

**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 advisers immediately.

Bursa Malaysia Securities Berhad ("**Bursa Securities**") has not perused the contents of this Circular in relation to the Proposed Amendments to the Deed Polls as such contents fall under the category of Exempt Circulars pursuant to Practice Note 18 of the Main Market Listing Requirements of Bursa Securities. Bursa Securities takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



Registration No. 196701000055 (7029-H)  
(Incorporated in Malaysia)

## **CIRCULAR TO SHAREHOLDERS**

### **IN RELATION TO:**

#### **PART A**

- (I) PROPOSED RCULS VARIATION (AS DEFINED HEREIN); AND**
  - (II) PROPOSED AMENDMENTS TO THE DEED POLLS (AS DEFINED HEREIN).**
- (COLLECTIVELY, REFERRED TO AS THE "PROPOSALS")**

#### **PART B**

### **INDEPENDENT ADVICE LETTER IN RELATION TO THE PROPOSALS**

#### **AND**

### **NOTICE OF EXTRAORDINARY GENERAL MEETING**

*Principal Adviser*

*Independent Adviser*



**AmInvestment Bank**

**AmInvestment Bank Berhad**

(Registration No.: 197501002220 (23742-V))

(A Participating Organisation of Bursa Malaysia Securities Berhad)



**cfSolutions Sdn Bhd**

Reg. No. 198501004650 (137090-W)  
licensed corporate finance adviser

The Extraordinary General Meeting ("**EGM**") of I-Berhad will be held at Level 33, Mercu Maybank, i-City, Selangor Golden Triangle, 40000 Shah Alam, Selangor, Malaysia on Tuesday, 28 June 2022 at 5.00 p.m., or immediately following the conclusion or adjournment of the 55<sup>th</sup> Annual General Meeting ("**AGM**") of the Company scheduled to be held at the same venue on the same day at 4.30 p.m., whichever is later. The Notice of EGM together with the Form of Proxy are enclosed in this Circular.

As a shareholder, you are entitled to vote at the EGM. Should you be unable to attend the EGM, you are entitled to appoint a proxy or proxies to attend and vote on your behalf. You should complete and deposit the enclosed Form of Proxy with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time and date fixed for the EGM or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy	:	Sunday, 26 June 2022 at 5.00 p.m.
Date and time of the EGM	:	Tuesday, 28 June 2022 at 5.00 p.m.

This Circular is dated 10 June 2022

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## DEFINITIONS

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

<b>Act</b>	: Companies Act, 2016
<b>AmlInvestment Bank or Principal Adviser</b>	: AmlInvestment Bank Berhad (Registration No. 197501002220 (23742-V)), being the Principal Adviser for the Proposals
<b>Announcement</b>	: The announcement dated 12 May 2022 made by AmlInvestment Bank on behalf of I-Berhad on Bursa Securities in relation to the Proposals
<b>Audit Committee</b>	: Audit Committee of I-Berhad
<b>Board</b>	: Board of Directors of I-Berhad
<b>Bursa Securities</b>	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
<b>Circular</b>	: This circular dated 10 June 2022 in relation to the Proposals
<b>cfSolutions or Independent Adviser</b>	: cfSolutions Sdn Bhd (Registration No. 198501004650 (137090-W)), being the Independent Adviser appointed for the Proposals
<b>Deed Polls 2014</b>	: The respective principal deed polls constituting the RCULS-A and RCULS-B, both dated 18 August 2014, as varied and amended by the respective Supplemental Deed Polls
<b>Deed Poll(s)</b>	: Collectively, the Deed Polls 2014 and Supplemental Deed Polls
<b>Director</b>	: Shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding 6 months of the date which terms of the transaction were agreed upon, a director, or chief executive officer of I-Berhad, its subsidiaries or holding company
<b>EGM</b>	: Extraordinary General Meeting of I-Berhad
<b>EPS</b>	: Earnings per share
<b>FYE</b>	: Financial year(s) ended/ending, as the case may be
<b>I-Berhad or Company</b>	: I-Berhad (Registration No. 196701000055 (7029-H))
<b>I-Berhad Group or Group</b>	: I-Berhad and its subsidiaries companies, collectively
<b>I-Berhad Share(s) or Share(s)</b>	: Ordinary share(s) in I-Berhad
<b>IAL</b>	: Independent advice letter
<b>Interested Director(s)</b>	: The directors of the Company who are deemed interested in the Proposals, namely TSLKH, Puan Sri Tey Siew Thuan and Lim Boon Soon, as disclosed in Section 7 of Part A of this Circular
<b>Interested Major Shareholders</b>	: The major shareholders of the Company who are deemed interested in the Proposals, namely TSLKH, Sumurwang and Sumur Ventures Sdn Bhd, as disclosed in Section 7 of Part A of this Circular

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**DEFINITIONS (CONT'D)**

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<b>Kia Peng Land</b>	: A piece of freehold land held under Geran No. 78436, Lot No. 20007 (formerly known as Geran No. 26180, Lot No. 242) Seksyen 63, Town and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur
<b>Listing Requirements</b>	: Main Market Listing Requirements of Bursa Securities
<b>LPD</b>	: 31 May 2022, being the latest practicable date prior to the printing of this Circular
<b>NA</b>	: Net assets
<b>Non-interested Directors</b>	: All Directors of I-Berhad other than the Interested Directors as detailed in Section 7 of Part A of this Circular
<b>Non-interested Shareholders</b>	: All shareholders of I-Berhad other than the Interested Major Shareholders as detailed in Section 7 of Part A of this Circular
<b>Proposals</b>	: Collectively, the Proposed RCULS Variation and Proposed Amendments to the Deed Polls
<b>Proposed Amendments to the Deed Polls</b>	: Proposed amendments to the Deed Polls as a consequence of the Proposed RCULS Variation
<b>Proposed RCULS Variation</b>	: Proposed variation to the terms of both RCULS-A and RCULS-B
<b>RCCPS</b>	: Redeemable cumulative convertible preference shares
<b>RCULS</b>	: Redeemable convertible unsecured loan stocks
<b>RCULS – A</b>	: RM132 million 2014/2022 unlisted RCULS, which will mature on 26 August 2022
<b>RCULS – B</b>	: RM69 million 2014/2022 unlisted RCULS, which will mature on 26 August 2022
<b>RM and sen</b>	: Ringgit Malaysia and sen, respectively
<b>Soho Land</b>	: A piece of freehold land held under Geran 311884, Lot 16964, Seksyen 7, Bandar Shah Alam, District of Petaling, State of Selangor Darul Ehsan
<b>Sumuracres</b>	: Sumuracres Sdn Bhd (Registration No. 199501012478 (341680-W))
<b>Sumurwang</b>	: Sumurwang Sdn Bhd (Registration No. 198001009546 (63330-T))
<b>Supplemental Deed Polls</b>	: Supplemental deed polls constituting the RCULS-A and RCULS-B, both dated 16 August 2019, executed by the Company to extend the tenure of RCULS-A and RCUL-B for another 3 years
<b>TSLKH</b>	: Tan Sri Lim Kim Hong, the Non-Executive Chairman and Major Shareholder of I-Berhad
<b>Tower Land</b>	: A piece of freehold land held under Geran No. 321043, Lot No. 17196 (formerly GRN 311886, Lot No. 16966), Seksyen 7, Bandar Shah Alam, District of Petaling, State of Selangor Darul Ehsan

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**DEFINITIONS (CONT'D)**

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Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and/or neuter gender, and vice versa. References to persons shall include corporations, unless otherwise specified.

Any discrepancies in the tables included in this Circular between the amount listed, actual figures and the totals thereof are due to rounding.

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

All references to “**you**” in this Circular are to the shareholders of I-Berhad.

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## EXECUTIVE SUMMARY

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This is an executive summary highlighting salient information relating to the Proposals. The information is derived from and should be read in conjunction with the full text of this Circular. You are advised to read and consider carefully the contents of this Circular (including the appendices of this Circular) before voting at the Company's forthcoming EGM to be convened.

Key information	Description
<b>Details of the Proposals</b> (Section 2 of Part A of this Circular)	<p><b>1. <u>Proposed RCULS Variation</u></b></p> <p>The Company proposes to vary the terms of the RCULS-A and RCULS-B as follows:-</p> <ul style="list-style-type: none"><li>(i) to extend the tenure of the RCULS-A and RCULS-B for an additional 5 years (i.e. year 9 to year 13) to 27 August 2027; and</li><li>(ii) that both RCULS-A and RCULS-B shall have a coupon rate of 3% per annum for year 9 to year 11 and 5% per annum for year 12 to year 13.</li></ul> <p>The conversion price shall remain the same at RM0.71 for RCULS-A and RM0.60 for RCULS-B over the extended period subject to the adjustment clauses in the Deed Polls.</p> <p><b>2. <u>Proposed Amendments to the Deed Polls</u></b></p> <p>The Company proposes to amend the respective Deed Polls constituting the RCULS-A and RCULS-B, as a consequence of the Proposed RCULS Variation.</p> <p>The Proposals are deemed as a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements. In this regard, cfSolutions has been appointed by the Company to act as the Independent Adviser to advise the Non-interested Directors and Non-interested Shareholders of I-Berhad on the fairness and reasonableness of the Proposals, whether the Proposals are to the detriment of the Non-interested Shareholders of I-Berhad and whether the Non-interested Shareholders of I-Berhad should vote in favour of the resolutions in respect of the Proposals.</p>

### Rationale

- 1. Proposed RCULS Variation**
- Sumurwang and Sumuracres had informed the Company that they have no intention to convert their RCULS holdings before or on the maturity date i.e. on 26 August 2022. Pursuant to the terms of the respective Deed Polls, unless previously redeemed, converted or cancelled, I-Berhad is required to fully redeem both RM132 million RCULS-A and RM69 million RCULS-B on their maturity date in cash.
- The Group's property development, property investment and leisure segments were hugely impacted by the onset of the COVID-19 pandemic in 2020 and 2021 which resulted in major business disruptions.
- In 2019, I-Berhad had obtained shareholders' approval to extend the maturity date of the RCULS-A and RCULS-B, which consequently deferred the redemption of the RM201 million RCULS. This enabled the Company to conserve cash to grow its investment properties portfolio at i-City. In addition, the Company had also undertaken a rights issue in 2019 to part finance the

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**EXECUTIVE SUMMARY (CONT'D)**

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<b>Key information</b>	<b>Description</b>
	<p>development of the Corporate Office Tower, DoubleTree by Hilton hotel (both at Financial Avenue in i-City) as well as the 8Kia Peng @KLCC.</p> <p>In view of the reopening of the economy and gradual opening of international borders in 2022, the Group requires additional time and sufficient cash flows to turnaround its businesses to pre-pandemic level, allowing more time for the Group's Property Investment segment to contribute to the Group and sales of 8Kia Peng units, and thus cash conservation is crucial. As at 31 December 2021, the Group has cash and bank balance of approximately RM21.3 million and bank borrowings of RM113.4 million</p> <p>Having considered the Group's redemption obligation in relation to the RCULS, cash position, potential refinancing costs and its funding requirements going forward, the Group believes it would be in its best interest to conserve cash for its business growth by deferring the maturity date of the RCULS-A and RCULS-B through the Proposed RCULS Variation.</p>
	<b>2. Proposed Amendments to the Deed Polls</b>
	<p>The Proposed Amendments to the Deed Polls are to make the consequential changes to the respective Deed Polls constituting the RCULS-A and RCULS-B, as a consequence of the Proposed RCULS Variation.</p>
<b>Approvals required and inter-conditionality</b> (Sections 5 and 6 of Part A of this Circular)	<p>The Proposals are subject to the following approvals being obtained:-</p> <ul style="list-style-type: none"><li>(i) Non-interested Shareholders of I-Berhad for the Proposals at the forthcoming EGM;</li><li>(ii) approval of Sumuracres and Sumurwang (being the respective sole holder of RCULS-A and RCULS-B) in relation to the Proposals which was obtained on 12 May 2022; and</li><li>(iii) other relevant authorities and/or parties, if required.</li></ul> <p>The Proposed RCULS Variation and Proposed Amendments to the Deed Polls are inter-conditional upon each other. The Proposals are not conditional upon any other corporate proposals undertaken or to be undertaken by the Company.</p>
<b>Interests of directors, major shareholders and/or persons connected with them</b> (Section 7 of Part A of this Circular)	<p>Save for the Interested Directors and Interested Major Shareholders, none of the other directors, major shareholders of the Company and/or persons connected with them has any interest, direct and/or indirect, in the Proposals.</p>
<b>Directors' statement and recommendation</b> (Section 9 of Part A of this Circular)	<p>The Board (save for the Interested Directors), having considered all aspects of the Proposals, including but not limited to the rationale, financial effects and the evaluation by the Independent Adviser in relation to the Proposals, is of the opinion that the Proposals are in the best interest of the Company. Accordingly, the Board (save for the Interested Directors) recommends you to vote in favour of the resolutions in relation to the Proposals.</p>

## **PART A**

### **LETTER FROM THE BOARD TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE PROPOSALS**



**Registered Office:**

Level 31, Mercu Maybank  
i-City  
Selangor Golden Triangle  
40000 Shah Alam  
Selangor

10 June 2022

**Board of Directors**

Tan Sri Lim Kim Hong (*Non-Executive Chairman*)  
Puan Sri Tey Siew Thuan (*Executive Director/Chief Executive Officer*)  
Lim Boon Soon (*Executive Director*)  
Dato' Eu Hong Chew (*Non-Independent Non-Executive Director*)  
Ng Chee Kiet (*Independent Non-Executive Director*)  
Peck Boon Soon (*Independent Non-Executive Director*)  
Goh Yeang Kheng (*Independent Non-Executive Director*)

**To: The Shareholders of I-Berhad**

Dear Sir/Madam,

**PROPOSALS**

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**1. INTRODUCTION**

On 12 May 2022, AmlInvestment Bank had, on behalf of the Board of Directors of I-Berhad, announced that I-Berhad proposes to undertake the following: -

- (i) proposed variation to the terms of the following RCULS:-
  - (a) RM132 million 2014/2022 RCULS-A which was issued to Sumuracres on 27 August 2014; and
  - (b) RM69 million 2014/2022 RCULS-B which was issued to Sumurwang on 27 August 2014.

