

THIS CIRCULAR TO SHAREHOLDERS OF FOCUS DYNAMICS GROUP BERHAD ("FOCUS" OR THE "COMPANY") IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately. This Circular has been reviewed and approved by Mercury Securities Sdn Bhd, being the Principal Adviser to the Company for the Proposals (as defined herein) and the Proposed Deed Poll C Amendments (as defined herein).

Bursa Malaysia Securities Berhad ("**Bursa Securities**") takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness, and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular. Bursa Securities has not perused the contents of this Circular relating to the Proposed M&A Amendments (as defined herein) and the Proposed Deed Poll C Amendments (as defined herein).



FOCUS DYNAMICS GROUP BERHAD

(Company No. 582924-P)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO:-

PART A

- (I) **PROPOSED SHARE SPLIT INVOLVING THE SUBDIVISION OF EVERY 10 EXISTING ORDINARY SHARES IN FOCUS ("FOCUS SHARES" OR "SHARES") INTO 19 SHARES ("PROPOSED SHARE SPLIT")**
- (II) **PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 2,122,788,334 NEW IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES IN FOCUS ("ICPS") TOGETHER WITH UP TO 424,557,666 FREE DETACHABLE WARRANTS IN FOCUS ("WARRANTS D") ON THE BASIS OF 5 ICPS TOGETHER WITH 1 FREE WARRANT D FOR EVERY 5 EXISTING SHARES HELD BY THE ENTITLED SHAREHOLDERS OF THE COMPANY ON A RIGHTS ENTITLEMENT DATE TO BE DETERMINED LATER ("PROPOSED RIGHTS ISSUE OF ICPS WITH WARRANTS")**
- (III) **PROPOSED AMENDMENTS TO THE CONSTITUTION / MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY ("PROPOSED M&A AMENDMENTS")**

PART B

PROPOSED AMENDMENTS TO THE DEED POLL DATED 30 SEPTEMBER 2014 CONSTITUTING THE WARRANTS 2014 / 2019 OF FOCUS ("DEED POLL C") ("PROPOSED DEED POLL C AMENDMENTS")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



MERCURY SECURITIES SDN BHD

(Company No. 113193-W)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of Extraordinary General Meeting of the Company ("**EGM**") together with the Form of Proxy are enclosed with this Circular.

If you decide to appoint a proxy or proxies for the EGM, you must complete, sign and return the Form of Proxy and deposit it at the registered office of the Company at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan, Malaysia on or before the date and time indicated below or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently decide to do so.

Last date and time for lodging the Form of Proxy for the EGM : Wednesday, 21 February 2018 at 10.00 a.m.
Date and time of the EGM : Friday, 23 February 2018 at 10.00 a.m.

Venue of the EGM : Theatre Room, 4th Floor, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan

DEFINITIONS

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

Act	- Companies Act, 2016 of Malaysia, as amended from time to time and any re-enactment thereof
Additional Warrants C	- Additional Warrants C to be issued from the adjustment to the number of Warrants C pursuant to the Proposed Share Split in accordance with the provisions of the Deed Poll C
AGM	- Annual general meeting
Asiabio Capital	- Asiabio Capital Sdn Bhd (Company No. 840116-P), a wholly-owned subsidiary of Fintec and a substantial shareholder of Focus which has provided the Undertaking
Base Case Scenario	- Assuming:- <ul style="list-style-type: none">(i) none of the outstanding Convertible Securities are exercised into new Focus Shares prior to the Rights Entitlement Date;(ii) all the Entitled Shareholders and/or their renouncee(s) fully subscribe for their respective entitlements under the Proposed Rights Issue of ICPS with Warrants; and(iii) the ICPS issued are fully converted into Shares based on the implied conversion price of RM0.25 and conversion mode of surrendering 5 ICPS for 1 new Share without additional cash payment
BNM	- Bank Negara Malaysia
Board	- The Board of Directors of Focus
Bursa Depository	- Bursa Malaysia Depository Sdn Bhd (Company No. 165570-W)
Bursa Securities	- Bursa Malaysia Securities Berhad (Company No. 635998-W)
Business Partners	- Collectively, Mr. Ong Kah Hoe and Ms. Ong Yew Ming
CAGR	- Compound annual growth rate
Circular	- This circular in relation to the Proposals and the Proposed Deed Poll C Amendments
City Growth	- City Growth Sdn Bhd (Company No. 320919-M), the master lessee of the Project Land pursuant to a Master Lease Agreement dated 6 June 2008
CMSA	- Capital Markets and Services Act, 2007, as amended from time to time and any re-enactment thereof
Code	- Malaysian Code on Take-Overs and Mergers, 2016, as amended from time to time and any re-enactment thereof
Convertible Securities	- Collectively, the ESOS Options and Warrants C
Deed Poll C	- Deed poll dated 30 September 2014 constituting the Warrants C

DEFINITIONS (CONT'D)

Deed Poll D	- Deed poll constituting the Warrants D and governing the rights of Warrant D holders to be executed by the Company
Directors	- The directors of the Company for the time being
EGM	- An extraordinary general meeting of the Company to be convened for the Proposals and the Proposed Deed Poll C Amendments
Engineering Services Segment	- Implementation and installation of industrial machines and processes, energy efficiency system, research and development of variable speed drives, installation of automation system, providing a range of support services covering project management services, maintenance support, engineering conceptualisation, system audit, energy saving services and other support services
Entitled Shareholders	- Shareholders whose names appear in the Record of Depositors of the Company as at the close of business on the Rights Entitlement Date in order to be entitled to participate in the Proposed Rights Issue of ICPS with Warrants
EPS	- Earnings per share
ESOS	- Existing employees' share option scheme of the Company which took effect on 13 January 2015 for a period of 5 years
ESOS Options	- Options granted or which may be granted under the ESOS pursuant to the by-laws governing the ESOS, where each holder of the ESOS Options can subscribe for 1 new Focus Share for every 1 ESOS Option held
F&B	- Food and beverage
Famous Ambience	- Famous Ambience Sdn Bhd (Company No. 1031223-D), a 51%-owned subsidiary of Focus which functions as the special purpose vehicle through which Focus and the Business Partners will jointly develop the Project
Fintec	- Fintec Global Berhad (<i>formerly known as Asia Bioenergy Technologies Berhad</i>) (774628-U), the holding company of Asiabio Capital which is listed on the ACE Market of Bursa Securities
Focus or the Company	- Focus Dynamics Group Berhad (Company No. 582924-P)
Focus Group or the Group	- Collectively, Focus and its subsidiaries
Focus Share(s) or Share(s)	- Ordinary share(s) in the Company
Foreign-Addressed Shareholders	- Shareholders who have not provided an address in Malaysia for the service of documents which will be issued in connection with the Proposed Rights Issue of ICPS with Warrants
FPE	- Financial period ended
FYE	- Financial year(s) ended / ending, as the case may be
GDP	- Gross domestic product

DEFINITIONS (CONT'D)

GFA	- Gross floor area
GP	- Gross profit
GST	- Goods and services tax
ICPS	- Irredeemable convertible preference shares in the Company to be issued pursuant to the Proposed Rights Issue of ICPS with Warrants
LAT	- Loss after taxation
LBT	- Loss before taxation
Listing Requirements	- ACE Market Listing Requirements of Bursa Securities, as amended from time to time
LPD	- 26 December 2017, being the latest practicable date prior to the printing of this Circular
M&A	- Constitution / Memorandum and Articles of Association of the Company
Manufacturing Segment	- Manufacturing of variable speed drives and instruments for the control of industrial machines and processes
Market Day(s)	- Any day on which Bursa Securities is open for trading in securities
Maximum Scenario	<p>- Assuming:-</p> <p>(i) all the outstanding Convertible Securities are exercised into new Focus Shares prior to the Rights Entitlement Date;</p> <p>(ii) all the Entitled Shareholders and/or their renouncee(s) fully subscribe for their respective entitlements under the Proposed Rights Issue of ICPS with Warrants; and</p> <p>(iii) the ICPS issued are fully converted into Shares based on the implied conversion price of RM0.25 and the conversion mode of surrendering 1 ICPS (which is issued at an illustrative issue price of RM0.05 each) with additional cash payment of RM0.20 for 1 new Share</p>
Mercury Securities or the Principal Adviser	- Mercury Securities Sdn Bhd (Company No. 113193-W)
MICE	Meetings, incentives, conferences and exhibitions
Minimum Scenario	<p>- Assuming:-</p> <p>(i) none of the outstanding Convertible Securities are exercised into new Focus Shares prior to the Rights Entitlement Date;</p> <p>(ii) the Proposed Rights Issue of ICPS with Warrants is undertaken on the Minimum Subscription Level; and</p> <p>(iii) the ICPS issued are fully converted into Shares based on the implied conversion price of RM0.25 and conversion mode of surrendering 5 ICPS for 1 new Share without additional cash payment</p>

DEFINITIONS (CONT'D)

Minimum Subscription Level	- Minimum subscription level of 284,699,610 ICPS together with 56,939,922 Warrants D based on the Undertaking and an illustrative issue price of RM0.05 per ICPS
NA	- Net assets
Official List	- The official list of the ACE Market of Bursa Securities
PAT	- Profit after taxation
PBT	- Profit before taxation
Previous Rights Issue with Warrants	- Renounceable rights issue of up to 1,245,384,218 new Shares together with up to 622,692,109 free detachable warrants on the basis of 2 rights shares together with 1 free warrant for every 2 existing Focus Shares held by the entitled Shareholders on an entitlement date to be determined, which was earlier approved by the Shareholders via an EGM held on 25 October 2016 and was later proposed to be revised to the Previous Rights Issue of ICPS with Warrants
Previous Rights Issue of ICPS with Warrants	- Renounceable rights issue of up to 1,245,384,218 new ICPS together with up to 207,564,036 free detachable warrants on the basis of 6 ICPS together with 1 free warrant for every 6 existing Focus Shares held by the entitled Shareholders on an entitlement date to be determined, which was earlier approved by the Shareholders via an EGM held on 7 September 2017 and is now being proposed to be revised to the Proposed Rights Issue of ICPS with Warrants
Project	- A mixed commercial development which is expected to feature retail / F&B lots, event hall, Chinese restaurant(s), seafood restaurant(s), western restaurant(s), karaoke centre and car parks in a 3-storey building with a mezzanine level on the 1 st floor and 2 nd floor as well as 2 lower ground levels to be erected on the Project Land
Project Land	- 2 contiguous parcels of freehold land measuring approximately 169,504 sf held under HSD 110729 PT 431 and HSD 110730 PT 432, both in Section 90, Town of Kuala Lumpur, District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur
Proposals	- Collectively, the Proposed Share Split, Proposed Rights Issue of ICPS with Warrants and Proposed M&A Amendments
Proposed M&A Amendments	- Proposed amendments to the M&A
Proposed Deed Poll C Amendments	- Proposed amendments to the Deed Poll C
Proposed Rights Issue of ICPS with Warrants	- Proposed renounceable rights issue of up to 2,122,788,334 ICPS together with up to 424,557,666 free detachable Warrants D on the basis of 5 ICPS together with 1 free Warrant D for every 5 existing Focus Shares held by the Entitled Shareholders on the Rights Entitlement Date
Proposed Share Split	- Proposed share split involving the subdivision of every 10 Focus Shares into 19 Split Shares

DEFINITIONS (CONT'D)

Record of Depositors	- A record of securities holders established by Bursa Depository under the Rules of Bursa Depository
Rights Entitlement Date	- A date to be determined by the Board and announced later, on which the names of Shareholders must appear in the Record of Depositors of the Company as at the close of business on that date in order to be entitled to participate in the Proposed Rights Issue of ICPS with Warrants
RM and sen	- Ringgit Malaysia and sen respectively
RSGC	- The Royal Selangor Golf Club (Company No. 351-D)
Rules of Bursa Depository	- The Rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act, 1991, as amended from time to time
Rules on Take-Overs, Mergers and Compulsory Acquisitions	- Rules on Take-Overs, Mergers and Compulsory Acquisitions issued by the SC pursuant to Section 377 of the CMSA, as amended from time to time
SC	- Securities Commission Malaysia
sf	- Square feet
Shareholders	- Registered holders of Focus Shares
SMITH ZANDER	- Smith Zander International Sdn Bhd (Company No. 1058128-V), an independent market researcher
Split Shares	- Focus Shares after the Proposed Share Split
Split Warrants C	- Existing Warrants C and Additional Warrants C
sqm	- Square metres
TEAP	- Theoretical ex-all price
Undertaking	- Written undertaking from Asiabio Capital pursuant to which it has irrevocably and unconditionally undertaken, amongst others, to apply and subscribe in full for its entitlement of the ICPS arising from the Proposed Rights Issue of ICPS with Warrants and subscribe for additional ICPS not taken up by other Entitled Shareholders by way of excess ICPS applications, such that the aggregate subscription in terms of number of ICPS received by the Company amounts to not less than 284,699,610 ICPS, which is equivalent to Asiabio Capital's entitlement under the Proposed Rights Issue of ICPS with Warrants as at the LPD after taking into consideration the effects of the Proposed Share Split, details of which are set out in Section 4.4, Part A of this Circular
VWAP	- Volume-weighted average market price
Warrant C Holders	- Registered holders of Warrants C
Warrant C Holders' Meeting	- A meeting of Warrant C Holders to be convened for the Proposed Deed Poll C Amendments, to be held at the same venue as the EGM on Friday, 23 February 2018 at 10.30 a.m. or immediately following the conclusion or adjournment of the EGM, whichever is later

DEFINITIONS (CONT'D)

- Warrants C**
- Outstanding Focus warrants 2014 / 2019 issued by the Company pursuant to the Deed Poll C and expiring on 6 November 2019
- Warrants D**
- Up to 424,557,666 free detachable warrants in Focus to be allotted and issued pursuant to the Proposed Rights Issue of ICPS with Warrants

All references to “you” in this Circular are to the Shareholders.

