THIS CIRCULAR IS IMPORTANT AND REQUIRES SHAREHOLDERS' IMMEDIATE ATTENTION.

If shareholders are in any doubt as to the course of action to be taken, they should consult their stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

Bursa Malaysia Securities Berhad 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.

This Circular has been reviewed by TA Securities Holdings Berhad, being the Principal Adviser of Advance Information Marketing Berhad for the Proposals (as defined herein).

AIM

ADVANCE INFORMATION MARKETING BERHAD
(Registration No.: 200401006266 (644769-D))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

(I) PROPOSED CONSOLIDATION OF EVERY 3 EXISTING ORDINARY SHARES IN ADVANCE INFORMATION MARKETING BERHAD ("AIM") ("AIM SHARES") INTO 1 NEW AIM SHARE ("CONSOLIDATED SHARE") ("PROPOSED SHARE CONSOLIDATION");

(II) PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 292,663,665 NEW AIM SHARES ("RIGHTS SHARES") ON THE BASIS OF 3 RIGHTS SHARES FOR EVERY 1 CONSOLIDATED SHARE HELD ON AN ENTITLEMENT DATE TO BE DETERMINED, TOGETHER WITH UP TO 195,109,110 FREE DETACHABLE WARRANTS IN AIM ("WARRANTS") ON THE BASIS OF 2 WARRANTS FOR EVERY 3 RIGHTS SHARES SUBSCRIBED FOR ("PROPOSED RIGHTS ISSUE"); AND

(III) PROPOSED DIVERSIFICATION OF THE PRINCIPAL ACTIVITIES OF AIM AND ITS SUBSIDIARIES TO INCLUDE THE OPERATION OF PHARMACIES INCLUDING RETAILING OF PHARMACEUTICAL, HEALTHCARE AND PERSONAL CARE PRODUCTS ("PROPOSED DIVERSIFICATION")

(COLLECTIVELY, THE "PROPOSALS")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser

TA SECURITIES
AN UNWAVERING COMMITMENT

TA SECURITIES HOLDINGS BERHAD
(Registration No.: 197301001467 (14948-M))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of Extraordinary General Meeting ("**EGM**") of AIM and the Proxy Form are enclosed in this Circular. The EGM will be conducted on virtual basis through live streaming from the Broadcast Venue as detailed below using Remote Participation Voting ("**RPV**") facilities operated by Mlabs Research Sdn Bhd via https://rebrand.ly/AIM-EGM on **Friday, 3 March 2023** at **11:00 a.m.**, or any adjournment thereof.

A shareholder entitled to attend and vote at the EGM is entitled to appoint a proxy/proxies to attend, participate and vote remotely at the EGM on his/her behalf. If you wish to appoint a proxy/proxies, you must complete, sign and deposit the Proxy Form in accordance with the instructions thereon with the Company's Poll Administrator office at Aldpro Corporate Services Sdn Bhd of B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last day, date and time for lodging the Proxy Form	:	Wednesday, 1 March 2023 at 11:00 a.m.
Date and time of the EGM	:	Friday, 3 March 2023 at 11:00 a.m.
Broadcast Venue	:	Lot 4.1, 4th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan

This Circular is dated 7 February 2023

DEFINITIONS

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

COMPANIES:

"AIM" or "Company"	:	Advance Information Marketing Berhad
"AIM Group" or "Group"	:	AIM and its subsidiaries, collectively
"AMS" or "Franchisee"	:	Advance Medipharm Solutions Sdn Bhd, a wholly-owned subsidiary of AIM
"MHSB" or "Franchisor"	:	Mediconstant Holding Sdn Bhd
"Bursa Depository"	:	Bursa Malaysia Depository Sdn Bhd
"Bursa Securities"	:	Bursa Malaysia Securities Berhad
"TA Securities"	:	TA Securities Holdings Berhad

GENERAL:

"5D-VWAP"	:	5-day volume weighted average market price
"9M-FPE"	:	9-month financial period ended
"Act"	:	Companies Act 2016
"AIM Shares" or "Shares"	:	Ordinary shares in AIM
"Board"	:	Board of Directors of our Company
"BPO"	:	Business Process Outsourcing
"Circular"	:	This circular to shareholders of our Company dated 7 February 2023
"Code"	:	Malaysian Code on Take-overs and Mergers 2016
"Consolidated Shares"	:	New consolidated Shares pursuant to the Proposed Share Consolidation
"Deed Poll"	:	Deed poll constituting the Warrants and governing the rights of the Warrant holders to be executed by AIM
"Director"	:	A natural person who holds a directorship in our Company, whether in an executive or non-executive capacity, and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act 2007
"EGM"	:	Extraordinary General Meeting of our Company
"Entitled Shareholders"	:	Shareholders whose names appear in the Record of Depositors of our Company as at the close of business on the Rights Issue Entitlement Date in order to be entitled to participate in the Proposed Rights Issue
"EPS"	:	Earnings per AIM Share

"Franchise Agreement"	:	A franchise agreement dated 6 October 2022 entered into between AMS and MHSB for the purpose of obtaining the rights and franchise to operate the business system of the Franchisor in the retailing business of pharmaceutical products and services under the name of "CONSTANT PHARMACY"
"Franchise Business"	:	Our Group's Pharmacy Business carried out pursuant to the Franchise Agreement
"FYE"	:	Financial year ended/ ending, as the case may be
"IMR Report"	:	Independent market research report dated 15 November 2022 prepared by Infobusiness Research & Consulting Sdn Bhd
"IT"	:	Information technology
"LAT"	:	Loss after taxation attributable to the owners of our Company
"LPS"	:	Loss per AIM Share
"LPD"	:	19 January 2023, being the latest practicable date prior to the printing of this Circular
"Listing Requirements"	:	ACE Market Listing Requirements of Bursa Securities
"MCLS"	:	Managed customer loyalty services
"Minimum Scenario"	:	62,500,000 Rights Shares with 41,666,666 Warrants, after taking into consideration the following: (i) the Private Placement is not implemented prior to the implementation of the Proposed Share Consolidation and Proposed Rights Issue; (ii) the Proposed Share Consolidation is completed prior to the implementation of the Proposed Rights Issue; and (iii) subscription by the Undertaking Shareholders pursuant to the Undertakings as well as subscription by an underwriter to be appointed pursuant to the Underwriting to ensure a minimum gross proceeds of RM5.00 million is raised, and no other Entitled Shareholders subscribing for their entitlements of Rights Shares with Warrants
"Maximum Scenario"	:	Up to 292,663,665 Rights Shares together with up to 195,109,110 Warrants, after taking into consideration the following: (i) the Private Placement is completed with issuance of 26,605,000 Placement Shares prior to the implementation of the Proposed Share Consolidation and Proposed Rights Issue; (ii) the Proposed Share Consolidation is completed prior to the Proposed Rights Issue; and (iii) all Entitled Shareholders subscribing in full for their entitlements of the Rights Shares with Warrants
"NA"	:	Net assets attributable to the owners of our Company

"Pharmacy Business"	:	Operation of pharmacies including retailing of pharmaceutical, healthcare and personal care products
"Placement Shares"	:	Up to 26,605,000 new AIM Shares to be issued pursuant to the Private Placement
"Premise"	:	1st retail pharmacy outlet for operating the Franchise Business at a retail premise in Bandar Bukit Raja, Klang, Selangor Darul Ehsan
"Private Placement"	:	On 23 June 2022, our Company had obtained a general mandate pursuant to Sections 75 and 76 of the Act from our shareholders at our Company's 18th Annual General Meeting, whereby our Board has been authorised to issue and allot new AIM Shares not exceeding 20% of the total number of issued Shares (excluding treasury shares) at the time of issue ("**20% General Mandate**"). The 20% General Mandate shall continue to be in force until 31 December 2022 in accordance with the extension of 20% General Mandate as announced by Bursa Securities on 23 December 2021 ("**Relief Extension**"). In view of the expiry of the Relief Extension (i.e., after 31 December 2022), our Company will only be able to issue and allot new AIM Shares not exceeding 10% of the total number of issued AIM Shares (excluding treasury shares) at the time of issue.
"Proposals"	:	Proposed Share Consolidation, Proposed Rights Issue and Proposed Diversification, collectively
"Proposed Diversification"	:	Proposed diversification of the principal activities of our Group to include the Pharmacy Business
"Proposed Share Consolidation"	:	Proposed consolidation of every 3 existing AIM Shares into 1 AIM Share
"Proposed Rights Issue"	:	Proposed renounceable rights issue of up to 292,663,665 Rights Shares on the basis of 3 Rights Shares for every 1 Consolidated Share held on the Rights Issue Entitlement Date, together with up to 195,109,110 Warrants on the basis of 2 Warrants for every 3 Rights Shares subscribed for
"Rights Shares"	:	Up to 292,663,665 new AIM Shares to be issued pursuant to the Proposed Rights Issue
"Record of Depositors"	:	A record of securities holders established by Bursa Depository under the Rules of Bursa Depository
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"Rules"	:	Rules on Take-overs, Mergers and Compulsory Acquisitions
"Rights Issue Entitlement Date"	:	The date to be determined by our Board and announced later by our Company as at the close of business on which the names of the shareholders must appear in our Company's Record of Depositors in order to be entitled for the Proposed Rights Issue
"Share Consolidation Entitlement Date"	:	The date to be determined by our Board and announced later by our Company as at the close of business on which the names of the shareholders must appear in our Company's Record of Depositors in order to be entitled for the Proposed Share Consolidation

"TEAP"	:	Theoretical ex-all price
"Undertakings"	:	Unconditional and irrevocable written undertakings dated 21 November 2022 from the Undertaking Shareholders that they: (i) will subscribe for their respective entitlements to the Rights Shares with Warrants and, if required, will apply and subscribe for additional Rights Shares with Warrants not taken up by other Entitled Shareholders and/or their renouncee(s) by way of excess application for a total subscription amount of up to RM4.50 million (in aggregate), to the extent such that the aggregate gross proceeds from the Proposed Rights Issue received by our Company is not less than RM5.00 million; (ii) confirmed that their subscriptions for the Rights Shares by them pursuant to the Undertakings will not give rise to any mandatory take-over offer obligation under the Code and the Rules upon completion of the Proposed Rights Issue; (iii) will observe and comply with the provisions of the Code and the Rules at all times and, in the event any of them trigger an obligation to undertake a mandatory take-over offer under the Code and the Rules, they will endeavour to seek from the Securities Commission Malaysia the necessary exemption(s) from undertaking such mandatory take-over offer, if required and permitted under the Rules; (iv) confirmed that they have sufficient financial means and resources to fulfil their respective commitment under the Undertakings; and (v) will not sell, transfer, dispose of or reduce their existing shareholdings in AIM in any manner, save for the effect of the Proposed Share Consolidation, from the date of the Undertakings up to the Rights Issue Entitlement Date.
"Undertaking Shareholders"	:	Choong Mun Kit (a director and shareholder of our Company) and Datuk Chong Loong Men (a substantial shareholder of our Company), collectively
"Underwriting"	:	Underwriting arrangement to be entered into between our Company and underwriter, for the Rights Shares with Warrants for a total subscription amount of not less than RM0.50 million
"Warrants"	:	Up to 195,109,110 free detachable warrants in AIM to be issued pursuant to the Proposed Rights Issue

All references to "we", "us", "our" and "ourselves" are to our Company, or where the context requires, are to our Group. All references to "you" in this Circular are references to the shareholders of our Company.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa.

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

Any discrepancies in the figures included in this Circular between the amount stated and the totals thereof are due to rounding.

THIS EXECUTIVE SUMMARY SETS OUT THE SALIENT INFORMATION ON THE PROPOSALS PLEASE READ THIS CIRCULAR AND ITS APPENDICES CAREFULLY FOR FURTHER DETAILS ON THE PROPOSALS BEFORE VOTING.

Our Board is recommending shareholders of AIM to vote **IN FAVOUR** of the resolutions in relation to the Proposals to be tabled at the forthcoming EGM.

Summary	
Summary of the Proposals	**(a) Proposed Share Consolidation** The Proposed Share Consolidation entails the consolidation of every 3 existing Shares held by the shareholders of AIM, whose names appear in the Record of Depositors of our Company at the Share Consolidation Entitlement Date, into 1 Consolidated Share. Please refer to **Section 2.1** of this Circular for further information **(b) Proposed Rights Issue** The Proposed Rights Issue, which is to be undertaken on a renounceable basis, entails the issuance of up to 292,663,665 Rights Shares, at an issue price to be determined and announced later by our Board, on the basis of 3 Rights Shares for every 1 Consolidated Share held by the Entitled Shareholders, together with up to 195,109,110 Warrants on the basis of 2 Warrants for every 3 Rights Shares subscribed for. Please refer to **Section 3** of this Circular for further information **(c) Proposed Diversification** Our Group expects that the demand for pharmaceutical, healthcare and personal care products will continue to grow mainly due the outbreak of COVID-19 has increased the general public's awareness on self-protection and importance of practicing personal hygiene in their daily lives. Therefore, our Group intends to venture into the Pharmacy Business with the Franchise Agreement. Please refer to **Section 4** of this Circular for further information.
Rationale	**(a) Proposed Share Consolidation** The Proposed Share Consolidation is part of our Company's proactive capital management plan to improve our Company's capital structure as well as to facilitate the Proposed Rights Issue after taking into consideration that the number of Shares in issue will increase further following the completion of the Proposed Rights Issue. The Proposed Share Consolidation will reduce the number of Shares available in the market and correspondingly increase the reference/trading price of the Shares. The higher share price resulting from the Proposed Share Consolidation provides our Company with more flexibility in fixing the issue price of the Rights Shares which is deemed sufficiently attractive to encourage subscription of the Rights Shares and, consequently, enable our Group to raise the necessary funds to meet its funding requirements as set out in **Section 5** of this Circular. **(b) Proposed Rights Issue** After due consideration of various means of fund-raising, our Board is of the opinion that the Proposed Rights Issue is the most suitable mean to raise funds for our Group at this juncture for purposes as set out in **Section 5** of this Circular due to the following:

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(i) the Proposed Rights Issue allows our Group to raise funds expeditiously without incurring interest costs associated with bank borrowings or issuance of debt instruments that will result in cash outflow arising from interest servicing costs. Moreover, our Group will also be able to preserve such cash, which otherwise would be used for interest costs, for our Group's day-to-day operations;

(ii) the proceeds raised from the issuance of Rights Shares will strengthen the cash flow of our Group and utilisation of the said proceeds for, among others, the Pharmacy Business as set out in Section 5 of this Circular are expected to contribute positively to our Group's future earnings and financial performance;

(iii) the Proposed Rights Issue provides an opportunity for the Entitled Shareholders to participate in the equity offering of our Company on a pro-rata basis;

(iv) the Proposed Rights Issue will involve issuance of new AIM Shares without diluting the Entitled Shareholders' shareholdings provided that they subscribe in full for their respective entitlements under the Proposed Rights Issue and exercise their Warrants subsequently; and

(v) the Proposed Rights Issue will strengthen the capital base of our Company and enhance the overall financial position of our Group.

Please refer to Section 7.2 of this Circular for further information.

(c) <u>Proposed Diversification</u>

The Proposed Diversification is in line with our Group's objective to expand its revenue stream by diversifying into the Pharmacy Business and reduce reliance on its existing MCLS business after taking into consideration the challenges faced by the existing MCLS business which has been registering losses for the past 3 financial years and the prospects of the pharmacy retail industry.

Please refer to Section 7.3 of this Circular for further information.
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<tr><td>Approvals required</td><td>
(i) Bursa Securities for the:

(a) Proposed Share Consolidation;

(b) admission of Warrants to the Official List; and

(c) listing of and quotation for Rights Shares, Warrants and new AIM Shares to be issued pursuant to the exercise of the Warrants on the ACE Market of Bursa Securities;

(ii) the shareholders of our Company at the forthcoming EGM; and

(iii) any other relevant authorities and/or parties, if required.
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LETTER TO OUR SHAREHOLDERS CONTAINING: **PAGE**

APPENDICES

ADVANCE INFORMATION MARKETING BERHAD
(Registration No.: 200401006266 (644769-D))
(Incorporated in Malaysia)

Registered Office

A3-3-8 Solaris Dutamas
No. 1, Jalan Dutamas 1
50480 Kuala Lumpur
Wilayah Persekutuan

7 February 2023

Board of Directors

Dato' Ir. Lim Siang Chai *(Non-Independent Non-Executive Chairman)*
Mak Siew Wei *(Executive Director)*
Choong Mun Kit *(Independent Non-Executive Director)*
Ong Poh Lin Abdullah *(Independent Non-Executive Director)*
Mejar Dato' Ismail Bin Ahmad *(Independent Non-Executive Director)*
Kang Teik Yih *(Independent Non-Executive Director)*

To: Our Shareholders

Dear Sir/Madam,

(I) PROPOSED SHARE CONSOLIDATION;
(II) PROPOSED RIGHTS ISSUE; AND
(III) PROPOSED DIVERSIFICATION

1. INTRODUCTION

On 21 November 2022, TA Securities had, on behalf of our Board, announced that our Company proposes to undertake the Proposals.

Bursa Securities had vide its letter dated 18 January 2023 approved the:

(i) Proposed Share Consolidation;

(ii) admission of the Warrants to the Official List; and

(iii) listing of and quotation for the Rights Shares, Warrants and new AIM Shares to be issued pursuant to the exercise of the Warrants on the ACE Market of Bursa Securities.

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

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

2. PROPOSED SHARE CONSOLIDATION

2.1 Details of the Proposed Share Consolidation

The Proposed Share Consolidation entails the consolidation of every 3 existing Shares held by the shareholders of AIM, whose names appear in the Record of Depositors of our Company at the Share Consolidation Entitlement Date, into 1 Consolidated Share.

It is the intention of our Company to implement the Proposed Share Consolidation prior to the implementation of the Proposed Rights Issue.

As at the LPD, the issued share capital of our Company is RM28,051,999 comprising 266,058,666 Shares and our Company does not have any treasury shares and convertible securities.

For illustrative purposes, the resultant issued Shares upon completion of the Proposed Share Consolidation are as follows:

(i) assuming none of the Placement Shares is issued pursuant to the Private Placement prior to the Share Consolidation Entitlement Date, the existing issued Shares of 266,058,666 as at the LPD will be consolidated into 88,686,222 Consolidated Shares; and

(ii) assuming 26,605,000 Placement Shares are issued pursuant to the Private Placement prior to the Share Consolidation Entitlement Date, the enlarged issued Shares of 292,663,666 will be consolidated into 97,554,555.

For avoidance of doubt, the share capital of our Company will not be affected by the Proposed Share Consolidation.

The actual number of Consolidated Shares will be determined based on the number of issued Shares on the Share Consolidation Entitlement Date to be determined after taking into consideration any Placement Shares that may be issued pursuant to the Private Placement.

Fractional entitlements arising from the Proposed Share Consolidation, if any, shall be disregarded and/or dealt with by our Board in such manner at its absolute discretion as it may deem fit or expedient and in the best interest of our Company.

2.2 Theoretical adjusted reference price of the Consolidated Shares

The Proposed Share Consolidation will result in an adjustment to the reference price of the Shares as quoted on the ACE Market of Bursa Securities but theoretically shall not have any impact on the market value of the Shares held by the shareholders of our Company.

For illustrative purposes, based on the last transacted market price of the Shares as at the LPD, the theoretical adjusted reference price of the Consolidated Shares upon completion of the Proposed Share Consolidation is as follows:

	As at the LPD	**After the Proposed Share Consolidation**
Number of issued Shares **(A)**	266,058,666	88,686,222
Price per Share (RM) **(B)**	0.075 *(Closing market price as at the LPD)*	0.225[(1)] *(Theoretical adjusted reference price)*
Total market value (RM'000) [**(A) x (B)**]	19,954	19,954

Note:

(1) Computed based on the following formula:

$$\textit{Theoretical adjusted reference price per Share} = \textit{Closing market price per Share} \times \frac{\textit{No. of Shares before the Proposed Share Consolidation}}{\textit{No. of Shares after Proposed Share Consolidation}}$$

$$= RM0.075 \times \frac{266{,}058{,}666}{88{,}686{,}222}$$

$$= RM0.225$$

2.3 Ranking of the Consolidated Shares

The Consolidated Shares shall rank equally in all respects with one another.