For information, on 16 August 2019, the Company had obtained its shareholders' approval and executed the Supplemental Deed Polls, to extend the tenure of the RCULS-A and RCULS-B which were expiring on 27 August 2019 for another 3 years; and

- (ii) proposed amendments to the respective Deed Polls constituting the RCULS-A and RCULS-B, as a consequence of the Proposed RCULS Variation.

The Proposals are deemed as a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements by virtue of the interest of the Interested Major Shareholders and Interested Directors as detailed in Section 7 of Part A of this Circular.

In this regard, cfSolutions has been appointed by the Company to act as the Independent Adviser to advise the Non-interested Directors and Non-interested Shareholders of I-Berhad on the fairness and reasonableness of the Proposals, whether the Proposals are to the detriment of the Non-interested Shareholders of I-Berhad and whether the Non-interested Shareholders of I-Berhad should vote in favour of the resolutions in respect of the Proposals.

**The purpose of this Circular is to provide you the details of the Proposals and to seek your approval for the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM. The Notice of the EGM and the Form of Proxy are enclosed together with this Circular.**

**You are advised to read and carefully consider the contents of this Circular together with appendices contained herein before voting on the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.**

## **2. DETAILS OF THE PROPOSALS**

### **2.1 Proposed RCULS Variation**

On 27 August 2014, the Company had issued the following securities:-

- (i) 264 million unlisted RCULS-A of RM132 million in nominal value to Sumuracres as settlement for the acquisition of Kia Peng Land; and
- (ii) 138 million unlisted RCULS-B of RM69 million in nominal value to Sumurwang as part settlement for the acquisitions of Soho Land and Tower Land.

On 16 August 2019, the Company had obtained its shareholders' approval and executed the Supplemental Deed Polls to extend the tenure of the RCULS-A and RCULS-B which was expiring on 27 August 2019 for another 3 years, becoming due on 26 August 2022, being the business day immediately preceding the 8<sup>th</sup> anniversary of the issue date of RCULS-A and RCULS-B respectively.

Under the Deed Polls, unless the RCULS-A and/or RCULS-B have been previously redeemed, converted or cancelled, both RCULS-A and RCULS-B are to be redeemed at their respective nominal values by I-Berhad on the maturity date i.e. 26 August 2022 (being the business day immediately preceding the 8<sup>th</sup> anniversary of the issue date of RCULS-A and RCULS-B respectively). As at LPD, the entire RM132 million RCULS-A and RM69 million RCULS-B have not been redeemed, converted or cancelled. Both Sumuracres and Sumurwang had informed I-Berhad that they have no intention of converting any of their RCULS holdings prior to/on the existing maturity date of the RCULS-A and RCULS-B.

Based on Clause 17.2 of the Deed Polls, any modification, variation, or a compromise requested by the Company in respect of the rights of the sole holders of RCULS-A and RCULS-B are subject to the approval of Sumuracres and Sumurwang (being the sole holders of RCULS-A and RCULS-B respectively) in relation to the Proposals which was obtained on 12 May 2022.

After having considered the Company and its subsidiaries' ("**I-Berhad Group**" or "**Group**") cash position and cash flow requirements going forward, the Company proposes:-

- (i) to extend the tenure of the RCULS-A and RCULS-B for an additional 5 years to 27 August 2027; and
- (ii) that both RCULS-A and RCULS-B shall have a coupon rate of 3% per annum for year 9 to year 11 and 5% per annum for year 12 to year 13.

The Board (save for the Interested Directors), is of the opinion that the proposed variation to the coupon rate of RCULS-A and RCULS-B is not detrimental to the Company after having considered that the average coupon rate of RCULS-A and RCULS-B (both RCULS-A and RCULS-B are unsecured) of 3.8% per annum is below the effective interest rate of the secured term loans of the Company of 3.89% per annum for FYE 31 December 2021.

The conversion price shall remain the same at RM0.71 for RCULS-A and RM0.60 for RCULS-B over the extended period subject to the adjustment clauses in the respective Deed Polls.

A summary of the proposed changes to the salient terms of the RCULS-A and RCULS-B is as follows:-

	Existing terms		Proposed terms																																							
	RCULS-A	RCULS-B	RCULS-A & RCULS-B																																							
Issue size	RM132 million	RM69 million	No change																																							
RCULS holders	Sumuracres Sdn Bhd	Sumurwang Sdn Bhd	No change																																							
Tenure/ Maturity date	8 years from and inclusive of the issuance date. Maturity date is 26 August 2022		13 <sup>th</sup> anniversary of the issuance date. Maturity date will be on 27 August 2027																																							
Redemption	I-Berhad may at any time during the tenure of the RCULS, redeem the RCULS (in whole or in part) prior to the maturity date, at 100% of their nominal amount plus accrued interest up to the redemption date		No change																																							
Conversion price	RM0.71	RM0.60	No change																																							
Conversion rights and automatic redemption on maturity date	RCULS holders have the rights to convert the RCULS-A/RCULS-B into new I-Berhad Shares at any time during the conversion period, being the period commencing from and including the date falling on the 2 <sup>nd</sup> anniversary of the Issue Date (27 August 2014) up to and including the maturity date  Unless, previously redeemed, converted or cancelled, I-Berhad shall redeem the RCULS-A/RCULS-B at the nominal value on the maturity date.		No change																																							
Interest rate	Interest rate per annum for both RCULS-A /RCULS-B:- <table><tr><td>Year 1</td><td>2014/2015</td><td>0%</td></tr><tr><td>Year 2</td><td>2015/2016</td><td>3%</td></tr><tr><td>Year 3</td><td>2016/2017</td><td>4%</td></tr><tr><td>Year 4</td><td>2017/2018</td><td>5%</td></tr><tr><td>Year 5</td><td>2018/2019</td><td>5%</td></tr><tr><td>Year 6</td><td>2019/2020</td><td>5%</td></tr><tr><td>Year 7</td><td>2020/2021</td><td>5%</td></tr><tr><td>Year 8</td><td>2021/2022</td><td>5%</td></tr></table>		Year 1	2014/2015	0%	Year 2	2015/2016	3%	Year 3	2016/2017	4%	Year 4	2017/2018	5%	Year 5	2018/2019	5%	Year 6	2019/2020	5%	Year 7	2020/2021	5%	Year 8	2021/2022	5%	Interest rate per annum for both RCULS-A/RCULS-B for the extended period:- <table><tr><td>Year 9</td><td>2022/2023</td><td>3%</td></tr><tr><td>Year 10</td><td>2023/2024</td><td>3%</td></tr><tr><td>Year 11</td><td>2024/2025</td><td>3%</td></tr><tr><td>Year 12</td><td>2025/2026</td><td>5%</td></tr><tr><td>Year 13</td><td>2026/2027</td><td>5%</td></tr></table>	Year 9	2022/2023	3%	Year 10	2023/2024	3%	Year 11	2024/2025	3%	Year 12	2025/2026	5%	Year 13	2026/2027	5%
Year 1	2014/2015	0%																																								
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Year 12	2025/2026	5%																																								
Year 13	2026/2027	5%																																								

## 2.2 Proposed Amendments to the Deed Polls

In view of the Proposed RCULS Variation and subject to the relevant approvals being obtained, the Deed Polls would have to be consequentially amended as follows:-

### RCULS-A

Clause	Supplemental Deed Poll for RCULS-A (amending the Deed Poll 2014 for RCULS-A)	Proposed amendments
1.1	Definition of “ <b>Maturity Date</b> ” which means subject to the Operational Procedures for Securities Services, the date for payment of the Nominal Value of the Outstanding RCULS-A being the eighth (8 <sup>th</sup> ) anniversary of the Issue Date but so that if the Maturity Date falls on a day which is not a Business Day, it shall be due on the preceding Business Day.	Definition of “ <b>Maturity Date</b> ” which means subject to the Operational Procedures for Securities Services, the date for payment of the Nominal Value of the Outstanding RCULS-A being the <del>eighth (8<sup>th</sup>)</del> thirteenth (13 <sup>th</sup> ) anniversary of the Issue Date but so that if the Maturity Date falls on a day which is not a Business Day, it shall be due on the preceding Business Day.
2.1(d)	The RCULS-A issued shall have a tenure of eight (8) years from and inclusive of the Issue Date.	The RCULS-A issued shall have a tenure of <del>eight (8)</del> thirteen (13) years from and inclusive of the Issue Date.

Clause	Deed Poll 2014 for RCULS-A (as amended by the Supplemental Deed Poll for RCULS-A)	Proposed amendments
9.2(c)	For the Interest Payment Period commencing from and including the third (3 <sup>rd</sup> ) anniversary of the Issue Date up to the Maturity Date, an interest of five per cent (5%) per annum.	For the Interest Payment Period commencing from and including the third (3 <sup>rd</sup> ) anniversary of the Issue Date up to the <del>Maturity Date</del> day immediately preceding the eighth (8 <sup>th</sup> ) anniversary of the Issue Date, an interest of five per cent (5%) per annum.
9.2(d)	-	For the Interest Payment Period commencing from and including the eighth (8 <sup>th</sup> ) anniversary of the Issue Date up to the day immediately preceding the eleventh (11 <sup>th</sup> ) anniversary of the Issue Date, an interest of three per cent (3%) per annum.
9.2(e)	-	For the Interest Payment Period commencing from and including the eleventh (11 <sup>th</sup> ) anniversary of the Issue Date up to the Maturity Date, an interest of five per cent (5%) per annum.

## **RCULS-B**

<b>Clause</b>	<b>Supplemental Deed Poll for RCULS-B (amending the Deed Poll 2014 for RCULS-B)</b>	<b>Proposed amendments</b>
1.1	Definition of “ <b>Maturity Date</b> ” which means subject to the Operational Procedures for Securities Services, the date for payment of the Nominal Value of the Outstanding RCULS-B being the eighth (8 <sup>th</sup> ) anniversary of the Issue Date but so that if the Maturity Date falls on a day which is not a Business Day, it shall be due on the preceding Business Day.	Definition of “ <b>Maturity Date</b> ” which means subject to the Operational Procedures for Securities Services, the date for payment of the Nominal Value of the Outstanding RCULS-B being the <del>eighth (8<sup>th</sup>)</del> thirteenth (13 <sup>th</sup> ) anniversary of the Issue Date but so that if the Maturity Date falls on a day which is not a Business Day, it shall be due on the preceding Business Day.
2.1(d)	The RCULS-B issued shall have a tenure of eight (8) years from and inclusive of the Issue Date.	The RCULS-B issued shall have a tenure of <del>eight (8)</del> thirteen (13) years from and inclusive of the Issue Date.

<b>Clause</b>	<b>Deed Poll 2014 for RCULS-B (as amended by the Supplemental Deed Poll for RCULS-B)</b>	<b>Proposed amendments</b>
9.2(c)	For the Interest Payment Period commencing from and including the third (3 <sup>rd</sup> ) anniversary of the Issue Date up to the Maturity Date, an interest of five per cent (5%) per annum.	For the Interest Payment Period commencing from and including the third (3 <sup>rd</sup> ) anniversary of the Issue Date up to the <del>Maturity Date</del> day immediately preceding the eighth (8 <sup>th</sup> ) anniversary of the Issue Date, an interest of five per cent (5%) per annum.
9.2(d)	-	For the Interest Payment Period commencing from and including the eighth (8 <sup>th</sup> ) anniversary of the Issue Date up to the day immediately preceding the eleventh (11 <sup>th</sup> ) anniversary of the Issue Date, an interest of three per cent (3%) per annum.
9.2(e)	-	For the Interest Payment Period commencing from and including the eleventh (11 <sup>th</sup> ) anniversary of the Issue Date up to the Maturity Date, an interest of five per cent (5%) per annum.

The amendments to the Deed Polls will be effected by way of supplemental deed polls to be executed by the Company.

### **2.3 Other Considerations**

Shareholders should note that Sumurwang and Sumuracres had informed that they have no intention to convert their RCULS holdings before or on 26 August 2022. On maturity date, the RCULS will become due and payable and I-Berhad is then required to fully redeem the RCULS in cash.

In the event that the RCULS are not redeemed on 26 August 2022, I-Berhad will be in default of its obligation and there will be consequences arising from this default, including but not limited to cross default under its banking facilities.

Pursuant to 9.19A of the Listing Requirements, I-Berhad would be required to make immediate announcement to Bursa Securities in the event of default and/or cross default (collectively referred to as “**Defaults**”), irrespective of whether a demand has been made.

In the event that I-Berhad states that it is solvent (“**Solvency Declaration**”) in the announcement to Bursa Securities, I-Berhad must ensure that its Board executes and submits to Bursa Securities the Solvency Declaration within 3 market days from the announcement date. For this purpose, I-Berhad is regarded as “solvent” if the majority directors have formed the opinion that I-Berhad will be able to pay all its debts as and when they fall due within the period of 12 months from the date of the abovementioned announcement.

