administrative fee charge by the Subscribers(s) for the RCN issued by other companies which is within the range of 5% to 6%.*

- (v) a cancellation fee of USD25,000 only is payable to each Subscriber only (but not the Subscriber's Appointee) in the event the Subscription Agreement is terminated for any reason whatsoever prior to the closing date of the first sub-tranche of Tranche 1 Notes, except in a case where the necessary authority's approvals, consents and waivers for the transactions contemplated under the Subscription Agreement are not obtained prior to the closing date of the first sub-tranche of Tranche 1 Notes;
- (vi) all fees, costs and expenses incurred in connection with the continued listing or listing of the Conversion Shares on the Main Market of Bursa Securities; and
- (vii) all other costs and expenses incurred in connection with the performance by our Company of its obligations under the Subscription Agreement.

No amendment or variation of the Subscription Agreement (including the terms of the Notes) shall be effective unless in writing and signed by or on behalf of our Company and the Subscribers.

The Proposed Notes Issue is expected to raise RM30.00 million through the issuance of Tranche 1 Notes. Further amounts of up to RM120.00 million may be raised through the issuance of Tranche 2 Notes, Tranche 3 Notes and Tranche 4 Notes, at the discretion of our Company, subject to the terms and conditions as set out in the Subscription Agreement.

For the avoidance of doubt, no funds will be raised upon conversion of the Notes into new Impiana Shares. The Notes will be constituted by a trust deed to be executed by our Company and the trustee of the Notes at a later date.

2.3.2. Basis of determining the Conversion Price of the Notes

The basis of setting the Conversion Price for the Notes is a commercial decision agreed upon between our Company and the Subscribers. In addition, the discount rates* in relation to the Conversion Price are negotiated and accepted by our Company and the Subscribers from a commercial perspective after the parties have taken into consideration their respective commercial and financial requirements (such as the repayment of borrowings, refurbishment of hotel assets and working capital as outlined in Section 2.3.8 of this Circular).

* *The Conversion Price shall be 80% of the average closing price per Share on any 3 consecutive business days as selected by the Noteholder during the 45 business days immediately preceding the relevant Conversion Date. As such, this represents a 20% discount rate to the average closing price as mentioned above.*

MCP

For the avoidance of doubt, the Conversion Price for the Notes has yet to be determined. However, our Company and the Subscribers have agreed to set RM0.05 as the MCP after taking into consideration, amongst others, our Group's commercial and financial requirements (such as the repayment of borrowings, refurbishment of hotel assets and working capital as outlined in Section 2.3.8 of this Circular), the theoretical adjusted prevailing market price after taking into consideration the Proposed Share Consolidation and trading history of Impiana Shares. The MCP of RM0.05 is based on the historical theoretical adjusted minimum closing price of RM0.10, after adjustment pursuant to the Proposed Share Consolidation (the lowest closing price of Impiana Shares for the past 3 years up to the LPD is RM0.02).

In determining the MCP, Impiana had also considered the total amount of funds required to be raised and channeled for the utilisations (assuming the maximum conversion shares of 577,735,632 is fully issued at the MCP) as described in Section 2.3.8 of this Circular. These funds are estimated to be approximately RM28.89 million in aggregate and would be required over a period of 3 years. In this regard, our Board considers that the MCP is set at a reasonable level such that it is not detrimental to the interests of our Group and its shareholders. Notwithstanding the range of discount of the MCP to the theoretical adjusted closing market price of Impiana Shares as detailed below, our Board is of the view that the discount provides sufficient room for facilitating the continued operation of the Notes programme over the tenure of the Notes.

For information purpose, the MCP is at a discount to the following closing market prices of Impiana Shares after taking into consideration of the Proposed Share Consolidation:

	Price	Theoretical adjusted closing market price of Impiana Shares	Discount of the MCP to the theoretical adjusted closing market price of Impiana Shares	
	RM	RM	RM	%
Up to the LPD:				
- Lowest closing market price of Impiana Shares for the last 45 Market Days	0.0200	0.1000	0.0500	50.00
- Lowest closing market price of Impiana Shares for the last 3 years	0.0200	0.1000	0.0500	50.00
- 5-day VWAP	0.0192	0.0960	0.0460	47.92
- 1-month VWAP	0.0200	0.1000	0.0500	50.00
- 3-month VWAP	0.0267	0.1335	0.0835	62.55
- 6-month VWAP	0.0368	0.1840	0.1340	72.83

2.3.3. Number of Conversion Shares to be issued

The number of Impiana Shares to be issued upon conversion of the Notes shall depend on the Conversion Price which will be determined at a later juncture provided the Conversion Price is not less than RM0.05, being the MCP.

For illustration purposes, assuming the Notes are converted at the illustrative Conversion Price of approximately RM0.2596 ⁽¹⁾ and taking into consideration of the Maximum Conversion Shares, the Conversion Shares to be issued upon full conversion of the Notes are as follows:

Tranche	Nominal value of the Notes (RM)	Conversion Shares
Tranche 1 Notes	30,000,000	115,547,126
Tranche 2 Notes	40,000,000	154,062,835
Tranche 3 Notes	30,000,000	115,547,126
Tranche 4 Notes	50,000,000	⁽²⁾ 192,578,544
Total	150,000,000	577,735,632

Notes:

(1) The illustrative conversion price of RM0.2596 is arrived at based on the assumption that the entire RM150.00 million gross proceeds is raised and the maximum conversion shares of 577,735,632 is fully issued.

(2) Pursuant to the Maximum Conversion Shares, the number of Conversion Shares allowed to be issued for Tranche 4 Notes is 192,578,544.

Regardless of the Conversion Price, our Company will not be issuing further Notes after the Maximum Conversion Shares has been reached.

For illustration purposes, assuming the Notes are converted at RM0.05 being the MCP, the number of Impiana Shares that may be issued under Tranche 1 Notes, Tranche 2 Notes, Tranche 3 Notes and Tranche 4 Notes are only 577,735,632, being the Maximum Conversion Shares and the total value of the Notes issued is only RM28,886,782 as shown below:

Tranche	Nominal value of the Notes (RM)	Conversion Shares
Tranche 1 Notes	28,886,782	⁽¹⁾ 577,735,632
Tranche 2 Notes	-	-
Tranche 3 Notes	-	-
Tranche 4 Notes	-	-
Total	28,886,782	577,735,632

Note:

- (1) The entire Maximum Conversion Shares of 577,735,632 will be issued for Tranche 1 whereas the Conversion Shares for Tranche 2, Tranche 3 Notes and Tranche 4 Notes will not be issued.

The Proposed Notes Issue will result in Impiana's shareholders' shareholdings in Impiana to be proportionately diluted as a result of the increase in the number of new Impiana Shares arising from the conversion of the Notes.

For illustration purpose, pursuant to the Proposed Share Consolidation and Proposed Notes Issue, the pro forma effects on the dilution in interest of existing shareholders are set out as below:

	As at the LPD		Pro forma (I) After Proposed Share Consolidation and Full Conversion of Tranches 1, 2, 3 and 4 Notes		Pro forma (II) After Pro forma (I) and full conversion of ICPS	
	No. of Shares (^{'000})	(¹) %	No. of Shares (^{'000})	(²) %	No. of Shares (^{'000})	(³) %
	Impiana Sdn Bhd	350,327	24.25	70,065	8.09	79,829
Dato' Seri Ismail @ Farouk Bin Abdullah	293,744	20.34	58,749	6.78	58,987	6.71
ICPS-A holders	-	-	-	-	2,591	2.95
Others	800,268	55.41	160,054	18.47	160,054	18.50

Notes:

- (1) Based on 1,444,339,082 Impiana Shares in issue as at the LPD.
- (2) Based on 866,603,448 Impiana Shares after the Proposed Share Consolidation and after taking into consideration the 577,735,632 Maximum Conversion Shares issued pursuant to the conversion of Tranche 1, Tranche 2, Tranche 3 and Tranche 4 Notes subject to the Maximum Conversion Shares.
- (3) Based on 879,196,753 Impiana Shares after taking into consideration the full conversion of ICPS-A and ICPS-B.

For illustration purposes, the impact of the Proposed Notes Issue to the issued share capital, net assets and gearing and the substantial shareholders' shareholdings of Impiana as set out in Section 6 of this Circular are computed based on the illustrative Conversion Price of approximately RM0.2596.

2.3.4. Ranking of the Conversion Shares

The Conversion Shares shall, upon allotment and issuance, rank equally in all aspects with the existing Impiana Shares, save that the Conversion Shares will not be entitled to any dividends, rights, allotments and / or other distributions that may be declared, made or paid where the entitlement date is prior to the date of allotment and issuance of the Conversion Shares.

2.3.5. Background information on the Subscribers

AOF

AOF is a proprietary fund established in the Cayman Islands in 2006 and has its registered office at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. Mr. Tan Choon Wee ("**Mr. Tan**") is the founder, director and sole shareholder of AOF and Mr. Nicholas Lin ("**Mr. Lin**") is the director of AOF.

AOF manages its own funds and investment portfolios and invests in a variety of financial instruments, including but not limited to investing in quoted securities through private unlisted debt-to-equities convertible instruments known as redeemable convertible notes and redeemable convertible preference shares in Malaysia.

AOF 1

AOF 1 is an open-ended fund incorporated as an exempted company with limited liability in the Cayman Islands in 2016 and has its registered office at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. Mr. Tan and Mr. Lin are directors of AOF 1. AOF 1 is structured as a regulated mutual fund for the purposes of the mutual funds law of the Cayman Islands and registered with the Cayman Islands Monetary Authority (“CIMA”). As AOF 1 is a collective investment scheme which offers its participating shares to accredited investors in Singapore, AOF 1 is registered as a restricted foreign scheme with the MAS.

As a restricted foreign scheme registered with the MAS, the laws of Singapore requires the investment funds of AOF 1 to be fully managed by a fund manager licensed and regulated by MAS. ZICO Asset Management (“ZICOAM”) has been appointed by AOF 1 to serve as the discretionary investment manager of all its investments. ZICOAM has been granted a capital markets services licence to conduct fund management activities regulated under the Securities and Futures Act 2001 of Singapore by the MAS. ZICOAM is a private company limited by shares and has its registered office at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896. The directors of ZICOAM are Chew Seng Kok, Lim Khoon Siong, Ng Hock Heng, John Lim Yew Kong and Long Sze Ying, and the shareholders of ZICOAM are as follows:

Name	Direct		Indirect	
	No. of shares	%	No. of shares	%
Lim Khoon Siong	522,458	25.0	-	-
ZICO Holdings Inc	1,567,374	75.0	-	-
Chew Seng Kok	-	-	⁽¹⁾ 1,567,374	75.0

Note:

- (1) *Deemed interested by virtue of his shareholdings in ZICO Holdings Inc pursuant to Section 8 of the Act.*

AOF 1 has approximately 20 investors comprising of both individuals and corporations which meet the requirements to be accredited investors as set out under the Securities and Futures Act 2001 of Singapore by the Monetary Authority of Singapore.

The Subscribers have entered into subscription agreements in regards to subscriptions of convertible instruments with other listed companies in Malaysia as set out below:

- (i) Censof Holdings Berhad for the issuance of redeemable convertible notes of up to RM100 million (AOF as the sole subscriber);
- (ii) Priceworth International Berhad for the issuance of redeemable convertible notes of up to RM50 million (AOF as the sole subscriber);
- (iii) IDimension Consolidated Berhad for the issuance of convertible preference shares of up to RM20 million (AOF as the sole subscriber);
- (iv) Kanger International Berhad for the issuance of redeemable convertible notes of up to RM100 million (AOF as the sole subscriber);
- (v) DBE Gurney Resources for the issuance of redeemable convertible notes up to RM50 million (AOF as the sole subscriber);

- (vi) Eden Inc. Berhad for the issuance of redeemable convertible notes up to RM60 million (AOF 1 as the sole subscriber);
- (vii) MAG Holdings Berhad (*formerly known as XingHe Holdings Berhad*) for the issuance of redeemable convertible notes up to RM120 million (AOF as the sole subscriber);
- (viii) Techna-X Berhad (*formerly known as Sino Hua-An International Berhad*) for the issuance of redeemable convertible notes of up to RM150 million (AOF as the sole subscriber);
- (ix) Eduspec Holdings Berhad for the issuance of convertible preference shares of up to RM60 million (AOF as the sole subscriber);
- (x) Alam Maritim Resources Berhad for the issuance of redeemable convertible notes of up to RM160 million (AOF 1 as one of the subscribers);
- (xi) Hubline Berhad for the issuance of redeemable convertible notes of up to RM200 million (AOF 1 as one of the subscribers);
- (xii) Vertice Berhad for the proposed issuance of convertible preference shares of up to RM60 million (AOF and AOF 1 as the subscribers);
- (xiii) SMTrack Berhad for the issuance of redeemable convertible notes of up to RM120 million (AOF and AOF 1 as the subscribers);
- (xiv) Priceworth International Berhad for the issuance of redeemable convertible notes of up to RM100 million (AOF and AOF 1 as the subscribers); and
- (xv) XL Holdings Berhad (*formerly known as Xian Leng Holdings Berhad*) for the issuance of redeemable convertible notes of up to RM200 million (AOF and AOF 1 as the subscribers).