2.4 Suspension of trading, listing date and notices of allotment

There will not be any suspension of trading of the Shares on the ACE Market of Bursa Securities pursuant to the Proposed Share Consolidation.

The Consolidated Shares will be listed and quoted on the ACE Market of Bursa Securities on the next market day following the Share Consolidation Entitlement Date.

The notices of allotment of the Consolidated Shares will be issued and despatched to the respective entitled shareholders within 4 market days after the listing of and quotation for the Consolidated Shares on the ACE Market of Bursa Securities.

3. PROPOSED RIGHTS ISSUE

The Proposed Rights Issue, which is to be undertaken on a renounceable basis, entails the issuance of up to 292,663,665 Rights Shares, at an issue price to be determined and announced later by our Board, on the basis of 3 Rights Shares for every 1 Consolidated Share held by the Entitled Shareholders, together with up to 195,109,110 Warrants on the basis of 2 Warrants for every 3 Rights Shares subscribed for.

The basis of 3 Rights Shares for every 1 Consolidated Share was arrived at after taking into consideration, among others, the following:

(i) the rationale for the Proposed Rights Issue as set out in **Section 7.2** of this Circular; and

(ii) the amount of proceeds that AIM wishes to raise as set out in **Section 5** of this Circular.

The basis of 2 Warrants for every 3 Rights Shares was arrived at after taking into consideration, among others, the following:

(i) the rationale for the Proposed Rights Issue as set out in **Section 7.2** of this Circular; and

(ii) Rule 6.51 of the Listing Requirements which stipulates that the listed corporation must ensure that the number of new shares which will arise from the exercise or conversion of all outstanding convertible equity securities does not exceed 50% of the total number of issued shares of the listed corporation (excluding treasury shares and before the exercise of the convertible equity securities) at all times.

The actual number of Rights Shares and Warrants to be issued will depend on the total number of issued Shares held by the Entitled Shareholders on the Rights Issue Entitlement Date after taking into consideration the Proposed Share Consolidation and any Placement Shares that may be issued pursuant to the Private Placement as well as the eventual level of subscription for the Proposed Rights Issue.

The Proposed Rights Issue will be implemented based on the following scenarios:

Minimum Scenario	62,500,000 Rights Shares with 41,666,666 Warrants, after taking into consideration the following: (i) the Private Placement is not implemented prior to the implementation of the Proposed Share Consolidation and Proposed Rights Issue; (ii) the Proposed Share Consolidation is completed prior to the implementation of the Proposed Rights Issue; and (iii) subscription by the Undertaking Shareholders pursuant to the Undertakings as well as subscription by an underwriter to be appointed pursuant to the Underwriting to ensure a minimum gross proceeds of RM5.00 million is raised, and no other Entitled Shareholders subscribing for their entitlements of Rights Shares with Warrants.

Maximum Scenario	Up to 292,663,665 Rights Shares together with up to 195,109,110 Warrants, after taking into consideration the following: (i) the Private Placement is completed with issuance of 26,605,000 Placement Shares prior to the implementation of the Proposed Share Consolidation and Proposed Rights Issue; (ii) the Proposed Share Consolidation is completed prior to the Proposed Rights Issue; and (iii) all Entitled Shareholders subscribing in full for their entitlements of the Rights Shares with Warrants.

The Entitled Shareholders can fully or partially subscribe for and/or renounce the entitlements to the Rights Shares with Warrants. Any unsubscribed Rights Shares with Warrants shall be made available for excess applications by the Entitled Shareholders and/or their renouncee(s). Our Board intends to allocate any excess Rights Shares with Warrants in a fair and equitable manner on a basis to be determined by our Board and announced by our Company.

The renunciation of the Rights Shares by the Entitled Shareholders will accordingly entail the renunciation of the Warrants to be issued together with the Rights Shares pursuant to the Proposed Rights Issue. However, if the Entitled Shareholders decide to accept only part of their Rights Shares entitlements, they will be entitled to the Warrants in proportion to their acceptances of their Rights Shares entitlements.

Any fractional entitlements of Rights Shares and Warrants under the Proposed Rights Issue will be disregarded and/or dealt with in such manner as our Board shall in its absolute discretion deem fit, expedient and in the best interests of our Company.

The Warrants are attached to the Rights Shares without any cost and will only be issued to the Entitled Shareholders and/or their renouncee(s) who subscribe for the Rights Shares. Each Warrant will entitle its holder to subscribe for 1 new Share at an exercise price to be determined and announced later by our Board. The Warrants will be immediately detached from the Rights Shares upon allotment and issuance and will be traded separately from the Rights Shares on the ACE Market of Bursa Securities. The Warrants will be issued in registered form and constituted by the Deed Poll.

3.1 Basis of determining and justification for the issue price of the Rights Shares and exercise price of the Warrants

(i) Issue price of the Rights Shares

The issue price of the Rights Shares shall be fixed and announced by our Board at a later date before the announcement of the Rights Issue Entitlement Date, after taking into consideration the following:

(a) the amount of proceeds that AIM wishes to raise as set out in **Section 5** of this Circular;

(b) the reference price or prevailing market price of AIM Shares after the completion of the Proposed Share Consolidation; and

(c) the TEAP of AIM Shares based on the 5D-VWAP of AIM Shares up to and including the last trading day prior to the price-fixing date.

Our Board intends to fix the issue price of the Rights Shares such that the issue price is at a discount of between 20% and 40% to the TEAP of AIM Shares, to be calculated based on the 5D-VWAP of AIM Shares up to and including the last trading day prior to the price-fixing date. This was determined by our Board after taking into consideration the need for our Company to price the Rights Shares at an issue price deemed sufficiently attractive to encourage subscription of the Rights Shares and to enable our Group to raise the necessary funds to meet its funding requirements as set out in **Section 5** of this Circular.

For illustrative purpose, an indicative issue price of RM0.08 per Rights Share is assumed throughout this Circular. The indicative issue price is at a discount of RM0.0242 or 23.22% to the TEAP of AIM Shares of RM0.1042, calculated based on the 5D-VWAP of AIM Shares up to and including the LPD of RM0.0750, after taking into account the effects of the Proposed Share Consolidation as well as assuming an illustrative exercise price of RM0.08 per Warrant.

(ii) Exercise price of the Warrants

The exercise price of the Warrants shall be fixed and announced by our Board at a later date before the announcement of the Rights Issue Entitlement Date, after taking into consideration the following:

(a) the future prospects of our Group as set out in **Section 9** of this Circular; and

(b) the TEAP of AIM Shares based on the 5D-VWAP of AIM Shares up to and including the last trading day prior to the price-fixing date.

Our Board intends to fix the exercise price of the Warrants at a discount of between 20% and 40% to the TEAP of AIM Shares, to be calculated based on the 5D-VWAP of AIM Shares up to and including the last trading day prior to the price-fixing date. This was determined by our Board after taking into consideration the need to fix an exercise price that makes the Warrants attractive for the purposes of enhancing the subscription level of the Rights Shares.

For illustrative purpose, an indicative exercise price of RM0.08 per Warrant is assumed throughout this Circular. The indicative exercise price is at a discount of RM0.0242 or 23.22% to the TEAP of RM0.1042, calculated based on the 5D-VWAP of AIM Shares up to and including the LPD of RM0.0750 and after taking into account the effects of the Proposed Share Consolidation as well as assuming the illustrative price of RM0.08 per Rights Share.

3.2 Minimum subscription level, undertakings and underwriting arrangement

Our Board has determined to undertake the Proposed Rights Issue based on a minimum subscription level to raise a minimum gross proceeds of RM5.00 million which, based on the indicative issue price of RM0.08 per Rights Share, shall entail the subscription of 62,500,000 Rights Shares together with 41,666,666 Warrants ("**Minimum Subscription Level**").

In order to meet the Minimum Subscription Level:

(a) our Company has obtained unconditional and irrevocable written undertakings dated 21 November 2022 from the Undertaking Shareholders that they:

(i) will subscribe for their respective entitlements to the Rights Shares with Warrants and, if required, will apply and subscribe for additional Rights Shares with Warrants not taken up by other Entitled Shareholders and/or their renouncee(s) by way of excess application for a total subscription amount of up to RM4.50 million (in aggregate), to the extent such that the aggregate gross proceeds from the Proposed Rights Issue received by our Company is not less than RM5.00 million;

(ii) confirmed that their subscriptions for the Rights Shares by them pursuant to the Undertakings will not give rise to any mandatory take-over offer obligation under the Code and the Rules upon completion of the Proposed Rights Issue;

(iii) will observe and comply with the provisions of the Code and the Rules at all times and, in the event any of them trigger an obligation to undertake a mandatory take-over offer under the Code and the Rules, they will endeavour to seek from the Securities Commission Malaysia the necessary exemption(s) from undertaking such mandatory take-over offer, if required and permitted under the Rules;

(iv) confirmed that they have sufficient financial means and resources to fulfil their respective commitment under the Undertakings; and

(v) will not sell, transfer, dispose of or reduce their existing shareholdings in AIM in any manner, save for the effect of the Proposed Share Consolidation, from the date of the Undertakings up to the Rights Issue Entitlement Date.

(b) our Company shall procure an underwriter to underwrite the Rights Shares with Warrants for the remainder RM0.50 million of the Minimum Subscription Level. The Underwriting arrangement will be finalised at a later date prior to the announcement of Rights Issue Entitlement Date. The terms of the Underwriting have therefore not been finalised and no underwriting agreement has been entered into at this juncture. The underwriting commission and the relevant cost in relation to the Underwriting will be borne by our Company.

TA Securities, being the Principal Adviser for the Proposed Rights Issue, has verified that the Undertaking Shareholders have sufficient financial resources to fulfil the Undertakings.

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The details of the Undertakings and Underwriting based on the indicative issue price of RM0.08 per Rights Share are as follows:

	Direct shareholdings				Subscriptions pursuant to the Undertakings and Underwriting				
	As at the LPD		After the Proposed Share Consolidation		Total amount	No. of Rights Shares			
	No. of Shares	%[(1)]	No. of Shares	%[(2)]	RM	Entitlement[(3)]	Excess application	Total	%[(4)]
Undertaking Shareholders									
Datuk Chong Loong Men	22,897,190	8.61	7,632,396	8.61	3,000,000	22,897,188	14,602,812	37,500,000	60.00
Choong Mun Kit	30,000	0.01	10,000	0.01	1,500,000	30,000	18,720,000	18,750,000	30.00
Underwriter	-	-	-	-	500,000	-	6,250,000	6,250,000	10.00
Total	**22,927,190**	**8.62**	**7,642,396**	**8.62**	**5,000,000**	**22,927,188**	**39,572,812**	**62,500,000**	**100.00**

Notes:

(1) Based on 266,058,666 issued Shares as at the LPD.
(2) Based on 88,686,222 issued Shares after the Proposed Share Consolidation.
(3) Based on the shareholdings after the Proposed Share Consolidation.
(4) Based on 62,500,000 Rights Shares under the Minimum Scenario.

For illustrative purposes, assuming none of the other Entitled Shareholders subscribe for their entitlements of the Rights Shares with Warrants, the Undertaking Shareholders will be subscribing for a total of 56,250,000 Rights Shares based on the indicative issue price of RM0.08 per Rights Share.

However, should the actual issue price be higher or lower than RM0.08 per Rights Share, the total number of Rights Shares to be subscribed by the Undertaking Shareholders (including those under excess application(s)), which is computed based on RM4.50 million divided by the actual issue price of the Rights Shares, will be adjusted correspondingly such that our Company, after taking into consideration the Underwriting, will raise a minimum of RM5.00 million.

For the avoidance of doubt, the Entitled Shareholders and/or their renouncee(s), if any, excluding the underwriter, shall be given priority and shall first be allocated with all the excess Rights Shares with Warrants applied for, if any. Upon completion of such allocation and if there is any shortfall from the Minimum Subscription Level, the underwriter shall apply and be allocated for such number of Rights Shares with Warrants to ensure our Company will achieve the Minimum Subscription Level.

The Undertakings are not expected to result in any breach in the public shareholding spread requirement by our Company under Rule 8.02(1) of the Listing Requirements, which stipulates that a listed corporation must ensure that at least 25% of its total listed shares (excluding any treasury shares) are in the hands of public shareholders, upon completion of the Proposed Rights Issue. The public shareholding spread of our Company as at the LPD is approximately 46.61% and is expected to decrease to 31.47% upon completion of the Proposed Rights Issue under the Minimum Scenario.

3.3 Ranking of the Rights Shares and new AIM Shares to be issued arising from the exercise of the Warrants

The Warrant holders will not be entitled to any voting rights or participation in any form of distribution and/or offer of further securities in our Company until and unless they exercise their Warrants into new AIM Shares.

The Rights Shares and new AIM Shares to be issued from the exercise of Warrants shall, upon allotment and issuance, rank equally in all respects with the then existing AIM Shares, save and except that the Rights Shares and new AIM Shares to be issued arising from the exercise of the Warrants shall not be entitled to any dividends, rights, allotments and/or distributions that may be declared, made or paid to the shareholders of our Company, the entitlement date of which is prior to the date of allotment and issuance of the Rights Shares and the new AIM Shares to be issued arising from the exercise of the Warrants.

3.4 Salient terms of the Warrants

The salient terms of the Warrants are set out in **Appendix I** of this Circular.

3.5 Take-over implications

The subscription of the Rights Shares by the Undertaking Shareholders pursuant to the Undertakings will not give rise to any mandatory take-over offer obligation under the Code and the Rules. The Undertaking Shareholders have undertaken to observe and comply at all times with the provisions of the Code and Rules and will seek from the Securities Commission Malaysia the necessary exemptions from undertaking such mandatory take-over offer obligation, if required.

3.6 Foreign-Addressed Shareholders

An abridged prospectus together with its accompanying notices of provisional allotment and the rights subscription forms to be issued in connection with the Proposed Rights Issue are not intended to comply with the laws of any jurisdiction other than Malaysia and will not be lodged, registered or approved under applicable securities legislation of any jurisdiction other than Malaysia. Accordingly, the Proposed Rights Issue will not be offered for subscription in any countries or jurisdictions other than Malaysia.

The abridged prospectus together with its accompanying documents will only be sent to the Entitled Shareholders who have a registered address or an address for service in Malaysia as registered in our Company's Record of Depositors on the Rights Issue Entitlement Date.

Shareholders who have not provided to our Company a registered address or an address in Malaysia for the service of documents ("**Foreign-Addressed Shareholders**") who wish to provide Malaysian addresses should inform their respective stockbrokers as well as the Share Registrar of our Company at A3-3-8 Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur, Wilayah Persekutuan, Malaysia to effect the change of address prior to the Rights Issue Entitlement Date.

Alternatively, such Foreign-Addressed Shareholders may collect the abridged prospectus from our Company's Share Registrar, who will be entitled to request for such evidence as it deems necessary to satisfy themselves as to the identity and authority of the person collecting the abridged prospectus.

Our Company will not make or be bound to make any enquiry as to whether the Entitled Shareholders have a registered address other than as stated in our Company's Record of Depositors as at the Rights Issue Entitlement Date and will not accept or to be deemed to accept any liability whether or not any enquiry or investigations is made in connection therewith.

Foreign-Addressed Shareholders may only exercise their rights in respect of the Proposed Rights Issue to the extent that it would be lawful to do so, and our Company, TA Securities and the Share Registrar would not, in connection with the Proposed Rights Issue, be in breach of the laws of any country or jurisdiction which the Foreign-Addressed Shareholders and their renouncees and transferees (if applicable) might be subject to.

Foreign-Addressed Shareholders will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such foreign country or jurisdiction and our Company will be entitled to be fully indemnified and held harmless by such foreign applicants for any issue, transfer or any other taxes or duties as such person may be required to pay. Foreign-Addressed Shareholders will have no claims whatsoever against our Company, TA Securities and the Share Registrar in respect of their rights or entitlements under the Proposed Rights Issue. Such Foreign-Addressed Shareholders should also consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to exercise their rights in respect of the Proposed Rights Issue.

Foreign-Addressed Shareholders will be solely responsible to seek advice as to the laws of any jurisdiction to which they may be subject, and participation by the Foreign-Addressed Shareholders in the Proposed Rights Issue must be on the basis of a warranty by them that they may lawfully so participate without our Company, TA Securities and the Share Registrar being in breach of the laws of any jurisdiction.

Neither our Company, TA Securities or the Share Registrar nor the other advisers to the Proposed Rights Issue will accept any responsibility or liability in the event that any acceptance of a Foreign-Addressed Shareholder of his/her rights in respect of the Proposed Rights Issue is or becomes illegal, unenforceable, voidable or void in any country or jurisdiction.

Foreign-Addressed Shareholders who do not provide an address in Malaysia or who are not entitled to subscribe for the Rights Shares under the laws and jurisdiction to which they are subject to will have no claims whatsoever against our Company, TA Securities, the Share Registrar or other advisers in respect of their rights entitlements or any net proceeds arising from the Proposed Rights Issue.

Our Company reserves the right in its absolute discretion to treat any acceptance as being invalid if our Company believes or has reason to believe that such acceptance may violate applicable legal or regulatory requirements.

4. PROPOSED DIVERSIFICATION

4.1 Details of the Proposed Diversification

Our Group is principally involved in the provision of MCLS in Malaysia and Indonesia which comprise the client relationship management, digital fulfilment and outsourced contact center management, of which these are the services offering in the BPO industry.

For the past three FYEs 31 December 2019 to 31 December 2021, our Group has been registering LAT of between RM3.80 million and RM5.16 million. In cognisance of our Group's financial performance, our Group has been actively identifying other business opportunities to expand its revenue stream to mitigate the loss-making position and to reduce dependence on its existing sources of revenue.

In view of the foregoing, on 6 October 2022, AMS had entered into the Franchise Agreement with MHSB for the purpose of obtaining the rights and franchise to operate the business system of the Franchisor in the retailing business of pharmaceutical products and services under the name of "CONSTANT PHARMACY" for a term of five (5) years commencing on 6 October 2022 (which will be automatically renewed for a further five (5) years subject to the terms and conditions as set out in **Appendix II** of this Circular). The salient terms of the Franchise Agreement are set out in **Appendix II** of this Circular.

Pursuant to the Franchise Agreement, the Franchisor grants to the Franchisee the exclusive rights and license to operate the Franchise Business at a retail premise in Bandar Bukit Raja, Klang, Selangor Darul Ehsan in accordance with the business system developed and implemented by the Franchisor (such as operational procedures, record-keeping, information technology systems, training, marketing, advertising and promotional activities as well as use of its proprietary assets (including, among others, patents, trademarks and trade names)).

The renovation of our Group's first retail pharmacy outlet at Bandar Bukit Raja, Klang ("**1st Pharmacy Outlet**") has been completed in October 2022. Our Group had incurred approximately RM0.58 million on the 1st Pharmacy Outlet, which include purchase of initial inventories of approximately RM0.30 million, renovation costs of approximately RM0.18 million, marketing fee and franchise fee of approximately RM0.08 million and miscellaneous expenses of approximately RM0.02 million. These initial set up costs for the 1st Pharmacy Outlet were funded through our Group's internally-generated funds.

Our Company has obtained the certificate of registration as a body corporate under the register of pharmacists from Pharmacy Board Malaysia under the Ministry of Health of Malaysia ("**MOH**") and business license from Majlis Perbandaran Klang for operating at the Premise on 16 November 2022 and 7 December 2022, respectively. In addition, our Company has, on 13 January 2023, obtained the Poison Licence Type A from MOH for pharmacist to import, store and deal with all poisons by wholesale and/or retail at the pharmacy outlets. The 1st Pharmacy Outlet has commenced business on 29 December 2022.