After the announcement above, I-Berhad must announce to Bursa Securities the following:-

- (i) the current status of the Defaults in payment and the steps taken by I-Berhad to address the Defaults in payment on a monthly basis until such time when the Defaults in payment is remedied; and
- (ii) any circumstance which may render the Solvency Declaration inaccurate, immediately upon I-Berhad becoming aware of the same.

In the event I-Berhad is unable to provide the Solvency Declaration, I-Berhad would be required to regularise its financial condition pursuant to the provisions of the Listing Requirements.

Nevertheless, in the event the RCULS-A and RCULS-B are extended pursuant to the Proposed RCULS Variation, I-Berhad’s redemption obligation shall consequentially be extended to 27 August 2027 (being the new maturity date) and thus, the risks mentioned above will not arise.

### 3. RATIONALE OF THE PROPOSALS

Sumurwang and Sumuracres had informed the Company that they have no intention to convert their RCULS holdings before or on 26 August 2022. Pursuant to the terms of the respective Deed Polls, unless previously redeemed, converted or cancelled, I-Berhad is required to fully redeem both RM132 million RCULS-A and RM69 million RCULS-B on their maturity date in cash.

The Group’s property development, property investment and leisure segments were hugely impacted by the onset of the COVID-19 pandemic in 2020 and 2021 which resulted in major business disruptions. For the financial years ended 31 December 2020 and 31 December 2021, the Group recorded revenue of RM80.1 million and RM80.2 million respectively and profit before tax of RM0.8 million and RM1.3 million respectively. Prior to the COVID-19 pandemic, the Group recorded revenue of RM172.0 million and profit before tax of RM72.6 million in the financial year ended 31 December 2019.

In 2019, I-Berhad had obtained shareholders’ approval to extend the maturity date of the RCULS-A and RCULS-B which consequently deferred the redemption of the RM201 million RCULS. This enabled the Company to conserve cash to grow its investment properties portfolio at i-City such as Mercu Maybank (Corporate Office Tower Grade A, Green Building Index), DoubleTree by Hilton hotel and additional 3,000 car park bays to generate sustainable income to the Group. In addition, the Company had also undertaken a rights issue in 2019 to part finance the development of the Corporate Office Tower, DoubleTree by Hilton hotel (both at Finance Avenue in i-City) as well as the 8Kia Peng @KLCC (luxury residential). For information, the development of the Corporate Office Tower and DoubleTree by Hilton hotel have been completed. As at LPD, the Corporate Office Tower has achieved approximately 80% occupancy rate attracting tenants from industries such as financial institutions (bank and insurance), multi-national companies, logistics, technology, etc, whereas DoubleTree by Hilton hotel is scheduled to open in the 2<sup>nd</sup> half of 2022. Despite the completion of 8Kia Peng @KLCC in 2020, the

Company was unable to turnover its inventories due to the COVID-19 pandemic which led to closure of international borders that affected the sales of 8Kia Peng as it is targeted to foreign investors. Furthermore, I-Berhad's leisure segment has also been adversely affected by several movement control order closures imposed due to the COVID-19 pandemic.

In view of the reopening of the economy and gradual opening of international borders in 2022, the Group requires additional time and sufficient cash flows to turnaround its businesses to pre-pandemic level, allowing more time for the Group's Property Investment segment to contribute to the Group and sales of 8Kia Peng units, and thus cash conservation is crucial. As at 31 December 2021, the Group has cash and bank balance of approximately RM21.3 million and bank borrowings of RM113.4 million.

Having considered the Group's redemption obligation in relation to the RCULS, cash position, potential refinancing costs and its funding requirements going forward, the Group believes it would be in its best interest to conserve cash for its business growth amongst others the Finance Avenue in i-City comprising Mercu Maybank corporate tower, DoubleTree by Hilton hotel, International Convention Centre, Premium office/retail suites, to be allocated for banks/financial institutions, by deferring the maturity date of the RCULS-A and RCULS-B through the Proposed RCULS Variation.

The Proposed Amendments to the Deed Polls are to make the consequential changes to the respective Deed Polls arising from the Proposed RCULS Variation.

#### 4. EFFECTS OF THE PROPOSALS

##### 4.1 Share capital

The Proposals are not expected to have any immediate effect on the issued share capital of the Company. Over the course of the extended period pursuant to Proposed RCULS Variation, the issued share capital of the Company will increase correspondingly as and when any of the RCULS-A and RCULS-B are converted. The Proposals extend the conversion period for RCULS-A and RCULS-B but do not alter the number of shares arising from the RCULS-A and RCULS-B conversion as there are no changes in the respective conversion prices.

	<b>No. of Shares (‘000)</b>	<b>RM'000</b>
As at LPD	1,136,863	646,686
To be issued pursuant to the conversion of RCULS-A <sup>(i)</sup> and RCULS-B <sup>(ii)</sup>	300,915	215,547
Enlarged issued share capital	<b>1,437,778</b>	<b>862,233</b>

**Notes:-**

(i) RM132 million RCULS-A being converted at the conversion price of RM0.71.

(ii) RM69 million RCULS-B being converted at the conversion price of RM0.60.

## 4.2 NA and gearing

Based on the audited consolidated financial statements of I-Berhad Group for FYE 31 December 2021 and assuming the Proposals had been effected on that date, the pro forma effects of the Proposals on the consolidated NA and gearing position of I-Berhad Group are as follows:-

		(I)	(II) A	(II) B
	<b>Audited As at 31 Dec 2021 (RM'000)</b>	<b>After the Proposals (RM'000)</b>	<b>After (I) and RCULS-A and RCULS-B Redemption (RM'000)</b>	<b>After (I) and RCULS-A and RCULS-B Conversion (RM'000)</b>
Share capital	646,686	646,686	646,686	862,233
Equity component – RCCPS	122,001	122,001	122,001	122,001
Equity component – RCULS	14,547	14,547	-	-
Retained earnings	358,560	373,297 <sup>(ii)(iii)</sup>	387,844	373,297
<b>Net assets attributable to the owners of the Company</b>	<b>1,141,794</b>	<b>1,156,531</b>	<b>1,156,531</b>	<b>1,357,531</b>
No. of I-Berhad Shares (‘000)	1,136,863	1,136,863	1,136,863	1,437,778
NA per I-Berhad Share (RM)	1.00	1.02	1.02	0.94
Borrowings	323,741 <sup>(i)</sup>	323,741 <sup>(i)</sup>	113,435 <sup>(iv)</sup>	113,435
Gearing (times)	0.28	0.28	0.10	0.08

### Notes:-

- (i) Including the liabilities portion of RCULS-A and RCULS-B of approximately RM203.7 million.
- (ii) After deducting the payment of the estimated expenses attributable to the Proposals of RM0.4 million.
- (iii) After including the one-off gain arising from remeasurement on liabilities of RM15.1 million as a result of the lower coupon pursuant to the Proposals.
- (iv) For illustration purposes only, assuming that the redemption of RCULS will be funded via internally generated funds.



### 4.3 Substantial shareholders' shareholdings

The Proposals are not expected to have any immediate effect on the substantial shareholders' shareholdings. However, over the course of the extended period pursuant to Proposed RCULS Variation, the substantial shareholders' shareholdings may increase in the event any of the RCULS-A and RCULS-B are converted as follows:-

	As at LPD				After RCULS-A and RCULS-B Conversion			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
	('000)		('000)		('000)		('000)	
Sumurwang	591,159	52.0	70,760 <sup>(i)</sup>	6.2	706,159	49.1	256,675 <sup>(iv)</sup>	17.9
Sumur Ventures Sdn Bhd	85,590	7.5	661,919 <sup>(iii)</sup>	58.2	85,590	6.0	962,835 <sup>(v)</sup>	67.0
TSLKH	36,357	3.2	747,509 <sup>(iii)</sup>	65.8	36,357	2.5	1,048,425 <sup>(vi)</sup>	72.9
Sumuracres	-	-	-	-	185,915	12.9	-	-

**Notes:-**

- (i) Deemed interest through its shareholding in Sumurwang Capital Sdn Bhd and Sumurwang Corporate Services Sdn Bhd by virtue of Section 8(4) of the Act.
- (ii) Deemed interest through its shareholding in Sumurwang, Sumurwang Capital Sdn Bhd and Sumurwang Corporate Services Sdn Bhd by virtue of Section 8(4) of the Act.
- (iii) Deemed interest through his shareholding in Sumur Ventures Sdn Bhd, Sumurwang, Sumurwang Capital Sdn Bhd and Sumurwang Corporate Services Sdn Bhd by virtue of Section 8(4) of the Act.
- (iv) Deemed interest through its shareholding in Sumurwang Capital Sdn Bhd, Sumurwang Corporate Services Sdn Bhd and Sumuracres by virtue of Section 8(4) of the Act.
- (v) Deemed interest through its shareholding in Sumurwang, Sumurwang Capital Sdn Bhd, Sumurwang Corporate Services Sdn Bhd and Sumuracres by virtue of Section 8(4) of the Act.
- (vi) Deemed interest through his shareholding in Sumur Ventures Sdn Bhd, Sumurwang, Sumurwang Capital Sdn Bhd, Sumurwang Corporate Services Sdn Bhd and Sumuracres by virtue of Section 8(4) of the Act.

### 4.4 Earnings and EPS

Upon completion of the Proposals, the Group would record a one-off gain arising from remeasurement on liabilities of RM15.1 million as a result of the lower coupon pursuant to the Proposals.

In any event, the Group will be paying the coupon rate of 3% or RM6.03 million per annum for year 9 to year 11 and 5% or RM10.05 million per annum for year 12 to year 13, on both RCULS-A and RCULS-B.

In addition, in the event the RCULS are converted, the Group's EPS shall correspondingly be diluted as a result of the increase in number of I-Berhad Shares.

The Group believes that the Proposed RCULS Variation which enables the Group to conserve cash for its business shall contribute positively to the earnings of I-Berhad Group.

#### **4.5 Convertible securities**

As at LPD, apart from the RCULS-A and RCULS-B, the Company also has the 720,436,588 RCCPS maturing on 27 November 2022. Each RCCPS is convertible into 1 I-Berhad Share. The Proposals do not have any effect on the RCCPS.

Apart from the above, the Company does not have any other outstanding convertible securities.

#### **5. APPROVALS REQUIRED**

The Proposals are subject to the following approvals being obtained: -

- (i) Non-interested Shareholders of I-Berhad for the Proposals at the forthcoming EGM;
- (ii) approval of Sumuracres and Sumurwang (being the respective sole holder of RCULS-A and RCULS-B) in relation to the Proposals which was obtained on 12 May 2022; and
- (iii) other relevant authorities and/or parties, if required.

#### **6. CONDITIONALITY**

The Proposed RCULS Variation and Proposed Amendments to the Deed Polls are inter-conditional upon each other.

Save for the above, the Proposals are not conditional upon any other corporate proposals undertaken or to be undertaken by the Company.

#### **7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM**

Save as disclosed below, none of the directors, major shareholders of the Company and/or persons connected with them has any interest, direct and/or indirect, in the Proposals:-

- (i) TSLKH, the Non-Executive Chairman and a major shareholder of I-Berhad, is deemed interested in the Proposals by virtue of his directorships and interest in Sumurwang and Sumuracres, being the respective sole holder of RCULS-B and RCULS-A;
- (ii) Sumur Ventures Sdn Bhd, a major shareholder of I-Berhad, is deemed interested in the Proposals by virtue of its interest in Sumurwang;
- (iii) Sumurwang, a major shareholder of I-Berhad, is deemed interested in the Proposals by virtue of its interest in Sumuracres;
- (iv) Puan Sri Tey Siew Thuan, the Executive Director of I-Berhad and the spouse of TSLKH, is deemed interested in the Proposals by virtue of her directorships and interest in Sumurwang and Sumuracres; and
- (v) Lim Boon Soon, the Executive Director of I-Berhad, is deemed interested in the Proposals by virtue of him being the son of TSLKH and Puan Sri Tey Siew Thuan.

As at LPD, the direct and indirect shareholdings of the Interested Major Shareholders and the Interested Directors in I-Berhad are set out below:-

Name	Direct		Indirect	
	No. of Shares (‘000)	%	No. of Shares (‘000)	%
<b><u>Interested Major Shareholders</u></b>				
Sumurwang	591,159	52.0	70,760 <sup>(i)</sup>	6.2
Sumur Ventures Sdn Bhd	85,590	7.5	661,919 <sup>(ii)</sup>	58.2
TSLKH	36,357	3.2	747,509 <sup>(iii)</sup>	65.8
<b><u>Interested Directors</u></b>				
TSLKH	36,357	3.2	747,509 <sup>(iii)</sup>	65.8
Puan Sri Tey Siew Thuan	1,794	0.2	-	-
Lim Boon Soon	-	-	-	-

**Notes**

- (i) Deemed interest through its shareholding in Sumurwang Capital Sdn Bhd and Sumurwang Corporate Services Sdn Bhd by virtue of Section 8(4) of the Act.
- (ii) Deemed interest through its shareholding in Sumurwang, Sumurwang Capital Sdn Bhd and Sumurwang Corporate Services Sdn Bhd by virtue of Section 8(4) of the Act.
- (iii) Deemed interest through his shareholding in Sumur Ventures Sdn Bhd, Sumurwang, Sumurwang Capital Sdn Bhd and Sumurwang Corporate Services Sdn Bhd by virtue of Section 8(4) of the Act.

The Interested Directors have abstained and will continue to abstain from all deliberations and voting at the relevant Board meeting of I-Berhad in relation to the Proposals.

The Interested Major Shareholders and the Interested Directors will abstain from voting in respect of their direct or indirect shareholdings (if any) in I-Berhad and will undertake to ensure that persons connected to them will abstain from voting in respect of their direct and indirect shareholdings (if any) in I-Berhad on the resolutions pertaining to the Proposals to be tabled at the EGM to be convened.