In this Circular, words referring to the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations, 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 Malaysia time, unless otherwise stated. Any discrepancies in the tables included in this Circular between the amounts stated, actual figures and the totals thereof are due to rounding.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that the Company's plans and objectives will be achieved.

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PART A

**LETTER TO THE SHAREHOLDERS IN RELATION TO THE PROPOSED SHARE SPLIT,
PROPOSED RIGHTS ISSUE OF ICPS WITH WARRANTS AND PROPOSED M&A
AMENDMENTS**



FOCUS DYNAMICS GROUP BERHAD

(Company No. 582924-P)
(Incorporated in Malaysia)

Registered Office

No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan
Malaysia

26 January 2018

Board of Directors

Leung Kok Keong (*Executive Director*)
Tay Ben Seng, Benson (*Executive Director*)
Tan Aik Heang (*Independent Non-Executive Director*)
Abdul Menon Bin Arsad @ Abdul Manan Bin Arshad (*Independent Non-Executive Director*)
Chang Yun Lung (*Independent Non-Executive Director*)

To: The Shareholders

Dear Sir / Madam,

- (I) **PROPOSED SHARE SPLIT**
- (II) **PROPOSED RIGHTS ISSUE OF ICPS WITH WARRANTS**
- (III) **PROPOSED M&A AMENDMENTS**

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

1. INTRODUCTION

On 9 January 2018, Mercury Securities had, on behalf of the Board, announced that the Board has resolved to revise the Previous Rights Issue of ICPS with Warrants to the Proposed Rights Issue of ICPS with Warrants, to be undertaken together with the Proposed Share Split and the Proposed M&A Amendments.

The revision was made by the Board after taking into consideration that the Proposed Share Split will result in an adjustment to the market price of Focus Shares, whereby the theoretical market price of each Focus Share will decrease by 1.9 times while the total value of Split Shares held by Shareholders will remain unchanged. The lower share price resulting from the Proposed Share Split will help to facilitate the Proposed Rights Issue of ICPS with Warrants as it gives greater flexibility to the Company in fixing the issue price of the ICPS at a more attractive price. In turn, this will encourage a higher subscription level and translate into more proceeds being raised from the Proposed Rights Issue of ICPS with Warrants to meet the Company's funding requirements as set out in Section 6, Part A of this Circular.

On 24 January 2018, Mercury Securities had, on behalf of the Board, announced that Bursa Securities had, vide its letter on even date, approved the following:-

- (i) Proposed Share Split;

- (ii) listing and quotation of the Additional Warrants C;
- (iii) admission to the Official List and the initial listing and quotation of the ICPS and Warrants D;
- (iv) listing and quotation of the new Shares to be issued pursuant to the conversion of the ICPS;
- (v) listing and quotation of the new Shares to be issued pursuant to the exercise of the Warrants D; and
- (vi) listing and quotation of the new Shares to be issued pursuant to the exercise of the Additional Warrants C.

The approval of Bursa Securities is subject to the conditions as set out in Section 11, Part A of this Circular.

The purpose of this Circular is to provide you with relevant information on the Proposals and to set out the views and recommendation of the Board as well as to seek your approval for the resolutions pertaining to the Proposals which will be tabled at the forthcoming EGM. The Notice of the EGM and the Form of Proxy are enclosed in this Circular.

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

2. DETAILS OF THE PROJECT

In 2014, the Group diversified into the F&B business in order to improve its earnings base and reduce its reliance on its then existing core businesses of engineering services for energy efficiency management (i.e. the Engineering Services Segment) and manufacturing of variable speed drives and instruments for the control of industrial machines (i.e. the Manufacturing Segment). Currently, the Group's F&B segment operates the following F&B outlets:-

- (i) a lounge / bar known as '*Chaze*', located at Menara Lien Hoe, Tropicana Golf & Country Resort, Petaling Jaya ("**Menara Lien Hoe**");
- (ii) a restaurant / wine bar known as '*LAVO Restaurant & Wine Bar*', serving pork-free western food targeted at both middle to high income consumers in the vicinity, located at Menara Lien Hoe; and
- (iii) an F&B outlet known as '*Maze*', which doubles as a coffee saloon by day and gin parlour by night, located at Menara Lien Hoe.

Since then, the Group has continued pursuing its diversification initiative by actively exploring opportunities for collaboration with potential business partners with the intention of expanding into other F&B-related businesses to complement its existing F&B operations and leverage on the experience of its F&B management team.

On 29 August 2016, the Company entered into a subscription and shareholders' agreement ("**SSA**") with the Business Partners and Famous Ambience, whereby the Company had subscribed for 51,000 new ordinary shares in Famous Ambience, representing 51% equity interest in the enlarged issued share capital of Famous Ambience, at a subscription consideration of RM51,000 ("**Subscription**"). The Subscription was completed on the same day in accordance with the terms of the SSA. Accordingly, the Company now holds 51% equity interest in Famous Ambience and Famous Ambience is now a subsidiary of the Company. The remaining 49% equity interest in Famous Ambience is held by the Business Partners.

Pursuant to the terms of the SSA, Famous Ambience will function as the special purpose vehicle through which Focus and the Business Partners will jointly develop the Project on the Project Land.

2.1 Information on the Project

Layout of the Project

2MF			Retail / F&B Lots
2F		Event Hall 1 & 2	
1MF		Karaoke Centre	Retail / F&B Lots
1F		Restaurants	
GF	Jalan Tun Razak	Restaurants	Retail / F&B Lots
LG1		Retail / F&B Lots	Car Park
LG2		Retail / F&B Lots	Car Park

Based on the latest layout plan of the Project as at the LPD, the Project is expected to consist of a 3-storey building with a mezzanine level on the 1st floor and 2nd floor as well as 2 lower ground levels to be developed on the Project Land, being 2 contiguous parcels of freehold land measuring approximately 169,504 sf.

Details of the Project Land are set out in Section 2.2, Part A of this Circular.

Features of the Project

Based on the latest layout plan of the Project as at the LPD, upon completion, the Project is expected to have a total estimated gross floor area of approximately 722,500 sf and a total estimated lettable area of approximately 510,670 sf comprising the following:-

(i) Retail lots cum showrooms / F&B lots

The Project is expected to feature approximately 100 units of specially-designated retail lots cum showrooms or F&B lots with a combined total floor space of approximately 157,100 sf. Some of these lots will be positioned at the front of the Project facing Jalan Tun Razak. Those lots situated at the front end are expected to benefit from good visibility as Jalan Tun Razak is one of the busiest roads in Kuala Lumpur, due to its linkage with a network of interconnected major highways and main roads serving traffic into and out from Kuala Lumpur. The retail / F&B lots, which are to be let out by Famous Ambience, are expected to measure between approximately 160 sf to 15,180 sf each.

The retail lots are convertible into showrooms, making them ideal for branding purposes. The retail lots cum showrooms will be catered to target renowned international brands, which will be sought to become premier tenants promoting and selling luxury goods such as cars, watches, handbags, jewellery and fashion accessories. Famous Ambience will seek to attract these tenants by leveraging on the good visibility offered by those lots positioned at the front end of the Project. The presence of international brands is envisaged to elevate the prestige of the Project and attract consumers with high spending power to the Project.

For the F&B lots, Famous Ambience will seek to attract tenants comprising a mix of local and foreign F&B operators to offer patrons a wide range of dining options. These outlets are envisaged to provide, amongst others, a variety of local, Asian and western cuisines with a mix of modern and traditional tastes. To cater for more casual dining options, Famous Ambience may also seek to attract fashionable cafes, lounges and wine bars as tenants. These F&B lots can also be designed to cater for alfresco dining spaces to allow patrons to indulge in casual outdoor dining experiences. This alfresco feature may strategically enhance consumer traffic visibility at the Project, thereby promoting vibrancy and a livelier atmosphere with spill-over benefits for the Project's other attractions.

The retail / F&B lots are expected to be the Project's main crowd-pulling feature, promoting the Project as a lifestyle retail, F&B and entertainment centre. The retail / F&B lots are expected to leverage on consumer traffic coming in from office workers during the daytime from surrounding office complexes such as the headquarters of RHB Banking Group, which is located immediately adjacent to the Project Land, as well as Menara JCorp and Menara AA, which are located immediately across Jalan Tun Razak facing the Project Land.

(ii) Event hall

The 2nd floor of the Project is expected to feature a large event hall partitioned into 2 inter-connected sections with a combined total floor space of approximately 61,400 sf. Upon completion, the event hall would be one of the largest in the Kuala Lumpur city centre in terms of floor space.

The multi-purpose event hall will be equipped with modern lighting and sound systems and will be ideal for hosting an array of large scale events such as banquets, wedding dinners, concerts, commercial fairs, trade exhibitions, fashion shows and corporate functions. If the event hall is used to host large dining events, it will have the capacity to host approximately 220 tables.

During events, the event hall will serve to pull a considerable crowd of event-goers, thereby providing spill-over consumer traffic for the Project's retail / F&B lots, Chinese restaurant(s), seafood restaurant(s), western restaurant(s) and karaoke centre.

Upon completion, the event hall is intended to be operated by Famous Ambience.

(iii) Restaurants

On the ground floor, 1st floor and 1st mezzanine floor of the Project, Famous Ambience intends to develop up to 6 restaurants which are expected to comprise upmarket Chinese restaurant(s), seafood restaurant(s) and western restaurant(s). Each restaurant is expected to measure between approximately 4,600 sf to 16,400 sf, for a total estimated lettable area of 58,000 sf.

The Chinese restaurant(s) is envisaged to serve banquet-style fine Chinese cuisine. The seafood restaurant(s) is envisaged to serve Chinese cuisine featuring quality, fresh and live seafood sourced locally and abroad. The western restaurant(s) is envisaged to serve casual as well as fine dining western food. These restaurants can also cater for hosting larger dining events such as wedding dinners by transforming the Project's event hall into a banquet hall.

At this juncture, the restaurants are intended to be operated by Famous Ambience, thereby allowing the Group to capitalise on its experience in managing '*LAVO Restaurant & Wine Bar*' as well as utilise some of the Group's existing key personnel in the F&B segment.

Notwithstanding the foregoing, Famous Ambience may consider cooperating with local or foreign Chinese / western restaurant chains with an established brand and reputation to run any of the restaurants on a joint venture basis. Amongst others, Famous Ambience will consider whether the restaurant partner it identifies can add value to Famous Ambience's business. The Company will make the relevant announcements if Famous Ambience enters into any joint venture arrangement in this regard. At this juncture, Famous Ambience has yet to identify any restaurant partner to cooperate with and the exact number and composition of the restaurants have yet to be determined as Famous Ambience intends to consider the tenant mix of the Project's retail / F&B lots so that the restaurants can complement the other F&B options offered by the retail / F&B lots.

(iv) Karaoke centre

Famous Ambience intends to develop a karaoke centre which will be situated at the mezzanine level of the 1st floor. With a gross floor area of approximately 14,940 sf, the karaoke centre provides an entertainment offering to complement the Project's retail / F&B attractions and event hall. The outlet will consist of private karaoke rooms equipped with the latest sound and karaoke systems as well as other facilities such as F&B offerings, bar / lounge area and individual private toilets.