Our Group expects that the demand for pharmaceutical, healthcare and personal care products will continue to grow mainly due to increased general public's awareness on self-protection and importance of practicing personal hygiene in their daily lives after the COVID-19 outbreak. Therefore, our Group intends to venture into the Pharmacy Business with the Franchise Agreement.

The Pharmacy Business will involve the sales of pharmaceutical, healthcare and personal care products to the customers through physical pharmacy outlets. As our Group has no prior experience in the Pharmacy Business, our Group plans to leverage on the expertise of the Franchisor to commence and operate the Pharmacy Business under the brand name of "CONSTANT PHARMACY".

In addition to the 1st Pharmacy Outlet, our Group is planning to open up to additional 9 pharmacy outlets in Selangor and Kuala Lumpur within 12 months from the completion date of the Proposed Rights Issue depending on the actual amount of proceeds to be raised from the Proposed Rights Issue. With the increased number of pharmacy outlets and the resultant increase in our Group's orders for inventory, our Group may negotiate for better pricing and/or volume discounts for our inventories (i.e., the products that we intend to sell at the pharmacy outlets).

Our Group's venture into the Pharmacy Business came about through negotiations with the Franchisor upon being presented with an opportunity to participate in the Franchise Business which was undertaken as part of our Group's continuous effort to identify business opportunities to address our Group's financial performance, and after due consideration being given to the general outlook of the retail pharmacy industry in Malaysia after the recent outbreak of COVID-19 which has increased the public's awareness on personal health and hygiene. Details of the overview and outlook of the retail pharmacy industry in Malaysia is set out in **Section 9.4** of this Circular.

Our Company expects that its future participation in the Pharmacy Business may result in the diversion of 25% or more of the net assets of AIM Group or may result in a contribution to 25% or more of the net profits of our Group. As such, our Board proposes to seek approval from the shareholders of our Company for the Proposed Diversification pursuant to Rule 10.13(1) of the Listing Requirements at the forthcoming EGM. Notwithstanding the Proposed Diversification, our Group intends to continue its existing businesses in the same manner.

4.2 Key Management Personnel

Our Group has identified Mak Siew Wei, Yeoh Siok Chen and Kavitha A/P Poobalan to oversee the newly franchised Pharmacy Business. Their profiles are set out below:

(i) Mak Siew Wei

Mak Siew Wei, aged 47, Malaysian, was appointed as an Independent Non-Executive Director on 27 July 2010 and he was re-designated as an Executive Director on 22 September 2010. Subsequently, he was re-designated as a Non-Independent Non-Executive Director on 13 January 2021. He was retired upon the conclusion of the 17th Annual General Meeting of our Company on 27 May 2021 and was subsequently re-appointed as an Executive Director of our Company on 8 October 2021.

In 1998, he graduated from the University of Nebraska-Lincoln, United States of America with a Bachelor's Degree in Management Information System. He started his career as a business development manager for Marvic International (NY) Ltd from 1998 to 2000, where he was mainly responsible for expanding the client base of the company and managing the distributing and trading of IT-related accessories such as networking cable and cases. Marvic International (NY) Ltd is principally involved in sales of information technology-related accessories.

He subsequently joined AIM as an Executive Director on 22 September 2010. He was primarily involved in overseeing the day-to-day operations of our Company as well as driving our Company's expansion in Indonesia. He joined AT Systematization Berhad as an Executive Director on 1 March 2013 where he is primarily involved in overseeing the company's business in the fabrication of industrial and engineering parts as well as the design and manufacture of industrial automation systems and machinery. AIM and AT Systematization Berhad are public companies listed on the ACE Market of Bursa Securities.

His past experience in business development will be crucial in leading our Group's venture into the Pharmacy Business.

For information, he also sits on the Board of Directors of several companies listed on Bursa Securities namely, Pasukhas Group Berhad, AE Multi Holdings Berhad and Trive Property Group Berhad as Executive Director.

(ii) Yeoh Siok Chen

Yeoh Siok Chen, aged 61, Malaysian, was appointed as Chief Executive Officer of our Group on 1 March 2020.

He graduated from the University Malaya with a Bachelor Degree in Arts (Economics) in 1985. He worked as a management consultant at Cooper & Lyrand Associates from 1985 to 1989, where he was responsible to review and recommend cost and management control processes and undertake viability and feasibility on new business ventures. Subsequently he joined HBN Management Sdn Bhd as a manager in the corporate finance department from 1989 to 1993, where he was responsible in preparing detailed financial projections, establish strengths, weaknesses, opportunities and threats (SWOT) risk analysis of projects and undertake feasibility and viability studies for new identified investments. In 1993 to 1995, he joined Park May Berhad as a finance senior manager and responsible to identify new business growth areas and establish new financial and management controls. In 1995 to 1997, he joined Shapadu Corporation Sdn Bhd as a corporate finance general manager and responsible to provide advice in steering the core activities of the company. He then joined Panelit Consolidated Sdn Bhd as a corporate group general manager from 1997 to 2019 and was responsible for identifying and incubating new projects ranging from property development, plantation, reforestation to manufacturing. The principal activities of the abovementioned companies are as follows:

Name of company	Principal activities
HBN Management Sdn Bhd	Provision of financial management services.
Park May Berhad	Provision of public transportation services.
Shapadu Corporation Sdn Bhd	Involves in diverse businesses ranging from oil and gas, transportation, infrastructure and property development.
Panelit Consolidated Sdn Bhd	Property development.

He is responsible for planning and implementing our Group's overall business strategies such as evaluating for new business opportunities that our Group intends to venture into. In addition, he is also in charged to oversee and manage our Group's overall business operations including driving profitability, allocating capital, overseeing the management team and communicating with the Board.

(iii) Kavitha A/P Poobalan

Kavitha A/P Poobalan, aged 32, Malaysian, was appointed as Pharmacist on 1 November 2022 for the 1st Pharmacy Outlet which has commenced business in December 2022.

She graduated from Malaysia MAHSA University with a Bachelor Degree in Pharmacy in 2016. She worked as a Pharmacist at Allday Pharmacy for the past 6 years from 2017 to 2022, where she was responsible for the day-to-day operation of the outlet including medicine dispensing, medical consultation, health screening and contributes strategic planning to improve the value, service and marketing of the outlet and company.

Her duties and responsibilities also include inventory management to ensure adequate inventory level at the pharmacy and management and training of staff at our Group's pharmacy outlet(s) (including, among others, determining the appropriate staff training programmes required).

Her experience in Allday Pharmacy has provided her the necessary exposure particularly in the relationships with customers in addition to the utilization of her pharmacology and nutritional knowledge.

In addition to the supports from the key management personnel mentioned above, AMS as the franchisee will also enjoy supports from the Franchisor with advice and know-how guidance relating to the management, finance, promotions and methods of operation, brand name and other facilities and assistance such as information technology and customer database support.

Our Group also intends to employ additional key personnel for the management and operation of the Pharmacy Business after obtaining the requisite approvals for the Proposed Diversification and completion of the Proposed Rights Issue. Our Group is planning to hire 1 head of operation for overseeing the Pharmacy Business and up to 9 registered pharmacists for the further 9 outlets to be opened.

However, the exact size and structure of the team of key personnel may be subject to change due to various factors such as final quantum of the proceeds raised from the Proposed Rights Issue, actual number of retail pharmacy outlets, availability of registered pharmacist and suitability of the candidates.

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5. USAGE OF PROCEEDS

Based on the indicative issue price of RM0.08 per Rights Share, the Proposed Rights Issue is expected to raise a total gross proceeds of approximately RM5.00 million and RM23.41 million under the Minimum Scenario and Maximum Scenario, respectively. The gross proceeds to be raised from the Proposed Rights Issue are intended to be used in the following manner:

Purposes	Notes	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)	Expected timeframe for use of proceeds (from the date of listing of the Rights Shares)
Pharmacy Business	(1)	1,160	5,220	Within 12 months
Working capital	(2)	3,110	15,963	Within 24 months
Repayment of borrowings	(3)	-	1,500	Within 3 months
Estimated expenses for the Proposals	(4)	730	730	Immediately
Total proceeds		**5,000**	**23,413**	

Notes:

(1) Our Company intends to allocate up to RM5.22 million for the Pharmacy Business which will be used as follows:

Purposes	*Minimum Scenario RM'000*	*Maximum Scenario RM'000*
- *Start-up costs* for 2 franchise outlets to be opened within 6 months from the date of completion of the Proposed Rights Issue.*	*1,160*	*1,160*
- *Start-up costs* for additional 7 franchise outlets to be opened within 12 months from the date of completion of the Proposed Rights Issue.*	*-*	*4,060*
Total	***1,160***	***5,220***

* *Start-up costs include but not limited to franchise fee, initial inventory cost (e.g., cost of purchasing goods to be sold within approximately 2 months period at the pharmacy outlets), renovation costs (e.g., painting, installing light fixtures, replacing flooring, signboard and furniture), utilities deposits, advance rental payment and payments to authorities for business license. As at the LPD, our Group has not determined the locations of the new franchise outlets to be opened within Selangor and Kuala Lumpur.*

(2) Our Company intends to allocate up to approximately RM15.96 million for the Pharmacy Business's working capital requirements of the retail pharmacy business of our Group in the following manner:

	Minimum Scenario RM'000	*Maximum Scenario RM'000*
Purchase of inventories	*3,000*	*14,000*
Advertising and promotion	*60*	*570*
Other operating expenses [(a)]	*50*	*1,393*
Total	***3,110***	***15,963***

Note:

(a) Inclusive of personnel and related expenses (including salaries and statutory contributions), rental expenses, insurance expenses and miscellaneous expenses (such as telecommunications, water and electricity expenses).

The estimated working capital requirement of each outlet is approximately RM1.30 million per annum. Shortfall of working capital requirements against the proceeds raised from the Proposed Rights Issue is expected to be funded from our Group's internally generated fund and/or bank borrowings.

(3) The total borrowings of our Group as at 31 December 2022 is approximately RM1.54 million. Our Group intends to utilise approximately up to RM1.50 million to repay our Group's borrowing. Such repayment is expected to result in estimated interest cost savings of approximately RM0.09 million per annum based on the interest rates ranging from 5.85% to 6.85% per annum for the term loan for purchase of AIM's office building.

(4) The estimated expenses in relation to the Proposals consist of the following:

Description	***RM'000***
Professional fees[(a)]	*596*
Fees to relevant authorities	*83*
Other incidental expenses in relation to the Proposals[(b)]	*51*
Total	***730***

(a) Comprising professional fees payable to principal adviser, solicitors, auditor, share registrar, company secretaries and independent marker researcher as well as estimated underwriting commission payable to underwriter.

(b) Comprising expenses to convene the EGM, printing, advertising and other ancillary expenses related to the Proposals.

If the actual expenses in relation to the Proposals incurred are higher than the budgeted amount, the deficit will be funded via the amount earmarked for our Group's working capital. Conversely, any surplus of funds after the payment of expenses in relation to the Proposals shall be used for the working capital of the Pharmacy Business as detailed in Note (2) above, i.e., purchase of inventories, advertising and promotion and other operating expenses, of which the breakdown for the usage cannot be determined at this juncture.

In the event the Proposed Diversification is approved by our shareholders at the forthcoming EGM but not the Proposed Share Consolidation and the Proposed Rights Issue, the funds required or proceeds to be raised from the Proposed Rights Issue earmarked for the setting up of the additional franchise outlets in respect of the Pharmacy Business of up to RM5.22 million will be funded through our Group's internally-generated proceeds and/or bank borrowings, of which the breakdown cannot be determined by our Company at this juncture. In addition, our Group may also stagger the opening of those franchise outlets over a period which is longer than the 12-month period from the date of listing of the Rights Shares depending on the availability of funds required for the setting up of the said additional franchise outlets.

The actual gross proceeds to be raised from the Proposed Rights Issue is dependent on the actual issue price of the Rights Shares and number of Rights Shares to be issued (i.e., level of subscription of the Rights Shares). Any variance in the actual gross proceeds raised and the intended gross proceeds to be raised will be adjusted against the amount earmarked for our Group's working capital requirements of the Pharmacy Business such as purchase of inventories, advertising and promotion and other operating expenses as detailed in Note (2) above.

Pending the use of the proceeds as set out above, the unused proceeds may be placed in interest-bearing deposits with financial institutions and/or short-term money market instruments as our Board deems fit. The interest derived from the deposits placed with financial institutions and/or any gains arising from the short-term money market instruments will be used for our Group's working capital requirements such as payments for staff salaries and statutory contributions, trade and other payables and other operating expenses for our Group's operations, of which the breakdown for the usage cannot be determined at this juncture.

The exact quantum of proceeds that may be raised by our Company from the exercise of the Warrants would depend on the actual number of Warrants exercised. The proceeds from the exercise of the Warrants will be received on an "as and when" basis over the tenure of the Warrants. For illustrative purposes, based on the indicative exercise price of RM0.08 per Warrant, the maximum gross proceeds that may be raised from the exercise of the Warrants is approximately RM15.61 million. Such proceeds shall be used for our Group's working capital requirements such as purchase of inventories for the Pharmacy Business, payments for staff salaries and statutory contributions, annual advertising and promotional activities expenses, monthly information technology expenses and other operating expenses for our Group's operations, of which the exact breakdown and timeframe for the usage cannot be determined by our Company at this juncture, as and when the proceeds are received by our Company over the tenure of the Warrants.

6. PREVIOUS FUND-RAISING EXERCISES

Save for the Private Placement, our Company has not undertaken any fundraising exercises in the past 5 years preceding this Circular. As at the LPD, our Company has yet to implement the Private Placement. In view of the expiry of the Relief Extension (i.e., after 31 December 2022), our Company will only be able to issue and allot new AIM Shares not exceeding 10% of the total number of issued AIM Shares (excluding treasury shares) at the time of issue.

For purposes of illustration in this Circular, it is assumed that approximately RM2.98 million will be raised from the Private Placement based on 26,605,000 Placement Shares to be issued at an indicative issue price of RM0.112 each as set out in the announcement in relation to the Private Placement made by our Company on 1 April 2022. Details of the proposed use of proceeds in respect of the Private Placement are as follows:

Purposes	**Notes**	**Up to RM'000**	**Expected timeframe for use of proceeds (from the date of listing of the Placement Shares)**
Working capital	(1)	1,399	Within 24 months
Upgrade the information technology-related equipment and systems	(2)	1,500	Within 24 months
Expenses for the Private Placement	(3)	81	Immediately
Total proceeds		**2,980**	

Notes:

(1) *Our Group is principally involved in the provision of MCLS in Malaysia and Indonesia which comprise the client relationship management, digital fulfilment and outsourced contact center management. As at the LPD, our Group has 6 customers in Malaysia and 51 customers in Indonesia.*

Our Group intends to allocate approximately RM1.40 million for our Group's working capital requirements mainly to facilitate our Group's expansion of its MCLS business in Malaysia and Indonesia as follows:

Working capital	***Amount (RM'000)***	***Expected time frame for the use of proceeds***
- *Operational expenses such as staff costs (including salaries and other staff-related expenses) for the formation of specialised information technology team and marketing team as well as payment to suppliers*	*500*	*Within 24 months*
- *Marketing expenses for the awareness programmes via Google advertisements, social media and events as well as distribution expenses*	*500*	*Within 24 months*
- *Administrative expenses including professional fees (such as audit fees, company secretarial fees, tax agent fees and legal fees) and other expenses (such as rental, utilities and maintenance)*	*399*	*Within 24 months*
Total*	***1,399***	

* *If the proceeds allocated for any of the components of working capital as set out above are not sufficient or are in excess of requirements, our Group will re-allocate the shortfall or surplus, as the case may be, from/towards the other components of working capital such as operational expenses, marketing expenses and administrative expenses set out above as our Group may deem fit.*

Any shortfall or surplus from the amount earmarked for our Group's working capital shall be adjusted from or to the amount earmarked for the upgrading of its existing technology-related equipment and systems as detailed in item (2) below.

(2) *As at the LPD, our Group has not commenced the upgrading of information technology-related equipment and systems in view that the Private Placement has not been implemented yet. Our Group intends to allocate RM1.50 million to upgrade its existing technology-related equipment and systems which include amongst others, the upgrading of its software and hardware capability of RM0.50 million to RM0.60 million, adoption of data analytics capability to increase efficiency of loyalty management support system to drive the digitalisation of its MCLS ecosystem and technology of RM1.80 million to RM2.20 million, integration of more technology-driven support and services into its MCLS business of RM0.20 million to RM0.40 million as well as development of mobile application and/or e-commerce platform to complement its MCLS system of RM0.20 million to RM0.30 million.*

The above is expected to take place in gradual phases within 24 months from the date of listing of the Placement Shares and is subject to our Group's operational requirements, and as such the actual breakdown can only be determined at a later stage at the time of utilisation. The estimated cost for the above is about RM3.00 million. In this regard, our Group intends to use its internally-generated funds to cover for the shortfall of the proceeds allocated for the upgrading of its information technology-related equipment and systems.

(3) Mainly consist of professional fees, placement fees and fees payable to Bursa Securities and other ancillary expenses. Any surplus or shortfall to the amount allocated for the estimated expenses for the Private Placement, will be adjusted against the amount allocated for/from the working capital of our Group for operational expenses such as staff costs (including salaries and other staff-related expenses) and payments to suppliers.

In view that the Private Placement has yet to be implemented as at the LPD, our Group has used its internally-generated funds to meet our Group's working capital requirements and settle part of the expenses incurred for the Private Placement.

7. RATIONALE FOR THE PROPOSALS

7.1 Proposed Share Consolidation

The Proposed Share Consolidation is part of our Company's proactive capital management plan to improve our Company's capital structure as well as to facilitate the Proposed Rights Issue after taking into consideration that the number of Shares in issue will increase further following the completion of the Proposed Rights Issue.

The Proposed Share Consolidation will reduce the number of Shares available in the market and correspondingly increase the reference/trading price of the Shares. The higher share price resulting from the Proposed Share Consolidation provides our Company with more flexibility in fixing the issue price of the Rights Shares which is deemed sufficiently attractive to encourage subscription of the Rights Shares and, consequently, enable our Group to raise the necessary funds to meet its funding requirements as set out in **Section 5** of this Circular.

7.2 Proposed Rights Issue

After due consideration of various means of fund-raising, our Board is of the opinion that the Proposed Rights Issue is the most suitable mean to raise funds for our Group at this juncture for purposes as set out in **Section 5** of this Circular due to the following:

(i) the Proposed Rights Issue allows our Group to raise funds expeditiously without incurring interest costs associated with bank borrowings or issuance of debt instruments that will result in cash outflow arising from interest servicing costs. Moreover, our Group will also be able to preserve such cash, which otherwise would be used for interest costs, for our Group's day-to-day operations;

(ii) the proceeds raised from the issuance of Rights Shares will strengthen the cash flow of our Group and utilisation of the said proceeds for, among others, the Pharmacy Business as set out in **Section 5** of this Circular are expected to contribute positively to our Group's future earnings and financial performance;

(iii) the Proposed Rights Issue provides an opportunity for the Entitled Shareholders to participate in the equity offering of our Company on a pro-rata basis;

(iv) the Proposed Rights Issue will involve issuance of new AIM Shares without diluting the Entitled Shareholders' shareholdings provided that they subscribe in full for their respective entitlements under the Proposed Rights Issue and exercise their Warrants subsequently; and

(v) the Proposed Rights Issue will strengthen the capital base of our Company and enhance the overall financial position of our Group.

The Warrants which are attached to the Rights Shares are intended to provide an added incentive to the Entitled Shareholders to subscribe for the Rights Shares. In addition, the Warrants will provide the Entitled Shareholders with an opportunity to increase their equity participation in our Company at a pre-determined exercise price over the tenure of the Warrants and will allow the Entitled Shareholders to further participate in the future growth of our Company as and when the Warrants are exercised.