Mr. Tan has 2 decades of investment experience in the capital markets and held significant roles in major banking and stockbroking firms since 1991. He was an Associate Director of Institutional Sales in UOB Kay Hian Pte. Ltd. from January 1996 to April 2004 prior to joining RHB Securities Sdn Bhd as Head of Institutional Sales and Securities Dealing from May 2004 to March 2005. He has vast experience in marketing financial products such as convertible debts, private placements and initial public offerings and executing program trading for large institutions.

Mr. Lin is an experienced corporate finance executive and has over a decade experience in the field of equity capital market transactions, particular expertise in the field of United States of America (“**U.S.**”)-based transactions. Mr. Lin has advised and participated in a number of such transactions, often on behalf of Chinese and other Asian clients. Mr. Lin has served on our Board of several public company in the U.S. and Canada. From 2012 to 2017, Mr. Lin was a manager at 8i Capital Ltd., where he was involved in advising businesses to list in the U.S. and London, fundraising, and restructuring work. Mr. Lin’s previous roles include a wide range of finance and legal positions primarily advising Chinese and Asia-based business from restructuring to fund-raising.

2.3.6. Representations and warranties of the Subscribers

- (i) The Subscribers represent and warrants to our Company that it has full power, authority and capacity to enter into and perform the Subscription Agreement in accordance with its terms;
- (ii) The Subscribers represent that it is subscribing for the Notes for investment purposes only and has no intention of influencing the management or exercising control over our Company; and

- (iii) The Subscribers agree that:
- (a) there will be no conversion of the Notes by the Subscribers to transfer a controlling interest in our Company such that the Subscribers become controlling shareholder of our Company within the ambit of the Listing Requirements without the prior approval of the shareholders of our Company in a general meeting; and
- (b) collectively, or together with their Affiliate* not to hold more than 10% interest in the total number of issued share capital of our Company, at any time and from time to time without the prior approval of our Company.

Note:

* *“Affiliate” means with respect to any person, any other person that, directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with that person. For the purposes of this definition, the term “control” (including the terms “controlled by” and “under common control with”) as applied to any person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management of that person whether through ownership of shares, voting securities or otherwise.*

2.3.7. Underwriting arrangement

The Proposed Notes Issue will not be underwritten as the Subscribers have been identified and the Subscription Agreement has been entered into on 7 June 2022.

2.3.8. Utilisation of proceeds

As set out in Section 2.3.1 of this Circular, the Proposed Notes Issue comprises 4 tranches, of which Tranche 2 Notes, Tranche 3 Notes and Tranche 4 Notes can be issued at our Company’s option during the Option Period, subject to the terms and conditions of the Subscription Agreement. Thus, our Company will only exercise the said option if such funds are required for the purposes set out below.

For illustration purposes, the utilisation of proceeds shall be based on the following scenarios:

- Scenario 1** : Assuming only Tranche 1 Notes are issued and raises gross proceeds of RM30.00 million pursuant to the Proposed Notes Issue.
- Scenario 2** : Assuming the Notes are being converted at RM0.05, being the MCP, taking into consideration of the Maximum Conversion Shares and raises gross proceeds of RM28.89 million, as illustrated in Section 2.3.3 of this Circular, pursuant to the Proposed Notes Issue.
- Scenario 3** : Assuming all tranches of the Notes are issued and raises gross proceeds of RM150.00 million pursuant to the Proposed Notes Issue.

The Proposed Notes Issue is expected to raise gross proceeds of up to RM150.00 million which shall be utilised in the following manner:

Purpose	Notes	Scenario 1 RM' mil	Scenario 2 RM' mil	Scenario 3 RM' mil	Estimated timeframe for utilisation
Repayment of borrowings and factoring facility	(i)	-	-	72.90	Within 2 years
Working capital	(ii)	26.07	25.04	65.36	Within 3 years
Estimated expenses in relation to the Proposals	(iii)	3.93	3.85	11.74	Within 3 years
Total		30.00	28.89	150.00	

Notes:

- (i) As at the LPD, the outstanding borrowings and factoring facility of our Group are as follows:

Type	Effective interest rate (%)	Amount outstanding (RM' mil)
Term loans, bank overdrafts and revolving credit	5.72 – 7.00	83.04
Factoring facility	18.0	10.00
Total		93.10

Under Scenarios 1 and 2, our Group has no intention of allocating proceeds from the Proposed Notes Issue for repayment of borrowings and factoring facility.

Under Scenario 3, our Group intends to utilise up to approximately RM72.90 million of the proceeds to pare down part of its existing borrowings, factoring facility and future borrowings. The repayment of its existing borrowings of up to RM49.70 million and factoring facility of up to RM10.00 million is estimated to yield total interest savings of approximately RM5.01 million per annum. Additionally, our Group intends to allocate approximately RM13.20 million for borrowing(s) incurred for future asset injection(s), if any. This is not estimated to yield any interest savings per annum. For the avoidance of doubt, the proceeds from the Proposed Notes Issue will not be utilised to satisfy any purchase consideration for asset injection(s) which our Group may undertake in the future. As at the LPD, our Group has identified a hotel asset and discussions on the terms of the agreement is still in progress. An announcement will be made to Bursa Securities as and when our Group has agreed on the terms of the asset injection(s) in accordance with the Listing Requirements.

Notwithstanding the allocation of the proceeds for the repayment of existing and future borrowings (including those incurred for future asset injection(s), if any), the actual amount to repay the respective financiers shall be subject to adjustment where our Group deems appropriate depending on, amongst others, the tenure, interest rate and other terms of the borrowings. Depending on the eventual future asset injection(s) that are to be undertaken, if any, our Group shall re-allocate any unutilised amount to repay other existing financiers.

- (ii) Our Group intends to utilise up to approximately RM65.36 million of the proceeds from the Proposed Notes Issue for working capital requirements which include but not limited to the day-to-day operations of our Group such as refurbishment of hotels and other operating expenses, as follows:

Purpose	Scenario 1 RM' mil	Scenario 2 RM' mil	Scenario 3 RM' mil	Estimated timeframe for utilisation
Refurbishment of Impiana Ipoh Sdn Bhd ("Impiana Hotel Ipoh") ⁽¹⁾	-	-	3.00	Within 3 years
Refurbishment of Impiana KLCC Hotel ⁽¹⁾	8.40	8.07	9.30	Within 3 years
Refurbishment of Impiana Cherating Sdn Bhd ("Impiana Cherating") and other properties from future asset injection(s), if any ⁽¹⁾	-	-	11.00	Within 3 years
Operating expenses for our Group, including expenses from future asset injection(s), if any ⁽²⁾	17.67	16.97	42.06	Within 3 years
Total	26.07	25.04	65.36	

Notes:

- (1) Since the onset of the COVID-19 pandemic, the upgrading works for the said hotels have been put on hold. In conjunction with the economic recovery initiatives by the Government of Malaysia to re-open the international borders so as to revive the

tourism industry, our Group anticipates more inflow of tourists. As a result, our Group sees a need to refurbish the said hotels in order to remain competitive and relevant in its product offerings. The refurbishment of the hotels will involve, amongst others, installation of an atrium to the hotel lobby, sprucing up the façade of the hotels and upgrading the hotel rooms. The estimated total cost to be incurred for the refurbishment of Impiana Hotel Ipoh, Impiana KLCC Hotel and Impiana Cherating are RM3.00 million, RM9.30 million and RM11.00 million respectively. In the event that the funds raised from the Proposed Notes Issue are less than the total cost to be incurred, our Group will finance the remaining balance of the refurbishment costs via internally generated funds.

- (2) Our Group has earmarked up to approximately RM42.06 million for operating expenses of our Group such as salaries, payment to other creditors, professional fees, advertising and business promotion. For illustration purposes, the proceeds are anticipated to be utilised in the following manner:

	Scenario 1 RM' mil	Scenario 2 RM' mil	Scenario 3 RM' mil
Salaries	5.67	5.45	14.23
Payment to other creditors ^(a)	9.10	8.74	17.70
Professional fees	2.00	1.92	4.93
Advertising and business promotion	0.90	0.86	5.20
Total	17.67	16.97	42.06

Note:

- (a) Comprises income tax payable and settlement, stamp duties, electricity charges and quit rent.

The amount of proceeds allocated for the operating expenses above is based on our Group's estimation and thus any shortfall or surplus of any category will be adjusted to the other categories as our Group deems appropriate.

For information purposes, our Group have allocated the proceeds raised under Scenario 1 and Scenario 2 to the refurbishment of Impiana KLCC Hotel and operating expenses for our Group in view of the potential return on investment performance of the hotel once the refurbishment is completed and also to ensure that our Group's day-to-day operations continues as usual without interruption.

- (iii) The estimated expenses in relation to the Proposals are inclusive of professional fees, regulatory fees, administrative fees, printing and advertising costs as follows:

Purpose	Scenario 1 RM' mil	Scenario 2 RM' mil	Scenario 3 RM' mil
Upon setting up the Notes programme:			
Professional fees ^(a)	1.25	1.25	1.25
Regulatory fees	0.11	0.11	0.12
Printing, advertising and other miscellaneous expenses	0.10	0.10	0.10
	1.46	1.46	1.47
Upon issuance of the Notes:			
Professional fees ^(a)	0.55	0.55	1.15
Administrative fees to Subscribers ^(b)	1.80	1.73	9.00
Regulatory fees	0.12	0.11	0.12
	2.47	2.39	10.27
Total	3.93	3.85	11.74

Notes:

- (a) The professional fees include the fees payable to, amongst others, the principal adviser and the solicitors for the Proposals as well as the lead arranger, facility agent and the trustee in relation to the Proposed Notes Issue.

- (b) *The administrative fees are calculated based on 6.0% of the aggregate amount of the Notes to be issued under each scenario. The administrative fee will only be payable upon the subscription of the Notes for each sub-tranche.*

In the event the actual amount varies from the above estimated amount during the point of utilisation or the drawdown, the excess or deficit, as the case may be, will be adjusted from / to the amount earmarked for working capital.

In the event our Board decides to vary the utilisation of proceeds as allocated above, our Company will make the relevant announcement in accordance with the Listing Requirements. Further, if there is a material change to the utilisation of proceeds by 25% or more of the total proceeds raised, our Company will seek shareholders' approval, in accordance with the Listing Requirements.

Notwithstanding the proposed utilisation of Scenario 1 and Scenario 2 above, our Company may determine and vary the utilisation of Scenario 1 and Scenario 2 based on the requirements of our Group at the point of issuance as reflected in the table in Section 2.3.8 of this Circular, subject to making the relevant announcements and in compliance with the Listing Requirements including obtaining shareholders' approval, if required.

In the event that our Group raises lower gross proceeds from the Proposed Notes Issue as illustrated under Scenario 1 and Scenario 2, any shortfall of funds required for the remaining utilisation purposes will be funded via bank borrowings and / or internally generated funds.

For the avoidance of doubt, no proceeds will be raised from the conversion of the Notes.

Pending utilisation of the proceeds from the Proposed Notes Issue for the abovementioned purposes, the proceeds will be placed in deposits with a financial institution or short-term money market instruments as our Board may deem fit. The interest derived from the deposits with the financial institution or any gain arising from the short-term money market instruments will be used as working capital of our Group.

3. RATIONALE FOR THE PROPOSALS

3.1 Proposed Share Consolidation

The Proposed Share Consolidation is undertaken due to, amongst others, the potential dilutive effect arising from the increase in the number of Impiana Shares resulting from the conversion of the Notes. The Proposed Share Consolidation will enhance our Company's share capital structure as the consolidation of the existing Impiana Shares will reduce the number of our Company shares available in the market. Hence, our Company shall benefit from easier management of a smaller number of Impiana Shares and all else being equal, would be indifferent to the shareholders as the Proposed Share Consolidation will not have any impact on the market value of Impiana Shares as disclosed in Section 2.1.2 of this Circular.

Further, as our Company currently has a large number of shares in issue and a relatively low trading price range, a small absolute movement in the share price may be significant in percentage terms. Consolidating our Company shares would lead to a reduction in the number of Impiana Shares available in the market and should potentially reduce the volatility in the trading price for Impiana Shares.

3.2 Proposed Amendments

The Proposed Amendments are intended to facilitate the adjustment to the conversion rights and conversion ratio of ICPS-A and ICPS-B as a consequence of the Proposed Share Consolidation.

3.3 Proposed Notes Issue

In the past 3 financial years, our Group has been incurring losses with LBT of RM1.35 million, RM62.37 million and RM10.73 million for the FYE 31 December 2018, 30 June 2020 and 30 June 2021 respectively. Our Group has completed a private placement on 10 December 2021, which raised a total cumulative proceeds of approximately RM13.07 million which were intended to be utilised for the purposes of repayment of bank borrowings, subcontracting works for project development, future expansion of hospitality assets and working capital of our Group. As at the LPD, the entire proceeds raised have been utilised. Please refer to Section 13 of this Circular for more information on the details of the private placement.

In view of the prospects of our Group as outlined in Section 5.3 of this Circular and the urgency to make additional bank repayments and to fund its working capital, our Group will need to raise funds expeditiously and cost effectively for the repayment of borrowings and factoring facility and working capital of our Group's operations to help alleviate the strain on our Group's financial position during this period of the COVID-19 pandemic.