The karaoke centre is envisaged to adopt a family-oriented concept similar to established karaoke brands in the Klang Valley such as "Neway" and "Red Box". A comprehensive selection of classic hits as well as the latest songs featuring a variety of languages to cater to different cultures and ethnic races is expected to be available.

The karaoke centre is intended to be leased out to an established karaoke brand to be identified.

(v) Car park

Parking facilities will be provided at LG1 and LG2 levels with a total of 695 parking lots as well as additional car park on the ground floor providing another 45 parking lots. The car park at level LG1 is expected to include 235 parking spaces with mechanical parking features, which effectively translate into 470 parking lots. The mechanical parking feature allows a parking space to accommodate multiple vehicles by stacking them vertically to maximise the number of parking lots while minimising land usage. The car park is expected to capitalise on the Project Land's strategic location surrounded by office complexes including, amongst others, the headquarters of RHB Banking Group, Menara JCorp and Menara AA, as well as the relative lack of car park space in the locality.

During the day time, car park revenue is expected to come from workers from not only the Project's F&B / retail lots, karaoke centre, Chinese restaurant(s), seafood restaurant(s) and western restaurant(s), but also from surrounding office complexes. As the sun sets, car park revenue is expected to come from consumers heading to the Project for leisure and entertainment. Hence, the car park, which is to be operated by Famous Ambience, is expected to provide a continuous stream of revenue to Famous Ambience throughout the day and night.

With a total of 740 parking lots, the Project's car park facilities will ensure that there will be sufficient parking for the convenience of guests of large scale events hosted at the Project's event hall.

The map illustrates the proposed development area in Kuala Lumpur, Malaysia. Key features include:

- Major Roads:**
 - Jalan Ampang
 - Jalan Tun Razak
 - Jalan P. Ramlee
 - Jalan Raja Chulan
 - Jalan Bukit Bintang
 - Jalan Sultan Ismail
 - Jalan Kia Peng
 - Jalan Duta
 - Jalan R. M. Yusoff
- Landmarks and Buildings:**
 - Corus Hotel
 - Suria KLCC Mall
 - PETRONAS Twin Towers
 - KLCC Park
 - Mandarin Oriental Hotel
 - Ruksia Lumpur Convention Centre
 - Tradewinds Hotel
 - Intercontinental Hotel
 - Citibank Tower
 - Singapore High Commission
 - Japanese Embassy
 - Prince Court Medical Centre
 - RHB Centre
 - Proposed Development (TREC)
 - TRX (Taman Ratu Xochimilco)
 - Time Square
 - Low Yat
 - Sungei Wang
 - Crowne Plaza Hotel
 - Pavilion KL
 - Stern Gallery
 - Fahrenheit 88
 - Lit 10
 - Pinkroyal KL
 - Royal Selangor Golf Club
 - Russian Embassy
 - Chinese Embassy
 - HSC Healthcare
 - British High Commission
 - U.S. Embassy
 - French Embassy
- Transportation:**
 - KLCC LRT Station
 - Ampang Park LRT Station
 - KL Sentral Station
- Other Features:**
 - Avonue K
 - Amperang Park
 - Jalan Ampang Hill
 - Jalan U. Thant
 - To SMART HIGHWAY
 - To ICEA @ Cheras
 - IKEA

In December 2015, TREC KL launched Electric Boulevard, which features 20 F&B venues of Malaysia's finest brands. Early-2016 saw the launch of Mercedes-Benz Cycle & Carriage Bintang TREC Autohaus, the first Mercedes-Benz City Store of its kind in Malaysia. TREC KL also hosts musical events and gigs performed by Malaysian independent artists at 'A Sunday Affair', Kuala Lumpur's first music-centric flea market. In May 2016, TREC KL launched Phase 2 with a new zone called 'The Hive', comprising F&B outlets in double-storey semi-detached shop lots, as well as a 5-storey carpark. As subsequent phases of TREC KL are gradually launched with more entertainment, retail and F&B offerings, it is only expected to draw an even larger crowd to its entertainment hub in the coming years.

The Project Land is also situated in close proximity to the Tun Razak Exchange. A government initiative under the Economic Transformation Plan, the Tun Razak Exchange is slated to be Kuala Lumpur's first international world-class financial district comprising commercial, residential, retail and hospitality features across 70 acres of land.

Once developed in the next few years, the Tun Razak Exchange is expected to host a multi-layered population of working class professionals, high income individuals, travelling businessmen and expatriates which will likely look across the road for retail, entertainment and night life activities. In this regard, the Project would be ideal in complementing the Tun Razak Exchange and, together with TREC KL, they are expected to be Kuala Lumpur's newest high street cum central business district, the city's focal point for business, entertainment and modern lifestyle.

Facing the Project Land immediately across Jalan Tun Razak are the office towers of Menara JCorp and Menara AA. The Project Land is also a 10-minute drive from the Petronas Twin Towers and the 'Golden Triangle', Kuala Lumpur's commercial, shopping, entertainment and tourism hub comprising the areas surrounding Jalan Bukit Bintang, Jalan Imbi, Jalan Sultan Ismail and Jalan Raja Chulan.

Through Jalan Tun Razak, the Project will be accessible via a network of interconnected major highways and main roads, including Jalan Ampang, Lebuhraya Bertingkat Ampang–Kuala Lumpur, Lebuhraya Sultan Iskandar, Lebuhraya Kuala Lumpur–Putrajaya and Lebuhraya SMART. The Tun Razak Exchange MRT station, which has commenced operation in July 2017, is also situated close to the Project across Jalan Tun Razak.

The relevant applications for planning approval and building plans for the Project is expected to be submitted by Famous Ambience to the relevant authorities in the 1st quarter of 2018. The construction of the Project is expected to commence in the 2nd quarter of 2018 and is expected to be completed within 24 months from commencement of construction i.e. by 2nd quarter of 2020.

Other information on the Project

Description	: Mixed commercial development comprising a 3-storey building with 2 mezzanine floors together with 2 lower ground levels
Estimated lettable area (approximate)	: <ul style="list-style-type: none"> Event hall - 61,400 sf Retail / F&B lots - 157,100 sf Restaurants - 58,000 sf Karaoke centre - 14,940 sf Car park - 219,230 sf
Total estimated lettable area	: Approximately 510,670 sf
Total estimated gross floor area	: Approximately 722,500 sf
Estimated rental income per annum	: Approximately RM28 million per annum
Total estimated construction cost	: Approximately RM128 million. Please refer to Section 6(i), Part A of this Circular for details on the breakdown. The construction is expected to be out-sourced to a third party contractor.
Sources of funds for the Company's portion of the funding requirement of the Project	: Proceeds from the Proposed Rights Issue of ICPS with Warrants, internally generated funds and/or bank borrowings to be procured. The actual funding breakdown cannot be determined at this juncture and can only be determined once the Proposed Rights Issue of ICPS with Warrants is completed with the actual proceeds ascertained, as well as the availability and suitability of funding options at the relevant time.
Stage of completion	: Construction has yet to commence

2.2 Details of the Project Land

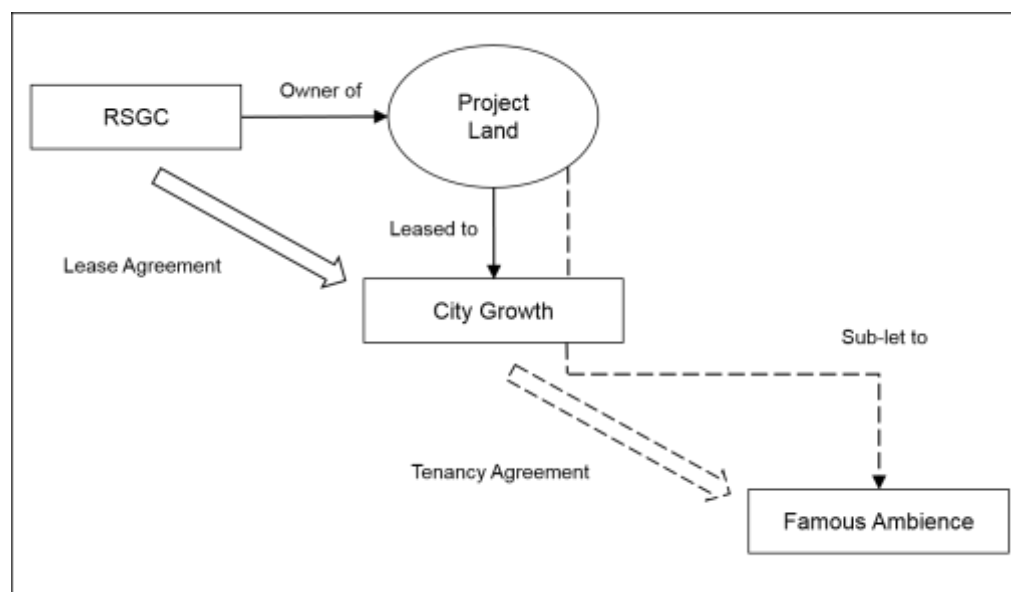
The Project Land is owned by RSGC and leased to City Growth, being the master lessee, for a lease period of 30 years commencing from 6 June 2008 which is renewable for additional 3 terms of 3 years each until 5 June 2047.

In turn, the Project Land is sub-let by City Growth to Famous Ambience for a term of 3 years commencing from 1 February 2013, which shall be extended automatically and continuously⁽¹⁾⁽²⁾ for additional 11 terms of 3 years each until 31 May 2047, at a current rental rate of approximately RM0.39 million⁽³⁾ per month. Since the commencement of this tenancy, Famous Ambience has expended a total of RM16.56 million in rental payments to City Growth, which were all funded via shareholders' advances.

Notes:-

- (1) *Subject always that there shall not be any existing breach or non-observance on the part of Famous Ambience of the terms of the tenancy agreement dated 1 February 2013 ("Tenancy Agreement").*
- (2) *Under the terms of the Tenancy Agreement, apart from the occurrence of an event of default which is due to the fault of the other party, neither City Growth nor Famous Ambience has the right to early termination of the Tenancy Agreement. In the event of termination of the Tenancy Agreement due to the default of Famous Ambience, Famous Ambience shall be liable to pay to City Growth agreed liquidated damages equivalent to 36 times of the monthly rental payable for the applicable term in which the event of default occurred.*
- (3) *Including GST.*

The land ownership structure is illustrated below:-



Further details of the Project Land are as follows:-

Title particulars	: Held under HSD 110729 PT 431 and HSD 110730 PT 432, both in Section 90, Town of Kuala Lumpur, District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur
Tenure	: Freehold
Land owner / Lessor	: RSGC
Master lessee	: City Growth

Details of master lease	: The Project Land, together with 2 other contiguous parcels of land held under HSD 110731 PT 433 and HSD 110732 PT 434, are currently leased by RSGC to City Growth via a Master Lease Agreement dated 6 June 2008 for a lease period of 30 years commencing from 6 June 2008 and expiring on 5 June 2038, which is renewable for additional 3 terms of 3 years each until 5 June 2047.
Sub-tenant	: Famous Ambience
Details of sub-tenancy	: The Project Land is currently being sub-let by City Growth to Famous Ambience via a Tenancy Agreement dated 1 February 2013 for a term of 3 years commencing from 1 February 2013, which shall be extended automatically and continuously for additional 11 terms of 3 years each until 31 May 2047.
Land area	: Total of 169,503 sf as follows:- (i) <u>HSD 110729 PT 431</u> 97,676 sf (ii) <u>HSD 110730 PT 432</u> 71,827 sf
Category of land use	: Nil
Restriction in interest	: Nil
Encumbrance	: Nil
Endorsement	: Nil
Existing use	: Open space car park

3. PROPOSED SHARE SPLIT

The Proposed Share Split entails the subdivision of every 10 existing Focus Shares into 19 Split Shares.

As at the LPD, the issued share capital of the Company is RM39,102,904 comprising 782,058,088 Focus Shares. For illustration purposes, the 782,058,088 Focus Shares (assuming none of the outstanding Convertible Securities are exercised into new Shares prior to the books closure date for the Proposed Share Split) will be split into 1,485,910,367 Split Shares pursuant to the Proposed Share Split.

The actual number of Split Shares will be determined based on the issued share capital of the Company at the books closure date to be determined later after taking into consideration any new Shares that may be issued pursuant to the exercise of any outstanding Convertible Securities. As at the LPD, there are:-

- (i) 230,199,230 outstanding Warrants C; and
- (ii) 104,999,700 ESOS Options which have been granted but unexercised.

In conjunction with the Proposed Share Split and the Proposed Rights Issue of ICPS with Warrants, the Company has undertaken not to grant any ESOS Options until completion of the Proposed Share Split and the Proposed Rights Issue of ICPS with Warrants.