Any exercise of the Warrants in the future will provide our Company with additional funds as and when the Warrants are being exercised over the tenure of the Warrants. In addition, the exercise of Warrants will also increase shareholders' funds, thereby strengthening the financial position of our Company.

7.3 Proposed Diversification

The Proposed Diversification is in line with our Group's objective to expand its revenue stream by diversifying into the Pharmacy Business and reduce reliance on its existing MCLS business after taking into consideration the challenges faced by the existing MCLS business which has been registering losses for the past 3 financial years and the prospects of the pharmacy retail industry as set out in **Section 9.4** of this Circular.

The Franchise Business provides an opportunity for our Group to venture into the Pharmacy Business immediately with support and expertise from the Franchisor, who has been operating the pharmacy retail chain, in accordance with the Franchise Agreement, which is expected to contribute positively to the financial performance of our Group. Additionally, our Group will continue to expand the Pharmacy Business by increasing to up to 10 pharmacy outlets and is exploring the possibility to sell its products via e-commerce platforms as part of its business plan to expand its revenue stream from the pharmacy retail activities.

Furthermore, our Group is able to tap into the competency and experience the key management personnel identified to spearhead our Group's pharmacy retail activities as detailed in **Section 4.2** of this Circular, to improve our Group's prospect by undertaking the Proposed Diversification effectively.

In view of the above, our Board believes that the diversification of our Group's existing business activities to include the Pharmacy Business is expected to enhance our Group's prospect moving forward.

8. RISK FACTORS

The risk factors relating to the Proposals are as follows:

8.1 Risks relating to the Proposed Rights Issue

8.1.1. Investment and capital market risk

The market prices of the Rights Shares and Warrants are influenced by, amongst others, the prevailing market sentiments, the volatility of equity markets, the liquidity of AIM Shares, the outlook of industries in which AIM operates, changes in regulatory requirements or market conditions, as well as the financial performance and fluctuations in AIM Group's operating results.

In addition, the performance of the Malaysian share market (where AIM Shares are listed) is dependent on the economic and political conditions in Malaysia and overseas as well as external factors such as, amongst others, the performance of the world bourses and flows of foreign funds. In view of this, there can be no assurance that the Rights Shares and the Warrants will trade above the issue price or TEAP upon or subsequent to their listing on the ACE Market of Bursa Securities.

AIM Group will endeavour to improve its revenue and earnings thereby increasing the likelihood of a positive reflection in the market price of AIM Shares.

8.1.2. Delay or failure to implement the Proposed Rights Issue

The Proposed Rights Issue is exposed to the risk that they may be delayed or not implemented due to the occurrence of force majeure events or circumstances which are beyond the control of our Company and Principal Adviser arising prior to the implementation of the Proposed Rights Issue. Such events or circumstances include, epidemics or pandemics, natural disasters, adverse developments in political, economic and government policies in Malaysia, including changes in inflation and interest rates, global economic downturn, acts of war, acts of terrorism, riots, expropriations, and changes in political leadership.

Pursuant to Rule 6.52 of the Listing Requirements, AIM is required to have at least 100 Warrants holders holding not less than 1 board lot (100 units) of Warrants each.

There can be no assurance that the abovementioned events will not occur and cause a delay or failure to implement the Proposed Rights Issue. If not implemented, all monies received from the Proposed Rights Issue will be refunded without interest to the Entitled Shareholders/subscribers and/or their renouncee(s)/transferee(s) (if applicable).

If such monies are not repaid within 14 days after our Company becomes liable, our Company will repay such monies with interest at the rate of 10% per annum or such other rate as may be prescribed by the Securities Commission Malaysia in accordance with Section 243(2) of the Capital Markets and Services Act 2007.

In the event that the Rights Shares and/or new AIM Shares to be issued pursuant to the exercise of the Warrants have been allotted to the successful Entitled Shareholders/subscribers and/or their renouncee(s)/transferee(s) (if applicable) and the Proposed Rights Issue is subsequently cancelled or terminated, a return of monies to the shareholders of our Company can only be achieved by way of cancellation of AIM's share capital as provided under the Act. Such cancellation requires the approval of the shareholders of our Company by way of special resolution in a general meeting, consent of the creditors of our Company (where applicable) and may require the confirmation of the High Court of Malaya (where applicable). There can be no assurance that such monies can be returned within a short period of time or at all under such circumstances.

In order to mitigate this risk, our Company has procured the Undertakings and will procure the Underwriting in order to meet the Minimum Scenario. The successful implementation of the Proposed Rights Issue is dependent on the fulfilment of the Undertakings from the Undertaking Shareholders. In addition, our Company will endeavour to obtain the requisite approvals and take all reasonable and necessary steps to ensure completion of the Proposed Rights Issue.

8.1.3. Potential dilution of existing shareholders' shareholdings

Entitled Shareholders who do not subscribe for their entitlements under the Proposed Rights Issue will have their shareholdings being diluted upon completion of the Proposed Rights Issue as a result of the issuance of the Rights Shares and exercise of Warrants into new AIM Shares by other shareholders of our Company. Consequently, their proportionate entitlements to any dividends, rights, allotments and/or other distributions that our Company may declare, make or pay after the completion of the Proposed Rights Issue will correspondingly be diluted.

In order to attract the Entitled Shareholders to subscribe for the Proposed Rights Issue and mitigate the risk of potential dilution of their shareholdings, our Board will fix the issue price for the Rights Shares and exercise price of the Warrants at a later date at potential discounts to the TEAP.

8.1.4. No prior market for the Warrants

The Warrants are new instruments to be issued by our Company, for which there is currently no public market. No assurance can be given that an active market for these new instruments will develop upon or subsequent to the listing of and quotation for this instrument on the ACE Market of Bursa Securities or, if developed, that such a market will be sustainable or adequately liquid during the tenure of the Warrants.

The market price of the Warrants, like other securities traded on Bursa Securities, is subject to fluctuations and will be influenced by, amongst others, prevailing market sentiments, volatility of the share market, economic and political condition in Malaysia and overseas, the market price of the underlying Shares, interest rate movements, trades of substantial amounts of the Warrants on Bursa Securities in the future, corporate developments as well as the future prospects of the industries in which our Group operates.

While most of the factors as mentioned above are beyond our Group's control, our Group will endeavour to improve its operational performance and profitability, leading to a likely positive reflection in the market price of AIM Shares and potentially increase the trading liquidity of the Warrants.

8.2 Risks relating to the Proposed Diversification

8.2.1. Dependency on the Franchise Agreement

Our Group's involvement in the Pharmacy Business will depend largely on skills, abilities, experience, brand name and business system of Franchisor. If the Franchisor are not able to fulfil its obligation pursuant to the Franchise Agreement, it may affect the operation of our Group's Pharmacy Business including the disruption of logistic management, inventory management, marketing and promotion, people management as well as IT support.

In order to mitigate such risk, our Group will ensure continuous communication with the Franchisor to facilitate smooth operations of the Franchise Business in accordance with the Franchise Agreement and building close working relationship with the Franchisor. In addition, our Group is planning to gradually expand our team for the Pharmacy Business by hiring new staff as mentioned in **Section 4.2** of this Circular, which will further strengthen our management team and ensure the Pharmacy Business will not have any major disruption and be supported with adequate resources.

8.2.2. No prior experience in the Pharmacy Business

Our Group does not have any prior experience specifically in the operation of pharmacies. In particular, the marketing and operating strategies that may be required for the success of the Pharmacy Business may be relatively distinct from our Group's existing business. Nevertheless, this risk is mitigated with the Franchise Agreement which allows our Group to leverage on the expertise of the Franchisor to commence and operate the Pharmacy Business under the brand name of "CONSTANT PHARMACY".

8.2.3. Competition risks

Our Group faces competition from other market players as well as new market entrants in the pharmacy retail industry in Malaysia in terms of competency and reliability of services. Some of the competitors may have greater financial resources, more extensive networks and exposure to potential business opportunities, and have a more comprehensive range of services than our Group.

In addition, our Group may not be able to provide comparable services at lower prices or respond faster to market trends, compared to competitors who have larger economies of scale and established networks. Intensified competition may result in reduced profit margins, which may adversely affect our Group's financial performance.

Although the management will take proactive measures to maintain a competitive edge in the pharmacy retail industry in Malaysia by ensuring costs are with effective managements, competitive pricing, strategic locations, there can be no assurance that our Group will be able to compete effectively against its competitors.

9. INDUSTRY OUTLOOK AND PROSPECTS

9.1 Overview and outlook of the Malaysian economy

Malaysia's economic recovery continued its strong momentum in the first half of 2022 amid the global headwinds, with the gross domestic product expanding at 6.9% during first half of 2022, 14.2% during the third quarter of 2022 and is projected at between 6.5% and 7.0% in 2022. The economic recovery process is well underway and as the country transitions into endemicity, efforts are now focused on quick execution of post-COVID-19 measures and strategies including expediting business recovery, providing conducive business environment, facilitating trade and investment, improving labour market conditions, safeguarding households' livelihood and inculcating sustainability principles throughout the whole spectrum of the economy. Malaysia's economy is expected to grow at between 4.0% and 5.0% in 2023, in line with the softening global economic outlook.

The services sector is anticipated to expand by 5.0% in 2023 (8.2% in 2022), benefitting from sustained domestic demand, despite a moderate global economic growth. The growth will continue to be mainly driven by the wholesale and retail trade; real estate and business services; information and communication; transportation and storage; and food and beverages; and accommodation subsectors.

The manufacturing sector is forecast to grow by 3.9% in 2023 (6.3% in 2022), supported by expansion in all subsectors. Output in export-oriented industries is anticipated to increase despite softening global trade, driven by the electrical and electronics segment. Similarly, production in domestic-oriented industries is expected to increase driven by the manufacture of food-related and construction-related segments. The growth in the food-related manufacturing segment is in line with improvements in consumer sentiments and robust tourism activities. For 2023, the agriculture sector is forecast to increase by 2.3% attributed to an improvement in labour supply within the sector (0.1% in 2022). In 2023, the mining sector is expected to expand by 1.1% on account of higher natural gas output (2.1% in 2022). The construction sector is forecast to expand by 4.7% in 2023 (2.3% in 2022) following better performance in all subsectors, such as infrastructure projects and affordable houses.

(Source: IMR Report)

9.2 Overview and outlook of the Indonesian economy

Indonesia is projected to record an economic expansion of 5.2% in 2022 and is expected to further expand by 5.3 % in 2023, reflecting robust domestic demand and exports. The economy entered 2022 with good prospects after COVID-19 mobility restrictions were eased in August 2021. Economic growth in the first quarter of 2022 was recorded at 5.0%, followed by 5.4% in the second quarter of 2022, generating an expansion of 5.2% in the first half of 2022. The third quarter of 2022 registered an economic growth of 5.7%.

The rollout of vaccinations is expected to improve consumer sentiments, release some pent-up demand, and help private consumption in 2022. COVID-19 infections remain manageable in 2022. Improvements in jobs, incomes, and confidence are stoking private consumption. In addition, healthy demand and rising credit are stimulating private investment. Consumer demand will also be stimulated by the further normalisation of economic activities. Higher prices for key commodity exports, such as coal, palm oil, and nickel, are generating windfall export earnings and fiscal revenue, more than offsetting higher fiscal subsidies for fuel, electricity, and food. The digitalisation of services, particularly in commerce and finance, will support consumption through any further COVID-19 outbreaks.

Investment growth should pick up in 2022 due to the normalisation of conditions and recent reforms to improve the business and investment climate. Businesses will rebuild productive capacity and restock inventories in response to recovering demand and improvements in the business and investment climate. Business licensing, for instance, has started moving toward an online, risk-based approach that will reduce processing times and costs. The Indonesian government has recognised that digital transformation can boost productivity, as it can provide opportunities for improving growth and social development. Downside risks include the potential for further COVID-19 outbreaks, perhaps of new variants; future lockdowns; and disruptions to economic activities in Indonesia and abroad.

(Source: IMR Report)

9.3 Overview and outlook of the business process outsourcing industry in Malaysia and Indonesia

BPO refers to the transfer of operations and responsibilities, wholly or partly, from a company to a third-party service provider and it is often IT-based. When a business decides to outsource, it enlists the help of service providers not affiliated with it to complete certain functions. It involves the turning over of responsibilities in whole or in part, of a function to an outside vendor.

BPO covers a wide variety of business processes, usually either in the back office, e.g. accounting, finance, human resources, marketing support (including customer loyalty programme), IT services (including development of mobile applications), etc. or in the front office, e.g., customer service in call centres (also known as contact centres), as well as logistics (including digital fulfilment).

BPO service providers can be divided into two types based on their locations:
- onshore outsourcing: when a business hires a service provider that is located in the same country. It is also known as onshoring; and
- offshore outsourcing: when a business hires a service provider in a different country. It is also known as offshoring.

Broadly, the BPO industry can be categorised into two segments:

- horizontal BPO are function-centric services that can be leveraged across various industries such as human resources, accounting, finance, customer loyalty programme, etc; and
- vertical BPO focuses on specialised or process knowledge that services the financial services industry, the healthcare industry, retail industry; etc.

BPO also makes sense to businesses globalising their operations. It would be quite a task for businesses to establish similar operations in each location and BPO is a viable and important alternative to building the needed capability from the ground up. Through BPO, these businesses may obtain the same level of commitments and support throughout their entire operations.

In the BPO industry, it is common for a company and a third party service provider to enter into a Service Level Agreement (SLA), which defines the services to be delivered, the performance standards the third party serviced provider is obligated to meet, and laying out the metrics by which the services are expected, as well as the remedies and penalties available to the company should the agreed service levels are not achieved or delivered by the service provider.

The Malaysian market for BPO expanded by 13.4% to RM4.48 billion in 2021, from RM3.95 billion in 2020. In the case of the Indonesian market, it grew by 12.2% to attain RM4.15 billion in 2021 from RM3.70 billion in 2020.

Post-pandemic, service providers need to maintain or potentially increase investments in new technologies such as migrating to cloud computing (an emerging IT development, deployment and delivery model, enabling real-time delivery of products, services and solutions over the Internet), or improve their technology infrastructure, as well as continue to expand their digital labour force. Cloud computing could also be leveraged upon to reduce the turnaround time required for processing data-intensive business processes. With the availability of skilled manpower in the service providers, businesses can save on recruiting and training.

Cloud computing relies on a global network of data centres linked together with high bandwidth fibre optic cables. Data centres are secure facilities used to cater to business demand for storage and use of digital information. Data centres have shot into prominence in recent years amidst digitalisation. Many businesses are moving their professional applications to cloud services to decrease the costs of running their own centralised computing networks and servers, as well as to access flexible and scalable computing infrastructure.

The BPO industry is expected to benefit from the increasing focus of businesses on improving business agility in order to survive the constantly changing business dynamics, ways of improving efficiency, decreasing operating costs and emphasising core competencies. Businesses may also utilise their existing resources to meet their diversification objectives, such as developing new products or services that are complementary to their core business.

Due to the various government-led digital initiatives to boost the national economy, as well as its relatively lower cost structure (particularly lower costs of operations such as salaries) and an efficient logistics network with well-maintained land, sea and air connections, Malaysia is anticipated to continue being an attractive site for the BPO industry. This is further supplemented by the presence of numerous multinational corporations that assist to integrate Malaysia into their global supply chains. Meanwhile, Indonesia is expected to become an attractive global BPO location for several reasons such as an attractive business environment, relatively low cost, a digital presence, people skills and workforce availability. In addition, there is also an expanding middle-class population in Indonesia that assist to boost domestic demand. These factors are anticipated to further fuel the expansion of the BPO industry in both Malaysia and Indonesia.

The BPO market in Malaysia is anticipated to increase from RM4.48 billion in 2021 to RM4.89 billion in 2022 and RM5.43 billion in 2023, generating growths of 9.2% and 11.0%, respectively. In the case of Indonesia, it is forecasted to expand more rapidly from RM4.15 billion in 2021 to RM4.68 billion in 2022 and RM5.31 billion in 2023, yielding growths of 12.8% and 13.5%, respectively.

(Source: IMR Report)

9.4 Overview and outlook of the pharmacy retail industry in Malaysia

Everyone will, at some point in their lives, take medication to prevent or treat illness. Medications have changed the human ability to live with diseases and generally increased lifespan. However, medications do sometime cause serious harms if taken incorrectly, are monitored insufficiently, or as a result of an error, accident or communications problem. Unsafe medication practices and medication errors are a leading source of avoidable harm in healthcare systems. All medication errors can be greatly reduced or even prevented, by improving the systems and practices of medications, such as ordering, prescribing, dosing, preparation, dispensing, administration, timing and monitoring.

Pharmacy is the science of preparing and dispensing drugs for preventing, diagnosing or treating diseases or disorders in humans, while pharmacists are healthcare professionals who prepare and dispense prescriptions, ensure medicines and doses are correct, prevent harmful drug interactions and counsel patients on the safe and appropriate use of their medications. Pharmacists also advise patients on their medication regimens and assist them to avoid drug interactions and screen them for possible side effects to medications.

Pharmacy service in Malaysia came into existence in 1951 with the enactment of three main legislations governing its profession namely, the Registration of Pharmacists Act 1951, Poisons Act 1952, and Dangerous Drugs Act 1952. Presently, pharmacy retail stores (also known as community pharmacies) convey health solutions to the general population and are essential to the prescription drug market, as well as over-the-counter drugs. They provide convenient services to the general population in the neighbourhood through the establishments of stores in commercial districts and shopping malls.

While some pharmacy retail stores are independent stores, others are national or regional chains. The variety of a pharmacy's merchandise varies from one store to another. Generally, a larger chain of pharmacy stores carries a wider variety of merchandise compared to independent stores. In addition, these chain pharmacy stores may utilise a franchise model which provides corporate branding, management support, training, distribution channels and marketing support to individual owners or businesses who franchises the said pharmacy stores, in exchange for a fee. In contrast, independent stores may face challenges such as lower purchasing power, limited promotional budgets and less merchandise inventory relative to a larger chain of pharmacy. They may also have a presence in only one or two areas, thus limiting their coverage.

Community pharmacies are recognised as providers of preventive healthcare services which aim to prevent disease or injury from occurring (primary prevention), reduce progression of disease by identifying it before it becomes symptomatic (secondary prevention) and decrease the impact of the disease if it does occur (tertiary prevention).

As such, community pharmacies provide opportunities for partnerships with other healthcare professionals to grant the general public access to clinical preventive services such as routine disease screening. It is common for the general public in Malaysia to approach community pharmacies for over-the-counter drugs and for the relief of general discomforts or minor ailments, without going to a general medical practitioner. Consumers pay only the medication costs when they visit a community pharmacy, as pharmacist consultations are free of charge.

Most community pharmacies incorporate a pharmacy section for dispensing over-the-counter drugs / prescription drugs, providing consultations on minor ailments or advising on general health matters such as weight loss products to the general public, with a general retail store retailing products such as, amongst others, dietary supplements, medical equipment, medical devices, and cosmetics and personal care consumables. Dispensing refers to the preparation and giving of medicines to patients. At times, there are also nutritionists and dieticians on site to provide dietary advice and guidance on the selection of dietary supplements. Through interacting with both patients and physicians, the pharmacy retail industry plays a fundamental role in the distribution of pharmaceutical drugs to consumers.

Over the years, the role of community pharmacies has evolved from merely focusing on the retail of pharmaceutical drugs to being more patient-centric and in the process, have become an integral part of the community.

The market size for the pharmacy retail industry in Malaysia increased to RM7.54 billion in 2021 from RM7.05 billion in 2020, expanding by 6.9%. It is projected to increase to RM8.03 billion in 2022 and RM8.51 billion in 2023, representing increases of 6.5% and 6.1%, respectively.

The pharmacy retail industry is projected to continue growing due to the rising population, an aging population and increasing urbanisation in Malaysia, as well as the Government's initiatives to improve the health and wellbeing of its citizens, such as providing more screenings and diagnostic services through the establishments of more mobile health clinics and enhancing healthcare awareness programmes. An aging population is defined as a population where those aged 65 years and above constitutes at least 15.0% of the total population. Malaysia is presently facing the prospect of an aging population and this is anticipated to occur by 2030, up from 7.0% in 2020. This will continue to generate sales of products such as pharmaceutical drugs, dietary supplements, medical equipment and medical devices in the pharmacy retail industry.