After due consideration of the various fund raising options, our Board is of the view that the Proposed Notes Issue is the most appropriate avenue of raising funds for the proposed utilisation as set out in Section 2.3.8 of this Circular based on the following rationale:

- (i) the Proposed Notes Issue will enable Impiana to raise funds expeditiously and cost effectively as the Proposed Notes Issue has pre-identified investor, which allows our Company to save costs on road shows and marketing for potential investors;
- (ii) the Proposed Notes Issue will enable Impiana to raise funds via the hybrid market, that is between the debt market where gearing and security or rating may be an issue, and the equity market, where current market conditions may not be conducive;
- (iii) the multiple tranches issuance provides Impiana the flexibility to drawdown as and when the need for funds arises and dilution to the existing shareholders' shareholdings will be progressively over the tenure of the Notes as compared to immediate full dilution effect through fund raising via issuance of new shares; and
- (iv) the Proposed Notes Issue will increase the liquidity of Impiana Shares upon conversion of the Notes and provide opportunity for new investors to participate in the equity of Impiana.

Our Board favours the Proposed Notes Issue over a pro-rata issuance of Impiana Shares via a rights issue exercise as the Proposed Notes Issue can be implemented more expeditiously as compared to a rights issue exercise. Additionally, our Board is of the view that that the Proposed Notes Issue provides the flexibility to raise the funds over the tenure of the Notes as and when the need for such funds arise and dilution to our Company's existing shareholders' shareholdings will occur progressively over the tenure of the Notes. Furthermore, there is no guarantee that the existing shareholders of Impiana would take up their entitlement to a rights issue.

4. RISK FACTORS

4.1. Dilution risk of the existing shareholders' shareholding in Impiana and impact on Impiana share price

The existing shareholders' shareholding in Impiana will be diluted in the event the RM150.00 million Notes are converted into a maximum of 577,735,632 Conversion Shares. Pursuant thereto, there will be a surge in the supply of Impiana Shares in the market and the Noteholders might emerge as the controlling shareholders after the completion of the Proposed Notes Issue. Notwithstanding the above, as set out in the Subscription Agreement and Section 2.3.6 of this Circular, the Subscribers agree not to hold more than 10% interest in the total number of issued shares of our Company, at any time and from time to time without prior approval of our Company.

As the share price of Impiana might be affected due to the disposal of Impiana Shares by the Subscribers in order to maintain their shareholding of not more than 10% in Impiana, our Board will ensure that the abovementioned risk will be mitigated through, amongst others, enhancing shareholders' and business value through the utilisation of proceeds as described in Section 2.3.8 of this Circular.

4.2. Delay, non-completion or non-subscription of the Proposed Notes Issue

There is a possibility that the Proposed Notes Issue may not be completed in time due to failure in fulfilling the conditions precedent as set out in the Subscription Agreement within the stipulated timeframe. In addition, the Proposed Notes Issue is also conditional upon the approval of our Company's shareholders and other relevant authorities and parties. There is no assurance that our Company will be able to obtain all the requisite approvals.

In the event the conditions precedent are not fulfilled and / or our Company is unable to obtain the requisite approvals for the Proposed Notes Issue, the Subscription Agreement will be terminated and our Company will be unable to obtain the funds for the purposes as set out in Section 2.3.8 of this Circular.

Our Board will take all reasonable steps to ensure that the conditions precedent stated in the Subscription Agreement are met within the stipulated timeframe and to obtain all the requisite approvals in order to complete the Proposed Notes Issue.

Further, in the event that the price of Impiana Shares falls below or near the MCP, the Subscribers may choose to delay or not to subscribe for subsequent sub-tranches of the Notes. As a result, our Company will also not be able to raise the funds needed for the purposes as set out in Section 2.3.8 of this Circular.

Nonetheless, in the event of a delay or unsuccessful completion of the Proposed Notes Issue, even after obtaining all the requisite approvals, and / or in the event of non-subscription of the Notes by the Subscribers, Impiana shall explore other fund raising options.

4.3. Ranking of the Noteholders

The Notes constitute direct, unconditional, unsubordinated and unsecured obligations of our Company, ranking equally and rateably without any preference among themselves, and save as otherwise provided under any applicable laws or regulations, equally with all other unsecured obligations (other than subordinated obligations, if any) of our Company from time to time. As such, the Notes will rank above our Company shares in the ranking of securities of our Company.

Thus, in the event of liquidation and / or winding up of our Company, the Noteholders will be paid ahead of the shareholders and the amount recovered by the shareholders may not be sufficient to compensate the shareholders' initial cost of investment.

Notwithstanding the above, our Board will take all reasonable steps to ensure that our Company will continue as a going concern and will not be wound up and / or liquidated.

4.4. Availability of funds to redeem the Notes

In the event the Notes are not converted at Maturity Date, our Company must redeem the remaining issued Notes, in cash. While our Company intends to fund such redemption mainly through internally generated funds and / or bank borrowings, there can be no assurance that our Company will be able to raise sufficient funding or at terms acceptable to our Company for the redemption.

Notwithstanding the above, our Board believes that with the proceeds raised from the Proposed Notes Issue for the purposes set out in Section 2.3.8 of this Circular, our Group will generate sufficient earnings and cash flows, which will enable us to redeem the Notes in the future, if required. In addition, redemption risk will also be minimised if there is a continued appreciation in price of Impiana Shares, making it more attractive for the Subscribers to convert the Notes.

5. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

5.1. Malaysian economy

The Malaysian economy expanded by 7.1% in the first half of 2021. Growth is expected to continue in the second half of the year, particularly in the fourth quarter, as more economic and social sectors operate at full capacity. The expected growth trajectory aligns with the successful vaccination programme under the National COVID-19 Immunisation Programme (“PICK”) and various stimulus and assistance packages to support the people and revitalise the economy. Continuation of the packages to combat the COVID-19 will have spill over effects and boost the economy in 2022. Hence, with strong economic fundamentals and a diversified structure, the domestic economy is forecast to expand between 5.5% and 6.5% in 2022. Nevertheless, the favourable outlook is predicated on other factors, including the successful containment of the pandemic, effective PICK implementation, and strong global economic prospects.

(Source: Economic Outlook 2022, Ministry of Finance)

5.2. Hospitality industry in Malaysia

If rapid hotel closures and urgent asset sales in 2020 and 2021 underscored the effect of the COVID-19 pandemic on the hospitality segment, the swift resumption of business and new hotel openings are signs of big improvements in the segment, at least operationally. It is worth noting that should things go according to plan, 5,700 new hotel rooms and 800 serviced apartments / hotel residences are scheduled to come on stream in 2022 within the Klang Valley alone.

Upcoming hotel openings listed by Zerín Properties include the 232-room Park Hyatt Kuala Lumpur at PNB 118 and the 544-room Conrad Kuala Lumpur (the former MAS headquarters on Jalan Sultan Ismail). Both hotel assets are owned by state-controlled fund Permodalan Nasional Bhd. Also slated for opening is the 252-room Amari Kuala Lumpur, and 478-room Canopy by Hilton Hotel and DoubleTree by Hilton at i-City in Shah Alam, Selangor. Park Hyatt, Conrad and Canopy are all new hotel brands in the domestic market.

“The opening of hotels during this period sends two very strong signals. First, investors and operators have a strong conviction on the robust domestic demand and, second, they are certain about the long-term potential of the tourism sector in Malaysia,” Zerín Properties CEO Previndran Singhe tells The Edge.

It is worth pointing out that these openings took place even as the hotel industry performance was at its worst. According to the Malaysian Association of Hotels (“MAH”), the industry sustained losses to the tune of RM9 billion in the January to September 2021 period compared with RM6 billion in losses for the entire 2020. The industry bled RM300 million every two weeks during the Movement Control Order.

In an interview with The Edge, MAH CEO Yap Lip Seng says the industry is on the path to recovery and that he is hopeful tourism will return to pre-pandemic levels, albeit by 2024 at the earliest. “It seems that recovery should be on track now, with domestic tourism playing a major role over the next 1 to 1.5 years before we see significant international arrivals again,” Yap says. He believes further hotel closures are unlikely, provided that there are no more travel restrictions.

The hospitality industry began to improve as soon as the travel restrictions were eased, giving hotel operators hope that 2021 would end with a higher occupancy rate. “This also signalled to hotels to reopen and restart,” Yap says of hotels that had shut down temporarily.

But, towards the end of 2021, concerns over the emergence of the Omicron variant emerged, although it did not have an adverse impact on domestic tourism as many opted to continue with their plans after a long period of staying at home. The average occupancy rate (“AOR”) peaked at 52% during the last two weeks of the year-end holidays, Yap says, which was decent all things considered.

“December 2021 was definitely better when compared with 2020, with the year-end holiday week peaking at 52% versus the year before at about 42%.” The better performance, Yap adds, was also due to pent-up demand as interstate travel restrictions had been in place between January and October last year.

The AOR was also encouraging given that it was 21% in January last year, before dipping to 17% in February. March and April were better months as the AOR climbed to 27%, driven by “quarantine needs”, before slipping again to below 18% in the months of May and June.

This year’s performance will mostly be supported by domestic tourism “with hopes of staggered reopening of international tourism by the third quarter from selected countries, via Vaccinated Travel Lane implementation and international travel bubble initiatives,” Yap says. He shares two possible scenarios, noting that how the year finishes would depend on whether international borders reopen, given the uncertainties surrounding the Omicron variant. “If this continues (borders do not open), average occupancy for 2022 will likely not exceed 35%. In terms of average daily rates (“ADR”), the industry already lost about 40% on average compared with pre-COVID days (depending on factors such as star rating, city hotel versus resort hotel, location). This is not expected to improve in 2022.”

In the event that international travel fully resumes, Yap hopes it will drive hotel occupancy in the second half, which would boost 2022 AOR to about 50%. As for ADR, he expects the improvement to be minimal as it is expected to only benefit selected hotels with strong international demand.

“This year, despite being marked as a ‘recovery’ year, is in fact geared towards operational recovery more than financial recovery. Demand, which will continue to be driven by the domestic market, is not expected to be sufficient to drive profitability as domestic spending power is much lower when compared with foreign spending. 2022 will continue to be a year of survival for the industry,” Yap highlights.

(Source: Press article entitled “Hotel sector recovery on track, openings continue amid the pandemic” dated 19 January 2022, The Edge Malaysia)

5.3. Prospects of Impiana Group

Impiana Group has seen double-digit growth in its hotel operations starting from second quarter after the announcement by the Government on Malaysia on 1 April 2022 on the opening of the border. Impiana KLCC Hotel has started gaining traction from its corporate customers to carry out meetings, events and training programmes at its hotel with foreign tourists checking in from various Asian, European and Middle Eastern countries. Meanwhile, Impiana Hotel Ipoh and Impiana Hotel Senai has been drawing in the crowds from interstate travellers during weekends, long public holidays and school holidays. In addition, Impiana Hotel Senai receives a further boost in occupancy from the Singapore market who has started to visit the southern state with secured group bookings for June onwards. As at the LPD, the occupancy rate for Impiana KLCC Hotel, Impiana Hotel Ipoh and Impiana Hotel Senai is 60%, 77% and 42% respectively.

For Thailand, the Impiana Group is fortunate to have relative recovery as early as October 2021 with the operations in Phuket resuming and receiving strong demand from the international markets that were open to travel. Based on market data, Thailand is rated as the world’s top destination post-COVID with room occupancies peaking up to 70% of pre-COVID-19 level in Phuket. Impiana intends to leverage on this surge in demand and appetite from the in-coming tourists. It is anticipated that further relaxation on group gathering by the Government of Thailand will see a further increase in bookings for group events across hotels and resorts in Thailand.

On Indonesia, the opening of borders and relaxation of restrictions by the Government of Bali since April 2022 has resulted in demand growth in near-term-forward bookings reaching close to 50% of pre-COVID levels across Indonesia. This perfectly timed measure coincides with the traditional peak season that hotels and resorts in Bali normally expects from travellers coming from the UK, Europe, Middle East and Oceania during the summer. Coupled with the

G20 Indonesia 2022 to be held in Bali in the fourth quarter, the Impiana Group envisage higher tourist inflow and occupancy across the hotel resorts which it operates in Bali and Seminyak.

The Impiana Group's diversification of its core business into hospitality and resort development has seen positive progression with the re-commencement of Phase 1 development for Impiana Cherating with the total GDV of RM154.40 million which the current site progress is at 40% and expected to complete by end 2023 with the take up rate from the en-bloc buyers from Hong Kong of more than 80%. The source of funding for Impiana Cherating development will be by progress payments from investors in the serviced suites as it is operating on a sale and leaseback method. Our Group is in the midst of preparing the next Phases 2 and 3 of Impiana Cherating development as part of the long term plan recovery with the additional GDV of RM225.00 million.

Further, Impiana Group via its wholly owned subsidiary company, Impiana Tioman Villas & Residences Sdn Bhd has entered into a Joint Development Agreement with Impiana Tioman Sdn Bhd, Selo Tioman Resort Holdings Ltd and Impiana Selo Tioman Resorts Sdn Bhd to sell and develop a luxury resort in Tioman Island valued at RM188.6 million. The luxury resort will consist of villas and other facilities on five contiguous parcels of land measuring 5.089 hectares (12.58 acres). The source of funding for the luxury resort in Tioman Island will be raised via the disposal of lands to prospective buyers. The joint development business model will allow Impiana to diversify its core business to include property development and related activities thus deriving a new stream of revenue via sales of the land plots of Tioman Island and the management of the villas erected on the land plots. Moving forward, these resorts development shall progressively contribute to the growth and recovery of our Group in near future and improve earnings as well as enhance shareholders' value.