The Proposed Share Split will result in an adjustment to the reference price of Focus Shares. For illustration purposes, based on the last transacted market price of Focus Shares as at the LPD of RM0.405, the theoretical adjusted reference price per Share upon completion of the Proposed Share Split based on 1,000 Shares is set out below:-

	Assumed no. of Shares	Market / theoretical adjusted reference price per Share RM	⁽¹⁾ Total value RM
As at the LPD	1,000	0.405 (Last transacted market price as at the LPD)	405
After the Proposed Share Split	1,900	⁽²⁾ 0.213 (Theoretical adjusted reference price after adjustment)	405

Notes:-

(1) The total value was arrived at by multiplying the number of Shares held with the market / theoretical adjusted reference price per Share.

(2) The theoretical adjusted reference price is arrived at based on the following formula:-

$$\begin{aligned}
 \text{Theoretical adjusted reference price} &= \text{Market price per Share (RM)} \times \frac{\text{Number of Shares held as at the LPD}}{\text{Number of Split Shares}} \\
 &= 0.405 \times \frac{1,000}{1,900} \\
 &= 0.213
 \end{aligned}$$

The Proposed Share Split will result in an adjustment to the exercise price and number of outstanding Warrants C. Please refer to Section 9.5.2(i), Part A of this Circular for further details.

The Proposed Share Split will also result in an adjustment to the reference price of existing Warrants C. For illustration purposes, based on the last transacted market price of Warrants C as at the LPD of RM0.355, the theoretical adjusted reference price per Warrant C upon completion of the Proposed Share Split based on 1,000 Warrants C is set out below:-

	Assumed no. of Warrants C	Market / theoretical adjusted reference price per Warrant C RM	⁽¹⁾ Total value RM
As at the LPD	1,000	0.355 (Last transacted market price as at the LPD)	355
After the Proposed Share Split	1,900	⁽²⁾ 0.187 (Theoretical adjusted reference price after adjustment)	355

Notes:-

(1) The total value was arrived at by multiplying the number of Warrants C held with the market / theoretical adjusted reference price per Warrant C.

(2) The theoretical adjusted reference price is arrived at based on the following formula:-

$$\begin{aligned}
 \text{Theoretical adjusted reference price} &= \text{Market price per Warrant C (RM)} \times \frac{\text{Number of Warrants C held as at the LPD}}{\text{Number of Split Warrants C}} \\
 &= 0.355 \times \frac{1,000}{1,900} \\
 &= 0.187
 \end{aligned}$$

Based on the above illustrations, the Proposed Share Split will decrease the reference price of the Shares and Warrants C, but will not have any impact on the total value of these securities held by Shareholders and Warrant C Holders respectively.

Fractional entitlements for the Shares and/or Warrants C arising from the Proposed Share Split shall be disregarded and/or dealt with by the Board in such manner at its absolute discretion as it may deem fit or expedient and in the best interest of the Company.

In accordance with Rule 6.31(1A) of the Listing Requirements, the adjusted price of a Focus Share was not less than RM0.20 based on the daily volume weighted average share price during the 3-month period before 10 January 2018, being the date of the submission of the application to Bursa Securities in relation to the Proposed Share Split.

3.1 Ranking of the Split Shares

(i) Split Shares

The Split Shares shall rank *pari passu* in all respects with one another.

(ii) Split Warrants C

The Split Warrants C shall rank *pari passu* in all respects with one another.

3.2 Listing and notices of allotment

The approval from Bursa Securities for the listing and quotation of the new Shares and Additional Warrants C to be issued arising from the Proposed Share Split on the ACE Market of Bursa Securities has been obtained via its letter dated 24 January 2018.

The Split Shares and Split Warrants C will be listed and quoted on the ACE Market of Bursa Securities on the next Market Day after the books closure date for the Proposed Share Split.

The notices of allotment will be issued and despatched to the entitled Shareholders and Warrant C Holders within 4 Market Days after the listing and quotation of the Split Shares and Split Warrants C on the ACE Market of Bursa Securities, or such other period as may be prescribed by Bursa Securities.

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4. PROPOSED RIGHTS ISSUE OF ICPS WITH WARRANTS

4.1 Basis and number of ICPS and Warrants D to be issued

The Proposed Rights Issue of ICPS with Warrants involves the issuance of up to 2,122,788,334 ICPS together with up to 424,557,666 free Warrants D to be implemented on a renounceable basis of 5 ICPS together with 1 free Warrant D for every 5 existing Shares held by Entitled Shareholders on the Rights Entitlement Date at an issue price to be determined and announced by the Board at a later date.

The actual number of ICPS and Warrants D to be issued will depend on the total number of issued Shares held by the Entitled Shareholders on the Rights Entitlement Date after taking into consideration any new Shares that may be issued pursuant to the exercise of any outstanding Convertible Securities as well as the eventual subscription level for the Proposed Rights Issue of ICPS with Warrants.

As at the LPD, the issued share capital of the Company is RM39,102,904 comprising 782,058,088 Focus Shares and there are:-

- (i) 230,199,230 outstanding Warrants C; and
- (ii) 104,999,700 ESOS Options which have been granted but unexercised.

In conjunction with the Proposed Share Split and the Proposed Rights Issue of ICPS with Warrants, the Company has undertaken not to grant any ESOS Options until completion of the Proposed Share Split and the Proposed Rights Issue of ICPS with Warrants.

The ICPS and Warrants D will be provisionally allotted and issued to the Entitled Shareholders. The Rights Entitlement Date shall be determined by the Board after obtaining all approvals for the Proposed Rights Issue of ICPS with Warrants.

The Warrants D are attached to the ICPS without any cost and will be issued only to the Entitled Shareholders and/or their renounee(s) who subscribe for the requisite number of ICPS. Each Warrant D will entitle its holder to subscribe for 1 new Share at an exercise price to be determined by the Board at a later date. The Warrants D will be immediately detached from the ICPS upon issuance and will be traded separately. The Warrants D will be issued in registered form and constituted by the Deed Poll D.

The entitlements for the ICPS together with the Warrants D are renounceable in full or in part. Accordingly, the Entitled Shareholders may fully or partially renounce their entitlements under the Proposed Rights Issue of ICPS with Warrants.

However, the ICPS and Warrants D cannot be renounced separately and only the Entitled Shareholders who subscribe for the ICPS will be entitled to the Warrants D. As such, the Entitled Shareholders who renounce all of their ICPS entitlements shall be deemed to have renounced all the accompanying entitlements to the Warrants D to be issued together with the ICPS. If the Entitled Shareholders accept only part of their ICPS entitlements, they shall be entitled to the Warrants D in proportion to their acceptance of their ICPS entitlements.

Any ICPS which are not validly taken up shall be offered to other Entitled Shareholders and/or their renounee(s) under excess ICPS applications. It is the intention of the Board to reduce the incidence of odd lots and to allocate excess ICPS in a fair and equitable manner and on a basis to be determined by the Board later.

Fractional entitlements arising from the Proposed Rights Issue of ICPS with Warrants, if any, will be disregarded and dealt with by the Board in such manner and on such terms and conditions as the Board in its absolute discretion may deem fit or expedient and in the best interests of the Company.

4.2 Indicative salient terms of the ICPS

Issuer	: Focus
Issue size	: Up to 2,122,788,334 ICPS
Issue price	: The issue price per ICPS shall be determined by the Board at a later date after obtaining the relevant approvals but no later than the announcement of the Rights Entitlement Date.
Form and denomination	: The ICPS will be constituted by the M&A and will be issued in registered form.
Dividend	: The holders of ICPS shall not be entitled to be paid any dividends whatsoever.
Board lot	: For the purpose of trading on Bursa Securities, a board lot of the ICPS shall be 100 units of the ICPS, or such other number of units as may be prescribed by Bursa Securities.
Tenure	: 10 years commencing from and inclusive of the date on which the ICPS is issued.
Maturity Date	: The Market Day immediately preceding the date which is the 10th anniversary from the date of issue of the ICPS.
Conversion Period	: The ICPS may be converted into new Shares on any Market Day commencing on and including the issue date of the ICPS up to and including the Maturity Date. Any remaining ICPS that are not converted by the Maturity Date shall be automatically converted into new Shares at the conversion ratio of 5 ICPS for every 1 new Share.
Redemption	: Not redeemable for cash.
Conversion Price	: The Conversion Price of the ICPS shall be based on the issue price of the ICPS multiplied by the conversion ratio of 5 ICPS for every 1 new Share. The issue price of the ICPS shall be determined by the Board at a later date after obtaining the relevant approvals but before the Rights Entitlement Date.
Conversion Mode	: The ICPS may be converted into new Shares at the Conversion Price in the following manner:- <ul style="list-style-type: none">(i) by surrendering for cancellation the ICPS with an aggregate issue price of the ICPS equivalent to the Conversion Price, subject to a minimum of 1 ICPS and a maximum of 5 ICPS for every 1 new Share ("Conversion Ratio"); and(ii) by paying the difference between the aggregate issue price of ICPS surrendered and the Conversion Price, if any, in cash, for every 1 new Share.
Conversion Rights	: (i) Each ICPS carries the entitlement to convert into new Shares at the Conversion Price through the surrender of the ICPS in the manner of the Conversion Mode; and <ul style="list-style-type: none">(ii) If the conversion results in a fractional entitlement to Focus Shares, such fractional entitlement shall be disregarded and no refund or credit, whether in the form of the ICPS, cash or otherwise, shall be given in respect of the disregarded fractional entitlement.

Adjustments to Conversion Price and/or Conversion Mode	: The Conversion Price and/or Conversion Mode may be adjusted at the determination of the Board, in all or any of the following events:- <ul style="list-style-type: none"> (i) a bonus issue of Shares by the Company; or (ii) a capital distribution to the Shareholders made by the Company whether on a reduction of capital or otherwise, but excluding any cancellation of capital which is lost or unrepresented by assets; or (iii) a rights issue of Shares or convertible securities by the Company; or (iv) a consolidation of shares, subdivision of shares or reduction of capital; or (v) any other circumstances deemed necessary by the Board, <p>provided that any adjustment to the Conversion Price will be rounded down to the nearest 1 sen (RM0.01). The adjustments shall be adjusted, calculated or determined by the Board in consultation with and certified by an approved adviser or external auditor appointed by the Company, as the case may be.</p>
Ranking of the ICPS and liquidation preference	: The ICPS are unsecured and shall upon allotment and issue rank <i>pari passu</i> amongst themselves and shall rank in priority to any other class of shares in the capital of the Company, except that:- <ul style="list-style-type: none"> (i) they will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared by the Company; and (ii) they carry no right to vote at any general meeting of the Company save for the voting rights as set out under the "Rights of the holders of ICPS" section. <p>In the event of liquidation or winding-up of the Company:-</p> <ul style="list-style-type: none"> (i) the assets of the Company shall be distributed first to the holders of ICPS in full of the amount which is equal to the issue price for each ICPS, provided that there shall be no further right for the holders of ICPS to participate in any surplus capital or surplus profits of the Company; and (ii) in the event that the Company has insufficient assets to permit payment of the full issue price to the holders of ICPS, the assets of the Company shall be distributed pro rata on an equal priority to the holders of ICPS in proportion to the amount that each holder of ICPS would otherwise be entitled to receive.
Ranking of new Shares to be issued pursuant to the conversion of the ICPS	: The new Shares to be issued pursuant to the conversion of the ICPS shall, upon allotment and issue, rank <i>pari passu</i> 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 that may be declared, made or paid, the entitlement date of which is prior to the date of allotment and issuance of such new Shares arising from the conversion of the ICPS.