An aging population is more prone towards illnesses and the onset of health problems associated with old age. Health conditions that are expected to be a challenge to the health care system associated with an aging population encompass cancer, heart disease, obesity, diabetes, Parkinson's disease, Alzheimer's disease and orthopaedic conditions. With the above factors in mind, there are further opportunities for community pharmacies, as there is always growing demand for their services. The role of a pharmacist is further expanding as medications become more and more complex and diverse, along with the emergence of new diseases and pharmaceutical drugs. Only a certified pharmacist is allowed to consult, advise and dispense medications.

The COVID-19 pandemic has also generated a rising demand for certain medications, medical equipment and medical devices. This is expected to continue over the foreseeable future with the emergence of new viral variants due to mutations. For example, community pharmacies are presently allowed to supply medical devices such as COVID-19 self-test kits to the public. This has a knock-on effect on the growth and expansion of the pharmacy retail industry.

The national or regional retail chains are projected to further expand organically or via the acquisition or merger with smaller pharmacy retail chains and independent stores. This will permit the larger entities to gain from competitive advantages such as higher bargaining power when it comes to purchasing supplies from suppliers and enjoying volume discounts, marketing activities such as in advertising and promotions, and economies of scales in operations. The national or regional retail chains may also source their pharmaceutical drugs directly from manufacturers, bypassing the wholesale intermediary in the supply chain. There may also be potentially new entrants into the pharmacy retail industry by franchisees.

The COVID-19 pandemic is expected to lead to rising health awareness amongst the general population. As such, the public is likely to take more initiatives in terms of preventive healthcare and this will lead to more sales of medical devices (e.g. COVID-19 self-test kits, pulse oximeters and thermometers) and dietary supplements as well as other consumables (e.g. face masks and hand sanitisers). These preventive healthcare measures play a key role in reducing infections of the COVID-19 virus among the general public. All these factors augur well for the prospects of the pharmacy retail industry in Malaysia. However, sales of such products linked to the COVID-19 pandemic may decelerate when the country progressively achieves endemicity.

The way businesses and consumers interact during the COVID-19 pandemic brings upon a structural shift in lifestyle and consumption patterns as Malaysia progresses towards a post-pandemic recovery. There has been rising reliance on digitalisation (such as the use of digital payments) due to the COVID-19 pandemic as it permits consumers to transact in a secure and seamless environment as they become more aware about physical hygiene and social distancing. The value propositions of pharmacy retail stores need to evolve with changing consumer behaviours and operating environments.

Based on the abovementioned factors above such as a rising population, an aging population and increasing urbanisation, as well as the Government initiatives to promote the health and wellbeing of its citizens, Infobusiness Research & Consulting Sdn Bhd believes that the pharmacy retail industry in Malaysia is expected to continue to grow, although the impact of the COVID-19 pandemic progressively subsides.

(Source: IMR Report)

9.5 Overview and outlook of AIM Group

AIM is a regional BPO solutions provider offering a broad spectrum of loyalty management services from digital loyalty marketing, digital fulfilment system, contact centre management and applications development for companies aiming to build business relationship with their Business-to-Consumer (B2C) and Business-to-Business (B2B) customers.

AIM Group has been facing challenges in its core business as service provider of BPO solutions, in view of the increased price competition amongst the BPO providers in the market, resulting in our customers being able to procure cheaper prices as compared to our offering prices. Taking cognisance of this, our Group has made effort to explore for business opportunity to improve its financial performance and position which include, among others, enter into the Franchise Agreement which enable our Group to reduce its dependency solely on its existing BPO business.

The decision of venturing into the Pharmacy Business is expected to expand its revenue stream moving forward. Through the Franchise Agreement, AIM will be able to leverage on the Franchisor’s advice, know-how, brand name and market presence and diversify its business operation to include the operation of pharmacies including retailing of pharmaceutical, healthcare and personal care products.

As of to-date, AIM has set up its 1st Pharmacy Outlet in Klang Valley which has commenced operation on 29 December 2022. In addition, AMS had on 11 November 2022 entered into an option letter with MHSB whereby MHSB agreed to provide the option to AMS to exercise the option to enter into a Multi-Unit Franchise Agreement within 6 months from the date of the option letter to set-up, manage and operate for additional 9 outlets under the Constant Pharmacy brand in Malaysia. The set-up of additional 9 outlets if materialised is expected to contribute positively to the revenue stream of our Group and potentially enable our Group to enjoy economy of scale on its purchase of inventories which will then contribute positively to the profit margin of our Group's pharmacies business.

For the avoidance of doubt, our Group will also continue to focus on its existing BPO business and make efforts to improve its financial performance and position in the immediate and medium term which include, among others, trimming down the operational costs and source for new customers.

Premised on the above and the outlook and prospects of the BPO industry in Malaysia and Indonesia and pharmacy retail industry in Malaysia as set out in **Sections 9.3** and **9.4** of this Circular, the management is cautiously optimistic about our Group's prospects in the future.

(Source: Management of AIM)

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9.6 Historical financial performance of AIM Group

The summary of key financial information of AIM Group for the audited FYE 31 December 2019 to 31 December 2021 as well as the unaudited 9M-FPE 30 September 2021 and 9M-FPE 30 September 2022 are as follows:

	(Audited)			(Unaudited)	
	FYE 31 December 2019 (RM'000)	**FYE 31 December 2020 (RM'000)**	**FYE 31 December 2021 (RM'000)**	**9M-FPE 30 September 2021 (RM'000)**	**9M-FPE 30 September 2022 (RM'000)**
Revenue	4,944	10,851	7,752	6,808	3,672
Loss before tax	(4,098)	(3,821)	(5,187)	(3,034)	(2,547)
LAT	(4,083)	(3,795)	(5,162)	(3,034)	(2,547)
Share capital	28,052	28,052	28,052	28,052	28,052
Shareholders' funds / NA	19,918	19,567	12,527	12,387	10,300
No. of Shares in issue ('000)	241,968	241,968	266,059	241,968	266,059
Weighted average no. of Shares ('000)	241,968	241,968	266,059	241,968	266,059
NA per Share (sen)[(1)]	8.23	8.09	4.71	5.12	3.87
LPS (sen)[(2)]	(1.69)	(1.57)	(1.94)	1.25	0.96
Current assets	10,253	6,810	6,223	4,195	3,165
Current liabilities	758	897	1,464	1,066	630
Current ratio (times)[(3)]	13.53	7.59	4.25	3.94	5.02
Borrowings[(4)]	1,732	1,598	2,213	1,853	1,554
Gearing (times)[(5)]	0.09	0.08	0.17	0.15	0.15

Notes:

(1) *Computed based on the NA divided by the number of Shares in issue.*
(2) *Computed based on the LAT divided by the weighted average number of Shares in issue.*
(3) *Computed based on the current asset divided by current liabilities.*
(4) *Comprising lease liabilities and bank borrowings.*
(5) *Computed based on the total borrowings divided by the NA.*

Commentaries:

(a) Unaudited 9M-FPE 30 September 2022 vs 9M-FPE 30 September 2021

Our Group recorded an unaudited revenue of RM3.67 million, representing a decrease by RM3.14 million or 46.11% as compared to the revenue recorded at RM6.81 million in the corresponding quarter of the preceding year mainly due to:

(i) the decrease in revenue of the MCLS segment attributable from Malaysia market by RM0.52 million or 70.27% to RM0.22 million in 9M-FPE 30 September 2022 (9M-FPE 30 September 2021: RM0.74 million) as a result of decrease in sales orders and revision of sales prices by our Group to maintain competitiveness in the strong market competition environment; and

(ii) the decrease in revenue of MCLS segment attributable from Indonesia by RM2.62 million or 44.63% to RM3.25 million in 9M-FPE 30 September 2022 (9M-FPE 30 September 2021: RM5.87 million) was mainly due to disruption in our business operations of PT CLS System, a wholly-owned subsidiary of our Company arising from mismanagement, as announced by our Company on 15 December 2021. In this regards, our Group had on 20 May 2021 undertaken legal action against the perpetrators and appointed a new general manager in July 2022 to oversee the business operations in Indonesia.

Our Group recorded a lower LAT of RM2.55 million (9M-FPE 30 September 2021: LAT of RM3.03 million), representing a decrease of LAT of RM0.48 million or 15.84%. The decrease in LAT was mainly due to lower administrative and other operating expenses by RM0.52 or 12.81% to RM3.54 million (9M-FPE 30 September 2021: RM4.06 million) due to lower professional fees by RM0.66 million to RM5,300 (9M-FPE 30 September 2021:RM0.67 million) incurred by our Group in relation to legal suits brought by or against our Group as announced by our Company on 14 September 2021 and 2 June 2021, the proceedings of which have been discontinued or concluded in November 2021 and January 2022 respectively.

(b) FYE 31 December 2021 vs FYE 31 December 2020

Our Group recorded revenue of RM7.75 million in FYE 31 December 2021 (FYE 31 December 2020: RM10.85 million), representing a decrease of RM3.10 million or 28.57% due to the decrease in customers and customers' orders from Indonesia for the MCLS business as a result of strong competition from other industry player.

In line with the decreased revenue, our Group recorded a higher LAT of RM5.12 million (FYE 31 December 2020: LAT of RM3.80 million), representing an increase of LAT of RM1.32 million or 34.74% mainly due to higher other operating expenses representing an increase of RM0.77 million or 163.83% to RM1.24 million (FYE 31 December 2020: RM0.47 million) arising from legal fees incurred by our Group in relation to legal suits brought by or against our Group as announced by our Company on 14 September 2021 and 2 June 2021, the proceedings of which have been discontinued or concluded in November 2021 and January 2022 respectively.

(c) FYE 31 December 2020 vs FYE 31 December 2019

Our Group recorded revenue of RM10.85 million in FYE 31 December 2020 (FYE 31 December 2019: RM4.94 million), representing an increase of RM5.91 million or 119.64% due to the increase in customer orders from our Group's major clients for its MCLS business as a result of points redemption fulfilment as a new service being provided and our Group's Indonesia's business operation being able to secure more businesses and new corporate clients for e-vouchers services under MCLS segment.

In line with the increased revenue, our Group recorded a lower LAT of RM3.80 million (FYE 31 December 2019: LAT of RM4.08 million), representing a decrease of LAT of RM0.28 million or 6.86% mainly due to increase in gross profit in our Group's business operations as a result of increase in revenue and effective cost management measures adopted by our Group.

(d) FYE 31 December 2019 vs FYE 31 December 2018

Our Group recorded a lower revenue of RM4.94 million in FYE 31 December 2019 (FYE 31 December 2018: RM9.55 million), representing a decrease of RM4.61 million or 48.24% mainly due to the following:

(i) lower revenue from MCLS segment of RM4.94 million (FYE 31 December 2018: RM9.20 million) representing a decrease of RM4.26 million or 46.30% due to reduction of customers and cessation of key projects in both Malaysia and Indonesia as a result of increasing competition from competitors in MCLS segment; and

(ii) absence of revenue contribution from health and beauty care products segment under the brand of HABA from Japan due to the expiry of the distribution agreement for the exclusive distribution of health and beauty care products in Malaysia effective from 1 April 2018, which in turn resulted in our Group's discontinuation of the health and beauty care products business in 2018.

Our Group recorded a higher LAT of RM4.08 million (FYE 31 December 2018: LAT of RM2.33 million), representing an increase of LAT of RM1.75 million or 75.11% mainly due to:

(i) lower gross profit as a result of lower revenue as explained above;

(ii) lower other income of RM0.53 million (FYE 31 December 2018: RM1.59 million), representing a decrease of RM1.06 million or 66.67% mainly due to the absence of one-off gain on disposal of property, plant and equipment in the FYE 31 December 2019 by a subsidiary in Indonesia (FYE 31 December 2018: RM1.38 million); and

(iii) higher finance cost of RM0.05 million (FYE 31 December 2018: nil) due to the drawdown of a term loan.

9.7 Impact and value creation of the Proposed Rights Issue to AIM Group and our shareholders

The Proposed Rights Issue will entail the issuance of new AIM Shares which may have a dilutive impact on our Group's EPS and shareholdings of our existing shareholders. However, such dilutive effect is expected to be mitigated as the Proposed Rights Issue is expected to contribute positively to the future earnings of AIM Group in ensuing financial year(s) via the utilisation of the proceeds.

The intended use of proceeds from the Proposed Rights Issue to finance, among others, the Pharmacy Business to set up pharmacy outlets as part of our Group's effort to expand its revenue stream, working capital requirements as well as repayment of bank borrowings are expected to strengthen our Group's financial and operational viability when the economic benefit is realised. This should give rise to an expected improvement on our Group's financial performance, which in turn is expected to create value for our shareholders.

The Proposed Rights Issue will entail the issuance of new Warrants to shareholders who subscribe the Rights Shares. The new Warrants to be issued will enable shareholders to increase their equity participation in our Company and enjoy potential capital appreciation of AIM Shares based on pre-determined prices. In addition, the new Warrants to be issued pursuant to the Proposed Rights Issue will enable AIM to raise funds without incurring interest costs associated with bank borrowings when Warrants holders exercise their rights by converting Warrants into new AIM Shares.

Our Board believes that the usage of proceeds from the Proposed Rights Issue would improve our Group's operations, thereby having a positive impact on the earnings of our Group.

9.8 Adequacy of the Proposed Rights Issue in addressing AIM Group's financial concerns

As at the LPD, our Group's cash and bank balances stood at approximately RM0.55 million. Our Board is of the view that the cash and bank balances available for our Group should be conserved to facilitate our Group's existing business of business process outsourcing.

The Proposed Rights Issue will enable our Group to raise additional funds for the Pharmacy Business while ensuring our Group has adequate financial resources for its ongoing operation costs incurred by its existing businesses.

Premised on the efforts to improve the financial position of our Group as set out above, our Board is of the view that the Proposed Rights Issue are adequate to address our Group's financial concerns at this juncture after considering all of the aspects of the Proposed Rights Issue and our Group's current financial requirements.

9.9 Steps taken or to be undertaken by our Group to improve its financial position

In view of current economic sentiments, our Group has been facing challenges in its existing business of MCLS (the segment that contributes major revenue of our Group) as a result of strong competition from other industry player. Taking cognisance of these challenges, our Group has undertaken or planned to undertake the following steps to improve our financial performance and strengthen our financial position:

(i) Private Placement

On 22 March 2021, our Company announced the Private Placement of up to 26,605,000 placement shares pursuant to the 20% General Mandate. The Private Placement has yet to be implemented and the proceeds raised is expected to be used for our Group's working capital, upgrading the information technology-related equipment and systems and expenses for the Private Placement. Further details of the Private Placement are set out in **Section 6** of this Circular;

(ii) Development initiatives for MCLS business

Our Group is in the process of developing and planning new business initiatives by leveraging on the digitalisation of its MCLS business through the integration of more technology-driven support and services into its MCLS system such as automated e-voucher distribution system, business analysis system and email transaction system. The commencement date of these support and services has not been determined at this juncture as it will depend on, amongst others, the availability of financial resources such as the completion of the Private Placement, as detailed in **Section 6** of this Circular. Our Group envisaged that the aforementioned business initiatives are expected to enhance its MCLS business by attempting to increase subscription rate of customers by distributing e-voucher to the existing and/or potential users based on their behavior such as preference, buying patterns, etc., which is potentially to boost the sales by our Group's customers.

(iii) Cost optimisation to improve financial condition

To further improve our Group's financial performance, our Group will regularly review our cost structure with an aim of reducing office and administrative expenses for our operations and adopt various cost management measures from time to time to control our Group's operational expenses. Since year 2020, our Group had started to implement some cost management measures including the adoption of technology-driven applications as detailed in item (ii) above to reduce labor cost and improve staff's efficiencies.

(iv) Venture into the Pharmacy Business

On 6 October 2022, AMS had entered into a franchise agreement with MHSB for the Franchise Business as detailed in **Section 4** of this Circular which is in line with our Group's objective to expand its revenue stream by diversifying into the Pharmacy Business and reduce reliance on its existing MCLS business.

Moving forward, our Group's services are expected to see stronger prospects due to the rise of digital services and the growth of pharmacy retail industry as detailed in **Section 9.4** of this Circular. However, despite fear of the adverse economic impact from the COVID-19 pandemic, businesses and consumers have been showing more positive response in the face of the crisis. Our Group expects digital integration to be widely adopted due to users' expectations in facing the new normal. Our Board will continuously monitor the prevailing market conditions and implement different business strategies to remain competitive compared to its competitors.

10. EFFECTS OF THE PROPOSALS

The Proposed Diversification will not have any effect on our Group's issued share capital and substantial shareholders' shareholdings as the Proposed Diversification does not involve any change to the number of issued Shares or share capital of AIM. In addition, the Proposed Diversification is not expected to have any immediate material effect on our Group's NA, NA per Share, gearing, earnings/losses and EPS/LPS.

10.1 Share capital

The pro forma effects of the Proposed Share Consolidation and the Proposed Rights Issue on the issued share capital of AIM are as follows:

	Minimum Scenario		Maximum Scenario	
	No. of Shares	**RM**	**No. of Shares**	**RM**
Issued share capital as at the LPD	266,058,666	28,051,999	266,058,666	28,051,999
Issuance of the Placement Shares	-	-	26,605,000	1,809,140*(1)*
	266,058,666	28,051,999	292,663,666	29,861,139
After the Proposed Share Consolidation	88,686,222	28,051,999	97,554,555	29,861,139
Issuance of the Rights Shares	62,500,000	5,000,000*(2)*	292,663,665	23,413,093*(2)*
	151,186,222	33,051,999	390,218,220	53,274,232
Assuming full exercise of the Warrants	41,666,666	3,333,333*(3)*	195,109,110	15,608,729*(3)*
Enlarged share capital	**192,852,888**	**36,385,332**	**585,327,330**	**68,882,961**

Notes:

(1) Based on an indicative issue price of RM0.068 per Placement Share, calculated based on the discount of RM0.007 or approximately 9.33% to the 5D-VWAP of AIM Shares up to and including the LPD of RM0.0750.
(2) Based on the indicative issue price of RM0.08 per Rights Share.
(3) Based on the exercise price of RM0.08 per Warrant.

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10.2 NA and gearing

For illustrative purposes, based on our Group's audited financial statements as at 31 December 2021 and assuming that the Proposed Share Consolidation and the Proposed Rights Issue had been effected on that date, the pro forma effects of the Proposed Share Consolidation and the Proposed Rights Issue on the NA, NA per Share and gearing of our Group are as follows:

Minimum Scenario

	(Audited) As at 31 December 2021 (RM)	**(I) After the Proposed Share Consolidation (RM)**	**(II) After (I) and the Proposed Rights Issue (RM)**	**(III) After (II) and assuming full exercise of the Warrants (RM)**
Share capital	28,051,999	28,051,999	33,051,999[(1)]	36,385,332[(4)]
Fair value reserve	(1,409,522)	(1,409,522)	(1,409,522)	(1,409,522)
Foreign currency transaction reserve	(724,373)	(724,373)	(724,373)	(724,373)
Warrant reserve	-	-	4,066,667[(2)]	-
Other reserve	-	-	(4,066,667)[(2)]	-
Accumulated losses	(13,391,255)	(13,391,255)	(14,121,255)[(3)]	(14,121,255)
Shareholders' funds / NA	**12,526,849**	**12,526,849**	**16,796,849**	**20,130,182**
No. of Shares in issue (units)	266,058,666	88,686,222	151,186,222	192,852,888
NA per Share (RM)	0.05	0.14	0.11	0.10
Total borrowings (RM)	2,213,047	2,213,047	2,213,047	2,213,047
Gearing (times)	0.18	0.18	0.13	0.11

Notes:

(1) Based on the indicative issue price of RM0.08 per Rights Share.
(2) Computed based on the issuance of 41,666,666 Warrants with each Warrant assumed to have a fair value of RM0.0976 based on the Black-Scholes Options Pricing Model.
(3) After taking into account the estimated expenses of RM730,000 for the Proposals.
(4) Based on the indicative exercise price of RM0.08 for each Warrant.