Given the challenging industry environment, our Group is committed to a diversification strategy, in order to expand the potential revenue and income-generating ability of our Group. The management team will continue in its efforts to focus on cost-saving exercises and value-added marketing packages, which is intended to boost our Group's competitiveness within the industry.

5.4. Value creation and impact of the Proposals

As set out in Section 2.3.8 of this Circular, the Proposed Notes Issue is intended to raise funds for, amongst others, to fund the refurbishment of the existing hotels as part of its working capital requirements and for the partial repayment of borrowings and factoring facility. The Proposed Notes Issue will enable our Company to tap into the equity market to raise funds without incurring additional interest cost associated with bank borrowings, thereby minimising any further cash outflow in respect of interest servicing costs and preserving our Group's cash flow and directly enhancing shareholders' value. Further, the repayment of borrowings and factoring facility will also allow Impiana to benefit from the interest savings of approximately RM5.01 million per annum.

As illustrated in Section 6 of this Circular, the Proposed Notes Issue is expected to enlarge the share capital of Impiana and increase its shareholders' funds. The increase in the number of issued Impiana Shares arising from the Proposed Notes Issue may have a dilutive impact on the shareholdings of our Company's existing shareholders. It may also dilute the EPS of our Group if the earnings of our Group do not increase in tandem with the increase in the number of Impiana Shares issued pursuant to the Proposed Notes Issue.

Nevertheless, the Proposed Notes Issue is expected to have a positive impact on future earnings of our Group by providing Impiana with necessary funding to fund its working capital needs and to repay its borrowings and factoring facility, which is expected to preserve our Group's main source of income and to benefit from the interest savings respectively, which would then improve our Company's financial position.

5.5. Adequacy of the Proposed Notes Issue in addressing our Group's financial requirements

Our Group has been in a loss position since the FYE 30 June 2020 after the unconditional mandatory take-over offer by Impiana Sdn Bhd and Dato' Seri Ismail @ Farouk Bin Abdullah ("Joint Offerors") through Kenanga IB to acquire all the remaining ordinary shares in Bio Osmo Berhad not already owned by the Joint Offerors and the persons acting in concert at a cash offer price of RM0.05 per offer share. The use of part of the proceeds from the Proposed Notes Issue towards its working capital and repayment of bank borrowings will assist in supporting our Group's operations.

Our Board is of the view that the Proposed Notes Issue is the most appropriate avenue of raising funds for the purposes and rationale as set out in Sections 2.3.8 and 3 of this Circular respectively.

Our Board believes that the Proposed Notes Issue together with its utilisation of proceeds therefrom, and barring any unforeseen circumstances, is adequate to fulfil our Group's immediate financing requirements to improve its financial performance and thereby, enhances its shareholders' value.

5.6. Steps taken by Impiana to improve our Group's financial condition

Our Group had taken various steps in attempt to strengthen its financial position.

Impiana Tioman Villas & Residences Sdn Bhd, a wholly-owned subsidiary of our Company, had on 11 December 2020 entered into the following 2 separate agreements:

- (i) conditional sale and purchase agreement with Impiana Tioman Sdn Bhd for the proposed acquisition of 3 contiguous parcels of freehold land held under Lot 539 (GM 581), Lot 7063 (GM 591), Lot 7064 (GM 592), all of which are located within Mukim of Tioman, District of Rompin, State of Pahang for a purchase consideration of RM6,093,750, which will be satisfied entirely via the issuance of 67,708,333 new Impiana Shares at an issue price of RM0.09 per new Share; and
- (ii) conditional sale and purchase agreement with Impiana Tioman Sdn Bhd for the proposed acquisition of 2 contiguous parcels of leasehold land held under Lot 16 (PM 102) and Lot 7051 (PM 111), all of which are located within Mukim of Tioman, District of Rompin, State of Pahang for a purchase consideration of RM1,406,250, which will be satisfied entirely via the issuance of 15,625,000 new Impiana Shares at an issue price of RM0.09 per new Share.

The launch of the new resort is expected to contribute positively to the future income and profitability of our Group through their resort management activities as our Group may derive revenue from the management and operations of the resort upon completion.

Our Group had, between 27 April 2021 and 10 December 2021, implemented a private placement of 189,000,000 new Impiana Shares that raised approximately RM13.07 million to be used for, amongst others, repayment of bank borrowings, subcontracting works for project development, future expansion of hospitality assets and working capital of our Group.

6. EFFECTS OF THE PROPOSALS

The Proposed Amendments will not have any effect on the issued share capital, NA and gearing, substantial shareholders' shareholdings as well as earnings and earnings per share EPS of our Company.

The Proposed Notes Issue is expected to raise RM30.00 million through the issuance of Tranche 1 Notes. Further amount of up to RM120.00 million may be raised through the issuance of Tranche 2 Notes, Tranche 3 Notes and Tranche 4 Notes at our Company's discretion, subject to the terms and conditions as set out in the Subscription Agreement.

As at the date of this Circular, the Conversion Price for the Notes has yet to be determined. It is thus not possible, as at the date of this Circular, to ascertain the effects of the Proposed Notes Issue until the Notes have been issued, converted and / or otherwise redeemed.

For illustration purposes, the pro forma effects of the Proposals shall be based on the following scenarios:

- Scenario 1** : Assuming only Tranche 1 Notes are issued and raises gross proceeds of RM30.00 million pursuant to the Proposed Notes Issue.
- Scenario 2** : Assuming the Notes are being converted at RM0.05, being the MCP, taking into consideration of the Maximum Conversion Shares and raises gross proceeds of RM28.89 million pursuant to the Proposed Notes Issue.
- Scenario 3** : Assuming all tranches of the Notes are issued and raises gross proceeds of RM150.00 million pursuant to the Proposed Notes Issue.

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6.1. Issued share capital

The pro forma effects of the Proposed Share Consolidation and Proposed Notes Issue on our Group's issued share capital are as follows:

	Scenario 1		Scenario 2		Scenario 3	
	No. of shares	RM	No. of shares	RM	No. of shares	RM
Issued share capital as at the LPD	1,444,339,082	125,959,915	1,444,339,082	125,959,915	1,444,339,082	125,959,915
After the Proposed Share Consolidation ⁽¹⁾	288,867,816	125,959,915	288,867,816	125,959,915	288,867,816	125,959,915
To be issued pursuant to the Conversion of the Notes	300,000,000	⁽²⁾⁽³⁾ 30,000,000	577,735,632	⁽³⁾⁽⁴⁾ 28,886,782	577,735,632	⁽³⁾⁽⁵⁾ 150,000,000
Enlarged issued share capital	588,867,816	155,959,915	866,603,448	154,846,697	866,603,448	275,959,915
Assuming full conversion of ICPS ⁽⁶⁾	12,593,304	5,069,907	12,593,304	5,069,907	12,593,304	5,069,907
Adjusted enlarged issued share capital	601,461,121	161,029,822	879,196,753	159,916,604	879,196,753	281,029,822

Notes:

- (1) Proposed Share Consolidation every 5 existing Impliana Shares into 1 Consolidated Share.
- (2) Assuming conversion of the Notes at the illustrative Conversion Price of RM0.10.
- (3) On conversion of the Notes at maturity, the liability component carried at amortised cost effective interest method for Scenarios 1, 2 and 3 of RM1.39 million, RM1.34 million and RM7.39 million, respectively, together with the equity component of RM18.76 million, RM18.01 million and RM99.47 million, respectively would be derecognised and recognised in equity as issued share capital.
- (4) Assuming conversion of the Notes at the MCP of RM0.05.
- (5) Assuming conversion of the Notes at the illustrative Conversion Price of approximately RM0.2596.
- (6) Assuming all 132,837,560 ICPS-A are converted into 2,656,751 new Impliana Shares after the Proposed Amendments at the conversion ratio of 50 existing ICPS-A into 1 new Impliana Share and all 49,682,765 ICPS-B are converted into 9,936,553 new Impliana Shares after the Proposed Amendments at the conversion ratio of 5 existing ICPS-B into 1 new Impliana Share.

6.2. NA and Gearing

The pro forma effects of the Proposed Share Consolidation and Proposed Notes Issue on the NA per Share and gearing of our Group based on the audited financial statements of our Group for the FYE 30 June 2021 are set out below:

Scenario 1

	Audited as at 30 June 2021 RM'000	Adjustment after subsequent event ⁽¹⁾ RM'000	Pro forma (I) After Proposed Share Consolidation RM'000		Pro forma (II) After Issuance of Tranche 1 Notes RM'000		Pro forma (III) After Full Conversion of Tranche 1 Notes ⁽²⁾ RM'000		Pro forma (IV) After Full Conversion of ICPS ⁽³⁾ RM'000	
Ordinary shares	115,698	125,960	125,960	125,960	125,960	(⁽⁴⁾) 155,960	161,030	161,030		
Irredeemable convertible preference shares ("ICPS")	5,070	5,070	5,070	5,070	5,070	5,070	-	-		
Accumulated losses	(109,010)	(109,010)	(109,010)	(109,010)	(109,010)	(⁽⁵⁾) (112,936)	(112,936)	(112,936)		
Asset revaluation reserve	29,837	29,837	29,837	29,837	29,837	29,837	29,837	29,837		
Estimated equity component of the Notes	-	-	-	-	(⁽⁶⁾) 18,758	-	-	-		
Total equity attributable to the owners of the Company	41,595	51,857	51,857	51,857	70,615	77,931	77,931	77,931		
Non-controlling interest	1	1	1	1	1	1	1	1		
Total equity	41,596	51,858	51,858	51,858	70,616	77,932	77,932	77,932		
No. of issued shares ('000)	1,216,205	1,444,339	288,868	288,868	288,868	588,868	601,461	601,461		
NA per share (RM)	0.03	0.04	0.18	0.18	0.24	0.13	0.13	0.13		
Borrowings	72,599	74,899	74,899	74,899	(⁽⁷⁾) 76,292	74,899	74,899	74,899		
Gearing ratio (times)	1.75	1.44	1.44	1.44	1.08	0.96	0.96	0.96		

Notes:

(1) After taking into consideration:

(i) the conversion of 200,000,000 ICPS-A into 20,000,000 new Impiana Shares on 13 October 2021;

(ii) the conversion of 58,134,235 ICPS-B into 58,134,235 new Impiana Shares between 5 July 2021 and 13 October 2021; and

(iii) the placement of 150,000,000 new Impiana Shares for a total consideration of RM10.26 million which was completed on 10 December 2021.

- (2) *For illustration purposes only, assuming the Noteholder(s) converts the Notes at the illustrative Conversion Price of RM0.10.*
- (3) *Assuming all 132,837,560 ICPS-A are converted into 2,656,751 new Impiana Shares after the Proposed Amendments at the conversion ratio of 50 existing ICPS-A into 1 new Impiana Share and all 49,682,765 ICPS-B are converted into 9,936,553 new Impiana Shares after the Proposed Amendments at the conversion ratio of 5 existing ICPS-B into 1 new Impiana Share.*
- (4) *On conversion of the Notes at maturity, the liability component and the fair value of the equity derivative of RM20.15 million would be derecognised and recognised in equity as issued share capital.*
- (5) *The accumulated losses is arrived at after deducting the estimated expenses in relation to the Proposals of RM3.93 million.*
- (6) *Being the estimated equity component of the Notes of RM18.76 million after deducting the estimated expenses relating to the equity component of the Notes of RM3.72 million and deferred tax liabilities relating to the equity component of the Notes of RM5.92 million, based on MFRS 132. The estimated expenses is derived by including all the relevant expenses payable to regulators, professionals and other expenses multiplying it with the fair value of equity component divided by the total proceeds. The deferred tax liabilities is derived from the differences between the fair value of the equity component and the equity value after the apportionment of transaction costs multiplying it with the corporate tax rate of 24%.*
- (7) *Including the liability component of the Notes of RM1.39 million and after deducting estimated expenses relating to the liability component of the Notes of RM0.21 million. The estimated expenses is derived by including all the relevant expenses payable to regulators, professionals and other expenses multiplying it with the fair value of liability component divided by the total proceeds.*

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Scenario 2

	Audited as at 30 June 2021	Adjustment after subsequent event ⁽¹⁾	Pro forma (I) After Proposed Share Consolidation	Pro forma (II) After Issuance of Tranches 1 and 2 Notes	Pro forma (III) After Conversion of Tranches 1 and 2 Notes ⁽²⁾	Pro forma (IV) After Full Conversion of ICPS ⁽³⁾
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Ordinary shares	115,698	125,960	125,960	125,960	⁽⁴⁾ 154,847	159,917
Irredeemable convertible preference shares ("ICPS")	5,070	5,070	5,070	5,070	5,070	-
Accumulated losses	(109,010)	(109,010)	(109,010)	(109,010)	⁽⁵⁾ (112,864)	(112,864)
Asset revaluation reserve	29,837	29,837	29,837	29,837	29,837	29,837
Estimated equity component of the Notes	-	-	-	⁽⁶⁾ 18,009	-	-
Total equity attributable to the owners of the Company	41,595	51,857	51,857	69,866	76,890	76,890
Non-controlling interest	1	1	1	1	1	1
Total equity	41,596	51,858	51,858	69,867	76,891	76,891
No. of issued shares ('000)	1,216,205	1,444,339	288,868	288,868	866,603	879,197
NA per share (RM)	0.03	0.04	0.18	0.24	0.09	0.09
Borrowings	72,599	74,899	74,899	⁽⁷⁾⁽⁸⁾ 76,236	⁽⁴⁾⁽⁸⁾ 74,899	⁽⁸⁾ 74,899
Gearing ratio (times)	1.75	1.44	1.44	1.09	0.97	0.97

Notes:

- (1) After taking into consideration:
 - (i) the conversion of 200,000,000 ICPS-A into 20,000,000 new Impiana Shares on 13 October 2021;
 - (ii) the conversion of 58,134,235 ICPS-B into 58,134,235 new Impiana Shares between 5 July 2021 and 13 October 2021; and
 - (iii) the placement of 150,000,000 new Impiana Shares for a total consideration of RM10.26 million which was completed on 10 December 2021.
- (2) For illustration purposes only, assuming the Noteholder(s) converts the Notes at MCP of RM0.05.
- (3) Assuming all 132,837,560 ICPS-A are converted into 2,656,751 new Impiana Shares after the Proposed Amendments at the conversion ratio of 50 existing ICPS-A into 1 new Impiana Share and all 49,682,765 ICPS-B are converted into 9,936,553 new Impiana Shares after the Proposed Amendments at the conversion ratio of 5 existing ICPS-B into 1 new Impiana Share.