Rights of the holders of ICPS	<p>: An ICPS does not carry any right to vote at any general meeting of the Company except for the right to vote in person or by proxy or by attorney at such meeting in each of the following circumstances until and unless the holders of ICPS convert their ICPS into new Shares:-</p> <ul style="list-style-type: none"> (i) on a proposal considering the reduction of the share capital of the Company (excluding any cancellation of capital which is lost or unrepresented by assets); (ii) on a proposal for the sale of the whole of the Company's property, business and undertaking; (iii) on a proposal that directly affects the rights and privileges attached to the ICPS; (iv) on a proposal to wind-up the Company; and (v) during the winding-up of the Company. <p>Where the holders of ICPS are entitled to vote at any general meeting, every ICPS shall on a poll, carry 1 vote for each ordinary share into which the ICPS may be converted into, based on the conversion ratio of 5 ICPS for every 1 new Share.</p> <p>The holders of ICPS shall have the right to receive notices, reports and accounts and attend meetings, of which Shareholders are entitled.</p>
Listing	<p>: The ICPS will be listed and traded on the ACE Market of Bursa Securities.</p> <p>Bursa Securities had on 24 January 2018 granted its approval for the admission of the ICPS to the Official List and the listing and quotation of the ICPS and the new Shares to be issued arising from the conversion of the ICPS on the ACE Market of Bursa Securities.</p>
Transferability	<p>: The ICPS shall be transferable only by instrument in writing in the usual or common form or such other form as the Board or the relevant authorities may approve. As the ICPS will be listed and quoted on the ACE Market of Bursa Securities, they will be deposited with the central depository system of Bursa Securities and will be subject to the Rules of Bursa Depository.</p>
Modification of rights	<p>: The Company may from time to time with the consent or sanction of all the holders of the ICPS make modifications to the terms of which in the opinion of the Company are not materially prejudicial to the interest of the holders of the ICPS or are to correct a manifest error or to comply with mandatory provisions of the laws of Malaysia and the relevant regulations.</p> <p>Any variation, modification or abrogation of the rights and privileges attached to the ICPS shall require the sanction of a special resolution of the ICPS holders holding or representing not less than 75% of the outstanding ICPS.</p>
Governing law	<p>: The laws of Malaysia.</p>

4.3 Indicative salient terms of the Warrants D

Issuer	: Focus
Issue size	: Up to 424,557,666 Warrants D to be issued pursuant to the Proposed Rights Issue of ICPS with Warrants.
Form and detachability	: The Warrants D will be issued in registered form and constituted by the Deed Poll D. The Warrants D which are to be issued with the ICPS will immediately be detached from the ICPS upon allotment and issuance and will be traded separately on Bursa Securities.
Board lot	: For the purpose of trading on Bursa Securities, a board lot of Warrants D shall be 100 units of Warrants D, or such other number of units as may be prescribed by Bursa Securities.
Tenure of the Warrants D	: 5 years commencing on and including the date of issuance of the Warrants D.
Exercise Period	: The Warrants D may be exercised at any time within a period of 5 years commencing from and including the date of issuance of the Warrants D to the close of business at 5.00 p.m. on the Market Day immediately preceding the date which is the 5th anniversary from the date of issuance of the Warrants D (" Exercise Period "). Any Warrants D 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 D (" Exercise Price ") shall be determined by the Board at a later date after obtaining the relevant approvals but prior to the Rights Entitlement Date. The Exercise Price and/or the number of Warrants D in issue during the Exercise Period shall however be subject to adjustments under circumstances prescribed in accordance with the terms and provisions of the Deed Poll D.
Subscription rights	: Each Warrant D 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 in accordance with the provisions of the Deed Poll D.
Mode of exercise	: The holders of Warrants D are required to lodge a subscription form with the Company's 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 money order or postal order issued by a post office in Malaysia for the aggregate of the Exercise Price payable when exercising their Warrants D to subscribe for new Focus Shares. The payment of such fee must be made in Ringgit Malaysia.
Adjustments to the Exercise Price and/or the number of Warrants D	: Subject to the provisions of the Deed Poll D, the Exercise Price and/or the number of unexercised Warrants D in issue may be subject to adjustments by the Board in consultation with an approved adviser appointed by the Company or the auditor in the event of any alteration in the share capital of the Company at any time during the tenure of the Warrants D, whether by way of, amongst others, rights issue, bonus issue, consolidation of shares, subdivision of shares or reduction of capital, in accordance with the provisions of the Deed Poll D.

Rights of the Warrant D holders	: The Warrants D do not confer on their holders any voting rights or any right to participate in any form of distribution and/or offer of further securities in the Company until and unless such holders of Warrants D exercise their Warrants D for new Focus Shares in accordance with the provisions of the Deed Poll D and such new Focus Shares have been allotted and issued to such holders.
Ranking of the new Focus Shares to be issued pursuant to the exercise of the Warrants D	: The new Focus Shares to be issued pursuant to the exercise of the Warrants D in accordance with the provisions of the Deed Poll D shall, upon allotment, issuance and full payment of the Exercise Price of the Warrants D, rank <i>pari passu</i> in all respects with the then existing issued and fully paid-up Focus Shares, save and except that the holders of such new Focus 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 new Focus Shares to be issued arising from the exercise of the Warrants D.
Rights in the event of winding up, liquidation, compromise and/or arrangement	: Where a resolution has been passed for a members' voluntary winding-up of the 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 the Company or the amalgamation of the Company with 1 or more companies, then:- <ul style="list-style-type: none"> (i) for the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the holders of Warrants D (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 D; and (ii) in any other cases, every Warrants D holder shall be entitled to exercise his / her Warrants D at any time within 6 weeks after the passing of such resolution for a members' voluntary winding up of the Company or within 6 weeks after the granting of the court order approving the winding-up, compromise or arrangement, whereupon the Company shall allot the relevant new Focus Shares to the Warrant D holder credited as fully paid subject to the prevailing laws, and such Warrant D holder shall be entitled to receive out of the assets of the Company which would be available in liquidation if he / she had on such date been the holder of the new Focus Shares to which he / she would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly. Upon the expiry of the above 6 weeks, all subscription rights of the Warrants D shall lapse and cease to be valid for any purpose.
Modification of rights of Warrant D holders	: Save as otherwise provided in the Deed Poll D, a special resolution of the Warrants D holders is required to sanction any modification, alteration or abrogation in respect of the rights of the Warrant D holders.

- Modification of Deed Poll D : Any modification to the terms and conditions of the Deed Poll D may be effected only by a further deed poll, executed by the Company and expressed to be supplemental to the Deed Poll D. 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 D 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 the Company, will not be materially prejudicial to the interests of the Warrant D holders.
- Listing : Bursa Securities had on 24 January 2018 granted its approval for the admission of the Warrants D to the Official List and the listing and quotation of new Shares to be issued arising from the exercise of the Warrants D on the ACE Market of Bursa Securities. The listing and quotation of the Warrants D on the ACE Market of Bursa Securities is subject to a minimum of 100 holders of Warrants D.
- Transferability : The Warrants D shall be transferable in the manner provided under the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository.
- Deed Poll : The Warrants D shall be constituted by the Deed Poll D to be executed by the Company.
- Governing laws : The Warrants D and the Deed Poll D shall be governed by the laws and regulations of Malaysia.

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4.4

Minimum Subscription Level and Undertaking

The Company has procured the Undertaking from Asiabo Capital (a substantial Shareholder of the Company and a wholly-owned subsidiary of Fintec) to subscribe in full for its entitlement of ICPS under the Proposed Rights Issue of ICPS with Warrants.

Details of the Undertaking are as follows:-

Undertaking Shareholder	Existing direct shareholdings as at the LPD		Direct shareholdings after the Proposed Share Split		Minimum no. of ICPS to be subscribed for pursuant to the Undertaking			Warrants D entitlement
	No. of Focus Shares	% ⁽¹⁾	No. of Focus Shares	% ⁽²⁾	Subscription based on entitlement	Subscription based on excess application	Total ICPS	No. of Warrants D
Asiabo Capital	149,841,900	19.16	284,699,610	19.16	284,699,610	-	284,699,610	56,939,922

Notes:-

(1) Based on the issued share capital of 782,058,088 Focus Shares as at the LPD.

(2) Based on the issued share capital of 1,485,910,367 Focus Shares after the Proposed Share Split.

Pursuant to the Undertaking, Asiabo Capital has confirmed that it has sufficient financial means and resources to apply and subscribe in full for its entitlement of the ICPS arising from the Proposed Rights Issue of ICPS with Warrants on the Rights Entitlement Date such that the aggregate subscription in terms of number of ICPS received by the Company amounts to not less than 284,699,610 ICPS, which is equivalent to Asiabo Capital's entitlement under the Proposed Rights Issue of ICPS with Warrants based on its shareholding as at the LPD and after taking into consideration the effects of the Proposed Share Split.

To meet the minimum funding requirement of the Group as set out in Section 6, Part A of this Circular, the Proposed Rights Issue of ICPS with Warrants will be undertaken based on the Minimum Subscription Level of 284,699,610 ICPS together with 56,939,922 Warrants D, which will be achieved in view of the Undertaking above.

Mercury Securities has verified the sufficiency of financial resources of Asiabo Capital for the purpose of subscribing for the ICPS and excess ICPS pursuant to the Undertaking.

Asiabio Capital has confirmed that its subscription for ICPS pursuant to the Undertaking will not give rise to any mandatory take-over offer obligation under the Code and the Rules on Take-Overs, Mergers and Compulsory Acquisitions immediately after completion of the Proposed Rights Issue of ICPS with Warrants.

In the event that Asiabio Capital triggers an obligation to undertake a mandatory take-over offer under the Code and the Rules on Take-Overs, Mergers and Compulsory Acquisitions pursuant to the Undertaking, a separate announcement will be made.

Nonetheless, Asiabio Capital has confirmed that it will at all times observe and ensure compliance with the provisions of the Code and the Rules on Take-Overs, Mergers and Compulsory Acquisitions and will seek from the SC the necessary exemptions from undertaking such mandatory take-over offer, if required and if it qualifies for such exemption pursuant to the Code and the Rules on Take-Overs, Mergers and Compulsory Acquisitions.

As the Minimum Subscription Level will be fully satisfied via the Undertaking, the Company will not procure any underwriting arrangement for the remaining ICPS not subscribed for by other Entitled Shareholders.

4.5 Basis and justification of determining the issue price of the ICPS and the exercise price of the Warrants D

(i) Issue price of the ICPS

The issue price of the ICPS shall be determined and announced by the Board at a later date after taking into consideration, amongst others, the following:-

- (a) the funding requirements of the Group as set out in Section 6, Part A of this Circular;
- (b) the TEAP of Focus Shares based on the 5-day VWAP of Focus Shares up to and including the trading day prior to the price-fixing date. The Board intends to fix the issue price of the ICPS such that the implied Conversion Price (based on Conversion Ratio of 5 ICPS for every 1 new Share) is at a premium of not more than 15% to the TEAP of Focus Shares. This was determined by the Board after taking into consideration the current market price of Focus Shares and the need of the Company to raise the necessary funds to meet the funding requirements of the Group as set out in Section 6, Part A of this Circular; and
- (c) the rationale for the Proposed Rights Issue of ICPS with Warrants, as set out in Section 7.1, Part A of this Circular.

Based on the illustrative issue price of RM0.05 per ICPS and the Conversion Ratio of 5 ICPS for every 1 new Share, the implied Conversion Price of RM0.25 represents a premium of approximately 11.71% to the TEAP of Focus Shares of RM0.2238, calculated based on the 5-day VWAP of Focus Shares up to and including the LPD of RM0.4053 and after adjusting for the effects of the Proposed Share Split.

Under the Maximum Scenario and assuming all the ICPS are converted via the surrender of 1 ICPS and cash payment of the difference to arrive at the Conversion Price for 1 new Share based on the Conversion Mode, the maximum number of new Shares to be issued upon full conversion of the ICPS is 2,122,788,334 new Shares.

(ii) Exercise price of the Warrants D

The exercise price of the Warrants D shall be determined and announced by the Board at a later date after taking into consideration, amongst others, the TEAP of Focus Shares based on the 5-day VWAP of Focus Shares up to and including the trading day prior to the price-fixing date. The Board intends to fix the exercise price of the Warrants D such that it is at a premium of not more than 15% to the TEAP of Focus Shares. This was determined by the Board after taking into consideration the current market price of Focus Shares and the future prospects of the Group, further details of which are set out in Section 8.5, Part A of this Circular.

Based on the illustrative exercise price of RM0.25 per Warrant D, this represents a premium of approximately 11.71% to the TEAP of RM0.2238, calculated based on the 5-day VWAP of Focus Shares up to and including the LPD of RM0.4053 and after adjusting for the effects of the Proposed Share Split. The illustrative exercise price of RM0.25 per Warrant D is based on the prevailing market prices of the Focus Shares.

4.6 Ranking of the new Shares to be issued arising from the conversion of the ICPS and/or the exercise of the Warrants D

The new Shares to be issued pursuant to the conversion of the ICPS and/or the exercise of the Warrants D shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing 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 the Shareholders, the entitlement date of which is prior to the date of allotment of such new Shares.

4.7 Foreign-Addressed Shareholders

An abridged prospectus together with its accompanying documents or any other documents to be issued in connection with the Proposed Rights Issue of ICPS with Warrants 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 of ICPS with Warrants will not be offered for subscription in any countries or jurisdictions other than Malaysia.