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Maximum Scenario

	(Audited) As at 31 December 2021 (RM)	(I) After the Private Placement (RM)	(II) After (I) and the Proposed Share Consolidation (RM)	(III) After (II) and the Proposed Rights Issue (RM)	(IV) After (III) and assuming full exercise of the Warrants (RM)
Share capital	28,051,999	29,861,139[(1)]	29,861,139	53,274,232[(3)]	68,882,961[(7)]
Fair value reserve	(1,409,522)	(1,409,522)	(1,409,522)	(1,409,522)	(1,409,522)
Foreign currency transaction reserve	(724,373)	(724,373)	(724,373)	(724,373)	(724,373)
Warrant reserve	-	-	-	18,984,116[(4)]	-
Other reserve	-	-	-	(18,984,116)[(4)]	-
Accumulated losses	(13,391,255)	(13,443,255)[(2)]	(13,443,255)	(14,173,255)[(5)]	(14,173,255)
Shareholders' funds / NA	**12,526,849**	**14,283,989**	**14,283,989**	**36,967,082**	**52,575,811**
No. of Shares in issue (units)	266,058,666	292,663,666	97,554,555	390,218,220	585,327,330
NA per Share (RM)	0.05	0.05	0.15	0.09	0.09
Total borrowings (RM)	2,213,047	2,213,047	2,213,047	713,047[(6)]	713,047
Gearing (times)	0.18	0.15	0.15	0.02	0.01

Notes:

(1) Based on an indicative issue price of RM0.068 per Placement Share.
(2) After deducting the estimated expenses of RM52,000 for the Private Placement.
(3) Based on the indicative issue price of RM0.08 per Rights Share.
(4) Computed based on the issuance of 195,109,110 Warrants with each Warrant assumed to have a fair value of RM0.0973 based on the Black-Scholes Options Pricing Model.
(5) After taking into account the estimated expenses of RM730,000 for the Proposals.
(6) After repayment of borrowings of approximately RM1.50 million with the proceeds raised from the Proposed Rights Issue.
(7) Based on the indicative exercise price of RM0.08 for each Warrant.

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10.3 Substantial shareholders' shareholdings

The pro forma effects of the Proposed Share Consolidation and the Proposed Rights Issue on the shareholdings of our Company's substantial shareholders based on the Register of Substantial Shareholders as at the LPD are as follows:

<u>Minimum Scenario</u>

	As at the LPD				(I) After the Proposed Share Consolidation			
	Direct		Indirect		Direct		Indirect	
Name	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Mak Siew Wei	71,743,416	26.97	-	-	23,914,472	26.97	-	-
CG Assets Pte Ltd	47,378,822	17.81	-	-	15,792,940	17.81	-	-
Datuk Chong Loong Men	22,897,190	8.61	-	-	7,632,396	8.61	-	-
Ang Huat Keat	-	-	47,378,822(1)	17.81	-	-	15,792,940(1)	17.81
Ngai Yoon Fatt	-	-	47,378,822(1)	17.81	-	-	15,792,940(1)	17.81
Choong Mun Kit	30,000	0.01	-	-	10,000	0.01	-	-

	(II) After (I) and the Proposed Rights Issue				(III) After (II) and assuming full exercise of Warrants			
	Direct		Indirect		Direct		Indirect	
Name	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Mak Siew Wei	23,914,472	15.82	-	-	23,914,472	12.40	-	-
CG Assets Pte Ltd	15,792,940	10.45	-	-	15,792,940	8.19	-	-
Datuk Chong Loong Men	45,132,396	29.85	-	-	70,132,396	36.37	-	-
Ang Huat Keat	-	-	15,792,940(1)	10.45	-	-	15,792,940(1)	8.19
Ngai Yoon Fatt	-	-	15,792,940(1)	10.45	-	-	15,792,940(1)	8.19
Choong Mun Kit	18,760,000	12.41	-	-	31,260,000	16.21	-	-

Note:

(1) Deemed interested by virtue of their interests in CG Assets Pte Ltd pursuant to Section 8 of the Act.

<u>Maximum Scenario</u>

	As at the LPD				(I) After the Private Placement			
	Direct		Indirect		Direct		Indirect	
Name	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Mak Siew Wei	71,743,416	26.97	-	-	71,743,416	24.51	-	-
CG Assets Pte Ltd	47,378,822	17.81	-	-	47,378,822	16.19	-	-
Datuk Chong Loong Men	22,897,190	8.61	-	-	22,897,190	7.82	-	-
Ang Huat Keat	-	-	47,378,822(1)	17.81	-	-	47,378,822(1)	16.19
Ngai Yoon Fatt	-	-	47,378,822(1)	17.81	-	-	47,378,822(1)	16.19
Choong Mun Kit	30,000	0.01	-	-	30,000	0.01	-	-

Name	(III) After (II) and the Proposed Share Consolidation				(IV) After (III) and the Proposed Rights Issue			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Mak Siew Wei	23,914,472	24.51	-	-	95,657,888	24.51	-	-
CG Assets Pte Ltd	15,792,940	16.19	-	-	63,171,760	16.19	-	-
Datuk Chong Loong Men	7,632,396	7.82	-	-	30,529,584	7.82	-	-
Ang Huat Keat	-	-	15,792,940[(1)]	16.19	-	-	63,171,760[(1)]	16.19
Ngai Yoon Fatt	-	-	15,792,940[(1)]	16.19	-	-	63,171,760[(1)]	16.19
Choong Mun Kit	10,000	0.01	-	-	40,000	0.01	-	-

Name	(V) After (IV) and assuming full exercise of the Warrants			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Mak Siew Wei	143,486,832	24.51	-	-
CG Assets Pte Ltd	94,757,640	16.19	-	-
Datuk Chong Loong Men	45,794,376	7.82	-	-
Ang Huat Keat	-	-	94,757,640[(1)]	16.19
Ngai Yoon Fatt	-	-	94,757,640[(1)]	16.19
Choong Mun Kit	60,000	0.01	-	-

Note:

(1) Deemed interested by virtue of their interests in CG Assets Pte Ltd pursuant to Section 8 of the Act.

10.4 Earnings/Losses and EPS/LPS

The Proposed Share Consolidation will not have effect on the consolidated earnings / losses of our Group. However, the lower number of issued Shares upon completion of the Proposed Share Consolidation will result in an increase in the EPS / LPS.

The Proposed Rights Issue is not expected to have an immediate material effect on the consolidated earnings / losses of our Group and EPS / LPS for the FYE 31 December 2023. However, the effect on the consolidated earnings / losses of our Group and EPS / LPS upon completion of the Proposed Rights Issue will depend on, the number of Rights Shares to be issued and the level of returns generated from the use of proceeds to be raised from the Proposed Rights Issue.

The EPS / LPS will be diluted as a result of the increase in the number of issued AIM Shares following the issuance of the Rights Shares and any new AIM Shares arising from the exercise of the Warrants.

10.5 Convertible securities

As at the LPD, our Company does not have any outstanding convertible securities.

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11. HISTORICAL PRICES OF AIM SHARES

The monthly highest and lowest transacted prices of AIM Shares for the past 12 months are as follows:

	Highest (RM)	Lowest (RM)
2022		
January	0.180	0.115
February	0.135	0.110
March	0.125	0.095
April	0.180	0.110
May	0.150	0.105
June	0.115	0.085
July	0.100	0.085
August	0.120	0.085
September	0.095	0.075
October	0.095	0.070
November	0.175	0.075
December	0.110	0.075

The last transacted market price of AIM Shares on 17 November 2022 (being the last trading date prior to the announcement of the Proposals) was RM0.11.

The last transacted market price of AIM Shares on 19 January 2023 (being the LPD) was RM0.075.

(Source: Bloomberg Finance L.P.)

12. APPROVALS REQUIRED

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

(i) Bursa Securities for the:

   (a) Proposed Share Consolidation;

   (b) admission of Warrants to the Official List; and

   (c) listing of and quotation for Rights Shares, Warrants and new AIM Shares to be issued pursuant to the exercise of the Warrants on the ACE Market of Bursa Securities;

(ii) the shareholders of our Company at the forthcoming EGM; and

(iii) any other relevant authorities and/or parties, if required.

The approval of Bursa Securities for the Proposed Share Consolidation and Proposed Rights Issue is subject to the following conditions:

	Conditions imposed	Status of compliance
(a)	Our Company and TA Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Share Consolidation and Proposed Rights Issue;	To be complied with.
(b)	Our Company and TA Securities to inform Bursa Securities upon the completion of the Proposed Share Consolidation and Proposed Rights Issue;	To be complied with.
(c)	Our Company to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Share Consolidation and Proposed Rights Issue are completed; and	To be complied with.

	Conditions imposed	Status of compliance
(d)	Our Company to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of the Warrants as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied with.

13. CONDITIONALITY OF THE PROPOSALS

It is our Company's intention to implement the Proposed Share Consolidation and thereafter, the Proposed Rights Issue. Save for the Private Placement, our Board confirms that there is no corporate exercise which has been announced but not yet completed as at the LPD.

The Proposed Share Consolidation, Proposed Rights Issue and Proposed Diversification are not inter-conditional upon each other.

Save for the above, the Proposals are not conditional upon the Private Placement and/or any other corporate proposal undertaken or to be undertaken by our Company.

14. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSON CONNECTED WITH THEM

None of AIM's Directors, major shareholders, chief executive and/or persons connected with them has any interest, direct or indirect, in the Proposals, save for their respective entitlements as the shareholders of our Company under the Proposed Rights Issue, for which all the existing shareholders of our Company are entitled to, including the right to apply for additional Rights Shares with Warrants as excess application.

15. DIRECTORS' STATEMENT AND RECOMMENDATION

After having considered all aspects of the Proposals, including but not limited to the rationale and effects of the Proposals, our Board is of the opinion that the Proposals are in the best interests of our Company. Accordingly, our Board recommends that shareholders vote **IN FAVOUR** of the resolutions pertaining to the Proposals at the forthcoming EGM.

16. ESTIMATED TIMEFRAME FOR COMPLETION / IMPLEMENTATION

Barring any unforeseen circumstances and subject to all required approvals being obtained, our Board expects the Proposals to be completed in the 2nd quarter of 2023.

The tentative timeline for the implementation of the Proposals is as follows:

Date	Events
3 March 2023	EGM for the Proposals
Early March 2023	- Announcement of the Share Consolidation Entitlement Date
Mid March 2023	- Share Consolidation Entitlement Date - Completion of the Proposed Share Consolidation
Early April 2023	- Announcement of the Rights Issue Entitlement Date
Mid April 2023	- Rights Issue Entitlement Date - Despatch of abridged prospectus, notices of provisional allotment and rights subscription form

Date	Events
Early May 2023	- Last day for payment and acceptance of the Rights Shares and Warrants
Mid May 2023	- Listing and quotation of the Rights Shares and Warrants - Completion of the Proposed Rights Issue with Warrants

17. EGM

The Notice convening the EGM and the Proxy Form are enclosed in this Circular. The EGM will be conducted on virtual basis through live streaming from the Broadcast Venue at Lot 4.1, 4th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Friday, 3 March 2023 at 11:00 a.m. or any adjournment thereof, using Remote Participation and Voting ("**RPV**") facilities operated by Mlabs Research Sdn Bhd via https://rebrand.ly/AIM-EGM, for the purpose of considering and if thought fit, passing with or without modifications, the resolutions to give effect to the Proposals.

This Circular is also available at www.aim-net.com.my together with the Notice of EGM, Proxy Form and the Administrative Guide for the EGM of our Company.

If shareholders are unable to participate and vote in person at the forthcoming EGM, shareholders may appoint a proxy or proxies to participate and vote at the EGM on his/her behalf. If the shareholders wish to do so, the shareholders must complete, sign and deposit the Proxy Form in accordance with the instructions thereon with the Company's Poll Administrator office at Aldpro Corporate Services Sdn Bhd of B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. The lodgment of the Proxy Form shall not preclude you from participating and voting at the EGM should you subsequently wish to do so and in such event, your Proxy Form shall be deemed to have been revoked.

Shareholders **WILL NOT BE ALLOWED** to attend this EGM in person at the Broadcast Venue on the day of the meeting.

Please read the Notes in the Notice of EGM carefully and follow the procedures in the Administrative Guide for the EGM in order to participate remotely via RPV.

18. FURTHER INFORMATION

The shareholders of AIM are advised to refer to the Appendices set out in this Circular for further information.

Yours faithfully,
For and on behalf of our Board
ADVANCE INFORMATION MARKETING BERHAD

MAK SIEW WEI
Executive Director

SALIENT TERMS OF THE WARRANTS

Issue price	:	The Warrants will be issued at no cost to the Entitled Shareholders and/or their renouncee(s) who successfully subscribe for the Rights Shares
Issue size	:	Up to 195,109,110 Warrants
Form and detachability	:	The Warrants will be issued in registered form and constituted by the Deed Poll. The Warrants will immediately be detached from the Rights Shares upon allotment and issuance and will be traded separately on the ACE Market of Bursa Securities.
Board lot	:	For the purpose of trading on the ACE Market of Bursa Securities, a board lot of Warrants shall be 100 units of Warrants, or such other number of units as may be permitted by Bursa Securities.
Tenure of the Warrants	:	5 years commencing on and including the date of issuance of the Warrants
Expiry Date		At the close of business at 5.00 p.m. in Kuala Lumpur, on the date immediately preceding the 5th anniversary commencing from and inclusive of the date of issuance of the Warrants and if such a day is not a market day, then it shall be the market day immediately preceding the said non-market day;
Exercise Period	:	The Warrants may be exercised at any time within a period of 5 years commencing from and including the date of issuance of the Warrants until the close of business at 5.00 p.m. on the Expiry Date. Any Warrants not exercised during the exercise period will thereafter lapse and cease to be valid for any purpose.
Exercise Price	:	The exercise price of the Warrants shall be determined by the Board at a later date after obtaining the relevant approvals but prior to the announcement of the Entitlement Date which shall be fixed at a discount of between 20% and 40% to the TEAP of AIM Shares, to be calculated based on the 5D-VWAP of AIM Shares up to and including the last trading day prior to the price-fixing date.
Subscription rights	:	Each Warrant shall entitle its registered holder to subscribe for 1 new Share at any time during the Exercise Period at the Exercise Price, subject to adjustments under circumstances prescribed in accordance with the provisions of the Deed Poll.
Mode of exercise	:	The holders of the Warrants are required to lodge a subscription form with our Company's share registrar, duly completed, signed and stamped together with payment by way of banker's draft or cashier's order drawn on a bank operating in Malaysia or a money order or postal order issued by a post office in Malaysia or by way of internet bank transfer for the aggregate of the Exercise Price payable when exercising their Warrants to subscribe for new Shares.
Adjustments to the Exercise Price and/or the number of Warrants	:	Subject to the provisions of the Deed Poll, the Exercise Price and/or the number of unexercised Warrants in issue may be subject to adjustments by the Board in consultation with an approved adviser appointed by our Company or the auditors in the event of any alteration in the share capital of our Company at any time during the tenure of the Warrants, whether by way of, amongst others, capitalisation issues, rights issue, bonus issue, consolidation of shares, subdivision of shares or capital reduction exercises, in accordance with the provisions of the Deed Poll. Any adjustment to the Exercise Price will be rounded up to the nearest 1 sen.

SALIENT TERMS OF THE WARRANTS *(CONT'D)*

Rights of the Warrant holders	:	The Warrants holders are not entitled to any voting rights or participation in any form of distribution and/or offer of securities in our Company until and unless such holders of Warrants exercise their Warrants into new Shares. The new Shares to be issued pursuant to the exercise of the Warrants shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing Shares, save and except that the new Shares to be issued pursuant to the exercise of the Warrants shall not be entitled to any dividends, rights, allotments and/or distributions that may be declared, made or paid to our shareholders, the entitlement date of which is prior to the date of allotment and issuance of the new Shares to be issued pursuant to the exercise of the Warrants.
Rights of the Warrant holders in the event of winding up, liquidation, compromise and/or arrangement	:	Where a resolution has been passed for a members' voluntary winding-up of our Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of our Company or the amalgamation of our Company with one or more companies, then:- (i) for the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which our Company is the continuing corporation) to which the holders of the Warrants (or some other persons designated by them for such purpose by special resolution) shall be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the holders of the Warrants; and (ii) every Warrant holder shall be entitled to exercise his/her Warrants at any time within 6 weeks after the passing of such resolution for a members' voluntary winding up of our Company or the granting of the court order approving the compromise or arrangement, whereupon our Company shall allot the relevant new Shares to the Warrant holder credited as fully paid subject to the prevailing laws, and such Warrant holder shall be entitled to receive out of the assets of our Company which would be available in liquidation if he/she had on such date been the holder of the new Shares to which he/she would have become entitled pursuant to such exercise and the liquidator of our Company shall give effect to such election accordingly. Upon the expiry of the above 6 weeks, all subscription rights of the Warrants shall lapse and cease to be valid for any purpose.
Modification of rights of Warrant holders	:	Save as otherwise provided in the Deed Poll, a special resolution of the Warrant holders is required to sanction any modification, alteration or abrogation in respect of the rights of the Warrant holders.
Modification of Deed Poll	:	Any modification to the terms and conditions of the Deed Poll may be effected only by a further deed poll, executed by our Company and expressed to be supplemental to the Deed Poll. Any of such modification shall however be subject to the approval of Bursa Securities (if so required). No amendment or addition may be made to the provisions of the Deed Poll without the sanction of a special resolution unless the amendments or additions are required to correct any typographical errors or relate purely to administrative matters or are required to comply with any provisions of the prevailing laws or regulations of Malaysia or in the opinion of our Company upon consultation with the approved adviser appointed by our Company, will not be materially prejudicial to the interests of the Warrant holders.

SALIENT TERMS OF THE WARRANTS *(CONT'D)*

Listing status	:	The Warrants will be listed and traded on the ACE Market of Bursa Securities.
Transferability	:	The Warrants shall be transferable in the manner provided under the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository.
Governing laws	:	The Warrants and the Deed Poll shall be governed by the laws and regulations of Malaysia.

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SALIENT TERMS OF THE FRANCHISE AGREEMENT

Term	The Franchise Agreement is effective for a term of five (5) years commencing on 6 October 2022 and expiring in five (5) years from 6 October 2022 ("**Expiry Date**") or earlier termination of the Franchise Agreement pursuant to the provisions of the Franchise Agreement.
Renewal terms	Unless either party to the Franchise Agreement ("**Party**") informs the other Party of its intention not to renew the Franchise Agreement six (6) months before the Expiry Date of the Term, the Franchise Agreement and the rights and license granted under the Franchise Agreement shall automatically be renewed for a further term of five (5) years from the Expiry Date. Notwithstanding the above, the renewal shall only be effective provided that: (a) the Franchisee has throughout the Term properly observed and performed all its obligations under the Franchise Agreement and has not breached any term or condition under the Franchise Agreement; (b) not later than ninety (90) days prior to the Expiry Date of the Term, the Franchisor and the Franchisee ("collectively, the "**Parties**") have executed a new agreement in the form then used by the Franchisor which new agreement may differ from the terms of the Franchise Agreement; and (c) prior to the Expiry Date of the Term the Franchisee has, as the Parties may agree in writing, to perform at its own expense such maintenance, repairs, renovation and refurbishment of the Premise and the equipment, fixtures and fittings used in the Franchise Business as the Franchisor may require within the time prescribed by the Franchisor. Such expenses shall be within a reasonable budget. The Franchise Agreement will not be extended for a further term of five (5) years if: (a) the Franchisee does not execute a new agreement prior to the Expiry Date; or (b) by mutual agreement between the Parties.
Payment obligation	In consideration of the Franchisor granting the Franchisee the exclusive rights and license to operate the Franchise Business at the Premise and further consideration of the joint cooperation in operating the Franchise Business, the Franchisee shall pay to the Franchisor or such other person as the Franchisor may direct, the following payments which include: (a) upon the execution of the Franchise Agreement, a total sum of payment of Ringgit Malaysia Fifty Thousand (RM50,000) (once every five (5) years) ("**Initial Franchise Fee**"). The Initial Franchise Fee shall be non-refundable in consideration for administrative and other expenses incurred by the Franchisor in granting the rights under the Franchise Agreement to the Franchisee and for the Franchisor's loss of opportunity to grant the license to others within the Location[1]; Note: 1. Location means the location with an area of 1 km radius from such location (unless otherwise stated and/or within shopping complex area) wherein the Franchisee has granted the rights to sell the Products[2] through the Franchise Business. Note: 2. Products means the products and services identified by the Proprietary Marks[3] sold or provided in the course of the Franchise Business which may be added to or withdrawn by the Franchisor from time to time by notice in writing to the Franchisee.