- (4) *On conversion of the Notes at maturity, the liability component and the fair value of the equity derivative of RM19.35 million would be derecognised and recognised in equity as issued share capital.*
- (5) *The accumulated losses is arrived at after deducting the estimated expenses in relation to the Proposals of RM3.85 million.*
- (6) *Being the estimated equity component of the Notes of RM18.01 million after deducting the estimated expenses relating to the equity component of the Notes of RM3.65 million and deferred tax liabilities relating to the equity component of the Notes of RM5.69 million, based on MFRS 132. The estimated expenses is derived by including all the relevant expenses payable to regulators, professionals and other expenses multiplying it with the fair value of equity component divided by the total proceeds. The deferred tax liabilities is derived from the differences between the fair value of the equity component and the equity value after the apportionment of transaction costs multiplying it with the corporate tax rate of 24%.*
- (7) *Including the liability component of the Notes of RM1.34 million and after deducting estimated expenses relating to the liability component of the Notes of RM0.21 million. The estimated expenses is derived by including all the relevant expenses payable to regulators, professionals and other expenses multiplying it with the fair value of liability component divided by the total proceeds.*

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Scenario 3

	Audited as at 30 June 2021	Adjustment after subsequent event ⁽¹⁾	Pro forma (I) After Proposed Share Consolidation	Pro forma (II) After Full Issuance of Tranches 1, 2, 3 and 4 Notes	Pro forma (III) After Full Conversion of Tranches 1, 2, 3 and 4 Notes ⁽²⁾	Pro forma (IV) After Full Conversion of ICPS ⁽³⁾
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Ordinary shares	115,698	125,960	125,960	125,960	⁽⁴⁾ 275,960	281,030
Irredeemable convertible preference shares ("ICPS")	5,070	5,070	5,070	5,070	5,070	-
Accumulated losses	(109,010)	(109,010)	(109,010)	(109,010)	⁽⁵⁾ (120,748)	(120,748)
Asset revaluation reserve	29,837	29,837	29,837	29,837	29,837	29,837
Estimated equity component of the Notes	-	-	-	⁽⁶⁾ 99,466	-	-
Total equity attributable to the owners of the Company	41,595	51,857	51,857	151,323	190,119	190,119
Non-controlling interest	1	1	1	1	1	1
Total equity	41,596	51,858	51,858	151,324	190,120	190,120
No. of issued shares ('000)	1,216,205	1,444,339	288,868	288,868	866,603	879,197
NA per share (RM)	0.03	0.04	0.18	0.52	0.22	0.22
Borrowings	72,599	74,899	74,899	⁽⁷⁾⁽⁸⁾ 19,384	⁽⁴⁾⁽⁸⁾ 11,999	⁽⁸⁾ 11,999
Gearing ratio (times)	1.75	1.44	1.44	0.13	0.06	0.06

Notes:

(1) After taking into consideration:

(i) the conversion of 200,000,000 ICPS-A into 20,000,000 new Impiana Shares on 13 October 2021;

(ii) the conversion of 58,134,235 ICPS-B into 58,134,235 new Impiana Shares between 5 July 2021 and 13 October 2021; and

(iii) the placement of 150,000,000 new Impiana Shares for a total consideration of RM10.26 million which was completed on 10 December 2021.

(2) For illustration purposes only, assuming the Noteholder(s) converts the Notes at illustrative Conversion Price of approximately RM0.2596.

(3) Assuming all 132,837,560 ICPS-A are converted into 2,656,751 new Impiana Shares after the Proposed Amendments at the conversion ratio of 50 existing ICPS-A into 1 new Impiana Share and all 49,682,765 ICPS-B are converted into 9,936,553 new Impiana Shares after the Proposed Amendments at the conversion ratio of 5 existing ICPS-B into 1 new Impiana Share.

- (4) *On conversion of the Notes at maturity, the liability component and the fair value of the equity derivative of RM106.85 million would be derecognised and recognised in equity as issued share capital.*
- (5) *The accumulated losses is arrived at after deducting the estimated expenses in relation to the Proposals of RM11.74 million.*
- (6) *Being the estimated equity component of the Notes of RM99.47 million after deducting the estimated expenses relating to the equity component of the Notes of RM11.11 million and deferred tax liabilities relating to the equity component of the Notes of RM28.80 million, based on MFRS 132. The estimated expenses is derived by including all the relevant expenses payable to regulators, professionals and other expenses multiplying it with the fair value of equity component divided by the total proceeds. The deferred tax liabilities is derived from the differences between the fair value of the equity component and the equity value after the apportionment of transaction costs multiplying it with the corporate tax rate of 24%.*
- (7) *Including the liability component of the Notes of RM7.39 million and after deducting estimated expenses relating to the liability component of the Notes of RM0.63 million. The estimated expenses is derived by including all the relevant expenses payable to regulators, professionals and other expenses multiplying it with the fair value of liability component divided by the total proceeds.*
- (8) *After repayment of borrowings of RM62.90 million as set out in Section 2.3.8 of this Circular. The remaining RM10.00 million of the proceeds raised from the Proposed Notes Issue is allocated for repayment of factoring facility as part of our Group's non-trade payables.*

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6.3. Substantial shareholders' Shareholdings

The pro forma effects of the Proposed Share Consolidation and Proposed Notes Issue on the shareholdings of the substantial shareholders of Impiana based on the Record of Depositors as at LPD are set out below:

Scenario 1

	As at the LPD		After Proposed Share Consolidation		After full conversion of Tranche 1 Notes		After full conversion of ICPS									
	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect								
	No. of shares ('000)	No. of shares ('000)	No. of shares ('000)	No. of shares ('000)	No. of shares ('000)	No. of shares ('000)	No. of shares ('000)	No. of shares ('000)								
Impiana Sdn Bhd	350,327	24.26	-	-	70,065	24.26	-	-	79,829	13.27	-	-				
Dato' Seri Ismail @ Farouk bin Abdullah	293,744	20.34	350,827	24.29	58,749	20.34	70,165	(4)	58,749	9.98	70,165	11.92	58,987	9.81	79,929	13.29

Impiana Sdn Bhd 350,327 24.26 - - 70,065 24.26 - - 70,065 11.90 - - 79,829 13.27 - -

Dato' Seri Ismail @ Farouk bin Abdullah

Notes:

- (1) Based on 1,444,339,082 Impiana Shares in issue as at the LPD.
- (2) Based on 288,867,816 Impiana Shares after the Proposed Share Consolidation of 5 existing Impiana Shares into 1 Impiana Share.
- (3) Based on 588,867,816 Impiana Shares after taking into consideration the 300,000,000 Impiana Shares issued pursuant to the conversion of Tranche 1 Notes at the MCP.
- (4) Based on 601,461,121 Impiana Shares after taking into consideration the conversion of 132,837,560 ICPS-A into 2,656,751 new Impiana Shares after the Proposed Amendments at the conversion ratio of 50 existing ICPS-A into 1 new Impiana Share and 49,682,765 ICPS-B into 9,936,553 new Impiana Shares after the Proposed Amendments at the conversion ratio of 5 existing ICPS-B into 1 new Impiana Share.
- (5) Deemed interested by virtue of his interest in Impiana Sdn Bhd pursuant to Section 8 of the Act.

Scenario 2

	As at the LPD		After Proposed Share Consolidation		After conversion of Tranches 1 and 2 Notes		After full conversion of ICPS	
	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect
	No. of shares ('000) (1) %	No. of shares ('000) (1) %	No. of shares ('000) (2) %	No. of shares ('000) (2) %	No. of shares ('000) (3) %	No. of shares ('000) (3) %	No. of shares ('000) (4) %	No. of shares ('000) (4) %

Impiana Sdn Bhd 350,327 24.26 - 70,065 24.26 - 70,065 8.09 - 79,829 9.08 - -

Dato' Seri Ismail
@ Farouk bin
Abdullah (6)

293,744 20.34 350,827 24.29 58,749 20.34 70,165 24.29 58,749 6.78 70,165 8.10 58,987 6.71 79,929 9.09 (6)

Notes:

(1) Based on 1,444,339,082 Impiana Shares in issue as at the LPD.

(2) Based on 288,867,816 Impiana Shares after the Proposed Share Consolidation of 5 existing Impiana Shares into 1 Impiana Share.

(3) Based on 866,603,448 Impiana Shares after taking into consideration the 577,735,632 Maximum Conversion Shares issued pursuant to the conversion of Tranche 1 and Tranche 2 Notes, subject to the Maximum Conversion Shares.

(4) Based on 879,196,753 Impiana Shares after taking into consideration the conversion of 132,837,560 ICPS-A into 2,656,751 new Impiana Shares after the Proposed Amendments at the conversion ratio of 50 existing ICPS-A into 1 new Impiana Share and 49,682,765 ICPS-B into 9,936,553 new Impiana Shares after the Proposed Amendments at the conversion ratio of 5 existing ICPS-B into 1 new Impiana Share.

(5) Deemed interested by virtue of his interest in Impiana Sdn Bhd pursuant to Section 8 of the Act.

Scenario 3

	As at the LPD		After Proposed Share Consolidation		After full conversion of Tranches 1, 2, 3 and 4 Notes		After full conversion of ICPS	
	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect
	No. of shares ('000) (1) %	No. of shares ('000) (1) %	No. of shares ('000) (2) %	No. of shares ('000) (2) %	No. of shares ('000) (3) %	No. of shares ('000) (3) %	No. of shares ('000) (4) %	No. of shares ('000) (4) %

Impiana Sdn Bhd 350,327 24.26 - 70,065 24.26 - 70,065 8.09 - 79,829 9.08 - -

Dato' Seri Ismail
@ Farouk bin
Abdullah

(5)

(5)

(5)

Notes:

- (1) Based on 1,444,339,082 Impiana Shares in issue as at the LPD.
- (2) Based on 288,867,816 Impiana Shares after the Proposed Share Consolidation of 5 existing Impiana Shares into 1 Impiana Share.
- (3) Based on 866,603,448 Impiana Shares after taking into consideration the 577,735,632 Maximum Conversion Shares issued pursuant to the conversion of Tranche 1, 2, 3 and 4 Notes.
- (4) Based on 879,196,753 Impiana Shares after taking into consideration the conversion of 132,837,560 ICPS-A into 2,656,751 new Impiana Shares after the Proposed Amendments at the conversion ratio of 50 existing ICPS-A into 1 new Impiana Share and 49,682,765 ICPS-B into 9,936,553 new Impiana Shares after the Proposed Amendments at the conversion ratio of 5 existing ICPS-B into 1 new Impiana Share.
- (5) Deemed interested by virtue of his interest in Impiana Sdn Bhd pursuant to Section 8 of the Act.

It is expected that there will be no changes in our Company's major shareholders pursuant to the Proposed Notes Issue as there will be no conversion of the Notes by the Subscribers to transfer a controlling interest in our Company such that the Subscribers become controlling shareholder of our Company without the prior approval of our Company's shareholders, nor to hold more than 10% interest in the total number of issued shares of our Company, at any time and from time to time, without our Company's prior approval. In addition, the Conversion Shares are expected to be sold down via the open market on a progressive basis, in tandem with the progressive subscription and conversion of the Notes.

6.4. Earnings and EPS

The Proposals are not expected to have a material effect on the earnings of our Group for the FYE 30 June 2023.

However, pursuant to the Proposed Share Consolidation and all things being equal, there will be an increase in our Group's EPS corresponding to the reduced number of Consolidated Shares in issue. The Conversion Shares to be issued pursuant to the Proposed Notes Issue will result in an immediate dilution to the EPS of our Group due to increased number of Impiana Shares in issue.

6.5. Convertible Securities

Save for the 132,837,560 ICPS-A and 49,682,765 ICPS-B, our Group does not have any other convertible securities as at the LPD.