## **8. AUDIT COMMITTEE’S RECOMMENDATION**

The Audit Committee of the Company, having considered all aspects of the Proposals, including but not limited to the rationale, financial effects and the evaluation by the Independent Adviser, is of the opinion that the Proposals are fair, reasonable and on normal commercial terms, in the best interest of I-Berhad and not detrimental to the Non-interested Shareholders.

## **9. DIRECTORS’ RECOMMENDATION**

The Board (save for the Interested Directors), having considered all aspects of the Proposals, including but not limited to the rationale, financial effects and the evaluation by the Independent Adviser, is of the opinion that the Proposals are in the best interest of the Company. Accordingly, the Board (save for the Interested Directors) recommends you to vote in favour of the resolutions in relation to the Proposals.

#### 10. TRANSACTION WITH THE SAME RELATED PARTY FOR THE PRECEDING 12 MONTHS

There were no transactions (excluding transactions in the ordinary course of business) entered into between the I-Berhad Group with Sumurwang and Sumuracres for the preceding twelve (12) months from the date of this Circular.

#### 11. CORPORATE EXERCISE/SCHEME ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals, there is no other corporate exercise which has been announced by the Company but not yet completed as at the date of this Circular.

#### 12. ESTIMATED TIMEFRAME FOR THE COMPLETION OF THE PROPOSALS

<u>Date</u>	<u>Event</u>
Early June 2022	Despatch of Circular
End June 2022	EGM
By August 2022	Completion of the Proposals

#### 13. EGM

The EGM, the notice of which is enclosed with this Circular, will be held at Level 33, Mercu Maybank, i-City, Selangor Golden Triangle, 40000 Shah Alam, Selangor, Malaysia on Tuesday, 28 June 2022 at 5.00 p.m., or immediately following the conclusion or adjournment of the 55<sup>th</sup> Annual General Meeting (“AGM”) of the Company scheduled to be held at the same venue on the same day at 4.30 p.m., whichever is later, for the purpose of considering and if thought fit, passing with or without modifications, the resolutions to give effect to the Proposals. The resolutions pertaining to the Proposals are set out in our Notice of EGM which is enclosed with this Circular.

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

#### 14. FURTHER INFORMATION

Shareholders are advised to refer to the attached appendix for further information.

Yours faithfully  
For and on behalf of the Board of Directors of  
**I-BERHAD**

**DATO' EU HONG CHEW**  
Non-Independent Non-Executive Director

## **PART B**

### **INDEPENDENT ADVICE LETTER FROM CFSOLUTIONS TO THE NON-INTERESTED SHAREHOLDERS IN RELATION TO THE PROPOSALS**

## EXECUTIVE SUMMARY

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*All definitions used in this Executive Summary shall have the same meaning as the words and expressions defined in the Definitions section of Part A of this Circular except where the context otherwise requires or otherwise defined herein.*

**This Executive Summary highlights the salient information relating to the Proposals. Non-interested Shareholders of I-Berhad are advised not to rely solely on the Executive Summary and to read thoroughly this IAL together with the contents set out in Part A of this Circular and its enclosed appendices. You should consider carefully all relevant and pertinent factors including those set out in the Part A of this Circular and this IAL, the recommendation of the Board (save for the Interested Directors), our recommendation herein together with the limitations of our evaluation prior to making a decision on the resolutions relating to the Proposals at the forthcoming EGM of the Company.**

This IAL is prepared solely for the use of the Non-interested Shareholders as a whole for the purpose of considering the Proposals and should not be used or relied upon by any other party for any other purpose whatsoever. We also have not given consideration to the specific investment objectives, risk profiles, financial situations, tax positions and any particular needs of any individual shareholder or any specific group of shareholders. If you are in any doubt as to the course of action to be taken, you should consult your stockbrokers, bank managers, solicitors, accountants or other professional advisers immediately.

### 1. INTRODUCTION

On 12 May 2022, AmInvestment Bank had, on behalf of the Board of Directors of I-Berhad, announced that I-Berhad proposes to undertake the following:-

- (a) proposed variation to the terms of the following RCULS:-
  - (i) RM132 million 2014/2022 RCULS-A which was issued to Sumuracres on 27 August 2014; and
  - (ii) RM69 million 2014/2022 RCULS-B which was issued to Sumurwang on 27 August 2014; and
- (b) proposed amendments to the respective Deed Polls constituting the RCULS-A and RCULS-B, as a consequence of the Proposed RCULS Variation.

The Proposals are deemed as a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements by virtue of the interest of Interested Major Shareholders and the Interested Directors as set out in Section 6 of this IAL. In this respect, the Board has appointed cfSolutions to act as the independent adviser to advise the Non-interested Shareholders on the Proposals.

The purpose of this IAL is to provide the Non-interested Shareholders with an evaluation on the fairness and reasonableness on the Proposals, together with our recommendation thereon, subject to the scope and limitations of our role and evaluation specified herein, in relation to the Proposals.

The Non-interested Shareholders should nonetheless rely on their own evaluation of the merits of the Proposals before making a decision on the course of action to be taken. This IAL is prepared solely for the use of the Non-interested Shareholders as a whole for the purpose of considering the Proposals and should not be used or relied upon by any other party for any other purpose whatsoever.

## 2. EVALUATION OF THE PROPOSALS

We have assessed and evaluated the Proposals to arrive at our conclusion and recommendation after taking into consideration the various factors as summarised below:-

Section in this IAL	Area of Evaluation	Our Comments
7.1	Rationale of the Proposals	<p>In assessing the rationale, we took into consideration the following:-</p> <p><b>(a) Cash conservation for its business growth</b></p> <p>The Proposals would provide time and opportunity to the Group to utilise its cash and cash flows for business growth as well as set aside funds or identify sources of funds to redeem the RCULS-A and RCULS-B at a later stage.</p> <p><b>(b) Additional time to turnaround its businesses</b></p> <p>The Proposals will place I-Berhad in a better position to:-</p> <ul style="list-style-type: none"> <li>• benefit from the anticipated improvement in the property market;</li> <li>• have more time for the management to enhance the potential in the property investment portfolio for the Group to capitalise on in the longer term; and</li> <li>• benefit from the gradual opening of international borders.</li> </ul>
7.2	Evaluation of the coupon rate of I-Berhad's RCULS	<p>We compared the average coupon rate of I-Berhad's RCULS:-</p> <p>(i) The proposed average coupon rate of RCULS-A and RCULS-B (both of which are unsecured) of 3.8% is below the effective interest rate of I-Berhad's secured term loans of 3.89% for FYE2021 and the coupon rates of recent Comparable RCULS issued; and</p> <p>(ii) The proposed coupon rates of RCULS-A and RCULS-B of 3% to 5% is lower than or equal to the coupon rates of Comparable RCULS.</p>
7.3	Financial effects of the Proposals	<p>We note that the possible effects on the issued share capital, substantial shareholders' shareholdings of the Company, NA and gearing arising from the terms of conversion as well as convertible securities are derived from the current Deed Polls constituting the RCULS-A and RCULS-B. The Company is expected to record a one-off gain arising from remeasurement of liabilities of RM15.1 million.</p> <p>On the effects of earnings, without the Proposals, the Group will need to seek alternative sources of funding for the redemption of the RCULS-A and RCULS-B. The Group will need to bear interest costs for the bank borrowings in lieu of the RCULS-A and RCULS-B.</p>

Section in this IAL	Area of Evaluation	Our Comments
		Premised on the rationale that Proposals does not alter any terms of the current Deed Polls save for the extended tenure with coupon rates of RCULS-A and RCULS-B at 3% to 5% per annum coupled with the comments above, we are of the view that the financial effects of the Proposals are not expected to be adverse for the I-Berhad Group.
7.4	Risk factors associated with the Proposals	The risk factors associated with the Proposals include default risk and interest rate risk. The Non-interested Shareholders of I-Berhad should take note of the risk factors relating to the Proposals and the relevant mitigating measures undertaken to mitigate such risks; and that there can be no assurance that any of the risk factors will not have a material and adverse effect on the business and financial position of I-Berhad.
7.5	Review of the Proposed Amendments to the Deed Polls	The Proposed Amendments to the Deed Polls extend the maturity date of RCULS-A and RCULS-B by 5 years with coupon rates at 3% to 5% per annum and facilitate the Proposed RCULS Variation. We are of the view that the Proposed Amendments to the Deed Polls are reasonable.

### 3. CONCLUSION AND RECOMMENDATION

Premised on the abovementioned factors and our evaluation and consideration as set out in this IAL, we are of the opinion that, on the basis of the information available to us, the Proposals is **FAIR AND REASONABLE** and is **NOT DETRIMENTAL** to the Non-interested Shareholders of I-Berhad.

Accordingly, cfSolutions recommends that the Non-interested Shareholders **VOTE IN FAVOUR** of the ordinary resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.





**cfSolutions Sdn Bhd**

**Licensed Corporate Finance Adviser** (137090-W)  
Unit 711, 7th Floor, Block B, Phileo Damansara 1,  
9, Jalan 16/11, 46350 Petaling Jaya, Malaysia  
Tel: 03-7958 3228 Fax : 03-7932 0118

10 June 2022

**To : The Non-interested Shareholders of I-Berhad**

Dear Sir/Madam,

**INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF I-BERHAD IN RELATION TO THE PROPOSALS**

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This IAL is prepared for the inclusion in this circular to shareholders of I-Berhad dated 10 June 2022 in relation to the Proposals (“**this Circular**”). All definitions used in this IAL shall have the same meaning as defined in the Definitions section of this Circular except where the context otherwise requires or where otherwise defined in this IAL.

**1. INTRODUCTION**

On 12 May 2022, AmInvestment Bank had, on behalf of the Board of Directors of I-Berhad, announced that I-Berhad proposes to undertake the following:-

- (a) proposed variation to the terms of the following RCULS:-
  - (i) RM132 million 2014/2022 RCULS-A which was issued to Sumuracres on 27 August 2014; and
  - (ii) RM69 million 2014/2022 RCULS-B which was issued to Sumurwang on 27 August 2014.

For information, on 16 August 2019, the Company had obtained its shareholders’ approval and executed the Supplemental Deed Polls, to extend the tenure of the RCULS-A and RCULS-B which were expiring on 27 August 2019 for another 3 years.

- (b) proposed amendments to the respective Deed Polls constituting the RCULS-A and RCULS-B, as a consequence of the Proposed RCULS Variation.

The Proposals are deemed as a related party transaction pursuant Paragraph 10.08 of the Listing Requirements by virtue of the interest of Interested Major Shareholders and Interested Directors as set out in Section 6 of this IAL. In this respect, the Board has appointed cfSolutions to act as the independent adviser to advise the Non-interested Shareholders on the Proposals.

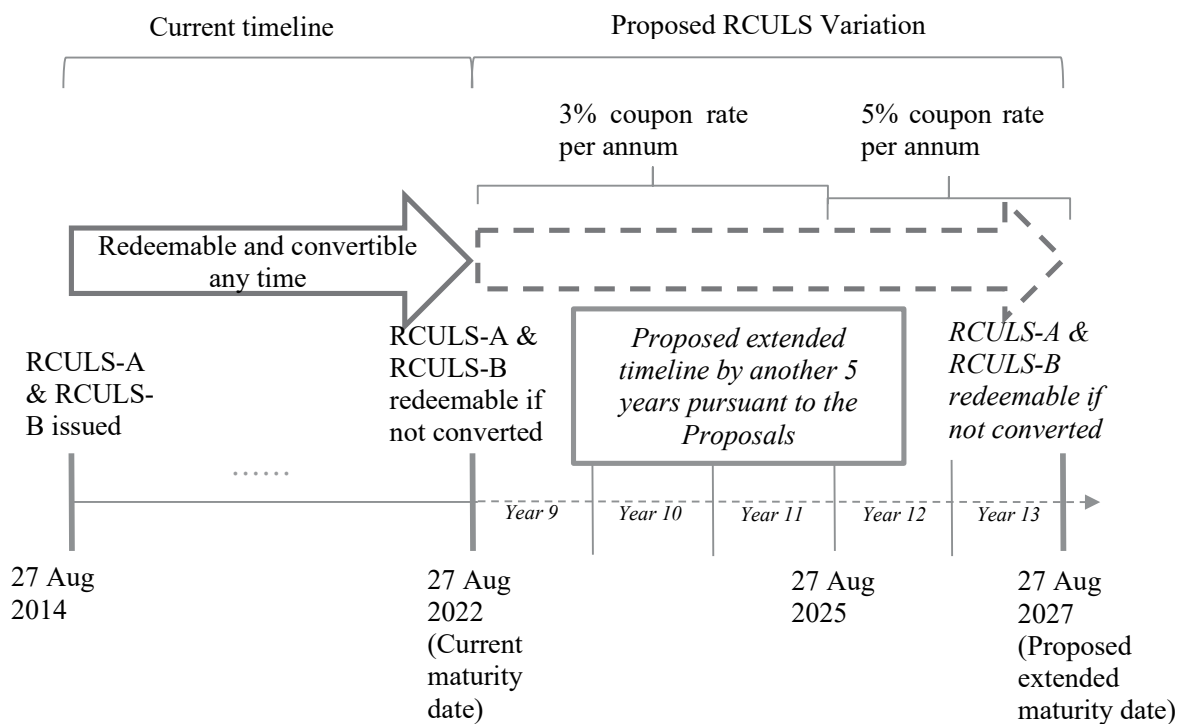
The purpose of this IAL is to provide the Non-interested Shareholders with an evaluation on the fairness and reasonableness on the Proposals, together with our recommendation thereon, subject to the scope and limitations of our role and evaluation specified herein, in relation to the Proposals.