The abridged prospectus together with its accompanying documents or any other documents relating to the Proposed Rights Issue of ICPS with Warrants will only be sent to Entitled Shareholders who have a registered address or an address for service in Malaysia as registered in the Company's Record of Depositors on the Rights Entitlement Date and will not be sent to Foreign-Addressed Shareholders as at the Rights Entitlement Date. Foreign-Addressed Shareholders who wish to provide Malaysian addresses should inform their respective stockbrokers as well as the share registrar of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia to effect the change of address prior to the Rights Entitlement Date.

Alternatively, such Foreign-Addressed Shareholders may collect the abridged prospectus from the Company's share registrar who shall be entitled to request for such evidence as they deem necessary to satisfy themselves as to the identity and authority of the person collecting the abridged prospectus.

The 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 the Company's Record of Depositors as at the Rights Entitlement Date and will not accept or to be deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith.

Foreign-Addressed Shareholders may only exercise their rights in respect of the Proposed Rights Issue of ICPS with Warrants to the extent that it would be lawful to do so and the Company and/or any of its advisers would not, in connection with the Proposed Rights Issue of ICPS with Warrants, be in breach of the laws of any jurisdiction to which the Foreign-Addressed Shareholders may be subject to.

Foreign-Addressed Shareholders will be responsible for payment of any issue or transfer fees or costs, and any taxes or requisite payments due in such jurisdiction and the Company shall 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 persons may be required to pay. They will have no claims whatsoever against the Company, its share registrar and/or any of its advisers in respect of their rights or entitlements under the Proposed Rights Issue of ICPS with Warrants. Such applicants 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 of ICPS with Warrants.

The Foreign-Addressed Shareholders shall be solely responsible to seek advice as to the laws of any jurisdiction to which they may be subject, and participation by such applicants in the Proposed Rights Issue of ICPS with Warrants shall be on the basis of a warranty by such applicants that they are allowed to do so lawfully without the Company and/or the advisers being in breach of the laws of any jurisdiction.

Neither the Company nor any of its advisers to the Proposed Rights Issue of ICPS with Warrants shall accept any responsibility or liability in the event that any acceptance by a Foreign-Addressed Shareholder of his/her rights in respect of the Proposed Rights Issue of ICPS with Warrants is or shall become 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 ICPS under the laws and jurisdiction to which they are subject, will have no claims whatsoever against the Company and/or any of its advisers to the Proposed Rights Issue of ICPS with Warrants in respect of their rights entitlements or any net proceeds arising from the Proposed Rights Issue of ICPS with Warrants.

The Company reserves the right in its absolute discretion to treat any subscription for the ICPS as being invalid if it believes or has reason to believe that such subscription for the ICPS may violate applicable legal or regulatory requirements.

5. PROPOSED M&A AMENDMENTS

The Proposed M&A Amendments entail the consequential amendments to the M&A to facilitate the creation and issuance of the ICPS pursuant to the Proposed Rights Issue of ICPS with Warrants.

Please refer to Appendix II of this Circular for further details of the Proposed M&A Amendments.

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6. UTILISATION OF PROCEEDS

The total funding requirement for the Project is estimated to be RM162.5 million, which covers construction, renovation, fixtures and fittings as well as working capital.

Out of this amount, the Company is required to contribute a total RM82.88 million and the Business Partners are required to contribute a total RM79.63 million, being 51% and 49% of the Project's total funding requirement, in accordance with the Company and the Business Partners' percentage shareholding in Famous Ambience respectively. The funds are expected to be injected into Famous Ambience via shareholders' advances, which are expected to be interest-free and have no fixed term of repayment.

The breakdown of the funding requirement is estimated to be as follows:-

Funding requirement for the Project	Total funding requirement RM'000	To be contributed by	
		Focus RM'000	Business Partners RM'000
Construction works for the Project	128,000	65,280	62,720
Renovations, fixtures and fittings for the Project	25,000	12,750	12,250
Working capital for the Project	9,500	4,845	4,655
Total	162,500	82,875	79,625

Given the above and based on an illustrative issue price of RM0.05 per ICPS, the gross proceeds to be raised from the Proposed Rights Issue of ICPS with Warrants are intended at this juncture to be utilised in the following manner:-

Utilisation of proceeds	Expected timeframe for utilisation from completion of the Proposed Rights Issue of ICPS with Warrants	⁽¹⁾ Minimum Scenario RM'000	⁽²⁾ Base Case Scenario RM'000	⁽³⁾⁽⁴⁾ Maximum Scenario RM'000
(i) Construction works for the Project	Within 24 months	14,234	65,280	65,280
(ii) Renovations, fixtures and fittings ⁽⁷⁾ for the Project	Within 3 months from completion of the Project's construction	-	7,316	12,750
(iii) Working capital for the Project	Upon completion of the Project's construction and renovation	-	-	4,845
(iv) Acquisition and/or investment in other complementary F&B businesses	Within 24 months	-	-	21,564
(v) Estimated expenses for the Proposals	Immediate	⁽⁵⁾ -	⁽⁶⁾ 1,700	⁽⁶⁾ 1,700
Total		⁽⁸⁾ 14,234	74,296	106,139

Notes:-

(1) Any additional proceeds raised in excess of the RM14.23 million under the Minimum Scenario will be allocated up to its respective maximum allocation in the following order:-

- (i) estimated expenses for the Proposals;
- (ii) construction works for the Project;
- (iii) renovations, fixtures and fittings for the Project;
- (iv) working capital for the Project; and
- (v) acquisition and/or investment in other complementary F&B businesses.

- (2) *Any additional proceeds raised in excess of the RM74.30 million under the Base Case Scenario will be allocated up to its respective maximum allocation in the following order:-*
- (i) *renovations, fixtures and fittings for the Project;*
 - (ii) *working capital for the Project; and*
 - (iii) *acquisition and/or investment in other complementary F&B businesses.*
- (3) *Any additional proceeds raised in excess of the RM106.14 million under the Maximum Scenario will be allocated for the acquisition and/or investment in other complementary F&B businesses.*
- (4) *The Board wishes to highlight that the illustrative amount of up to approximately RM106.14 million that will be raised under the Maximum Scenario is based on the assumption that all the outstanding Convertible Securities are exercised prior to the Rights Entitlement Date.*

For information:-

- (i) *the current exercise price of the Warrants C is RM0.05 per Warrant C and the remaining tenure of the Warrants C is approximately 23 months from the LPD (expiring on 6 November 2019); and*
 - (ii) *the current exercise price of the ESOS Options which have been granted but unexercised is RM0.05 per ESOS Option and the remaining tenure of the ESOS Options is approximately 25 months from the LPD (expiring on 13 January 2020).*
- (5) *Under the Minimum Scenario, the estimated expenses for the Proposals of RM1.7 million will be funded via internally generated funds.*
- (6) *If the actual expenses incurred are higher than the budgeted amount of RM1.7 million, the deficit will be funded via internally generated funds. Conversely, any surplus of funds following payment of expenses will be utilised in the order as set out in notes (1), (2) and (3) above.*
- (7) *Please refer to Section 6(ii), Part A of this Circular for details on the types of fixtures and fittings.*
- (8) *Based on the Undertaking.*

Any shortfall between the Company's funding requirement of RM82.88 million and the amount to be raised under the Proposed Rights Issue of ICPS with Warrants will be financed via internally generated funds and bank borrowings. The exact breakdown cannot be determined at this juncture and can only be determined upon completion of the Proposed Rights Issue of ICPS with Warrants.

Under the Base Case Scenario or the Maximum Scenario, if the Company's actual funding requirement exceeds the budgeted amount of RM82.88 million, the deficit will be funded from the portion allocated for the acquisition and/or investment in other complementary F&B businesses. Conversely, any surplus of funds from completion of the Project will be reallocated for the acquisition and/or investment in other complementary F&B businesses.

Under the Minimum Scenario, the Company has set the Minimum Subscription Level based on a funding requirement of RM14.23 million instead of RM82.88 million in view that the Company:-

- (a) *intends to utilise other sources of funds i.e. internally generated funds and/or bank borrowings to meet the balance financial commitment of RM68.65 million; and*
- (b) *would not need to procure underwriting arrangements, thereby saving on additional expenses such as underwriting fees and legal fees.*

(i) **Construction works for the Project**

The breakdown of the estimated construction cost of the Project of RM128 million is illustrated below:-

<u>Construction works</u>	<u>Amount RM'000</u>
<i>Preliminaries</i>	10,700
<i>Building & external works</i>	55,730
<i>Mechanical & electrical works</i>	33,120
<i>Provisional sums such as project contingencies, landscape and final finishing costs</i>	11,720
<i>Associated development cost</i>	16,730
<i>Total estimated construction cost</i>	<u>128,000</u>

(ii) **Renovations, fixtures and fittings for the Project**

Once construction of the Project is completed, Famous Ambience will need approximately RM25 million to renovate as well as install fixtures and fittings at the Project's event hall, Chinese restaurant(s), seafood restaurant(s) and western restaurant(s).

The breakdown of the estimated costs for renovations, fixtures and fittings is illustrated below:-

<u>Renovations, fixtures and fittings</u>	<u>Amount RM'000</u>
<i>Event hall</i>	⁽¹⁾ 13,000
<i>Chinese restaurant(s)</i>	⁽²⁾ 4,000
<i>Seafood restaurant(s)</i>	⁽²⁾ 4,000
<i>Western restaurant(s)</i>	⁽³⁾ 4,000
<i>Total estimated cost for renovations, fixtures and fittings</i>	<u>25,000</u>

Notes:-

- (1) These include, amongst others, renovations, initial setup costs for fixtures and fittings such as interior design and decoration, air-conditioning systems, audio-visual systems, partitions, tables and chairs, stage platforms, podiums, props and other furnishing.
- (2) These include, amongst others, renovations, initial setup costs for fixtures and fittings such as interior design and decoration, air-conditioning systems, kitchen equipment and machinery, kitchen utensils, dining tables and chairs.

(iii) **Working capital for the Project**

Once the Project is launched, Famous Ambience will need approximately RM9.5 million as initial working capital to operate the Project's Chinese restaurant(s), seafood restaurant(s), western restaurant(s) and event hall.

The breakdown of the working capital requirement is illustrated below:-

<u>Working capital</u>	<u>Amount RM'000</u>
<i>Chinese restaurant(s)</i>	⁽¹⁾ 2,500
<i>Seafood restaurant(s)</i>	⁽¹⁾ 2,500
<i>Western restaurant(s)</i>	⁽¹⁾ 2,500
<i>Event hall</i>	⁽²⁾ 2,000
<i>Total working capital</i>	<u>9,500</u>

Notes:-

- (1) *These include, amongst others, purchasing costs for F&B raw materials and payment of salaries.*
- (2) *This includes, amongst others, payment of salaries.*

(iv) Acquisition and/or investment in other complementary F&B businesses

The proceeds of up to approximately RM21.56 million is earmarked to finance any potential acquisitions and/or investments in similar or other complementary F&B businesses including but not limited to opening of new F&B outlets when the opportunity arises for future business expansion of the Group.

These acquisitions and/or investments may include businesses within the Company's core business in the F&B industry, as well as businesses within the same value chain, and such other businesses which the Board may deem beneficial and are complementary to the Group's business expansion in the F&B business. In this regard, the Company may acquire and/or invest in one or more F&B businesses which will operate at the designated retail / F&B lots in the Project. The Company may also consider entering into joint venture arrangements with other potential business partners for the purpose of acquiring and/or investing in suitable F&B businesses.

As at the LPD, the Board has yet to identify any specific business for acquisition and/or investment. The Company will make the necessary announcements as provided for in the Listing Requirements. In the event that Shareholders' approval and/or other regulatory bodies' approvals are required, the necessary approvals will be sought as per the provisions of the Listing Requirements or such other regulatory bodies.

Pending the identification of new businesses to be invested in, the Company will place the unutilised cash proceeds in interest-bearing bank deposits and/or money market financial instruments.

If the Company is unable to identify suitable investments within 24 months from the completion of the Proposed Rights Issue of ICPS with Warrants, the timeframe for the utilisation of proceeds that has been allocated for the said purpose will be extended and announced as well as disclosed in the Company's quarterly result announcements until the Company has successfully identified suitable businesses to acquire and/or invest in.

Notwithstanding the foregoing, the Board wishes to highlight that the illustrative amount of up to approximately RM21.56 million is based on the assumption that all the outstanding Convertible Securities are exercised prior to the Rights Entitlement Date as well as full subscription by the Entitled Shareholders and/or their renouncee(s) of their respective entitlements under the Proposed Rights Issue of ICPS with Warrants.