Any adjustment to the conversion rights and conversion ratio of the ICPS as a consequence of the Proposed Share Consolidation will be made in accordance with the Constitution. Save for the adjustment to the conversion rights and conversion ratio of the ICPS under the Proposed Amendments, all other terms of the ICPS shall remain unchanged.

7. APPROVALS REQUIRED

The Proposals are subject to the following approvals being obtained:

- (i) Bursa Securities for:
 - (a) the Proposed Share Consolidation; and
 - (b) the listing of and quotation for the Conversion Shares pursuant to the Proposed Notes Issue on the Main Market of Bursa Securities.

The approval of Bursa Securities was obtained vide its letter dated 6 October 2022 and is subject to the following conditions:

No.	Conditions	Status of Compliance
1.	Impiana and Kenanga IB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Share Consolidation and Proposed Notes Issue;	To be complied
2.	Impiana / Kenanga IB is required to furnish Bursa Securities with a certified true copy of the resolutions passed by shareholders in general meeting approving the Proposed Share Consolidation, Proposed Amendments and Proposed Notes Issue;	To be complied
3.	Impiana and Kenanga IB are required to make the relevant announcement pursuant to Paragraph 13.20(2) of the Listing Requirements pertaining to the Proposed Share Consolidation;	To be complied
4.	Impiana and Kenanga IB are required to inform Bursa Securities upon completion of the Proposed Share Consolidation and Proposed Notes Issue;	To be complied

No.	Conditions	Status of Compliance
5.	Impiana and Kenanga IB are required to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Share Consolidation and Proposed Notes Issue are completed; and	To be complied
6.	Payment of additional listing fees pertaining to the conversion of Notes, if relevant. In this respect, Impiana is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the conversion of Notes as at the end of each quarter together with a detailed computation of the listing fees payable.	To be complied
(ii)	the shareholders of Impiana at an extraordinary general meeting to be convened for the following	
(a)	Proposed Share Consolidation;	
(b)	Proposed Amendments; and	
(c)	Proposed Notes Issue, which include:	
(1)	issuance of the Notes and the new Impiana Shares pursuant to the conversion of the Notes; and	
(2)	waiver of statutory pre-emptive rights for the Notes and the new Impiana Shares to be allotted and issued pursuant to the conversion of the Notes under Section 85(1) of the Act read together with Article 49.1(d) of the Constitution and Paragraph 7.08 of the Listing Requirements, where applicable.	

Notes:

(A) *Section 85(1) of the Act provides that:*

“Subject to the constitution, where a company issues shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders.”

(B) *Article 49.1(d) of the Constitution read together with Paragraph 7.08 of the Listing Requirements provides that:*

“Subject to any direction to the contrary that may be given by the company in general meeting, all new shares or other convertible securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares of securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept

the shares or securities offered, the directors may dispose of those shares or securities in such manner as they think most beneficial to the company. The directors may likewise also dispose of any new share or security which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the directors, be conveniently offered under this constitution.”

In view of the decision of the Court of Appeal in *Concrete Parade Sdn Bhd v Apex Equity Holdings Bhd & Ors* [2022] 2 MLJ 857 (“**Concrete Parade Case**”), it was decided that a waiver by election was only valid: (i) if the party electing had knowledge of his legal rights; and (ii) with that knowledge consciously chose not to exercise the same. In light of the decision of the *Concrete Parade Case*, the statutory pre-emptive rights provided under Section 85 of the Act for the issuance of the Notes and subsequent allotment and issuance of new Impiana Shares pursuant to the conversion of the Notes will need to be expressly waived by the shareholders of Impiana at the forthcoming EGM for the Proposed Notes Issue.

- (iii) any other relevant authorities or parties ⁽¹⁾, if required.

Note:

- (1) *Pursuant to Article 6.3 of the Constitution, the Proposed Amendments is subject to the approval of the holders of ICPS-A and ICPS-B. A separate general meeting will be held by our Company to seek the approval from the holders of ICPS-A and ICPS-B.*

The Proposed Share Consolidation and Proposed Amendments are inter-conditional upon each other. Notwithstanding, as the Proposed Amendments does not constitute as a corporate proposal, the Proposed Share Consolidation is deemed as a Specified Consolidation under Paragraph 13.14 of the Listing Requirements.

The Proposed Notes Issue is conditional upon the Proposed Share Consolidation and Proposed Amendments but not vice versa. The Proposals are not conditional upon any other corporate exercises undertaken or to be undertaken by our Company.

8. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals and as disclosed below, there are no other corporate exercises which have been announced by our Company but have yet to be completed as at the LPD:

- (i) The Proposed Acquisitions, Proposed Capitalisation and Proposed Amendments that were announced on 11 December 2020.

Impiana Tioman Villas & Residences Sdn Bhd, a wholly-owned subsidiary of the Company, had on 11 December 2020 entered into the following 2 separate agreements:

- (a) conditional sale and purchase agreement with Impiana Tioman Sdn Bhd for the proposed acquisition of 3 contiguous parcels of freehold land held under Lot 539 (GM 581), Lot 7063 (GM 591), Lot 7064 (GM 592), all of which are located within Mukim of Tioman, District of Rompin, State of Pahang for a purchase consideration of RM6,093,750, which will be satisfied entirely via the issuance of 67,708,333 new Impiana Shares at an issue price of RM0.09 per new Share (“**Proposed Acquisition 1**”); and

- (b) conditional sale and purchase agreement with Impiana Tioman Sdn Bhd for the proposed acquisition of 2 contiguous parcels of leasehold land held under Lot 16 (PM 102) and Lot 7051 (PM 111), all of which are located within Mukim of Tioman, District of Rompin, State of Pahang for a purchase consideration of RM1,406,250, which will be satisfied entirely via the issuance of 15,625,000 new Impiana Shares at an issue price of RM0.09 per new Share (“**Proposed Acquisition 2**”).

The Proposed Acquisition 1 and Proposed Acquisition 2 are collectively referred to as the “**Proposed Acquisitions**”

The Company also proposed to undertake the proposed capitalisation of the amount owing by the Company to Impiana Sdn Bhd of approximately RM21,489,240 via a combination of the issuance of 10,769,333 new Shares at an issue price of RM0.09 per Share and 228,000,000 new ICPS-B at an issue price of RM0.09 per ICPS-B (“**Proposed Capitalisation**”).

To facilitate the issuance of the ICPS-B pursuant to the Proposed Capitalisation, the Company also proposed to undertake the proposed amendments to the Constitution (“**Proposed Amendments**”).

On 28 December 2021, the Company announced that the Board intends to undertake a variation to the terms and conditions of the sale and purchase agreements, which could constitute a material change pursuant to Paragraph 8.22(2)(b) of the Listing Requirements (“**Proposed Variation**”). The Proposed Variation may entail, amongst others, amendment to the mode of settlement of the purchase consideration to be in the form of issuance of a new class of securities. Accordingly, Impiana will be required to issue a circular and seek for shareholders’ approval for the Proposed Variation at a general meeting to be convened, as well as to submit a new listing application to Bursa Securities for the aforesaid new class of securities.

As at the LPD, the Proposed Capitalisation and Proposed Amendments have been completed. For information purposes, the Proposed Notes Issue is not conditional on the Proposed Acquisitions.

9. TENTATIVE TIMETABLE FOR THE IMPLEMENTATION OF THE PROPOSALS

Barring any unforeseen circumstances and subject to all requisite approvals being obtained, the Proposed Share Consolidation and Proposed Amendments are expected to be completed by the 4th quarter of 2022 and accordingly, the first sub-tranche of Tranche 1 Notes should also be available for issuance by the 4th quarter of 2022 and the Proposed Notes Issue is expected to be fully issued within 3 years from issuance of the first sub-tranche of Tranche 1 Notes.

10. HISTORICAL SHARE PRICES

The monthly highest and lowest transacted market prices of Impiana Shares as traded on the Main Market of Bursa Securities for the past 12 months are as follows:

	High (RM)	Low (RM)
<u>2021</u>		
October	0.095	0.070
November	0.085	0.070
December	0.100	0.070
<u>2022</u>		
January	0.080	0.040
February	0.050	0.040

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March	0.050	0.035
April	0.040	0.030
May	0.040	0.030
June	0.035	0.020
July	0.025	0.020
August	0.020	0.015
September	0.025	0.015

The last transacted price of Impiana Shares immediately before the announcement of the Proposals on 7 June 2022 0.035

The last transacted market price of Impiana Shares as at the LPD 0.020

(Source: Bloomberg Finance L.P.)

11. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND / OR PERSONS CONNECTED WITH THEM

None of the Directors, major shareholders, chief executive of Impiana and / or persons connected with them have any interests, directly or indirectly, in the Proposals.

12. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board, having reviewed and considered all aspects of the Proposals, including the rationale, justifications and effects of the Proposals, is of the opinion that the Proposals are in the best interest of our Company and is fair, reasonable and on terms that are not detrimental to the interest of the minority shareholders of Impiana.

Accordingly, our Board recommends that you vote in favour of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

13. EGM

The notice convening the EGM and the Form of Proxy are enclosed in this Circular. The EGM will be held on Friday, 11 November 2022 at 10.00 a.m. or at any adjournment thereof, as a virtual meeting via live streaming broadcast from Jasmin Room, Level 1, Impiana KLCC Hotel, 13 Jalan Pinang, 50450 Kuala Lumpur, Malaysia on Friday, 11 November 2022 at 10.00 a.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the resolutions to give effect to the Proposals.

If you are unable to attend, participate, speak (in the form of real-time submission of typed texts) and vote in person at the EGM, you are requested to complete, sign and return the enclosed Form of Proxy in accordance with the instructions contained therein, to be lodged at the office of the Poll Administrator, Mega Corporate Services Sdn Bhd at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur or email to EGM-support.Impiana@megacorp.com.my not less than 24 hours before the time appointed for holding the EGM or any adjournment thereof. The lodging of the Form of Proxy shall not preclude you from attending, participating, speaking (in the form of real-time submission of typed texts) and voting in person at the EGM should you subsequently wish to do so.

14. DETAILS OF OUR GROUP'S PREVIOUS FUND-RAISING EXERCISES

The fund-raising exercise undertaken by Impiana in the past 12 months prior to this Circular is as follows:

Private placement of up to 20% of its issued share capital that was announced on 17 February 2021

On 19 May 2021 and 10 December 2021, our Company has completed a private placement of 39,000,000 and 150,000,000 new Impiana Shares respectively, which raised a total proceed of RM13,067,400 ("**Private Placement**").

As at the LPD, the proceeds raised from the Private Placement have been utilised as follows:

Description	Proposed utilisation RM'000	Actual proceeds raised RM'000	Actual utilisation of proceeds as at the LPD RM'000	Balance proceeds RM'000	Intended timeframe for utilisation (from the listing date of shares being 9 December 2021)
Repayment of bank borrowings	5,500	5,500	(1) -	5,500	Within 3 months
Subcontracting works for project development	2,000	2,000	132	1,868	Within 3 months
Future expansion of hospitality assets / working capital	4,665	5,267	12,266	(6,999)	Within 12 months
Estimated expenses in relation to the Private Placement	300	300	669	(369)	Within 1 month
Total	12,465	13,067	13,067	-	

Note:

(1) *Due to the COVID-19 pandemic, our Group's creditors have granted moratorium to our Group on their respective borrowings. As a result, our Group did not require the proceeds from the Private Placement for repayment of bank borrowings. Thus, the proceeds intended under repayment of bank borrowings were used for working capital of our Group as support for our Group's operations during the COVID-19 pandemic.*

15. FURTHER INFORMATION

Shareholders are advised to refer to the appendix set out in this Circular for further information.

Yours faithfully
For and on behalf of the Board
IMPIANA HOTELS BERHAD

PROF. DR MOHD AMY AZHAR BIN HAJI MOHD HARIF
Independent Non-Executive Director

APPENDIX I – ADDITIONAL INFORMATION

1. FINANCIAL INFORMATION OF OUR GROUP

The summary of financial information of Impiana Group for the FYE 31 December 2018, FYE 30 June 2020, FYE 30 June 2021 and FYE 30 June 2022 are as follows:

	Audited			Unaudited
	1 January 2018 to 31 December 2018 ("FYE 2018") ⁽¹⁾	1 January 2019 to 30 June 2020 ("FYE 2020") ⁽²⁾	1 July 2020 to 30 June 2021 ("FYE 2021")	1 July 2021 to 30 June 2022 ("FYE 2022")
	RM'000	RM'000	RM'000	RM'000
Revenue:				
(i) Technical service revenue	-	1,372	-	-
(ii) Management service revenue	5,078	4,414	1,195	2,473
(iii) Marketing fee revenue	1,363	1,355	409	480
(iv) Hotel rooms	7,221	5,228	2,396	4,329
(v) Restaurants	5,216	3,992	1,712	2,572
(vi) Other hotel-related segments	401	543	203	277
(vii) Property development	-	16,914	13,425	8,401
(viii) Others	-	-	160	-
	19,278	33,818	19,499	18,532
Loss before tax	(1,940)	(63,940)	(10,467)	(5,236)
Loss for the financial year, net of tax	(1,350)	(62,374)	(10,730)	(5,596)
Loss for the year attributable to the owners of the Company	(1,350)	(62,374)	(10,730)	(5,596)
Shareholders' funds / NA	43,794	38,039	41,595	46,261
No. of Impiana Shares in issue ('000)	795,363	835,736	1,216,205	1,444,339
Weighted average no. of Impiana Shares in issue ('000)	534,239	542,618	995,199	1,362,265
NA per Impiana Share (sen)	8.20	4.55	3.42	3.20
Basic loss per Impiana Share (sen)	(0.25)	(11.49)	(1.08)	(0.411)
Borrowings	69,885	70,363	72,599	75,959
Gearing (times)	1.60	1.85	1.75	1.64

Notes:

- (1) Our Group's financials are accounted for using the reverse acquisition method and hence, the financial figures have been restated retrospectively. Please refer to commentaries below for more details.
- (2) Financial period from 1 January 2019 to 30 June 2020 (due to change in financial year end from 31 December to 30 June).