	Note: 3. Proprietary Marks means all patents, trademarks, trade names, logos, designs, symbols, emblems, insignia, slogans, copyrights, know-how, information, drawings, plans and other identifying materials whether or not registered or capable of registration and all other proprietary rights whatsoever owned by the Franchisor adopted or designated now or at any time hereafter by the Franchisor for use in connection with the System[4]. Note: 4. System means the distinctive business format and method developed and implemented by the Franchisor in connection with the operations of the Franchise Business utilising and comprising the Proprietary Marks, and certain standard operational procedures, standard store layout, fixtures, equipment, signages, plans, specifications, directions, methods, management advertising and techniques and identification schemes, part of which are contained in the Operations Manual[5], products and services offered for sale to the customers, product services, materials and supplies used in packaging and delivery to customers including supplies and materials, minimum levels of inventory, merchandise mix, display and decorations and store ambience, marketing, advertising and promotional activities and materials, qualifications, training, dress and appearances of employees, accounting, bookkeeping, data processing, communication and record keeping system, and computer system used in the operations. Note: 5. Operations Manual means the written specification of the methods, processes, techniques, systems and schemes devised and compiled by the Franchisor to be observed and implemented by the Franchisee in operating the Franchise Business and any amendment or variation thereof at any time hereafter notified. (b) a franchise fee payable every five (5) years to the Franchisor in the sum of Ringgit Malaysia Fifty Thousand (RM50,000.00) ("**Franchise Fees**"); (c) an annual sum of Ringgit Malaysia Thirty Thousand (RM30,000.00) per outlet for promotional activities of the outlet and national advertising. This sum shall be paid out by the Franchisee to the Franchisor within seven (7) days from the commencement of Franchise Business of the outlet at Premise and upon every anniversary of the same; (d) to commit to the initial product purchase for the outlet at the Premise in the amount of Ringgit Malaysia Three Hundred Thousand (RM300,000.00) from the Franchisor or any other party designated by the Franchisor; and (e) Ringgit Malaysia Five Hundred (RM500.00) for information technology system support and Ringgit Malaysia Five Hundred (RM500.00) for customer/membership data base support per month per Premise ("**Monthly I.T. Support Fee**").
Obligations of the Franchisor	**<u>Initial obligations of the Franchisor</u>** In connection with the commencement of the Franchise Business by the Franchisee, the Franchisor, agrees and undertakes as follows: (a) to provide the Franchisee with consultation and advice concerning site selection criteria, the location and suitability of the Premise; (b) to provide the Franchisee with standard specifications for internal layout, signs, fixtures and fittings and consultation and advice relating to the construction and refurbishment of the Premise and to review the Franchisee's construction and renovation plans to ensure compliance with the System; (c) to provide such general supervision of the renovation works as the Franchisor shall consider appropriate;

(d) prior to the opening, to provide to the Franchisee free of charge thirty (30) hours (the number of persons nominated by the Franchisee for the training and the time frame of the training shall be taken into consideration in calculating the hours) of training in the standards, procedures, techniques and methods comprising the System at such time and place as shall be specified by the Franchisor save and except that the cost of travel and subsistence in connection therewith shall be borne by the Franchisee;

(e) to deliver to the Franchisee at the commencement of the initial training period one copy of the Operations Manual and any other training materials deemed appropriate by the Franchisor; and

(f) to provide such assistance as the Franchisor shall deem appropriate in connection with the opening of the Premise including on-site supervision thereof and consultation and advice concerning pre-opening, marketing and launch activities.

Continuing obligations of the Franchisor

The Franchisor agrees to perform the following at all times during the continuance of the Franchise Agreement:

(a) to permit the Franchisee to distribute, operate and promote the Products through the Franchise Business under the trade name in accordance with the terms of the Franchise Agreement;

(b) to provide the Franchisee with advice, know-how and guidance relating to the management, finance, promotions and methods of operation to be employed in connection with the System and to provide reasonable facilities for consultation with the Franchisee in connection with any problems relating to the System from time to time arising with a view to assisting and enabling the Franchisee to operate and maintain the System;

(c) to make available to the Franchisee with reasonable promptness members of the Franchisor's staff competent to provide any requisite assistance and advice in connection with the Franchise Business and System or recommend to the Franchisee such independent experts as may appear necessary;

(d) to improve and develop the System as may from time to time appear necessary in light of such improvement or development;

(e) to provide to the Franchisee the Products, services and equipment described in the Operations Manual on the terms and from time to time therein specified and to assist the Franchisee in procuring such additional supplies of Products, services and equipment as may be required to commence and operate the Franchise Business;

(f) to make available to the Franchisee all services and facilities which the Franchisor makes available to its other franchisees including improvements in and additions to the System (which shall include all manuals of the same);

(g) to continuously and efficiently make available to the Franchisee the Services[6];

Note:

6. Services means the consultative advisory and other services to be rendered by the Franchisor to the Franchisee more particularly the basic financial performance statement, basic training, business and management consultancy and operational consultancy which may be added to or withdrawn by the Franchisor at any time and from time to lime by notice in writing to the Franchisee.

(h) to provide at cost training to any employee of the Franchisee who is required to undergo such training. The Franchisee shall bear the cost of any travel and subsistence involved in connection with such training; and

	(i) the Franchisee shall have the first right of refusal to participate in any of the exhibition, promotional kiosk and/or any marketing activities located within the Franchisee's business locality, organised by the Franchisor. Only if the Franchisee decides not to participate in such activities, the Franchisor shall then be allowed to request other franchisees to participate into such activities. The Franchisor shall have the absolute rights to decide who to replace the Franchisee in the event the Franchisee refuses to participate and the Franchisor shall decide on pricing and/or any marketing strategies in arranging and organising of such activities.
Obligations of the Franchisee	The Franchisee agrees as follows: (a) to ensure that the Premise is renovated, refurbished, equipped and fitted out in accordance with the requirements of the Franchisor; (b) to ensure that adequate financial resources are available by way of working capital or otherwise to ensure that the Franchisee is able to bear all operating costs of the Franchise Business and fulfil all obligations contained in the Franchise Agreement; (c) to operate the Franchise Business in accordance with the Operations Manual and to conform in all aspects and at all times with the System as modified from time to time and not at any time use any other trade name or symbol nor do or permit to be done anything which is not in accordance with the System without the prior written consent of the Franchisor; (d) to ensure that the Franchise Business conforms and is operated in accordance with the System in terms of quality, service, appearance and cleanliness, the Franchisee acknowledging that such conformity is of the utmost importance to the successful operation of the Franchise Business and the protection of the goodwill attaching to the Proprietary Marks; (e) to comply with all advice and instructions given by the Franchisor with regard to the operations of the Franchise Business and/or the System; (f) to attend such further periods of training as may from time to time be required by the Franchisor. Should the Franchisee attend less than seventy percent (70%) of training courses provided within a year period, it shall be considered as a fundamental breach of the Franchise Agreement and shall entitle the Franchisor to take any further legal action against this breach; (g) to use only such letter headings, invoices, signs, display materials, promotional literature, equipment and other items in connection with the Franchise Business as shall be approved in writing by the Franchisor and immediately to cease using or displaying any signs, materials or objects as the Franchisor directs; (h) at all times to maintain the interior and exterior of the Premise and all parts thereof to the highest standard of safety, decoration, repair and cleanliness and shall ensure that any requirements of the Franchisor in this regard are fulfilled promptly; (i) to diligently carry on the Franchise Business and to use its best endeavours to promote and increase the Franchise Business and to co-operate with the Franchisor and the other franchisees of the Franchisor in this regard; (j) to operate minimum of twelve (12) opening hours for minimum of six (6) days per week (including statutory holidays) and to operate the Franchise Business from Monday to Sunday and between 10am to 10pm on shift arrangement (Franchisee is able to change its operating hours according to its locality circumstances and situation and prior with Franchisor approval) or as the Franchisor shall specify from time to time;

	(k) to maintain sufficient stocks and employ sufficient staff for the efficient operations of the Franchise Business; (l) to pay promptly all suppliers of goods and services sold or provided to the Franchisee for the purpose of the Franchise Business; (m) to promote and preserve the goodwill and reputation associated with the Proprietary Marks; (n) to promptly replace or refund the cost of any goods and services supplied by the Franchisor which do not conform to the high standards required by the System; (o) to ensure that all personnel employed in the Franchise Business shall at all times present a neat and clean appearance and render competent sober and courteous service to customers and comply with any and all directions of the Franchisor in this respect relating to dress, appearance and demeanour. (p) to consult with the Franchisor as to the scale and level of prices and charges to be levied in the course of the Franchise Business; (q) to permit the Franchisor and its representatives at reasonable times and upon reasonable notice to enter upon the Premise for the purposes of ascertaining whether the provisions of Franchise Agreement are being complied with; (r) to permit the Franchisor to speak or write to customers of the Franchise Business concerning the standard of any products or services being provided to such customers by the Franchisee; (s) to comply with all statutes, by-laws, regulations and requirements of any government or other competent authority relating to the Franchisee and the conduct of the Franchise Business. The Franchisee agrees to indemnify the Franchisor for any liability occurred to Franchisor and/or third party for any misuse, misconduct, illegal action, illegal conduct and/or illegal sales which including but not limiting to selling of private CD, unauthorized software and/or system, illegal downloading of software and/or system and other prohibited products and/or services within the Premise; (t) to order and purchase all Products and equipment stated in the Operations Manual solely from the Franchisor or such party as designated by the Franchisor. Where the Franchisee fails to adhere to such requirement then the Franchisee agrees to pay the Franchisor as agreed liquidated damages of Ringgit Malaysia Ten Thousand (RM10,000.00) per piece of Product or equipment not purchased from the Franchisor or such party as designated by the Franchisor; (u) to sell only such products or services as may be described from time to time in the Operations Manual upon the terms and conditions therein set out; (v) to sell the Products strictly according to the pricing set by the Franchisor and to maintain the stocking levels of the Products as well as carry out checks on stocks of the Products as set out in the Operation Manual. (w) to achieve the Minimum Order[7] for the Products from the Franchisor each calendar month. In the event that the Franchisee fails and/or unable to achieve the Minimum Order in two (2) consecutive calendar months, the Franchisor is entitled to terminate the Franchise Agreement; Note: 7. The Parties has agreed to fix the Minimum Order at a later date. Therefore, clauses with reference to Minimum Order are not operative until such Minimum Order is agreed by the Parties.

SALIENT TERMS OF THE FRANCHISE AGREEMENT *(CONT'D)*

	(x) to sell only the Products within the credit sale limit and/or period strictly to the amount set by the Franchisor as described in the Operations Manual; (y) to comply and implement the designed ISO 9001 :2000 Quality Management System provided by Franchisor and operate and maintain such certification and requirements on the Franchisee's own cost; (z) to carefully check and receive the Products delivered to the Premise strictly according to the procedure as described in the Operations Manual. It is further agreed that, after receiving the Products, the Franchisee shall be responsible fully for all loses, including but not limiting to product losses, product wastage, product missing product damages and others received by the Franchisee; (aa) the Franchisee shall at its own expense obtain and maintain all necessary permissions, consents, licenses and certifications (including but not limited to those required to be given by any government department or local authority or regulatory body for licensing or certification or other regulatory purposes) to enable the Franchisee to operate the Franchise Business at the Premises and to ensure the full and legal operation of the Franchise Agreement; and (bb) the Franchisee shall register the franchise with the Registrar of Franchises by using the prescribed registration form within fourteen (14) days from the date of the Franchise Agreement[8]. Note: 8. The Parties has agreed to extend the deadline for registration of the franchise by the Franchisee pending re-registration by the Franchisor under the new system, MyFex 2.0. The Franchisee may only register upon successful re-registration by the Franchisor.
Restrictions	During the continuance of the Franchise Agreement, both Parties agree as follows: (a) not to commence operating the Franchise Business until the Franchisee and the persons responsible for its operation have undergone a proper course of training to the satisfaction of the Franchisor; (b) not to commence renovation of the Premise until the Franchisor has approved the Premise and the renovation thereof; (c) not to operate the Franchise Business or any part of the System at any location other than the Premise without the prior written consent of the Franchisor; (d) not to sell, assign, transfer, charge or sub-license the Franchise Business, the System or Proprietary Marks nor any part thereof without the prior written consent of the Franchisor in accordance with the terms of the Franchise Agreement; (e) not to sell the Products and services at prices which differ from those stated in the Operations Manual or revised by the Franchisor provided that the Franchisee shall be free to sell the Products at prices less than such maximum prices with the prior written consent of the Franchisor; (f) not to cause or permit to subsist any circumstances which may constitute a breach of any insurance policy maintained pursuant to the Franchise Agreement; (g) not to sell any product or render any services which does not conform to or conflicts with the standards associated with the Proprietary Marks or of which the Franchisor does not approve;

SALIENT TERMS OF THE FRANCHISE AGREEMENT *(CONT'D)*

	(h) not to alter or convert the Premise or the internal layout thereof or the fixtures and fittings therein nor install any equipment nor alter, erect or display any sign or other medium of advertisement whether inside or outside the Premise without seeking and obtaining the prior consent in writing of the Franchisor, and each such alteration, conversion, erection or installation shall be carried out only in accordance with plans and specifications previously submitted to and approved by the Franchisor; (i) not to do or omit to do any act or thing which may in the sole opinion of the Franchisor bring the System or the Proprietary Marks into disrepute or which may in the sole opinion of the Franchisor damage or conflict with the interest of the Franchise Business or the other Franchisees of the Franchisor; (j) not to use or publish any advertisements, signs, directory entries or other forms of publicity whether or not relating in whole or not to the Franchise Business or display the same on or at the Premise unless the same shall have first been submitted to and approved by the Franchisor; (k) not to prolong the designated and agreed credit terms and period of the Franchisor or incur expenses for the account of the Franchisor unless expressly authorised in writing by the Franchisor to do so; (l) not without the Franchisor's prior written consent in any capacity whatsoever be directly or indirectly engaged in any business or undertaking which in the opinion of the Franchisor similar and competitive with the Franchise Business; (m) not to purchase those products, materials and equipment required by the terms of the Operations Manual from any person other than the Franchisor or such party as designated by the Franchisor; (n) not to use any of the Proprietary Marks as part of its corporate name; (o) The Franchisee covenants during the term of the Franchise Agreement and for a period of two (2) years after the expiration or termination for any reason of the Franchise Agreement including its directors, the spouses, and immediate family of the directors, and its employees, whether itself, or together with any other person, firm or company in any capacity whatsoever, save as authorised, directly or indirectly: (i) not to be engaged, or interested, or concerned in any business which is in the sole opinion of the Franchisor similar to or competitive or in conflict with the Franchise Business; (ii) not to employ or seek to employ any person who is at that time or has at any time in the previous two (2) years been employed by the Franchisor or any other franchisee of the Franchisor or in any business carried on under the Proprietary Marks using the System nor otherwise directly or indirectly induce or seek to induce any such person to leave his or her employment; (iii) not to solicit customers or former customers of the Franchise Business nor divert or seek to divert any customer from the Franchisor or any other franchisees of the Franchisor; (iv) not to cause or permit any other person firm or undertaking to conduct any business in or to trade from the Premise; (p) the Franchisee acknowledges that the Operations Manual and all other information and knowledge relating to the System is in strictly confidential nature and accordingly, the Franchisee covenants that it will not and it will procure that no other person shall at any time without the prior written consent of the Franchisor whether before or after termination of the Franchise Agreement divulge or use whether directly or indirectly for its own benefit or that

	of any other person, firm or company any of such information or knowledge relating to the System which may be communicated to or otherwise acquired by the Franchisee, its shareholders and directors, agents or employees; (q) in consideration of the grant of the rights under the Franchise Agreement, the Franchisee agrees to procure all directors and shareholders of the Franchisee and persons connected with such directors and shareholders within the meaning of the Act to enter into direct covenants of similar content to that contained in subclause (p) and (o) above; (r) In the event that the Franchisee breaches any of the restrictions provided under Obligations of the Franchisee and Restrictions, without prejudice to and in furtherance of the Franchisor's other remedies under the law, the Franchisee is liable and irrevocably undertakes to pay to the Franchisor as to the recovery of its damages, losses and other decrements; (s) the Franchisee shall permit officers, servants and agents of the Franchisor during usual hours of the Franchise Business (but without disruption to the operation of the Franchise Business) to: (i) audit or inspect or test the Franchisee's staff and determine the competency of the Franchisee's staff or whether the Franchisee's staff comply with the standards and requirements set by the Franchisor from time to time; and (ii) determine whether the Franchisee has adequate staff to sufficiently operate the Franchise Business and to maintain routine and overall maintenance and the daily housekeeping of the Franchise Business; and (t) in the event the Franchisor is of the opinion that the Franchisee does not have sufficient staff to sufficiently operate the Franchise Business and to maintain routine and overall maintenance and the daily housekeeping of the Franchise Business and the Franchisor shall give seven (7) days' notice to remedy the situation, failing which the Franchisor may at its option second or deploy some of the Franchisor's staff to assist in the management and operation of the Franchise Business and in consideration of such secondment or deployment, the Franchisee shall pay to the Franchisor such fees of secondment or deployment as soon as the same is informed by the Franchisor. For avoidance of doubt, nothing herein contained shall be deemed or interpreted that the Franchisor's secondment or deployment of the Franchisor's staff to assist the Franchisee shall mean that the Franchise Business shall have better or higher profits or revenues.
Termination	(a) The Franchise Agreement shall automatically terminate without notice being given to the other Party in any of the following events: (i) if either of the Parties shall become insolvent by reason of its inability to pay its debts as they fall due or shall enter into liquidation whether voluntarily or compulsorily other than for the purposes of a reconstruction or amalgamation or shall make any arrangement or composition with its creditors or shall have a receiver appointed of all or any part of its assets or takes or suffers any similar action in consequence of a debt; (ii) if the Franchisee voluntarily abandons the Franchise Business; (iii) if the Franchisee is convicted of any criminal offence or is in the opinion of the Franchisor guilty of gross moral turpitude; or (iv) if the Franchisee repeatedly fails to comply with the terms of the Franchise Agreement.