For information:-

- (i) the current exercise price of the Warrants C is RM0.05 per Warrant C and the remaining tenure of the Warrants C is approximately 23 months from the LPD (expiring on 6 November 2019); and
- (ii) the current exercise price of the ESOS Options which have been granted but unexercised is RM0.05 per ESOS Option and the remaining tenure of the ESOS Options is approximately 25 months from the LPD (expiring on 13 January 2020).

(v) **Estimated expenses for the Proposals**

The breakdown of the estimated expenses for the Proposals is illustrated below:-

Estimated expenses	Amount RM'000
Professional fees	1,150
Fees to relevant authorities	280
Printing, despatch and advertising expenses	190
Miscellaneous charges	80
Total	1,700

The actual gross proceeds to be raised from the Proposed Rights Issue of ICPS with Warrants will depend on the actual number of ICPS that will be eventually issued as well as the issue price of the ICPS, which shall be determined in due course.

The exact quantum of proceeds that may be raised by the Company from the conversion of the ICPS and/or exercise of the Warrants D would depend on the actual number of ICPS converted during the Conversion Period as well as its Conversion Mode and/or the actual number of Warrants D exercised during the Exercise Period as well as its Exercise Price, which shall be determined by the Board at a later date. The proceeds from the conversion of the ICPS and/or exercise of the Warrants D will be received on an "as and when basis" over the Conversion Period and/or the Exercise Period.

The Board is of the view that the eventual ICPS conversion will mostly be based on the conversion mode of surrendering for cancellation of the ICPS with an aggregate issue price of ICPS equivalent to the Conversion Price for 1 new Share, without any additional cash payment. Hence, it may be unlikely for the Company to receive significant additional proceeds from the conversion of the ICPS. Nevertheless, any proceeds arising from the conversion of ICPS during the Conversion Period will be used to finance the Group's future working capital requirements including those disclosed in Section 6(iii) above. The exact breakdown cannot be determined at this juncture and would be dependent on the actual requirements at the relevant time.

Strictly for illustrative purposes, based on the illustrative exercise price of RM0.25 per Warrant D, the Company will raise gross proceeds of up to RM106.14 million upon full exercise of the Warrants D under the Maximum Scenario. Any proceeds arising from the exercise of the Warrants D in the future will be used to finance future working capital requirements including those illustrated in Section 6(iii) above. The exact breakdown cannot be determined at this juncture and would be dependent on the actual requirements at the relevant time.

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7. RATIONALE FOR THE PROPOSALS

7.1 Proposed Share Split

The adjustment in the market price of Focus Shares as a result of Proposed Share Split is expected to result in the Split Shares being more affordable in order to appeal to a wider group of public shareholders and investors. The Proposed Share Split may also improve the trading liquidity of Focus Shares by increasing the number of shares in issue.

Following the completion of the Proposed Share Split, the theoretical market price of each Share will decrease by 1.9 times and the total number of Shares in issue will be increased by the corresponding ratio. Notwithstanding this, Shareholders should note that the Proposed Share Split is not expected to alter the total value of the Split Shares held by them.

Further, the lower share price resulting from the Proposed Share Split will help to facilitate the Proposed Rights Issue of ICPS with Warrants as it gives greater flexibility to the Company in fixing the issue price of the ICPS at a more attractive price.

7.2 Proposed Rights Issue of ICPS with Warrants

The Proposed Rights Issue of ICPS with Warrants will enable the Company to raise funds and channel them towards the proposed utilisation as set out in Section 6, Part A of this Circular.

After due consideration of the various options available, the Board is of the opinion that the Proposed Rights Issue of ICPS with Warrants is the most suitable means of fund raising for the Company for the following reasons:-

- (i) it will not have an immediate dilution effect on the Group's EPS as the ICPS are expected to be converted over the Conversion Period as opposed to a fund raising exercise via rights issue of ordinary shares which will have an immediate upfront impact on the Group's EPS;
- (ii) it will not dilute the shareholdings of the Entitled Shareholders, assuming that all Entitled Shareholders subscribe to their entitlements and fully convert their ICPS;
- (iii) it allows the Entitled Shareholders to increase their equity participation in the Company through the conversion of the ICPS into new Shares during the Conversion Period; and
- (iv) it enables the Company to raise the requisite funds without incurring additional interest expense, thereby minimising any potential cash outflow in respect of interest servicing costs.

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

The exercise of the Warrants D in the future will allow the Company to obtain additional funds without incurring additional interest expenses from borrowings. Furthermore, should the Company increase its borrowings in the future, the exercise of Warrants D will increase Shareholders' funds and lower the Company's gearing, thereby providing the Company with flexibility in terms of the options available to meet its funding requirements.

7.3 Proposed M&A Amendments

The Proposed M&A Amendments is undertaken to facilitate the issuance of the ICPS pursuant to the Proposed Rights Issue of ICPS with Warrants.

8. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

8.1 Malaysian economy

The Malaysian economy recorded a stronger growth of 6.2% in the third quarter of 2017 (2Q 2017: 5.8%). Private sector spending continued to be the main driver of growth. The external sector also contributed positively to growth, as real exports expanded at a faster pace (11.8%; 2Q 2017: 9.6%), supported by stronger demand from major trading partners. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.8% (2Q 2017: 1.3%).

Domestic demand grew by 6.6% in the third quarter of the year (2Q 2017: 5.7%), supported by continued expansion in both private sector expenditure (7.3%; 2Q 2017: 7.2%) and public sector spending (4.1%; 2Q 2017: 0.2%). Private consumption expanded by 7.2% (2Q 2017: 7.1%), underpinned by better labour market conditions. In particular, private sector wages were sustained amid stronger employment growth.

Given the continued strong performance in the third quarter, the Malaysian economy is on track to register stronger growth in 2017. Looking ahead, the economy is poised to register a strong growth that is close to the upper end of the official forecast range of 5.2 – 5.7% in 2017. Growth momentum has been lifted by stronger spillovers from the external sector to the domestic economy. The operating environment has also improved significantly as households and businesses have steadily acclimatised to the adjustments in the global and domestic economic conditions in the past few years.

Leading indicators such as the Department of Statistics Malaysia's composite leading index and MIER Business Conditions Index corroborate expectations for continued expansion of the domestic economy. For 2018, domestic demand is expected to remain the key source of growth. Private consumption will remain the largest driver of growth, supported by continued improvements in income and overall labour market conditions. Investment will be sustained by infrastructure projects and higher capital investment in the manufacturing and services sectors. The external sector will provide additional impetus to the economy, benefitting from the improvement in global growth. Overall, the assessment is for growth to remain strong in 2018.

On the supply side, the improvement in both external and domestic demand will benefit the manufacturing and services sectors. The agriculture sector's growth will be driven by a recovery in CPO yields post-El Niño. Growth in the mining sector is projected to be supported by output from the ramping up of production in new oil and gas facilities. In the construction sector, growth will be supported by new and existing civil engineering projects

(Source: Economic and Financial Developments in Malaysia in the Third Quarter of 2017, BNM)

The Malaysian economy is projected to continue its strong growth momentum with real GDP expanding between 5% and 5.5% in 2018 (2017: 5.2% and 5.7%). Growth will mainly be driven by resilient domestic demand amid favourable external sector. Given the robust economic development, gross national income per capita is estimated to increase 5.1% to RM42,777 (2017: 7.7%; RM40,713). Despite the strong growth momentum, Malaysia as an open economy is not immune to external headwinds. These include rising protectionism; policy uncertainties in the advanced countries; and volatility in the financial markets. Nevertheless, structural reforms undertaken over the years to diversify the economy and strengthen the financial system have provided sufficient buffer to weather these external challenges.

(Source: Economic Report 2017/2018, Ministry of Finance Malaysia)

8.2 F&B segment in Malaysia

Malaysia's foodservice market is mature, as there are a wide variety of foodservice segments at different price levels catering to various individuals and household characteristics. The foodservice segments available in Malaysia include full-service restaurant, café and bar, fast food or quick service restaurant ("QSR"), street stall/kiosk and self-service food court segments.

Full-service restaurants refer to conventional restaurant concepts where there are waiters to serve patrons when they are seated at their tables. Full-service restaurants, especially those serving Asian cuisine, are popular and common nationwide. Full-service restaurants include international full-service restaurant chains such as "TGI Friday's", "Chili's Grill & Bar" and "Tony Roma's", and Asian full-service restaurant chains include restaurants under the "Oversea", "Unique Seafood", "Grand Imperial", "Oriental", "Dragon-i", "Canton-i" and "Din Tai Fung" group of restaurants.

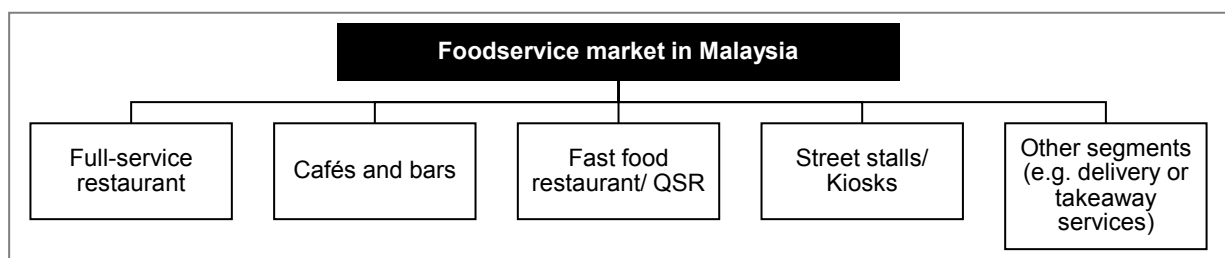
Cafés and bars have a stronger focus on beverages, as compared to full-service restaurants. In general, cafés do not have waiters to serve patrons, and are largely self-service restaurants. Meanwhile, the differentiating factor for bars is that they have a stronger focus on alcoholic beverages. Visiting cafés and bars have become a common lifestyle habit amongst youths and young adults in urban areas, either for work or for leisure or social engagement after working hours and on weekends.

Fast food or QSRs are restaurants which are able to offer food and beverage within a short period of time, and these restaurants are typically self-service restaurants with pre-cooked meals. Fast food or QSRs appeal to time-pressed individuals seeking affordable and convenient dining options. Several fast food chains in Malaysia also offer delivery and drive-through services in response to consumer demands for convenience. International fast food brands in the country include "McDonald's", "Burger King", "KFC", "Pizza Hut" and "Domino's".

Street stalls/kiosks include stalls and kiosks set up by the roadside, or in the concourse area and food courts of shopping complexes and commercial buildings. Street stalls/kiosks offer a variety of foodservice products, including local food and delicacies, bakery products, ice cream, snacks and coffee, at lower price levels.

Other foodservice segments include other non-traditional segments such as delivery and takeaway services.

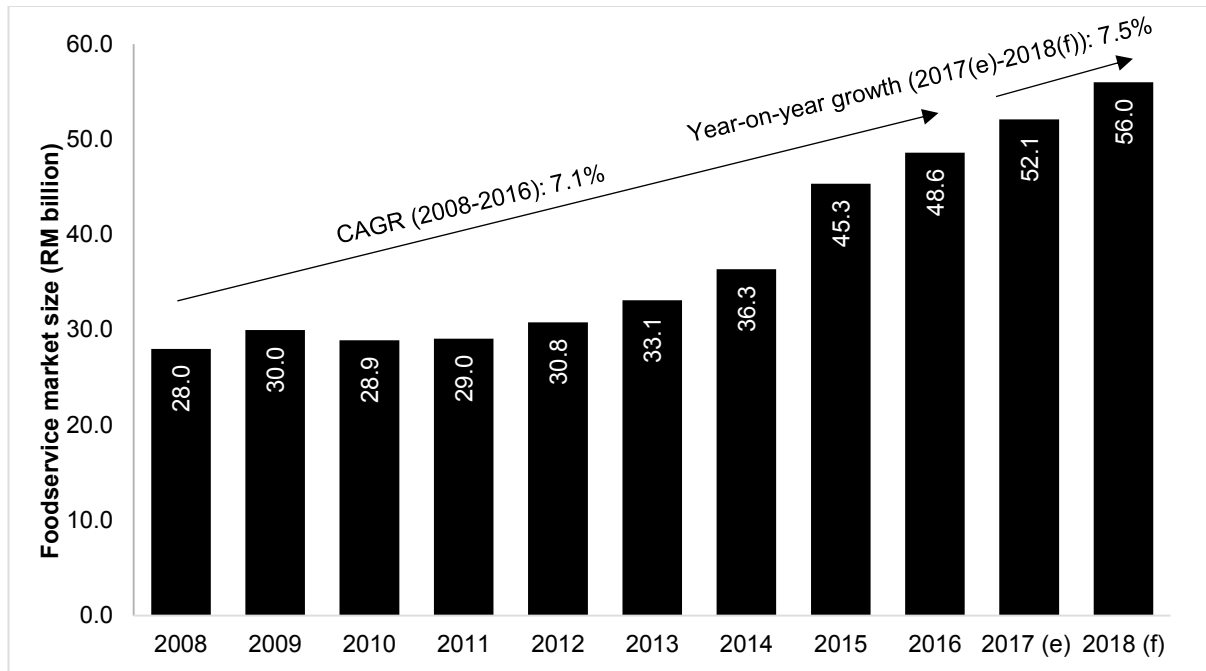
Segmentation of the foodservice market (Malaysia)



Note: This list is not exhaustive.