This IAL should also be read in conjunction with the contents set out in Part A of this Circular and its enclosed appendices for any other relevant information. Non-interested Shareholders should consider carefully all relevant and pertinent factors including those set out in the Part A of this Circular and this IAL, the recommendation of the Board (save for the Interested Directors), our recommendation herein together with the limitations of our evaluation. Non-interested Shareholders should nonetheless rely on their own evaluation of the merits of the Proposals prior to making a decision on the course of action to be taken.

## 2. DETAILS OF THE PROPOSALS

The details of the Proposals are as set out in Section 2 of Part A of this Circular and should be read in its entirety by the Non-interested Shareholders.

The current timeline of the RCULS-A and RCULS-B and the proposed timeline pursuant to the Proposals are as follows:-



The Proposals will extend the tenure of I-Berhad's RCULS by another 5 years and defer the maturity date from 26 August 2022 (in view that 27 August 2022 falls on a non-working day) to 27 August 2027 at a coupon rate of 3% per annum from year 9 to year 11 and thereafter, at a coupon rate of 5% per annum for year 12 to year 13.

### **3. LIMITATIONS TO THE EVALUATION OF THE PROPOSALS**

cfSolutions was not involved in any negotiation, discussion or formulation of the Proposals and/or any deliberations and negotiations pertaining to the terms and conditions of the Proposals. cfSolutions' terms of reference as an independent adviser is limited to expressing an independent evaluation of the Proposals.

In our evaluation and analysis, and in formulating our recommendation, we have reviewed and relied upon the reasonableness, accuracy and completeness of the following information:-

- (i) Information as set out in Part A of this Circular and the appendices attached in this Circular;
- (ii) The Deed Polls and Supplemental Deed Polls constituting the RCULS-A and RCULS-B;
- (iii) The Annual Reports of the Group for the FYEs 2017 to 2021;
- (iv) Other relevant information furnished to us by the management of I-Berhad in connection with the Proposals; and
- (v) Other publicly available information including but not limited to disclosures by government bodies.

Our evaluation and recommendation expressed herein shall hold only in so far as the information and data supplied to us or which are available to us as at the date hereof remain accurate and consistent. We have further assumed that such information has been prepared in good faith and reflects the best judgment and estimates of I-Berhad as of the date hereof and I-Berhad is unaware of any facts that would make the documents, financial and/or other information as provided to us being incomplete, false, misleading or inaccurate. We have, however, not independently verified any of the information and documents for their accuracy, validity and/or completeness and express no opinion as to, any such documents, financials and/or other information nor have we undertaken any independent investigation into the business of I-Berhad. As at LPD, we have no reason to believe that the aforesaid information/documents provided to us are unreliable, incomplete, misleading and/or inaccurate. We have held discussions and made enquiries with the Directors and the management of I-Berhad as well as third party experts (where relevant) and reviewed documents and made reliance on information provided by them. Our review does not include any verification procedures which constitutes an audit on the information provided. Where possible, we have undertaken a reasonableness check and corroborated the information with independent sources as quoted throughout our IAL. Whilst we make no representation as to the accuracy, validity and completeness of the information provided, we have no reason to believe that the aforesaid information/documents provided to us are unreasonable, unreliable, incomplete, misleading and/or inaccurate or that the material omission of which would make the information misleading or inaccurate and we are satisfied with the sufficiency of the documents and information provided by the Company.

We have obtained confirmation from the Board of I-Berhad that they have seen this IAL and that they, collectively and individually, accept full responsibility for the accuracy of the information contained herein to the extent the information relates to the I-Berhad Group and the Proposals, and confirm that, after having made all reasonable enquiries and to the best of our knowledge and belief, there is no statement or information contained in this IAL to the extent the statement or information relates to the I-Berhad Group and the Proposals, which is inaccurate, incomplete, false or misleading and all information relevant to our evaluation of the Proposals have been disclosed to us and that there is no other fact or information, the omission of which would make any information or statement in this IAL and/or any information furnished to cfSolutions incomplete, false, misleading or inaccurate as at LPD prior to the printing of the Circular.

In rendering our advice, cfSolutions had taken note of pertinent issues, which we believe are necessary and of importance to an assessment of the implications of the Proposals and are therefore of general concern to the Non-interested Shareholders.

Our evaluation and recommendation expressed herein are based on prevailing economic, market, industry and other conditions (where applicable), and the information and/or documents made available to us, as at the LPD. Such conditions may change over a short period of time. Accordingly, our evaluation and recommendation expressed herein do not take into account of the information, events and conditions arising after the LPD. Our advice should be considered in the context of the entirety of this IAL.

We shall notify the Non-interested Shareholders by way of announcement if, after despatching this IAL and prior to the EGM, we become aware that the information or document previously circulated or provided:

- (i) contains a material statement which is false or misleading;
- (ii) contains a statement from which there is a material omission; or
- (iii) does not contain a statement relating to a material development.

If circumstances require, we shall send a supplementary letter to the Non-interested Shareholders.

It is not within our terms of reference to express any opinion on the commercial merits of the Proposals. The assessment of the commercial merits of the Proposals remains the sole responsibility of the Board, although we may draw upon the Board's rationale in arriving at our opinion. As such, where comments or points of consideration are included on matters which may be commercially oriented, these are incidental to our overall evaluation. Neither does our appointment require us to render an expert opinion on legal, accounting and taxation issues relating to the Proposals. We wish to emphasise that our role as Independent Adviser does not extend to rendering an expert opinion on legal, accounting and tax positions and any particular needs of any individual shareholder or any specific group of shareholders. We will not be responsible for any damages or loss or any kind sustained or suffered by any individual shareholder or any group of shareholders in reliance on the opinion stated herein for any purpose whatsoever.

Accordingly:-

- (i) cfSolutions' views and advice on the Proposals as contained in this IAL only cater to the Non-interested Shareholders as a whole and not to any Non-interested Shareholder individually. Hence, in carrying out our evaluation, we have not given consideration to the specific investment objectives, risk profiles, financial situations, tax positions and any particular needs of any individual or any specific group of Non-interested Shareholders; and
- (ii) we recommend that any individual or group of Non-interested Shareholders who is in doubt as to the action to be taken or require advice in relation to the Proposals in the context of their individual objectives, risk profiles, financial and tax situations or particular needs, to consult their respective stockbrokers, bank managers, accountants, solicitors or other professional advisers immediately.

This IAL should also not be used or relied upon by any other party for any other purpose whatsoever.

Non-interested Shareholders are advised to consider the merits and demerits of the Proposals carefully based on all relevant and pertinent factors including those set out in Part A of this Circular (including the recommendation of the Board (save for the Interested Directors) as stated in Section 9 of Part A of this Circular) and this IAL, as well as other publicly available information prior to making a decision to voting on the resolutions pertaining to the Proposals.

#### **4. CREDENTIALS, EXPERIENCE AND EXPERTISE OF CFSOLUTIONS**

cfSolutions is a corporate finance adviser licensed by the Securities Commission in Malaysia under the Capital Markets and Services Act 2007 and recognised by Bursa Securities. The credentials and experience of cfSolutions as an independent adviser where it has been appointed prior to the date of this IAL include, amongst others, the following:-

- (i) Independent advice letter in relation to the proposed exemption to Mah Sau Cheong (“MSC”) who is a major shareholder of Asian Pac Holdings Berhad (“Asian Pac”) and persons acting in concert with him (“PAC”) under Paragraph 4.08 of the Rules on Take-Overs, Mergers and Compulsory Acquisitions from the obligation to undertake a mandatory takeover offer for all the Asian Pac shares, convertible securities and new Asian Pac shares to be issued pursuant to the conversion of irredeemable convertible unsecured loan stocks and/or the exercise of the warrants not held by MSC or his PAC, issued on 29 December 2016;
- (ii) Independent advice letter in relation to the proposed extension of the maturity dates of the RCULS of I-Berhad, namely RM132 million 2014/2019 unlisted RCULS-A and the RM 69 million 2014/2019 unlisted RCULS-B and the proposed amendments to the deed poll constituting the RCULS-A and RCULS-B as a consequence of the proposed extension of the maturity dates of the RCULS, issued on 1 August 2019;
- (iii) Independent advice in relation to the proposed disposal of 100% equity interest in Mpath Sdn Bhd by Malaysian Genomics Resource Centre Berhad to Gribbles Pathology (Malaysia) Sdn Bhd for a total consideration of RM42 million, issued on 27 November 2019;
- (iv) Independent advice in relation to the proposed acquisitions by Dynaciate SPI Sdn Bhd, a wholly-owned subsidiary of Dynaciate Group Berhad, of two industrial premises and machineries and equipment from Dynaciate Engineering Sdn Bhd and Dynaciate (Kuantan) Sdn Bhd for a total cash consideration of RM26,786,431, issued on 28 May 2020;
- (v) Independent advice in relation to the proposed disposal of its entire equity interest in Lucenxia (M) Sdn Bhd by Adventa Berhad for a cash consideration of RM11 million, issued on 24 March 2021; and
- (vi) Independent advice in relation to the proposed acquisition of the remaining 50% equity interest in Sri Tawau Farming Sdn Bhd not already owned by Lay Hong Berhad (“LHB”) for a total purchase consideration of RM28 million to be satisfied by the issuance of 80,000,000 new ordinary shares in LHB at the issue price of RM0.35 each and the proposed exemption under Paragraph 4.08(1)(A) of the Rules on take-overs, mergers and compulsory acquisitions for Dato’ Yap Hoong Chai and persons acting in concert with him, from the obligation to undertake a mandatory take-over offer to acquire the remaining ordinary shares and warrants in LHB not already owned by them upon completion of the proposed acquisition, issued on 5 October 2021.

Based on the credentials and experience above, cfSolutions has the necessary resources and expertise to carry out its role and responsibilities as an independent adviser to advise the Non-interested Shareholders in relation to the Proposals.

## 5. DECLARATION OF CONFLICT OF INTEREST

As at the LPD, cfSolutions is not aware of any existing or potential conflict of interest situation arising from its capacity as an independent adviser for the Proposals. Save for the professional fees cfSolutions is entitled to as the independent adviser for the Proposals, the engagement of cfSolutions by I-Berhad is not driven by any other fee which is dependent on a particular opinion and recommendation.

Save for our role as an independent adviser for the Proposals, cfSolutions does not have any other professional relationship with I-Berhad in the past two (2) years prior to the announcement of the Proposals.

## 6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSON(S) CONNECTED

As set out in Section 7 of Part A of this Circular, save as disclosed below, none of the directors, major shareholders of the Company and/or persons connected with them has any interest, direct and/or indirect, in the Proposals:-

- (i) TSLKH, the Non-Executive Chairman and a major shareholder of I-Berhad, is deemed interested in the Proposals by virtue of his directorships and interest in Sumurwang and Sumuracres, being the respective sole holder of RCULS-B and RCULS-A;
- (ii) Sumur Ventures Sdn Bhd, a major shareholder of I-Berhad, is deemed interested in the Proposals by virtue of its interest in Sumurwang;
- (iii) Sumurwang, a major shareholder of I-Berhad, is deemed interested in the Proposals by virtue of its interest in Sumuracres;
- (iv) Puan Sri Tey Siew Thuan, the Executive Director of I-Berhad and the spouse of TSLKH, is deemed interested in the Proposals by virtue of her directorships and interest in Sumurwang and Sumuracres; and
- (v) Lim Boon Soon, the Executive Director of I-Berhad, is deemed interested in the Proposals by virtue of him being the son of TSLKH and Puan Sri Tey Siew Thuan.

As at LPD, the direct and indirect shareholdings of the Interested Major Shareholders and the Interested Directors in I-Berhad are set out below:-

Name	Direct		Indirect	
	No. of shares (‘000)	%	No. of shares (‘000)	%
<b><u>Interested Major Shareholders</u></b>				
Sumurwang	591,159	52.0	70,760 <sup>(i)</sup>	6.2
Sumur Ventures Sdn Bhd	85,590	7.5	661,919 <sup>(ii)</sup>	58.2
TSLKH	36,357	3.2	747,509 <sup>(iii)</sup>	65.8

Name	Direct		Indirect	
	No. of shares (‘000)	%	No. of shares (‘000)	%
<b><u>Interested Directors</u></b>				
TSLKH	36,357	3.2	747,509 <sup>(iii)</sup>	65.8
Puan Sri Tey Siew Thuan	1,794	0.2	-	-
Lim Boon Soon	-	-	-	-

**Notes:-**

- (i) Deemed interest through its shareholding in Sumurwang Capital Sdn Bhd and Sumurwang Corporate Services Sdn Bhd by virtue of Section 8(4) of the Act.
- (ii) Deemed interest through its shareholding in Sumurwang, Sumurwang Capital Sdn Bhd and Sumurwang Corporate Services Sdn Bhd by virtue of Section 8(4) of the Act.
- (iii) Deemed interest through his shareholding in Sumur Ventures Sdn Bhd, Sumurwang, Sumurwang Capital Sdn Bhd and Sumurwang Corporate Services Sdn Bhd by virtue of Section 8(4) of the Act.