	(b) The Franchisor may terminate the Franchise Agreement forthwith by notice in writing to the Franchisee in any of the following events: (i) if the Franchisee fails to acquire the Premise and commence the Franchise Business within a period of six (6) months from the date hereof or such extended opening date mutually agreed upon by the Parties; (ii) if the Franchisee shall at any time fail to pay any amounts due and payable to the Franchisor pursuant to the Franchise Agreement; (iii) if the Franchisee shall fail to submit to the Franchisor in a timely manner any of the information required to be so submitted; (iv) if the Franchisee shall fail to operate the Franchise Business in accordance with the System; (v) if the Franchisee shall in the opinion of the Franchisor misuse or in any way impair the goodwill associated with any of the Proprietary Marks or takes any action to contest the validity or ownership thereof; (vi) if the Franchisee shall purport to effect any assignment of any of the rights or licenses herein granted other than in accordance with the terms thereof; (vii) if the Franchisee fails to obtain any prior written approval or consent of the Franchisor expressly required by the Franchise Agreement; (viii) if the Franchisee discloses or permits or suffers the disclosure of any part of the Operations Manual or other confidential information contrary to the terms hereof; (ix) if the Franchisee or any officer, director or employee of the Franchisee gives to the Franchisor any false or misleading information or makes any misrepresentation in connection with obtaining the Franchise Agreement or at any time during the continuance of the Franchise Agreement in connection with the Franchise Business; (x) if any material change shall occur in the management, ownership or control of the Franchisee or the Franchise Business otherwise than in accordance with the provisions of the Franchise Agreement; (xi) if the Franchisee fails to ensure that the Franchise Business conforms with the other businesses operated in accordance with the System, in particular with regard to quality, service and cleanliness; (xii) if the Franchisee shall be convicted of any criminal offence or is in the opinion of the Franchisor guilty of gross misconduct; (xiii) if the Franchisee otherwise neglects or fails to perform or observe any of the provisions of the Franchise Agreement or commits any breach of its obligations hereunder, which breach if remediable is not remedied to the satisfaction of the Franchisor within thirty (30) days of a notice in writing to the Franchisee requesting its remedy; (xiv) if the Franchisee fails to comply with the minimum order requirement; (xv) if the Franchisee purchases products and/or stocks from other unauthorised suppliers; or (xvi) in the event of the death or incapacity for any reason of the Franchisee;

SALIENT TERMS OF THE FRANCHISE AGREEMENT *(CONT'D)*

	(xvii) if any party lakes or threatens any action including but without limitation the commencement of legal proceedings to enforce or foreclose any lien or mortgage over or in respect of any property of the Franchisee or the Premise or enters or seeks to enter into possession thereof. (c) Upon the termination or expiration of the Franchise Agreement, for any reason whatsoever, the following shall apply: (i) the Franchisee shall immediately pay to the Franchisor the full amount of all monies owing by the Franchisee to the Franchisor; (ii) the Franchisee shall immediately return to Franchisor all unpaid stock, product materials, advertising materials authorized to be used for the Franchise Business in its possession and under its control; (iii) the Franchisee immediately cease to use the System and shall not thereafter hold itself out in any way as a Franchisee of the Franchisor and refrain from any action that would or may indicate any relationship between it and the Franchisor; (iv) the Franchisee immediately cease to use in any way whatsoever any and all of the other trade names, logos, devices, insignia, procedures or methods which are or may be associated with the System; (v) the Franchisee shall return to the Franchisor all copies of the Operations Manual in its possession and under its control; (vi) the Franchisor may at its absolute discretion buy any equipment, furniture, fittings, stock, inventories or any other item related to the System or the Franchise Business at net book value including all depreciations and reductions in values PROVIDED ALWAYS THAT the total amount of acquiring the equipment, furniture, fittings, stock, inventories or any other item shall not exceed the amount of Product Deposit[9]; Note: 9. The Parties has agreed to fix the Product Deposit at later date. Therefore, clauses with reference to Product Deposit are not operative until such Product Deposit is agreed by the Parties. (vii) the Franchisee is strictly prohibited from selling the stocks in the general market from the date of termination of the Franchise Agreement. A stock taking exercise shall be carried out upon termination of the Franchise Agreement and the Franchisee hereby undertakes to be strictly responsible and to compensate the Franchisor for any shortfall and/or discrepancy in quantity of the stock; and (viii) the expiration or termination of the Franchise Agreement shall be without prejudice to the accrued rights of the Parties and any provision hereof which relates to or governs the acts of the Parties subsequent to such expiry or termination hereof which shall remain in full force and effect and shall be enforceable notwithstanding such expiry or termination.

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. CONSENTS

2.1 Principal Adviser

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

2.2 Independent Market Researcher

Infobusiness Research & Consulting Sdn Bhd, being the independent market researcher, has given and has not subsequently withdrawn its written consent to the inclusion of its name and extracts of its IMR Report referred to in **Sections 9.1, 9.2, 9.3**, and **9.4** of this Circular in the form and context in which they appear in this Circular.

3. DECLARATIONS OF CONFLICT OF INTERESTS

3.1 Principal Adviser

TA Securities has confirmed that there is no conflict of interests which exists or is likely to exist in its role as the Principal Adviser for the Proposals.

3.2 Independent Market Researcher

Infobusiness Research & Consulting Sdn Bhd has confirmed that there is no conflict of interests which exists or is likely to exist in its role as the independent market researcher.

4. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

Save as disclosed below, neither our Company nor our subsidiaries are engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which has a material effect on the financial position of our Company and our Group and our Board confirms that there is no proceedings pending or threatened, or of any facts likely to give rise to any proceedings, which might materially and adversely affect the business or financial position of our Group:

(i) Claim by Customer Loyalty Solutions Sdn Bhd (in liquidation) ("**CLS**") under Suit No. WA22NCC-17-01/2017

CLS had filed a suit at the Kuala Lumpur High Court ("**Court**") under Suit No. WA-22NCC-17-01/2017 on 16 January 2017 against AIM and 2 others i.e., Mak Siew Wei ("**2nd Defendant**"), the director of AIM and Tan Chin Yen ("**3rd Defendant**"), the former director of AIM (collectively, the "**CLS Defendants**") claiming, amongst others, that the payment of RM6,524,651.80 from CLS to AIM is void or voidable and the CLS Defendants shall jointly and severally liable to pay CLS the sum of RM6,524,651.80 with interest and costs. The suit against the CLS Defendants is premised on, amongst others, that the 2nd Defendant and 3rd Defendant committed breach of fiduciary duty as CLS's directors by failing to act in CLS's best interest in causing the transfers of RM6,524,651.80 to AIM by CLS without basis.

The Court had on 30 September 2019 dismissed the suit filed by CLS against the CLS Defendants and ordered CLS to pay costs of RM15,000.00 to each of the CLS Defendants. CLS has filed a notice of appeal on 29 October 2019 to the Court of Appeal against the Court's decision on 30 September 2019 under Appeal No. W-02(NCC)(W)-1989-11/2019 ("**Appeal**"). The Court of Appeal has fixed the hearing of the Appeal on 11 April 2023.

The solicitors of our Company's opinion on the probable outcome of the matter is that in the event CLS is successful in the appeal, our Company's exposure will be in the sum of RM6,524,651.80, not inclusive of costs, interest and also damages to be accessed.

5. MATERIAL COMMITMENT

As at the LPD, our Board confirms that there is no material commitment incurred or known to be incurred by our Company or our Group, which upon becoming enforceable, may have material impact on the financial position of our Group.

6. CONTINGENT LIABILITIES

As at the LPD, our Board confirms that there is no contingent liability incurred or known to be incurred by our Company or our Group, which upon becoming enforceable, may have a material impact on the financial position of our Company and/or our Group.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of AIM at A3-3-8 Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur, Wilayah Persekutuan, during normal business hours on Mondays to Fridays (excluding public holidays) for the period commencing from the date of this Circular up to and including the date of the forthcoming EGM:

(i) AIM's Constitution;

(ii) our Group's audited financial statements for the FYE 31 December 2020 and 31 December 2021 as well as our Group's latest unaudited financial results for the 9M-FPE 30 September 2022;

(iii) draft Deed Poll;

(iv) the IMR Report referred to in **Sections 9.1, 9.2, 9.3** and **9.4** of this Circular;

(v) the letters of consent and declarations of conflict of interests referred to in **Sections 2** and **3** of this appendix; and

(vi) the relevant cause papers in respect of material litigation referred to in **Section 4** of this appendix.

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ADVANCE INFORMATION MARKETING BERHAD
[Registration No. 200401006266 (644769-D)]
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting ("**EGM**") of **ADVANCE INFORMATION MARKETING BERHAD** ("**AIM**" or "**Company**") will be conducted on virtual basis through live streaming from the broadcast venue at Lot 4.1, 4th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan ("**Broadcast Venue**") on Friday, 3 March 2023 at 11:00 a.m., or any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications, the following resolutions:

SPECIAL RESOLUTION 1

PROPOSED CONSOLIDATION OF EVERY 3 EXISTING ORDINARY SHARES IN AIM ("AIM SHARES" OR "SHARES") INTO 1 NEW AIM SHARE ("CONSOLIDATED SHARE") ("PROPOSED SHARE CONSOLIDATION")

"THAT subject to the approvals of all relevant authorities being obtained, where required, approval be and is hereby given to the Board of Directors of the Company ("**Board**") to consolidate 3 existing Shares held by the shareholders of AIM, whose names appear in the Record of Depositors of the Company at the close of business on an entitlement date to be determined and announced later by the Board, into 1 Consolidated Share;

THAT fractional entitlements arising from the Proposed Share Consolidation, if any, will be disregarded and dealt with in such a manner as the Board shall in its absolute discretion deem fit and expedient, and to be in the best interest of the Company;

THAT such Consolidated Shares shall, upon allotment and issuance, rank equally in all respects with each other following the completion of the Proposed Share Consolidation;

AND THAT the Board be and is hereby authorised to give effect to the Proposed Share Consolidation with full powers to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities and to do all such acts as they may consider necessary or expedient in the best interest of the Company to give full effect to the Proposed Share Consolidation."

ORDINARY RESOLUTION 1

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 292,663,665 NEW AIM SHARES ("RIGHTS SHARES") ON THE BASIS OF 3 RIGHTS SHARES FOR EVERY 1 CONSOLIDATED SHARE HELD ON AN ENTITLEMENT DATE TO BE DETERMINED ("ENTITLEMENT DATE"), TOGETHER WITH UP TO 195,109,110 FREE DETACHABLE WARRANTS IN AIM ("WARRANTS") ON THE BASIS OF 2 WARRANTS FOR EVERY 3 RIGHTS SHARE SUBSCRIBED FOR ("PROPOSED RIGHTS ISSUE")

"THAT subject to the approvals of all relevant authorities being obtained, where required, approval be and is hereby given to the Board to undertake the Proposed Rights Issue as follows:

(i) to provisionally allot and issue by way of a renounceable rights issue of up to 292,663,665 Rights Shares together with up to 195,109,110 Warrants to the shareholders of AIM ("**Entitled Shareholders**") whose names appear in the Record of Depositors of the Company at the close of business on an entitlement date to be determined by our Board ("**Entitlement Date**") and/or their renouncee(s) at a final issue price to be determined by the Board and on such terms and conditions and in such manner as the Board may determine;

(ii) to enter into and execute a deed poll constituting the Warrants ("**Deed Poll**") and to do all acts, deeds and things as the Board may deem fit or expedient in order to implement, finalise and give effect to the Deed Poll (including, without limitation, the affixing of the Company's common seal, where necessary);

(iii) to allot and issue the Warrants in registered form to the Entitled Shareholders and/or their renouncee(s), as the case may be, and the Excess Applicants (as defined below), if any, who subscribe for and are allotted Rights Shares, each Warrant conferring the right to subscribe for 1 new Share at an exercise price to be determined by the Board at a later date, subject to any provisions for adjustment to the subscription rights attached to the Warrants in accordance with the provisions of the Deed Poll; and

(iv) to allot and issue such number of new Shares to the holders of the Warrants upon their exercise of the relevant Warrants to subscribe for new Shares during the tenure of the Warrants;

THAT any Rights Shares which are not validly taken up or which are not allotted for any reason whatsoever to the Entitled Shareholders and/or their renouncee(s) shall be made available for excess applications in such manner and to such persons ("**Excess Applicants**") as the Board shall determine at its absolute discretion;

THAT the Rights Shares, Warrants and the new Shares to be issued pursuant to the exercise of the Warrants shall be listed on the ACE Market of Bursa Malaysia Securities Berhad;

THAT the proceeds of the Proposed Rights Issue be utilised for the purposes as set out in **Section 5** of the circular to shareholders of the Company dated 7 February 2023 and the Board be and is hereby authorised with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient or in the best interests of the Company, subject (where required) to the approval of the relevant authorities;

THAT the Board be and is hereby empowered and authorised to do all acts, deeds and things, and to execute, enter into, sign, deliver and cause to be delivered for and on behalf of the Company all such transactions, arrangements, agreements and/or documents as it may consider necessary or expedient in order to implement, give full effect to and complete the Proposed Rights Issue, with full powers to assent to and accept any condition, modification, variation, arrangement and/or amendment to the terms of the Proposed Rights Issue as the Board may deem fit, necessary and/or expedient in the best interests of the Company or as may be imposed by any relevant authority or consequent upon the implementation of the aforesaid conditions, modifications, variations, arrangements and/or amendments and to take all steps as it considers necessary in connection with the Proposed Rights Issue in order to implement and give full effect to the Proposed Rights Issue;

THAT the Rights Shares shall, upon allotment, issuance and full payment of the issue price of the Rights Shares, rank pari passu in all respects with the then existing issued Shares, save and except that the holders of such Rights Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the shareholders, the entitlement date of which is prior to the date of allotment of the Rights Shares;

THAT the new Shares to be issued pursuant to the exercise of the Warrants shall, upon allotment, issuance and full payment of the exercise price of the Warrants, rank pari passu in all respects with the then existing issued Shares, save and except that the holders of such new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to shareholders, the entitlement date of which is prior to the date of allotment of such new Shares to be issued pursuant to the exercise of the Warrants;

THAT the Board be and is hereby entitled to deal with all or any of the fractional entitlements of the Rights Shares and the Warrants arising from the Proposed Rights Issue, which are not validly taken up or which are not allotted for any reason whatsoever, in such manner and to such persons as the Board may in its absolute discretion deem fit and in the best interest of the Company (including without limitation to disregard such fractional entitlements altogether);

AND THAT this Ordinary Resolution constitutes specific approval for the issuance of securities in the Company contemplated herein which is made pursuant to an offer, agreement or option and shall continue in full force and effect until all Rights Shares, Warrants and new Shares to be issued pursuant to or in connection with the Proposed Rights Issue have been duly allotted and issued in accordance with the terms of the Proposed Rights Issue."

ORDINARY RESOLUTION 2

PROPOSED DIVERSIFICATION OF THE PRINCIPAL ACTIVITIES OF AIM AND ITS SUBSIDIARIES TO INCLUDE THE OPERATION OF PHARMACIES INCLUDING RETAILING OF PHARMACEUTICAL, HEALTHCARE AND PERSONAL CARE PRODUCTS ("PROPOSED DIVERSIFICATION")

"THAT subject to the approvals of all relevant authorities being obtained, where required, approval be and is hereby given to the Board to implement the diversification of the principal activities of AIM and its subsidiaries to include the operation of pharmacies including retailing of pharmaceutical, healthcare and personal care products;

AND THAT the Board be and is hereby empowered and authorised to do all acts, deeds and things and to execute, sign and deliver or caused to be delivered for and on behalf of the Company, all such documents as it may consider necessary and/or expedient in the best interest of the Company in order to give full effect to the Proposed Diversification with full power to assent to any terms, conditions, modifications, variations and/or amendments in any manner as the Board may deem necessary and/or expedient in the best interest of the Company."

BY ORDER OF THE BOARD

TAN KOK SIONG
SSM PC NO. 202008001592 (LS0009932)
Company Secretary

Kuala Lumpur

Date: 7 February 2023

<u>NOTES:-</u>

1. IMPORTANT NOTICE

The Broadcast Venue is ***strictly for the purpose of complying with Section 327(2) of the Companies Act 2016*** *which requires the Chairman of the Meeting to be present at the main venue of the meeting.*

Shareholders/ proxies ***WILL NOT BE ALLOWED*** *to attend this Extraordinary General Meeting ("****EGM****") in person at the Broadcast Venue on the day of the meeting. Shareholders who wish to participate remotely at the meeting will therefore have to register via the Remote Participation and Voting ("****RPV****") facilities operated by Mlabs Research Sdn Bhd at <u>https://rebrand.ly/AIM-EGM</u>.*

Please read these Notes carefully and follow the procedures in the Administrative Guide for the EGM in order to participate remotely via RPV facilities.

2. APPOINTMENT OF PROXY

(a) For the purpose of determining who shall be entitled to participate this EGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 24 February 2023. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this EGM via RPV.

(b) A member entitled to participate in this EGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate and vote in his place. A proxy may but need not be a member of the Company.

(c) A member of the Company who is entitled to participate and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate and vote instead of the member at the EGM.

(d) If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

*(e) Where a member of the Company is an authorised nominee as defined in 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.*

*(f) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("****omnibus account****"), 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.*

(g) 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.

(h) The instrument appointing a proxy and any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Poll Administrator office at Aldpro Corporate Services Sdn Bhd of B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time appointed for holding the EGM or adjourned EGM 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.

(i) Please ensure ALL the particulars as required in the proxy form is completed, signed and dated accordingly.

(j) Last date and time for lodging the proxy form is Wednesday, 1 March 2023 at 11:00 a.m.

(k) For a corporate member who has appointed an authorised representative, please deposit the ***ORIGINAL*** *certificate of appointment of authorised representative executed in the manner as stated in the proxy form with the Company's Poll Administrator office at Aldpro Corporate Services Sdn Bhd of B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan.*

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ADVANCE INFORMATION MARKETING BERHAD
(Registration No.: 200401006266 (644769-D))
(Incorporated in Malaysia)

PROXY FORM

No. of Shares Held:	
CDS Account No.:	

I/We ______________________________ NRIC/ Passport/ Registration No. ______________
[Full name in block as per NRIC/Passport]

of ____
[Address]

Email Address: ______________________________ Contact No.: ______________

being member(s) of **Advance Information Marketing Berhad ("Company")**, hereby appoint:-

Full Name *(in Block as per NRIC/Passport)*	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			
Email Address:		**Contact No.:**	

and/or^

Full Name *(in Block as per NRIC/Passport)*	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			
Email Address:		**Contact No.:**	

or failing him/her, the Chairman of the Meeting, as ^my/our proxy to vote for ^me/us and on ^my/our behalf at the Extraordinary General Meeting of the Company, which will be conducted on virtual basis through live streaming from the broadcast venue at Lot 4.1, 4th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan ("**Broadcast Venue**") on **Friday, 3 March 2023** at **11:00 a.m.** or any adjournment thereof, and to vote as indicated below:-

Resolution No.	Description of Resolution	For	Against
Special Resolution 1	Proposed Share Consolidation		
Ordinary Resolution 1	Proposed Rights Issue		
Ordinary Resolution 2	Proposed Diversification		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.

Signed this __________ day of ____________ 2023

Signature*
Member

^ Delete whichever is not applicable
** Manner of execution:*
(a) If you are an individual member, please sign where indicated.
(b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
(c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
(i) at least two (2) authorised officers, of whom one shall be a director; or
(ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Notes:-

1. IMPORTANT NOTICE

*The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** which requires the Chairman of the Meeting to be present at the main venue of the meeting.*

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(b) A member entitled to participate in this EGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate and vote in his place. A proxy may but need not be a member of the Company.

(c) A member of the Company who is entitled to participate and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate and vote instead of the member at the EGM.

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*(e) Where a member of the Company is an authorised nominee as defined in 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.*

*(f) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), 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.*

(g) 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.

(h) The instrument appointing a proxy and any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Poll Administrator office at Aldpro Corporate Services Sdn Bhd of B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time appointed for holding the EGM or adjourned EGM 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.

(i) Please ensure ALL the particulars as required in the proxy form is completed, signed and dated accordingly.

(j) Last date and time for lodging the proxy form is Wednesday, 1 March 2023 at 11:00 a.m.

*(k) For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative executed in the manner as stated in the proxy form with the Company's Poll Administrator office at Aldpro Corporate Services Sdn Bhd of B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan.*

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AFFIX
STAMP

The Poll Administrator of
ADVANCE INFORMATION MARKETING BERHAD
[Registration No.: 200401006266 (644769-D)]

c/o Aldpro Corporate Services Sdn Bhd
B-21-1, Level 21, Tower B
Northpoint Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur
Wilayah Persekutuan

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