Commentaries:**(i) FYE 2018**

On 11 April 2019, our Company (then Bio Osmo Berhad) completed its acquisition of the entire equity interests in Impiana Cherating, Impiana Pangkor Sdn Bhd, Impiana Hotels & Resorts Management Sdn Bhd and Astaka Mekar Sdn Bhd as well as assets and liabilities of Impiana Hotel Ipoh (“**Group of Companies**”) together with remaining 25.0% equity interest in Intra Magnum Sdn Bhd (now known as Impiana Ipoh) via the issuance of 4,800,000,000 new ordinary shares and 3,200,000,000 ICPS to selling shareholders of our Group of Companies (“**Acquisitions**”).

This transaction is treated as a reverse acquisition for accounting purposes as the selling shareholders of target companies became the controlling shareholders of our Company upon the completion of the transaction. Accordingly, our Group of Companies (being the legal subsidiaries in the transaction) is regarded as the accounting acquirer, and our Company (being the legal parent in the transaction) is regarded as the accounting acquiree.

Pursuant to the above, the financial results for the FYE 2018 had been restated in Impiana’s Annual Report 2020 to reflect the retrospective effects of the reverse accounting in accordance with the requirements of the accounting standards. However, since no restatement was made on the financial results for the FYE 2017, therefore no meaningful commentary can be provided on the differences between the 2 financial years under review.

(ii) FYE 2020

Our Group recorded revenue of RM33.82 million for the FYE 2020 in comparison to RM19.28 million recorded during the preceding FYE 2018. The annualised revenue of Impiana for the FYE 2020 of RM22.55 million represents an increase of 16.96% in comparison to revenue recorded in the FYE 2018. The increase was substantially contributed by Impiana Cherating for the development and sale of units in the Impiana Resort & Residences Cherating.

During FYE 2020, our Company recorded other income of RM0.61 million, comprising:

- (a) reversal of impairment loss on non-current asset held for sale amounting to RM0.07 million; and
- (b) reversal of impairment loss on trade receivables amounting to RM0.28 million.

Notwithstanding the abovementioned gains, our Group recorded a LAT of RM62.37 million in FYE 2020. Based on the annualised LAT for the FYE 2020 of RM41.58 million, this represents an increase in LAT of RM40.23 million or 2,980.00% from the LAT of RM1.35 million recorded in the preceding FYE 2018. The increase in LAT in the FYE 2020 was mainly due to the following:

- (a) impairment loss on goodwill arising from the reverse acquisition amounting to RM48.38 million;
- (b) intangible assets written off amounting to RM3.84 million;
- (c) corporate exercise expenses incurred in relation to the Acquisitions which was completed on the 21 February 2019 of RM1.90 million; and
- (d) amortisation of intangible assets charge amounting to RM0.95 million.

(iii) FYE 2021

For FYE 2021, our Group recorded a total revenue of RM19.50 million, lower as compared to FYE 2020 of RM33.82 million which represents a decrease of RM14.32 million or 42.34%. The decrease included all segments under our Group comprising Hotel Operations, Hotel Management and Property Sales. During the FYE 2021, Impiana Cherating, a wholly-owned subsidiary of our Company undertook the development and property sale of Impiana Resort & Residences Cherating where the property shall be operated by Impiana Cherating as a resort. "Revenue recognised in FYE 2021 is based on the work progress on site.

For FYE 2021, our Group had an LBT of RM10.47 million, compared to an LBT of RM63.94 million for FYE 2020. A gain of RM1.99 million on the sale of shares from Impiana Tioman Villas & Residences Sdn Bhd primarily contributed for the decrease in losses. In addition, the RM48.38 million impairment loss on goodwill from the reverse acquisition, RM3.84 million intangible asset write-off, and RM1.90 million in corporate exercise expenses were recognised in FYE 2020.

Our Group operates primarily in the hospitality industry whereby its source of income is mainly from the property development, hotel management and hotel businesses. The global disaster known as the COVID-19 pandemic has hit the industry severely and as a result, our Group were not able to maintain profitability from their business operations and this has resulted in an operating loss from their operating activities of RM0.74 million. Our Group's finance cost was RM8.1 million in FYE 2021 as compared to RM6.2 million in FPE 2020.

(iv) FYE 2022

For FYE 2022, our Group recorded a total revenue of RM18.53 million as compared to the preceding year of RM19.50 million which had a decrease of RM0.97 million or 4.97%. The revenue mainly derived from property development and the hotel rooms segments. The property development segment recorded RM13.43 million in revenue in FYE 2021 compared to RM8.40 million in FYE 2022. The reason for this is due to the immediate recognition of the en-bloc sales of 106 units in Impiana Residences Cherating occurring in FYE 2021 and the immediate recognition of revenue according to construction progress already achieved at that time. In FYE 2022, the revenue was based solely on the construction progress since then. Our Group also had higher financing cost of RM8.13 million, as compared to RM6.50 million in FYE 2021 due to the capitalisation of interest during latter period of the year. Despite the lower revenue, the lower cost achieved allowed our Group to record a lower LBT of RM5.24 million, as compared to a LBT of RM10.47 million in the preceding year.

Since the Government had announced the resumption of domestic travel, the recovery of the domestic economy, particularly the hospitality industry is encouraging. Our Group is also encouraged with the improvement and recovery of hotels operations in Thailand. Our Group performance is slowly recovering from the COVID-19 pandemic and the outlook is optimistic with the opening of the domestic borders and the reopening of international borders on 1 April 2022.

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that, after having made 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 in this Circular false or misleading.

2. CONSENT AND CONFLICT OF INTEREST

Kenanga IB, being the Principal Adviser to our Company for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

Kenanga IB has confirmed that it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the Principal Adviser for the Proposals.

3. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, save as disclosed below, our Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of our Group, and our Board is not aware of any proceedings, pending or threatened, against our Group or any facts which are likely to give rise to any proceedings which may materially and adversely affect the financial position or business of our Group.

On January 2022, our Company's wholly-owned subsidiary, Impiana Cherating, has been served an Adjudication Claim filed with the Asian International Arbitration Centre (AIAC) Kuala Lumpur, from Axventure Sdn Bhd ("**Axventure**" or the "**Claimant**"). The claim is for works done up until year 2020 by Axventure as the contractor for Phases 1 and 2 of the proposed redevelopment of Impiana Resort & Residences Cherating. Axventure sought for recovery of payment of outstanding sum of RM1,882,180.31, including other reliefs.

An Adjudication Decision was delivered on 7 February 2022 in favour of Axventure and Impiana Cherating was ordered to pay an outstanding sum of RM1,947,373.18 together with interest, legal cost, and other incidental costs and total costs of the adjudication proceeding ("**Adjudication Decision**").

On 15 March 2022, Axventure proceeded to file an Originating Summons in the High Court of Kuala Lumpur (Summons No. WA-26C-68-03/2022) to register and execute the Adjudication Decision against Impiana Cherating ("**Execution Application**") after rejecting Impiana Cherating's proposed settlement plan.

On 8 April 2022, Impiana Cherating filed an Originating Summons to set aside the Adjudication Decision ("**Setting Aside Application**").

On 9 May 2022, Impiana Cherating filed a Notice of Application to the Court for a stay of Execution Application ("**Stay Application**").

In respect of the Stay Application, during the hearing on 22 June 2022 and 23 June 2022, the Court granted a conditional stay whereby Impiana Cherating was required to deposit RM1,947,373.18 into solicitors' account as stakeholder by 7 July 2022, failing which the Setting Aside Application will not be heard on 26 July 2022 and the Court will proceed with the hearing of the Execution Application ("**Conditional Stay**").

In respect of both the Setting Aside Application and the Execution Application, during the hearing on 26 July 2022, the Court took notice that Impiana Cherating had failed to comply with the Conditional Stay and held that it will not proceed with the Setting Aside Application. Furthermore, the Court has directed Impiana Cherating to make payment of the outstanding sum of RM1,947,373.18 to Axventure by 29 July 2022, 12.00 p.m. failing which the Court will strike out Impiana Cherating's Setting Aside Application and allow the Execution Application at the new hearing date on 29 July 2022.

During the hearing on 29 July 2022, the Court had struck out the Setting Aside Application with cost of RM3,000.00 and allowed the Execution Application. Subsequently, Axventure has successfully registered the Adjudication Decision and is entitled to enforce the Adjudication Decision. Our Management is in discussion with Axventure for a settlement proposal on the outstanding sum.

4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

4.1 Material commitments

As at the LPD, our Board is not aware of any other material commitments incurred or known to be incurred by our Group which upon becoming enforceable may have a material impact on the profits and / or NA of our Group.

4.2 Contingent liabilities

As at the LPD, our Board is not aware of any other contingent liabilities incurred or known to be incurred by our Group which upon becoming enforceable may have a material impact on the profits and / or NA of our Group.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our Company's registered office at 21st Floor Menara KH, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan, during normal business hours (from 9.00 a.m. to 5.00 p.m.) from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the forthcoming EGM:

- (a) Impiana's constitution;
- (b) the audited consolidated financial statements of Impiana Group for the FYE 2020, FYE 2021 as well as the latest unaudited results of our Group for the 12-month financial period ended 30 June 2022;
- (c) the letter of consent and declaration of conflict of interests referred to in **Section 2** of this Appendix II;
- (d) Subscription Agreement;
- (e) Supplemental Letter; and
- (f) the relevant cause papers in respect of the material litigation referred to in **Section 3** of this Appendix II.



IMPIANA HOTELS BERHAD

Registration No: 200601021085 (740838-A)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of Impiana Hotels Berhad (“**Impiana**” or “**Company**”) will be held on Friday, 11 November 2022 at 10.00 a.m. or at any adjournment thereof, as a virtual meeting via live streaming broadcast from Jasmin Room, Level 1, Impiana KLCC Hotel, 13 Jalan Pinang, 50450 Kuala Lumpur, Malaysia, for the purpose of considering and if thought fit, passing the following resolutions with or without modifications:

ORDINARY RESOLUTION 1

PROPOSED CONSOLIDATION OF EVERY 5 EXISTING ORDINARY SHARES IN IMPIANA (“IMPIANA SHARES” OR “SHARES”) INTO 1 IMPIANA SHARE (“CONSOLIDATED SHARE(S)”) (“PROPOSED SHARE CONSOLIDATION”)

“**THAT** subject to the passing of the Special Resolution and the approvals being obtained from the relevant authorities, approval be and is hereby given to the Company to give effect to the consolidation of every 5 existing Shares held by the entitled shareholders of the Company whose name appear on the Record of Depositors of the Company as at the close of business on an entitlement date to be determined by the Board of Directors of the Company (“**Board**”) and announced later by the Company (“**Book Closure Date**”) into 1 Consolidated Share;

THAT the Consolidated Shares shall, upon allotment and issuance, rank equally in all respects with one another;

AND THAT the fractional entitlements arising from the Proposed Share Consolidation shall be disregarded and / or dealt with by the Board in such manner at its absolute discretion as it may deem fit or expedient and in the best interest of the Company;

AND THAT the Board be and is hereby authorised to sign and execute all documents to give effect to the Proposed Share Consolidation with full power to assent to any conditions, modifications, variations and / or amendments in any manner as may be required or imposed by the relevant authorities and to take all steps and do all acts and things in the manner as the Board may consider necessary or expedient in order to implement, finalise and give full effect to the Proposed Share Consolidation.”