*The Interested Directors have abstained and will continue to abstain from all deliberations and voting at the relevant Board meeting of I-Berhad in relation to the Proposals.*

*The Interested Major Shareholders and the Interested Directors will abstain from voting in respect of their direct or indirect shareholdings (if any) in I-Berhad and will undertake to ensure that persons connected to them will abstain from voting in respect of their direct and indirect shareholdings (if any) in I-Berhad on the resolutions pertaining to the Proposals to be tabled at the EGM to be convened.*

## **7. EVALUATION OF THE PROPOSALS**

In arriving at our opinion and recommendation, we have taken into consideration the various aspects of the Proposals. Our evaluation is set out in the ensuing sections:

	<b>Section of the IAL</b>
(a) Rationale of the Proposals	7.1
(b) Evaluation of the coupon rate of I-Berhad’s RCULS	7.2
(c) Financial effects of the Proposals	7.3
(d) Risk factors associated with the Proposals	7.4
(e) Review of the Proposed Amendments to the Deed Polls	7.5

## 7.1. Rationale for the Proposals

Section 3 of Part A of this Circular contains the rationale for the Proposals, extracts of which are as follows:-

*Sumurwang and Sumuracres had informed the Company that they have no intention to convert their RCULS holdings before or on 26 August 2022. Pursuant to the terms of the respective Deed Polls, unless previously redeemed, converted or cancelled, I-Berhad is required to fully redeem both RM132 million RCULS-A and RM69 million RCULS-B on their maturity date in cash.*

*The Group's property development, property investment and leisure segments were hugely impacted by the onset of the COVID-19 pandemic in 2020 and 2021 which resulted in major business disruptions. For the financial years ended 31 December 2020 and 31 December 2021, the Group recorded revenue of RM80.1 million and RM80.2 million respectively and profit before tax of RM0.8 million and RM1.3 million respectively. Prior to the COVID-19 pandemic, the Group recorded revenue of RM172.0 million and profit before tax of RM72.6 million in the financial year ended 31 December 2019.*

*In 2019, I-Berhad had obtained shareholders' approval to extend the maturity date of the RCULS-A and RCULS-B which consequently deferred the redemption of the RM201 million RCULS. This enabled the Company to conserve cash to grow its investment properties portfolio at i-City such as Mercu Maybank (Corporate Office Tower Grade A, Green Building Index), DoubleTree by Hilton hotel and additional 3,000 car park bays to generate sustainable income to the Group. In addition, the Company had also undertaken a rights issue in 2019 to part finance the development of the Corporate Office Tower, DoubleTree by Hilton hotel (both at Finance Avenue in i-City) as well as the 8Kia Peng @KLCC (luxury residential). For information, the development of the Corporate Office Tower and DoubleTree by Hilton hotel have been completed. As at LPD, the Corporate Office Tower has achieved approximately 80% occupancy rate attracting tenants from industries such as financial institutions (bank and insurance), multi-national companies, logistics, technology, etc, whereas DoubleTree by Hilton hotel is scheduled to open in the 2<sup>nd</sup> half of 2022. Despite the completion of 8Kia Peng @KLCC in 2020, the Company was unable to turnover its inventories due to the COVID-19 pandemic which led to closure of international borders that affected the sales of 8Kia Peng as it is targeted to foreign investors. Furthermore, I-Berhad's leisure segment has also been adversely affected by several movement control order closures imposed due to the COVID-19 pandemic.*

*In view of the reopening of the economy and gradual opening of international borders in 2022, the Group requires additional time and sufficient cash flows to turnaround its businesses to pre-pandemic level, allowing more time for the Group's Property Investment segment to contribute to the Group and sales of 8Kia Peng units, and thus cash conservation is crucial. As at 31 December 2021, the Group has cash and bank balance of approximately RM21.3 million and bank borrowings of RM113.4 million.*

*Having considered the Group's redemption obligation in relation to the RCULS, cash position, potential refinancing costs and its funding requirements going forward, the Group believes it would be in its best interest to conserve cash for its business growth amongst others the Finance Avenue in i-City comprising Mercu Maybank corporate tower, DoubleTree by Hilton hotel, International Convention Centre, Premium office/retail suites, to be allocated for banks/financial institutions, by deferring the maturity date of the RCULS-A and RCULS-B through the Proposed RCULS Variation.*

*The Proposed Amendments to the Deed Polls are to make the consequential changes to the respective Deed Polls arising from the Proposed RCULS Variation.*



Our comments with regards to the rationale for the Proposals are as follows:-

**(a) Cash conservation for its business growth**

Pursuant to the Deed Polls, I-Berhad is obligated to redeem the RCULS-A and RCULS-B in full in cash on maturity date, i.e. 26 August 2022.

We note that as at FYE 2021, I-Berhad's cash and bank balances amounts to RM21.3 million which is insufficient to redeem the RM201 million RCULS-A and RCULS-B.

As detailed below, the Group's cash position has eroded in part due to cash outflows for its operations in FYE2021 and FYE2020. I-Berhad Group had, before the pandemic, in FYE2019, FYE2018 and FYE2017 generated net cash from operations.

The company's cash (used)/from operations for FYE 2017 to FYE 2021 are as follows:

	<b>FYE2021</b> <b>(RM'000)</b>	<b>FYE2020</b> <b>(RM'000)</b>	<b>FYE2019</b> <b>(RM'000)</b>	<b>FYE2018</b> <b>(RM'000)</b>	<b>FYE2017</b> <b>(RM'000)</b>
Cash (used)/ from Operations	(1,948)	(13,759)	39,988	50,433	177,377

*(Sources: I-Berhad Annual Report 2018, 2019, 2020 and 2021)*

While the ability of the Group to generate operational cash flows in the future would depend on a variety of factors including market demand and economic performance, the Proposals would provide time and opportunity to the Group to utilise its cash and cash flows for business growth as well as set aside funds or identify sources of funds to redeem I-Berhad's RCULS at a later stage.

With the Proposals, I-Berhad will not need to seek bank borrowings or undertake fund raising exercises to finance the redemption of its RCULS and will be able to conserve its current cash and bank balances for business growth. As the RCULS are not secured over assets of the Group, the Proposals will avail the Group's unencumbered assets for future financing opportunities.

**(b) Additional time to turnaround its businesses**

In addition, we note that for the last two financial years ended 31 December 2020 and 2021, the Group's recorded revenue of RM80.1 million and RM80.2 million respectively which is a significant decline as compared to the revenue of I-Berhad for the three financial years prior thereto, as set out below:-

	<b>FYE2021</b> <b>(RM'000)</b>	<b>FYE2020</b> <b>(RM'000)</b>	<b>FYE2019</b> <b>(RM'000)</b>	<b>FYE2018</b> <b>(RM'000)</b>	<b>FYE2017</b> <b>(RM'000)</b>
Revenue	80,214	80,101	172,018	375,144	455,188

*(Sources: I-Berhad Annual Report 2018, 2019, 2020 and 2021)*

We note that for FYE2020 and FYE2021, I-Berhad's businesses were impacted by the COVID-19 pandemic. Year 2022 is still impacted by Covid-19, however, the economy is expected to sustain its recovery with rebound in domestic demand as the government resumed most of the economic activities in Q4 2021. (Source: I-Berhad Annual Report 2020 and 2021)

As stated in Section 3 of Part A of this Circular, the Group *requires additional time and sufficient cash flows to turnaround its businesses to pre-pandemic level, allowing more time for the Group's Property Investment segment to contribute to the Group and sales of 8Kia Peng units.*

We note that the Group's businesses consist of three main segments, namely the property development segment, the property investment segment and the leisure segment.

**(i) Property development**

We note that the property development segment continues to be the main contributor to the Group's revenue for FYE 2021 and has two major development projects, which are i-City in Selangor and 8Kia Peng. *(Source : I-Berhad Annual Report 2021)*

As at the end of 2021, the Company stated that it still has about 5 million sq ft gross floor area available in i-City for future development. *During the year, the Group has launched BeCentral which has an estimated gross development value of RM700 million and is expected to contribute positively to the property development segment. (Source : I-Berhad Annual Report 2021)*

The sales of 8Kia Peng @KLCC have been hampered *due to the closure of the international borders.* The Company has stated that *it requires additional time and cash flows to turnaround its businesses.*

We note the following comments from the Property Market Report 2021 issued by the Ministry of Finance, Malaysia, as follows:-

The property market showed signs of recovery following the implementation of various stimulus provided by the government, via Short-term Economic Recovery Plan namely Pelan Jana Semula Ekonomi Negara (PENJANA) and Prihatin Rakyat Economic Stimulus Package (PRIHATIN).

The property market is expected to regain its momentum in 2022 though the environment remained challenging. On the development front, major ongoing infrastructure projects are expected to spur the economic activities and property market in the long run.

As economy is set to be on the right trajectory, the property market performance is expected to be on similar track. The accommodative policies, continuous government support, well execution of all planned measures outlined in Budget 2022 and the proper implementation of strategies and initiatives under RMK- 12 are expected to support growth in the property sector.

*(Source: Property Market Report 2021)*

A recovery in the property market may provide an impetus to the Company's turnaround plans and provide an opportunity to the Company's property development business to move in tandem.

**(ii) Property investment**

I-Berhad had completed the construction of the Smart Corporate Office Tower and DoubleTree by Hilton Hotel. Based on the Annual Report 2021, the property investment segment achieved a revenue of RM8.3 million.

I-Berhad had stated that *the first Smart Corporate Office Tower is now home to reputable financial institutions, MNC, international logistic and technology companies. Maybank, which is expected to move in during the first half of 2022 with more than 1,500 employees, will further enhance the property investment segment and surrounding area of the development. The occupancy rate has increased to 80% upon the entry of Maybank occupying 14 floors or 162,000 sq ft of space as a permanent alternate office location at the Smart Corporate Office Tower. (Source : I-Berhad Annual Report 2021)*

Meanwhile, we note that the DoubleTree by Hilton Hotel is scheduled to commence business in the second half of 2022. These milestones are expected to be beneficial for I-Berhad's property investment portfolio. The Proposals will provide the management with more time to enhance the potential in the property investment portfolio which the Group can capitalise on in the longer term.

**(iii) Leisure**

*The Leisure segment's revenue had improved to RM21.1 million in 2021 due to turnaround in the theme park and hotel during 4<sup>th</sup> Quarter 2021 arising from the re-opening of the economy. With higher vaccination rates worldwide and gradual opening of international border lanes, I-Berhad expects the reopening of the national borders to further benefit its businesses. (Source : I-Berhad Annual Report 2021)*

**Based on the above, we are of the view that the rationale of the Proposals is reasonable.**

**7.2. Evaluation of the coupon rate of I-Berhad's RCULS**

As set out in Section 4.4 in Part A of this Circular, *in any event, the Group will be paying the coupon rate of 3% or RM6.03 million per annum for year 9 to year 11 and 5% or RM10.05 million per annum for year 12 to year 13, on both RCULS-A and RCULS-B.*

The proposed coupon rates per annum for the RCULS are as follows:-

<b>Years from Issue Date</b>	<b>Proposed coupon rate per annum</b>
9	3%
10	3%
11	3%
12	5%
13	5%
Average coupon rate per annum	3.8%

The average coupon rate per annum amounts to 3.8%.

In evaluating the proposed coupon rates, we have considered the following:-

#### 7.2.1. Borrowings rates of bank facilities of I-Berhad

We have compared the average coupon rate of the RCULS of 3.8% with the interest rates incurred for secured bank borrowings (term loans) by the Group, as set out below:-

	<b>FYE 2021</b>
Effective interest rate of I-Berhad term loans	3.89%

*(Source: I-Berhad Annual Report 2021)*

The average coupon rate of RCULS-A and RCULS-B (both of which are unsecured) of 3.8% is below the effective interest rate of the secured term loans of I-Berhad for the financial year ended 31 December 2021 of 3.89%.

#### 7.2.2. Comparable redeemable convertible unsecured loan stocks

We have also compared the proposed coupon rates of RCULS-A and RCULS-B of 3% to 5% per annum to the coupon rates of redeemable convertible unsecured loan stocks recently issued by other listed companies from 2018 up to April 2022 ("**Comparable RCULS**"). The coupon rates of Comparable RCULS are as follows:-

<b>Date of Circular</b>	<b>Company</b>	<b>Description of Comparable RCULS</b>	<b>Coupon Rate (%)</b>
4 April 2022	G Capital Berhad	5-years RCULS of RM102.6 million	5.0%
28 March 2019	Hume Industries Bhd	5-year RCULS of RM172.5 million	5.0%
11 October 2018	Malayan Flour Mills Bhd	5-year RCULS of RM165.1 million	5.0%
High			<b>5.0%</b>
Low			<b>5.0%</b>
Proposed coupon rates of RCULS-A and RCULS-B			
Year 9 to year 11			<b>3.0%</b>
Year 12 to year 13			<b>5.0%</b>

*(Source : [www.bursamalaysia.com](http://www.bursamalaysia.com), circulars in relation to issuance of redeemable convertible unsecured loan stocks of the respective companies)*

The proposed coupon rates of RCULS-A and RCULS-B of 3% to 5% is lower than or equal to the coupon rates of recent Comparable RCULS issued. The proposed average coupon rate of RCULS-A and RCULS-B of 3.8% is also lower than the coupon rates of recent Comparable RCULS issued.

We wish to highlight that while the relative comparison approach is used to provide an understanding of the coupon rate of Comparable RCULS, the selection may not be exactly similar or directly comparable to RCULS-A and RCULS-B in terms of the size of the issuance, terms and conditions of the RCULS issued, size of the company, the type of principal activities, the scale of operations, the geographical and market coverage, the track record, the future prospects, the asset base as well as the business risks.

**Premised on the above evaluation, we are of the view that the proposed coupon rate of RCULS-A and RCULS-B pursuant to the Proposals is fair and reasonable as:-**

- (a) The proposed average coupon rate of RCULS-A and RCULS-B of 3.8% is below the effective interest rate of the secured term loans of I-Berhad of 3.89% for the FYE 2021 and the coupon rates of recent Comparable RCULS issued; and**
- (b) The proposed coupon rate of RCULS-A and RCULS-B of 3% to 5% is lower than or equal to the coupon rates of Comparable RCULS.**

### **7.3. Financial Effects of the Proposals**

Our comments on the financial effects of the Proposals as detailed in Section 4 of Part A of this Circular are as follows:-

<b>Financial Effects on</b>	<b>Our Comments</b>
Share Capital	We note that the possible effects on the issued share capital of the Company arising from the terms of conversion are derived from the current Deed Polls constituting the RCULS-A and RCULS-B. The Proposals will extend the time available for conversion, if any, for another 5 years. We note that the Proposals do not alter the number of shares arising from RCULS-A and RCULS-B conversion as there are no changes in the respective conversion prices.
Substantial shareholders' Shareholdings	<p>The effect on substantial shareholders' shareholdings of I-Berhad will depend on the conversion by respective subscribers and/or the redemption by the Company during the extended tenure period of RCULS-A and RCULS-B.</p> <p>We note that the possible effects on the substantial shareholders' shareholdings of the Company arising from the terms of conversion are derived from the current Deed Polls constituting the existing RCULS-A and RCULS-B.</p>
NA and Gearing	The Proposals, in extending the tenure of RCULS-A and RCULS-B for another 5 years, will allow the I-Berhad Group time to hold its proforma financial position at Scenario I (assuming there is no redemption or conversion of RCULS-A and/or RCULS-B) for the said tenure. I-Berhad is expected to record a one-off gain arising from the remeasurement on liabilities of RM15.1 million as a result of the lower coupon pursuant to the Proposals.

<b>Financial Effects on</b>	<b>Our Comments</b>
NA and Gearing (Cont'd)	Save for the effects of the one-off gain mentioned above, we note that the changes to the NA and gearing in Scenarios II(A) and II(B) are the possible eventual scenarios based on the existing terms of the RCULS-A and RCULS-B. The Proposals do not have an effect on these scenarios in view that the redemption amount and number of shares arising from the RCULS-A and RCULS-B conversion as well as the respective conversion prices do not change.
Earnings and EPS	I-Berhad is expected to record a one-off gain arising from the remeasurement on liabilities of RM15.1 million as a result of the lower coupon pursuant to the Proposals. The coupon rate of RCULS-A and RCULS-B is at 3% per annum for year 9 to year 11 and 5% per annum for year 12 to year 13 which will amount to RM6.03 million and RM10.05 million per annum respectively. Without the Proposals, the Group will need to seek alternative sources of funding for the redemption amounting to RM201 million. On the assumption that the source of alternative funds is entirely bank borrowings, the Group will need to bear interest costs for the bank borrowings in lieu of the RCULS-A and RCULS-B, which may be higher than the average coupon rate of 3.8% under the Proposals.
Convertible securities	We note that the Company have convertible securities, RCCPS where each RCCPS is convertible into 1 I-Berhad Share, which the Proposal does not have an effect on.

**Premised on the rationale that Proposals does not alter any terms of the current Deed Polls save for the extended tenure with coupon rates of RCULS-A and RCULS-B at 3% to 5% per annum coupled with the comments above, we are of the view that the financial effects of the Proposals are not expected to be adverse for the I-Berhad Group.**

#### **7.4. Risk factors associated with the Proposals**

We note the risk factors pursuant to the Proposals as follows:-

##### **7.4.1. Default risk**

In the event that the RCULS-A and RCULS-B are not redeemed or converted on the maturity date of 26 August 2022, I-Berhad will be in default of its obligation and there will be consequences arising from this default, including but not limited to cross default under its banking facilities.

The Proposals will defer the requirement to redeem RCULS-A and RCULS-B to 27 August 2027 and will consequently allow the Group to channel its cashflows for operating activities and facilitate further growth in the Group. However, there is no assurance that by maturity date, the RCULS-A and RCULS-B will be converted and/or the Company will be able to fully redeem the RCULS-A and RCULS-B, preventing a default in its obligation and a cross default under its banking facilities.

Nonetheless, during the extended tenure, the RCULS-A and RCULS-B holders may opt to convert the RCULS-A and RCULS-B which will reduce the redemption amount correspondingly.

#### 7.4.2. Interest rate risk

The Proposals will allow the Company to fix the coupon rates for RCULS-A and RCULS-B at 3% per annum for year 9 to year 11 and 5% per annum for year 12 to year 13. Whilst the coupon rate is in line with the current financing conditions, there is no assurance that the interest rate environment will remain the same. Changes in monetary policies, whether locally or internationally, could cause fluctuations in the interest rate environment and the current fixed coupon rate of the RCULS-A and RCULS-B cannot be adjusted in such circumstances.

Nonetheless, Bank Negara Malaysia had on 11 May 2022 announced the increase of the Overnight Policy Rate (“OPR”) by 25 basis points to 2%. (*Source : Monetary Policy Statement dated 11 May 2022, Bank Negara Malaysia*) In the same statement, Bank Negara Malaysia had noted that “over the course of the COVID-19 crisis, the OPR was reduced by a cumulative 125 basis points to a historic low of 1.75% to provide support to the economy. The unprecedented conditions that necessitated such actions have since abated. With the domestic growth on a firmer footing, the Monetary Policy Committee decided to begin reducing the degree of monetary accommodation. This will be done in a measured and gradual manner, ensuring that monetary policy remains accommodative to support a sustainable economic growth in an environment of price stability.”

Based on the above statement by Bank Negara Malaysia, it is anticipated that the interest rate environment will increase in a gradual and measured manner. Under such an environment, it is envisaged that the fixed coupon rate of the RCULS-A and RCULS-B will be beneficial for the Company.

In addition, the RCULS-A and RCULS-B allows the flexibility for early redemption at the discretion of I-Berhad. Should other funding options become more attractive than RCULS-A and RCULS-B, I-Berhad can opt for new funding options which can be used to redeem the RCULS-A and RCULS-B earlier than the extended maturity date.

**The Non-interested Shareholders of I-Berhad should take note of the risk factors relating to the Proposals and the relevant mitigating measures undertaken to mitigate such risks (if any); and that there can be no assurance that any of the risk factors will not have a material and adverse effect on the business and financial position of I-Berhad.**

#### 7.5. Review of the Proposed Amendments to the Deed Polls

The details of the Proposed Amendments to the Deed Polls contained in Section 2.2 of Part A of this Circular are as follows:-

*“In view of the Proposed RCULS Variation and subject to the relevant approvals being obtained, the Deed Polls would have to be consequentially amended.”*

The proposed amendments to existing Deed Polls constituting the RCULS-A and RCULS-B, as extracted from Section 2.2 of Part A of this Circular, together with our comments are as follows:-

Clause	Proposed Amendments to Supplemental Deed Poll for RCULS-A (amending the Deed Poll 2014 for RCULS-A)	Comments
1.1	<i>Definition of “<b>Maturity Date</b>” which means subject to the Operational Procedures for Securities Services, the date for payment of the Nominal Value of the Outstanding RCULS-A being the <del>eight<sup>th</sup></del> <sup>thirteenth (13<sup>th</sup>)</sup> anniversary of the Issue Date but so that if the Maturity Date falls on a day which is not a Business Day, it shall be due on the preceding Business Day.</i>	This proposed amendment extends the Maturity Date of RCULS-A by 5 years and facilitates the Proposed RCULS Variation.
2.1(d)	<i>The RCULS-A issued shall have a tenure of <del>eight (8)</del> <sup>thirteen (13)</sup> years from and inclusive of the Issue Date.</i>	This proposed amendment extends the Maturity Date of RCULS-A by 5 years and facilitates the Proposed RCULS Variation.

Clause	Proposed amendments to Deed Poll 2014 for RCULS-A (as amended by the Supplemental Deed Poll for RCULS-A)	Comments
9.2(c)	<i>For the Interest Payment Period commencing from and including the third (3<sup>rd</sup>) anniversary of the Issue Date up to the <del>Maturity Date</del> day immediately preceding the eighth (8<sup>th</sup>) anniversary of the Issue Date, an interest of five per cent (5%) per annum.</i>	The proposed wordings amends the 8 <sup>th</sup> anniversary date which will no longer be the Maturity Date of the RCULS-A.
9.2(d)	<i>For the Interest Payment Period commencing from and including the eighth (8<sup>th</sup>) anniversary of the Issue Date up to the day immediately preceding the eleventh (11<sup>th</sup>) anniversary of the Issue Date, an interest of three per cent (3%) per annum.</i>	The proposed amendment states that the interest rate of 3% is to be charged from the 8 <sup>th</sup> anniversary for 3 years.
9.2(e)	<i>For the Interest Payment Period commencing from and including the eleventh (11<sup>th</sup>) anniversary of the Issue Date up to the Maturity Date, an interest of five per cent (5%) per annum.</i>	The proposed amendment states that the interest rate of 5% is to be charged from the 11 <sup>th</sup> anniversary for 2 years.

Clause	Proposed amendments to Supplemental Deed Poll for RCULS-B (amending the Deed Poll 2014 for RCULS-B)	Comments
1.1	<i>Definition of “<b>Maturity Date</b>” which means subject to the Operational Procedures for Securities Services, the date for payment of the Nominal Value of the Outstanding RCULS-B being the <del>eight<sup>th</sup></del> <sup>thirteenth (13<sup>th</sup>)</sup> anniversary of the Issue Date but so that if the Maturity Date falls on a day which is not a Business Day, it shall be due on the preceding Business Day.</i>	This proposed amendment extends the Maturity Date of RCULS-B by 5 years and facilitates the Proposed RCULS Variation.
2.1(d)	<i>The RCULS-B issued shall have a tenure of <del>eight (8)</del> <sup>thirteen (13)</sup> years from and inclusive of the Issue Date.</i>	This proposed amendment extends the Maturity Date of RCULS-B by 5 years



Clause	Proposed amendments to Supplemental Deed Poll for RCULS-B (amending the Deed Poll 2014 for RCULS-B)	Comments
		and facilitates the Proposed RCULS Variation.

Clause	Proposed amendments to Deed Poll 2014 for RCULS-B (as amended by the Supplemental Deed Poll for RCULS-B)	Comments
9.2(c)	<i>For the Interest Payment Period commencing from and including the third (3<sup>rd</sup>) anniversary of the Issue Date up to the <del>Maturity Date</del> day immediately preceding the eighth (8<sup>th</sup>) anniversary of the Issue Date, an interest of five per cent (5%) per annum.</i>	The proposed wordings amends the 8 <sup>th</sup> anniversary date which will no longer be the Maturity Date of the RCULS-B.
9.2(d)	<i>For the Interest Payment Period commencing from and including the eighth (8<sup>th</sup>) anniversary of the Issue Date up to the day immediately preceding the eleventh (11<sup>th</sup>) anniversary of the Issue Date, an interest of three per cent (3%) per annum.</i>	The proposed amendment states that the interest rate of 3% is to be charged from the 8 <sup>th</sup> anniversary for 3 years.
9.2(e)	<i>For the Interest Payment Period commencing from and including the eleventh (11<sup>th</sup>) anniversary of the Issue Date up to the Maturity Date, an interest of five per cent (5%) per annum.</i>	The proposed amendment states that the interest rate of 5% is to be charged from the 11 <sup>th</sup> anniversary for 2 years.

Premised on our comments above, we are of the view that the Proposed Amendments to the Deed Polls are reasonable.

## 8. FURTHER INFORMATION

The Non-interested Shareholders are advised to refer to Part A of this Circular together with the appendices for further information.

## 9. CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the Proposals to arrive at our conclusion and recommendation after taking into consideration the various factors as summarised below:-

Section in this IAL	Area of Evaluation	Our Comments
7.1	Rationale of the Proposals	<p>In assessing the rationale, we took into consideration the following:-</p> <p><b>(a) Cash conservation for its business growth</b></p> <p>The Proposals would provide time and opportunity to the Group to utilise its cash and cash flows for business growth as well as set aside funds or identify sources of funds to redeem the RCULS-A and RCULS-B at a later stage.</p> <p><b>(b) Additional time to turnaround its businesses</b></p> <p>The Proposals will place I-Berhad in a better position to:-</p> <ul style="list-style-type: none"> <li>• benefit from the anticipated improvement in the property market;</li> <li>• have more time for the management to enhance the potential in the property investment portfolio for the Group to capitalise on in the longer term; and</li> <li>• benefit from the gradual opening of international borders.</li> </ul>
7.2	Evaluation of the coupon rate of I-Berhad's RCULS	<p>We compared the average coupon rate of I-Berhad's RCULS:-</p> <p>(i) The proposed average coupon rate of RCULS-A and RCULS-B (both of which are unsecured) of 3.8% is below the effective interest rate of I-Berhad's secured term loans of 3.89% for FYE2021 and the coupon rates of recent Comparable RCULS issued; and</p> <p>(ii) The proposed coupon rates of RCULS-A and RCULS-B of 3% to 5% is lower than or equal to the coupon rates of Comparable RCULS.</p>
7.3	Financial effects of the Proposals	<p>We note that the possible effects on the issued share capital, substantial shareholders' shareholdings of the Company, NA and gearing arising from the terms of conversion as well as convertible securities are derived from the current Deed Polls constituting the RCULS-A and RCULS-B. The Company is expected to record a one-off gain arising from remeasurement of liabilities of RM15.1 million.</p> <p>On the effects of earnings, without the Proposals, the Group will need to seek alternative sources of funding for the redemption of the RCULS-A and RCULS-B. The Group will need to bear interest costs for the bank borrowings in lieu of the RCULS-A and RCULS-B.</p>

Section in this IAL	Area of Evaluation	Our Comments
		Premised on the rationale that Proposals does not alter any terms of the current Deed Polls save for the extended tenure with coupon rates of RCULS-A and RCULS-B at 3% to 5% per annum coupled with the comments above, we are of the view that the financial effects of the Proposals are not expected to be adverse for the I-Berhad Group.
7.4	Risk factors associated with the Proposals	The risk factors associated with the Proposals include default risk and interest rate risk. The Non-interested Shareholders of I-Berhad should take note of the risk factors relating to the Proposals and the relevant mitigating measures undertaken to mitigate such risks; and that there can be no assurance that any of the risk factors will not have a material and adverse effect on the business and financial position of I-Berhad.
7.5	Review of the Proposed Amendments to the Deed Polls	The Proposed Amendments to the Deed Polls extend the maturity date of RCULS-A and RCULS-B by 5 years with coupon rates of 3% to 5% per annum and facilitate the Proposed RCULS Variation. We are of the view that the Proposed Amendments to the Deed Polls are reasonable.