ORDINARY RESOLUTION 2

PROPOSED ISSUANCE OF REDEEMABLE CONVERTIBLE NOTES (“NOTES”) WITH AN AGGREGATE PRINCIPAL AMOUNT OF UP TO RM150.00 MILLION (“PROPOSED NOTES ISSUE”)

“**THAT**, subject to the approval of all relevant authorities, approval be and is hereby given to the Company to:

- (i) issue up to RM150.00 million nominal value of Notes, convertible into new ordinary shares in Impiana (“**Impiana Shares**”) at a conversion price to be determined in accordance with the terms and conditions of the subscription agreement dated 7 June 2022 entered into between the Company and Advance Opportunities Fund and Advance Opportunity Fund 1 as Subscribers in relation to the Proposed Notes Issue (“**Subscription Agreement**”); and

- (ii) allot and issue such number of new Impiana Shares pursuant to the conversion of the Notes, from time to time during the tenure of the Notes, credited as fully paid-up, to or to the order of the Notes in accordance with the terms and conditions of the Subscription Agreement;

AND THAT pursuant to Section 85 of the Companies Act, 2016 (“**Act**”) read together with Article 49.1(d) of the constitution of the Company and Paragraph 7.08 of the Main Market Listing Requirements, it could possibly be construed that all new shares or other convertible securities in the Company shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled (“**Pre-emptive Rights**”). Accordingly, should this resolution for the issuance of the Notes and the allotment and issuance of new Impiana Shares pursuant to the conversion of the Notes be passed by the shareholders of the Company, this resolution shall have the effect of the shareholders of the Company having agreed to irrevocably waive their Pre-emptive Rights in respect of the Notes and the new Impiana Shares to be allotted and issued by the Company pursuant to the conversion of the Notes in relation to the Proposed Notes Issue, provided however that if following the passing of this resolution, this paragraph is or is found to be in any way void, invalid or unenforceable, then this paragraph shall be ineffective and the remaining provisions of this resolution shall remain in full force and effect;

AND THAT up to 577,735,632 new Impiana Shares to be issued arising from the conversion of the Notes (“**Conversion Shares**”), shall, upon allotment and issuance, be listed on the Main Market of Bursa Malaysia Securities Berhad and rank equally in all respects with the then existing Impiana Shares save that the Conversion Shares will not be entitled to any dividends, rights, allotments and / or other distributions that may be declared, made or paid where the entitlement date is prior to the date of allotment of the Conversion Shares;

AND THAT the Board be and is hereby authorised to take all such steps and to enter into all such other agreements, deeds, arrangements, undertakings, indemnities, transfers, assignments and guarantees with any party or parties and to do all acts and things, as the Board may deem fit, necessary, expedient and / or appropriate in order to implement, finalise and give full effect to the Proposed Notes Issue with full powers to sign and execute all documents, make applications to authorities and regulatory bodies for any approvals and consents required and assent to any conditions, modifications, revaluations, variations and / or amendments as may be required or imposed by the relevant authorities and to do all such acts and things in any manner as they may deem necessary or expedient and / or appropriate to implement, finalise and give full effect to the Proposed Notes Issue.”

SPECIAL RESOLUTION

PROPOSED AMENDMENTS TO THE CONSTITUTION OF IMPIANA (“CONSTITUTION”) (“PROPOSED AMENDMENTS”)

“**THAT** subject to the passing of the Ordinary Resolution 1 and the approvals of all the relevant authorities or parties having being obtained, where required, approval be and is hereby given to the Board to amend the Constitution of Impiana as a consequence of the Proposed Share Consolidation, as follows:

Article	Existing	Proposed Amendments
6.3(d)(6)	<u>Conversion Rights</u>	<u>Conversion Rights</u>
	(i) 10 ICPS-A are entitled to be converted into 1 new share through the surrender of the ICPS-A, at the discretion of the holder at the Conversion Ratio;	(i) 50 ICPS-A are entitled to be converted into 1 new share through the surrender of the ICPS-A, at the discretion of the holder at the Conversion Ratio;
6.3(d)(11)	<u>Conversion Ratio</u>	<u>Conversion Ratio</u>
	The ICPS-A will be convertible, at the option of the ICPS holders at the ratio of 10 ICPS-A for 1 new share of the Company without payment of any consideration.	The ICPS-A will be convertible, at the option of the ICPS holders at the ratio of 50 ICPS-A for 1 new share of the Company without payment of any consideration.
6.3(e)(6)	<u>Conversion Rights</u>	<u>Conversion Rights</u>

<u>Article</u>	<u>Existing</u>	<u>Proposed Amendments</u>
	(i) Each ICPS-B is entitled to be converted into 1 new share through the surrender of the ICPS-B, at the discretion of the holder at the Conversion Ratio;	(i) 5 ICPS-B are entitled to be converted into 1 new share through the surrender of the ICPS-B, at the discretion of the holder at the Conversion Ratio;
6.3(e)(10)	<u>Conversion Ratio</u> The ICPS-B will be convertible, at the option of the holders at the ratio of 1 ICPS-B for 1 new Share without payment of any consideration.	<u>Conversion Ratio</u> The ICPS-B will be convertible, at the option of the holders at the ratio of 5 ICPS-B for 1 new Share without payment of any consideration.
6.3(e)(12)	<u>Adjustments</u> The Conversion Ratio will be adjusted in the event of the following:- (i) a bonus issue or any other issuance of new Shares arising from a capitalisation exercise; (ii) a capital distribution whether based on a reduction of capital or otherwise, but excluding any cancellation of capital which is loss or unrepresented by assets; or (iii) a rights issue.	<u>Adjustments</u> The Conversion Ratio will be subject to adjustments from time to time, at the determination of the Board, in the event of the following:- (i) a bonus issue or any other issuance of new Shares arising from a capitalisation exercise; (ii) a capital distribution whether based on a reduction of capital or otherwise, but excluding any cancellation of capital which is loss or unrepresented by assets; (iii) a subdivision of Shares; (iv) a consolidation of Shares; or (v) a rights issue.

AND THAT the Board be and is hereby authorised to take all such necessary steps to give effect to the Proposed Amendments with full power to consent to and to adopt such conditions, variations, modifications and / or amendments in any manner as may be required or imposed by the relevant authorities in respect of the Proposed Amendments and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as it may deem necessary or expedient to implement, finalise and give full effect to the Proposed Amendments.”

By order of the Board

LIM SHOOK NYEE (MAICSA 7007640 / SSM PC NO. 201908003593)

TEE SIEW LEE (LS0009570 / SSM PC NO. 202008001875)

Company Secretaries

Kuala Lumpur
20 October 2022

Notes:

- For the purpose of determining a member who shall be entitled to attend this Extraordinary General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 20.1 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991, to issue a General Meeting Record of Depositors as at 4 November 2022. Only a depositor whose name appears on the General Meeting Record of Depositors as at 4 November 2022 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his / her behalf.*
- A member entitled to attend and vote at this Extraordinary General Meeting is entitled to appoint up to two (2) proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.*

3. *A member shall not be entitled to appoint more than two (2) proxies to attend the same meeting and such appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.*
4. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“**omnibus account**”) as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
5. *The Form of Proxy, in the case of an individual shall be signed by the appointer or his / her attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.*
6. *The Form of Proxy must be deposited at the office of the Poll Administrator, Mega Corporate Services Sdn Bhd, Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur or email to EGM-support.Impiana@megacorp.com.my not less than twenty-four (24) hours before the time appointed for this Extraordinary General Meeting or any adjournment thereof.*
7. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.*
8. *The Meeting will be held on Friday, 11 November 2022 at 10.00 a.m. or at any adjournment thereof, as a virtual meeting via live streaming broadcast from Jasmin Room, Level 1, Impiana KLCC Hotel, 13 Jalan Pinang, 50450 Kuala Lumpur, Malaysia. Please refer to the Administrative Guide on the registration and voting process for the Meeting.*
9. *In view of the constantly evolving COVID-19 situation in Malaysia, we may be required to change the arrangement of our EGM at short notice. Kindly check Bursa Malaysia Securities Berhad's website for the latest updates on the status of the EGM.*

**ADMINISTRATIVE GUIDE
FOR THE EXTRAORDINARY GENERAL MEETING (“EGM”)**

Date : **Friday, 11 November, 2022**
Time : **10.00 a.m.**
Broadcast Venue : Jasmin Room, Level 1
Impiana KLCC Hotel
13, Jalan Pinang
50450 Kuala Lumpur



Voting via Digital Ballot Form at a Virtual EGM

1. This is a virtual Meeting. Shareholders who wish to participate at the EGM will therefore have to do so remotely. Pre-registration of attendance is required via the link at <https://vps.megacorp.com.my/eVzDXE> (please refer to para 4 for further details). After the registration is validated and accepted, shareholders will receive an email with a link to grant access to the **Digital Ballot Form (“DBF”)**.
2. With the DBF and the meeting link, you may exercise your right as a shareholder of the Company to participate (including to pose questions to the Board / Management of the Company) and vote during the EGM, at the comfort of your home or from any location.
3. Shareholders may use the **Questions’ Pane** facility (located at the top right corner of the screen) to submit questions in real time during the meeting via the Live-Streaming solution. Shareholders may also submit questions before the meeting via email to: EGM-support.Impiana@megacorp.com.my in relation to the agenda items for the EGM.

Registration Procedure

4. Kindly follow the steps below to ensure that you are able to obtain your DBF and details to log in to the livestreaming session to participate and vote remotely during the EGM online:
 - a. Open this link <https://vps.megacorp.com.my/eVzDXE>, or scan the QR code at the top right corner of this document, and submit all requisite details at least twenty-four (24) hours before the date of EGM.
 - b. Only shareholders are allowed to register their details online. Shareholders can also appoint proxies or Chairman of the meeting as proxy via online, as in step (a) above. Please ensure that your details are accurate as non-compliance would result in you not being able to participate in the Meeting.
 - c. Alternatively, you may deposit your Proxy Form, duly completed with the proxy's email address and mobile phone number, at the office of the Poll Administrator:

Mega Corporate Services Sdn. Bhd.
Level 15-2, Bangunan Faber Imperial Court,
Jalan Sultan Ismail, 50250 Kuala Lumpur

Or
Send an email to: EGM-support.Impiana@megacorp.com.my not less than 24 hours before the date of the EGM.
 - d. For corporate shareholders / nominee accounts, please execute Proxy Form as per step (c) above.
 - e. Upon verification on your registration, the Poll Administrator, Mega Corporate Services Sdn. Bhd., will send you two emails:
 - i. **Meeting Link** - to join the livestreaming session
 - ii. **DBF** - for remote voting purposes.

Record of Depositors (“ROD”) for the EGM

5. The date of ROD for the EGM is at 4 November 2022. As such, only duly registered shareholders whose name appear in the ROD shall be entitled to participate, speak and vote at the EGM or appoint proxy(ies) / corporate representative(s) to participate, speak and vote on his / her behalf.

Poll Voting

6. The voting of the EGM will be conducted by poll. The Company has appointed Mega Corporate Services Sdn. Bhd. as the Poll Administrator to conduct the polling process by way of e-voting, and Cygnus Technology Solutions Sdn. Bhd. as Scrutineers to verify the poll results.
7. Shareholders or proxies can proceed to vote on the resolutions and submit your votes during the voting period as stipulated in the DBF. Upon completion of the voting session for the EGM, the Scrutineers will verify the poll results after which the Chairman will announce the poll results of the resolutions.

Enquiry

If you have any enquiries on the above, please contact the Poll Administrator during office hours (Monday to Friday):

Mega Corporate Services Sdn. Bhd.

Email : EGM-support.lmpiana@megacorp.com.my
Tel No. : (03) 2692 4271 / (03) 2694 8984
Mr. Alfred : +60 12 912 2734
En. Hisham : +60 12 252 9136

IMPIANA HOTELS BERHAD

Registration No. 200601021085 (740838-A)
(Incorporated in Malaysia)

No. of shares held		
CDS Account No.		
No. of shares to be represented by each proxy	Proxy 1	Proxy 2

FORM OF PROXY

I/We _____ of _____

being a member of **IMPIANA HOTELS BERHAD**, hereby appoint:

FULL NAME (IN BLOCK)	NRIC/PASSPORT NO.	PROPORTION OF SHAREHOLDINGS	
		NO. OF SHARES	%
E-MAIL ADDRESS	MOBILE NO.		

(the next name should be completed where it is desired to appoint two proxies)

FULL NAME (IN BLOCK)	NRIC/PASSPORT NO.	PROPORTION OF SHAREHOLDINGS	
		NO. OF SHARES	%
E-MAIL ADDRESS	MOBILE NO.		

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Extraordinary General Meeting ("EGM") of the Company to be held on Friday, 11 November 2022 at 10.00 a.m. or at any adjournment thereof, as a virtual meeting via live streaming broadcast from Jasmin Room, Level 1, Impiana KLCC Hotel, 13 Jalan Pinang, 50450 Kuala Lumpur, Malaysia.

Please indicate with a cross (X) in the space whether you wish your votes to be cast for or against the resolution. In the absence of such specific directions, your proxy will vote or abstain as he thinks fit.

		Proxy 1		Proxy 2	
		For	Against	For	Against
Ordinary Resolution 1	Proposed Share Consolidation				
Ordinary Resolution 2	Proposed Notes Issue				
Special Resolution	Proposed Amendments				

Dated this _____ day of _____ 2022

Signature(s)/Common Seal of Member

NOTES: -

- For the purpose of determining a member who shall be entitled to attend this Extraordinary General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 20.1 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991, to issue a General Meeting Record of Depositors as at 4 November 2022. Only a depositor whose name appears on the General Meeting Record of Depositors as at 4 November 2022 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his / her behalf.
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3. A member shall not be entitled to appoint more than two (2) proxies to attend the same meeting and such appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“**omnibus account**”) as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The Form of Proxy, in the case of an individual shall be signed by the appointer or his / her attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
6. The Form of Proxy must be deposited at the office of the Poll Administrator, Mega Corporate Services Sdn Bhd, Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur or email to EGM-support.Impiana@megacorp.com.my not less than twenty-four (24) hours before the time appointed for this Extraordinary General Meeting or any adjournment thereof.
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Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Poll Administrator
IMPIANA HOTELS BERHAD
C/O Mega Corporate Services Sdn Bhd
Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

1st fold here