Premised on the abovementioned factors and our evaluation and consideration as set out in this IAL, we are of the opinion that, on the basis of the information available to us, the Proposals is **FAIR AND REASONABLE** and is **NOT DETRIMENTAL** to the Non-interested Shareholders of I-Berhad.

Accordingly, cfSolutions recommends that the Non-interested Shareholders **VOTE IN FAVOUR** of the ordinary resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

Yours faithfully  
cfSolutions Sdn Bhd

**Calvin Chun**  
Director

**Leow Kar Hue**  
Director

**1. RESPONSIBILITY STATEMENT**

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

**2. CONSENT AND DECLARATION OF CONFLICT OF INTEREST****2.1 AmInvestment Bank**

AmInvestment Bank has given and has not subsequently withdrawn its consent to the inclusion in this Circular of its name and all references thereto in the form and context in which it appears in this Circular.

AmInvestment Bank is a wholly-owned subsidiary of AMMB Holdings Berhad. AMMB Holdings Berhad and its group of companies (collectively, “**AmBank Group**”) form a diversified financial group and are engaged in a wide range of transactions relating to amongst others, investment banking, commercial banking, private banking, brokerage, securities trading, asset and funds management and credit transaction services businesses. AmBank Group's securities business is primarily in the areas of securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trade.

In ordinary course of their businesses, any member of AmBank Group may at any time extend services to any company as well as hold long or short positions, and trade or otherwise effect transactions, for its own account or the account of its other client, in debt or equity securities or senior loans of any company. Accordingly, there may be situations where parts of the AmBank Group and/or its clients now have or in the future, may have interests or take actions that may conflict with the interests of I-Berhad Group.

As at LPD, AmBank Group has not extended any credit facilities to the I-Berhad Group.

Notwithstanding the above, AmInvestment Bank is of the opinion that its role as the Principal Adviser for the Proposals is not likely to result in a conflict of interest or potential conflict of interest situation in view that:-

- (i) AmBank Group forms a diversified financial group and are engaged in a wide range of transactions as highlighted above. AmInvestment Bank is a licensed investment bank and its appointment as Principal Adviser in respect of the Proposals is in the ordinary course of business; and
- (ii) Each of the entities and departments of the AmBank Group are also subject to internal controls and checks, which regulate the sharing of information between entities and departments. Additionally, each department and entity within AmBank Group have separate and distinct operations and decisions are made independent of each other. In addition, the conduct of AmInvestment Bank is also regulated by Bank Negara Malaysia.

**2.2 cfSolutions**

cfSolutions, being the Independent Adviser for the Proposals, has given and has not subsequently withdrawn their written consent for the inclusion in this Circular of their names, reports and/or letters (where applicable) and all references thereto in the form and context in which they appear in this Circular.

cfSolutions has given a written confirmation that it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the Independent Adviser in respect of the Proposals.

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**APPENDIX - FURTHER INFORMATION (CONT'D)**

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**3. MATERIAL LITIGATION**

As at LPD, the I-Berhad Group is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which may have a material and adverse effect on the business or financial position of the I-Berhad Group and the Board is not aware of any proceedings, pending or threatened against the I-Berhad Group, or of any facts likely to give rise to any proceedings which may have material impact on the business or financial position of the I-Berhad Group.

**4. CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS****4.1 Contingent liabilities**

As at LPD, the Board confirms that there are no material contingent liabilities incurred or known to be incurred which upon becoming enforceable may have a material impact on the financial results or position of the I-Berhad Group.

**4.2 Material commitments**

Save as disclosed below, as at LPD, the Board confirms that there is no material commitment incurred or known to be incurred by the I-Berhad Group, which upon becoming enforceable may have a material impact on the financial results or position of the I-Berhad Group.

	<b>Amount RM'000</b>
Capital expenditure in respect of additional property, plant and equipment and investment properties:-	
Approved and contracted but not provided for	31,801
	<b>31,801</b>

**5. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of I-Berhad at Level 31, Mercu Maybank, i-City, Selangor Golden Triangle, 40000 Shah Alam, Selangor, during normal business hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the EGM:

- (i) Constitution of I-Berhad;
- (ii) the audited consolidated financial statements of I-Berhad for the past 2 FYEs 31 December 2021 and 31 December 2020 and the latest unaudited consolidated financial statements of I-Berhad for the 3-months financial period ended 31 March 2022; and
- (iii) the letters of consent referred to in Section 2 of the Appendix of this Circular.

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting (“**EGM**”) of I-Berhad (“**I-Berhad**” or the “**Company**”) will be held at Level 33, Mercu Maybank, i-City, Selangor Golden Triangle, 40000 Shah Alam, Selangor, Malaysia on Tuesday, 28 June 2022 at 5.00 p.m., or immediately following the conclusion or adjournment of the 55<sup>th</sup> Annual General Meeting (“**AGM**”) of the Company scheduled to be held at the same venue on the same day at 4.30 p.m., whichever is later, for the purpose of considering and, if thought fit, passing the following resolutions with or without any modification:-

### **ORDINARY RESOLUTION 1**

**PROPOSED VARIATION TO THE TERMS OF RM132 MILLION REDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS (“RCULS”) 2014/2022 (“RCULS-A”) AND RM69 MILLION RCULS 2014/2022 (“RCULS-B”) BOTH ISSUED ON 27 AUGUST 2014 (COLLECTIVELY REFERRED TO AS “PROPOSED RCULS VARIATION”)**

“**THAT** subject to the passing of Ordinary Resolution 2, and subject to the approvals of all relevant regulatory authorities being obtained, the Board of Directors of I-Berhad (“**Board**”) be and is hereby authorised to extend the maturity date of both the RCULS-A and RCULS-B for an additional 5 years at the coupon rate of 3% per annum for the first 3 years and the coupon rate of 5% per annum for the subsequent 2 years, and that the new maturity date for both the RCULS-A and RCULS-B shall fall on 27 August 2027;

**AND THAT** the Board be and is hereby empowered and authorised to do all such acts and things, execute, sign, and deliver on behalf of the Company, all such agreements and/or documents and to enter into any arrangements and/or agreements with any party or parties, as the Board may deem necessary, expedient and/or appropriate to implement, finalise and/or give full effect to the Proposed RCULS Variation in the best interests of the Company; and where applicable with full powers to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant regulatory authorities and/or as the Board in their absolute discretion may deem fit, necessary or expedient to implement, finalise and/or give full effect to the Proposed RCULS Variation.”

### **ORDINARY RESOLUTION 2**

**PROPOSED AMENDMENTS TO THE DEED POLLS DATED 18 AUGUST 2014 AND THE SUPPLEMENTAL DEED POLLS DATED 16 AUGUST 2019 (COLLECTIVELY, REFERRED TO AS THE “DEED POLLS”), CONSTITUTING RCULS-A AND RCULS-B (“PROPOSED AMENDMENTS TO THE DEED POLLS”)**

“**THAT** subject to the passing of Ordinary Resolution 1, the Board be and is hereby authorised to amend the Deed Polls by way of supplemental deed polls as detailed in Section 2.2 of Part A of the circular to shareholders of I-Berhad dated 10 June 2022, and to amend other relevant documents in respect of RCULS-A and RCULS-B and in such manner as the Company may deem fit and proper to effect the Proposed Amendments to the Deed Polls;

**AND THAT** the Board be and is hereby empowered and authorised to do all such acts and things, execute, sign, and deliver on behalf of the Company, all such agreements and/or documents and to enter into any arrangements and/or agreements with any party or parties, as the Board may deem necessary, expedient and/or appropriate to implement, finalise and/or give full effect to the Proposed Amendments to the Deed Polls in the best interests of the Company; and where applicable with full powers to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant regulatory authorities and/or as the Board in their absolute discretion may deem fit, necessary or expedient to implement, finalise and/or give full effect to the Proposed Amendments to the Deed Polls.”

By Order of the Board

**TOO YET LAN**

Company Secretary

SSM Practicing Certificate No. 202008000523

MAICSA No. 0817992

Shah Alam

10 June 2022

**Notes:**

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 21 June 2022 (General Meeting Record of Depositors) shall be entitled to attend and vote at the EGM.*
2. *A member entitled to attend, speak and vote at the EGM is entitled to appoint any person as his proxy to attend, speak and vote in his stead.*
3. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 (“**Central Depositories Act**”), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*
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 (1) securities account (“**Omnibus Account**”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.*
5. *Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*
6. *The Form of Proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation, under its common seal or the hand of an officer or attorney duly authorised.*
7. *For a corporate member who has appointed a representative, please deposit the original certificate of appointment with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, at its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment should be executed in the following manner:-*
  - (i) *If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.*
  - (ii) *If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:-*
    - (a) *at least two (2) authorised officers, of whom one shall be a director; or*
    - (b) *any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.*
8. *Any authority pursuant to which such an appointment is made by power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., or alternatively, at its Customer Service Centre not less than forty-eight (48) hours before the time appointed for holding the EGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notariially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.*

9. *The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company's Share Registrar not less than forty-eight (48) hours before the time appointed for holding the EGM or adjourned general meeting at which the person named in the appointment proposes to vote:-*
  - (i) *In hard copy form*  
*In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., or alternatively, at its Customer Service Centre.*
  - (ii) *By electronic form*  
*The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiih.online>.*
10. *Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.*
11. *Last date and time for lodging the proxy form is **Sunday, 26 June 2022 at 5.00 p.m.***
12. *Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolutions set out in this Notice of EGM will be put to vote by way of poll.*

**Personal data privacy:**

*By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting (EGM) and/or any adjournment thereof, a member of the Company:*

- (i) *consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");*
- (ii) *warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and*
- (iii) *agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.*



## Proxy Form

No. of shares held	CDS Account No.

I/We \_\_\_\_\_ Company/NRIC/Passport No. \_\_\_\_\_

of \_\_\_\_\_

being a member/members of I- BERHAD hereby appoint \_\_\_\_\_

\_\_\_\_\_ NRIC/Passport No. \_\_\_\_\_

of \_\_\_\_\_

or failing him \_\_\_\_\_ NRIC/Passport No. \_\_\_\_\_

of \_\_\_\_\_

or failing him/her, the Chairman of the Meeting, as my/our proxy to vote and act for me/us, and on my/our behalf at the Extraordinary General Meeting ("EGM") of the Company to be held at Level 33, Mercu Maybank, i-City, Selangor Golden Triangle, 40000 Shah Alam, Selangor, Malaysia on Tuesday, 28 June 2022 at 5.00 p.m., or immediately following the conclusion or adjournment of the 55<sup>th</sup> Annual General Meeting ("AGM") of the Company scheduled to be held at the same venue on the same day at 4.30 p.m., whichever is later, for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions to give effect to the Proposed RCULS Variation and Proposed Amendments to the Deed Polls.

Please indicate with an "X" in the space provided below how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.

ORDINARY RESOLUTIONS	FOR	AGAINST
PROPOSED RCULS VARIATION		
PROPOSED AMENDMENTS TO THE DEED POLLS		

Signed this ..... day of .....2022

.....  
Signature / Common Seal

### Notes:

- In respect of deposited securities, only members whose names appear in the Record of Depositors on 21 June 2022 (General Meeting Record of Depositors) shall be entitled to attend and vote at the EGM.*
- A member entitled to attend, speak and vote at the EGM is entitled to appoint any person as his proxy to attend, speak and vote in his stead.*
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.*
- Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*
- The Form of Proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation, under its common seal or the hand of an officer or attorney duly authorised.*
- For a corporate member who has appointed a representative, please deposit the original certificate of appointment with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, at its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment should be executed in the following manner:-*
  - If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.*
  - If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:-*
    - at least two (2) authorised officers, of whom one shall be a director; or*
    - any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.*



8. Any authority pursuant to which such an appointment is made by power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., or alternatively, at its Customer Service Centre not less than forty-eight (48) hours before the time appointed for holding the EGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
9. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company's Share Registrar not less than forty-eight (48) hours before the time appointed for holding the EGM or adjourned general meeting at which the person named in the appointment proposes to vote:-
  - (i) In hard copy form  
In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., or alternatively, at its Customer Service Centre.
  - (ii) By electronic form  
The proxy form can be electronically lodged with the Share Registrar of the Company via TIH Online at <https://tiih.online>.
10. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
11. Last date and time for lodging the proxy form is **Sunday, 26 June 2022 at 5.00 p.m.**
12. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolutions set out in this Notice of EGM will be put to vote by way of poll.

*Personal data privacy:*

*By submitting an instrument appointing a proxy(ies) and/or representative(s), the members accept and agree to the personal data privacy terms set out in the Notice of EGM dated 10 June 2022.*

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AFFIX  
STAMP

**Share Registrar of I-Berhad**

Tricor Investor & Issuing House Services Sdn Bhd  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite, Avenue 3  
Bangsar South, No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Malaysia

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Fold This Flap For Sealing