The foodservice market size in Malaysia grew, in terms of foodservice sales, from RM28.0 billion in 2008 to reach RM48.6 billion in 2016, registering a CAGR of 7.1%. Moving forward, SMITH ZANDER expects the foodservice market size to grow by 7.5% to reach RM56.0 billion by 2018.

Foodservice market size (Malaysia), 2008-2018(f)



The growth in the foodservice market in Malaysia is expected to continue to be driven by the increasing disposable income and affluence, rising urbanisation, diverse cuisines and flourishing tourism market in Malaysia.

Malaysia is an upper-middle income developing economy, with its GDP per capita growing from RM22,971 in 2006 to an estimated RM38,887 in 2016. The increasing GDP per capita indicates a more affluent population with greater propensity to spend, which would in turn benefit the foodservice segment.

As a developing country, Malaysia also experiences rising urbanisation rates, which has led to increased employment rates and busier lifestyles amongst the working individuals. In addition, an increasing number of females have also joined the workforce. This has led to a growing need for convenient meal options and a culture of dining out in Malaysia, resulting in a greater demand for the foodservice market in the country. Further, the shift of population from rural to urban areas to seek for better employment opportunities has also led to a growing population in urban areas such as Klang Valley (which includes both Kuala Lumpur and Selangor), benefiting the foodservice market in these areas.

In addition, Malaysia is known to be culturally diverse with various cuisines available, thus providing consumers with a variety of dining options to suit different tastes and preferences. Thus, it has become a norm amongst Malaysians to gather with friends and family members at foodservice outlets to experience different cuisines. This culture, coupled with the affordability of foodservice in Malaysia, contributes to the continuous growth of the foodservice market.

Apart from the continuous demand from the local market, the foodservice market in Malaysia also stands to benefit from the foreign market as Malaysia is a popular destination for tourists. Tourist arrivals grew from 17.5 million in 2006 to 26.8 million in 2016, at a CAGR of 4.4%. In 2016, Selangor (which is part of Klang Valley) was the most-visited state in the country with 24.0 million domestic visitors, followed by Kuala Lumpur and Perak which each recorded 16.8 million domestic visitors.

(Source: Extracted from the independent market research report by SMITH ZANDER)

8.3 Meetings, incentives, conferences and exhibitions (“MICE”) segment in Kuala Lumpur

The MICE industry encompasses venues specifically designed to hold functions, meetings, conferences and exhibitions:

Functions: typically involve the convening of individuals in a particular place for an event such as a wedding, celebration dinner or lunch and product launches.

Meetings: are organised to bring employees of a corporation together in a place, usually to discuss and share ideas, and solve problems. Examples of meetings include board/management/shareholder meetings, training seminars, as well as company retreats.

Conferences: are organised on a regular basis, usually by associations to bring attendees with common interests/purposes to the pre-determined venue, commonly for educational purposes; and

Exhibitions: allows corporations to showcase new products, services or information to interested attendees. As exhibitions are usually organised on a large scale, corporations interested to participate will have to purchase a booth space.

Demand for MICE venues in Malaysia has grown, supported by the government initiatives to support and boost the local MICE industry through the setting up of Malaysia Convention and Exhibition Bureau (“**MyCEB**”) as well as the Sarawak Convention Bureau under the Ministry of Tourism and Culture Malaysia; and MICE venues located throughout the country of varying sizes and facilities to cater to different needs.

Based on SMITH ZANDER’s research, as at 26 September 2017, the take-up rate for function halls, with sizes of approximately 25,000 square feet or less, in Kuala Lumpur on Saturdays over the next three (3) months (from 26 September 2017 to 26 December 2017) is approximately 82.8%⁽¹⁾. In other words, there is only 17.2% availability of these function halls over the next three (3) months, indicating the demand for such venues to hold social gatherings such as weddings and celebration dinners or lunches in Kuala Lumpur.

Note:-

(1) Based on 10 venues with function halls, with sizes of approximately 25,000 sf or less, located in Kuala Lumpur.

Example of MICE venues in Kuala Lumpur are as listed below:-

Examples of MICE venues (Kuala Lumpur)

Venue	Size ⁽²⁾ (sf)	Examples of events/ exhibitions held
Berjaya Times Square Hotel	18,794	<ul style="list-style-type: none">• Weddings• Celebration dinner/lunch• Corporate dinner/lunch• Seminars• EGM and AGM
Concorde Hotel Kuala Lumpur	9,064	<ul style="list-style-type: none">• Weddings• Celebration dinner/lunch• Corporate dinner/lunch• Seminars• EGM and AGM
Grand Hyatt Kuala Lumpur	11,248	<ul style="list-style-type: none">• Weddings• Celebration dinner/lunch• Corporate dinner/lunch• Seminars• EGM and AGM

Venue	Size ⁽²⁾ (sf)	Examples of events/ exhibitions held
Grand Millennium Hotel Kuala Lumpur	3,875	<ul style="list-style-type: none"> • Weddings • Celebration dinner/lunch • Corporate dinner/lunch • Seminars • EGM and AGM
JW Marriott Kuala Lumpur	9,779	<ul style="list-style-type: none"> • Weddings • Celebration dinner/lunch • Corporate dinner/lunch • Seminars • EGM and AGM
Kuala Lumpur Convention Centre ⁽¹⁾	25,705	<ul style="list-style-type: none"> • Exhibitions and exposition for home furnishings and baby products • Concerts • Conferences • Educational and career fairs • Scientific conferences and congresses
MATRADE Exhibition & Convention Centre ⁽¹⁾	13,778	<ul style="list-style-type: none"> • Online marketplace seminars • Seminars on investment opportunities in other countries, such as Cambodia, Vietnam, Japan and the United States
Putra World Trade Centre ⁽¹⁾	16,204	<ul style="list-style-type: none"> • Exhibitions and exposition for renovation, diving, rubber plastic mould and die, packaging and labelling food processing machinery and equipment, international sign and led and beauty products • Ramadan buffets
Renaissance Kuala Lumpur	15,392	<ul style="list-style-type: none"> • Weddings • Celebration dinner/lunch • Corporate dinner/lunch • Seminars • EGM and AGM
Shangri-la Hotel Kuala Lumpur	16,242	<ul style="list-style-type: none"> • Weddings • Celebration dinner/lunch • Corporate dinner/lunch • Seminars • EGM and AGM
Sheraton Imperial Kuala Lumpur	7,169	<ul style="list-style-type: none"> • Weddings • Celebration dinner/lunch • Corporate dinner/lunch • Seminars • EGM and AGM
Sime Darby Convention Centre	19,000	<ul style="list-style-type: none"> • Medical seminars • Corporate dinner/lunch • EGM and AGM • Weddings
The Westin Kuala Lumpur	6,613	<ul style="list-style-type: none"> • Weddings • Celebration dinner/lunch • Corporate dinner/lunch • Seminars • EGM and AGM
The Ritz Carlton, Kuala Lumpur	5,229	<ul style="list-style-type: none"> • Weddings • Celebration dinner/lunch • Corporate dinner/lunch • Seminars • EGM and AGM

Notes:-

(1) The venue size refers to the size of the largest function hall in the venue.

(2) In general, the size of function halls in the venues listed above can be reduced to meet customers' requirements.

Moving forward, the MICE industry in Kuala Lumpur will likely gain from the positive long term economic growth prospects in Malaysia, as the country's GDP and disposable income continue to increase.

The growing affluence and propensity to spend in Malaysia as a result of the country's growing economy, will lead to greater spending power for social gatherings such as weddings and celebration dinners or lunches. The fact that it is common in Malaysia for middle and high income households in urban areas such as Kuala Lumpur and Selangor to hold such social gatherings in hotels and function halls will also continue to drive the growth of the MICE industry in Kuala Lumpur.

Further, the positive long term economic growth prospects in Malaysia also indicates growth amongst businesses and enterprises. As a result, these businesses and enterprises have a higher likelihood of having a larger budget for corporate functions such as EGM, AGM, seminars, corporate dinners or lunches, educational and career fairs and conferences.

In addition, Kuala Lumpur, which is the capital of Malaysia and one of the country's main cities, has a higher density of affluent population in relative to other areas in Malaysia. This has resulted in Kuala Lumpur being one of the main hubs to hold concerts, events, exhibitions and fairs in Malaysia.

(Source: Extracted from the independent market research report by SMITH ZANDER)

8.4 Property market in Kuala Lumpur

The property market in Kuala Lumpur softened in 2016. The review period registered 14,950 transactions with a total value of RM34.22 billion, down by 19.5% in volume. Nevertheless, the value of transactions increased significantly by 46.3% due to several major sales recorded in the year. Residential sub-sector retained its lion market share, contributed 75.3% of the total transactions followed by commercial (21.3%), development land (2.3%) and industrial (1.1%) sub-sectors.

Market movements across the board was less encouraging as the contraction rate continued to increase. All sub-sectors witnessed negative growth led by industrial sub-sector at 27.7%, commercial (-21.5%), residential (-19.0%) and development land (-9.9%). Similar downward pattern was seen in value of transactions except for commercial sub-sector.

Residential property

The residential sub-sector's market performance eased in the review period with 11,252 transactions worth RM8.97 billion, decreased by 19.0% in volume and 13.3% in value as compared to 2015. Condominium and apartment units contributed 23.2%, of the residential property transactions, which accounted for the second highest volume in the country.

The primary market saw a contraction in new launches with 5,810 units in 2016 (2015: 7,086 units). Correspondingly, the overall sales performance was weak at 27.3% (2015: 45.0%). Apartments and condominiums formed the bulk of the new launches.

Prices of residential property witnessed mixed performance across the board. Landed property located in prominent and established areas continued to record capital appreciation. Single storey terraced houses in Petaling area namely Overseas Union Garden, Happy Garden and Salak South Garden recorded an increase of 10.0% to 12.0%. On the same note, double storey medium-cost terrace in Taman Segambut charted double-digit increase of 12.2% transacted in the range of RM600,000 to RM630,000. Meanwhile, double storey terraced houses in prominent areas such as Bangsar Baru, Bangsar Park, Bukit Bandaraya and Taman Tun Dr Ismail recorded marginal movements fetching at RM2.0 million. The high-rise property was stable across the board. Low and medium-cost flats located along Light Rail Transit (LRT) in Mukim Kuala Lumpur, Mukim Petaling and Mukim Setapak recorded double digit growth such as in Taman Bukit Cheras, Taman Sri Endah and Taman Melati.

Similarly, apartments and condominiums in prominent schemes also witnessed capital appreciations especially those located along the Mass Rapid Transit (MRT) line. On the contrary, several high-rise schemes namely Platinum Lake Condo PV10, Setapak and Menara Polo, Ampang recorded downward movements. As at Q4 2016, the All House Price Index for the state stood at 293.4 points, up by 5.3% from 278.6 points in Q4 2015. The Average All House Price for the state as at Q4 2016 stood at RM778,317, increased from RM739,195 in Q4 2015.

The residential rental market also portrayed mixed movements. Several choice locations recorded rental uptrend mainly due to new tenancy and rental renewals. Houses located nearby LRT and MRT routes as well as higher learning institutions experienced rental gains. Average rental yield for landed residential units ranged between 1.1% and 3.8%. High rise generally obtained higher average yield between 1.6% and 6.6%.

Commercial property

The commercial sub-sector recorded 3,186 transactions with a total value of RM19.99 billion in 2016. This indicated a decline of 21.5% in volume against 2015 though value saw a significant growth of more than double (203.0%) attributed to a good number of prominent sales recorded in the review period.

Shop sub-sector recorded 442 transactions worth RM998.58 million in 2016 (2015: 649 transactions worth RM1.50 billion), accounting for 13.9% of the commercial property transactions and 50.0% of the total value. Its market activity was on a similar downtrend, reduced sharply by 31.9% in volume and 33.5% in value.

Prices of shops were stable with increases noted in established commercial areas served with efficient road linkages. However, double storey shops and four and a half-storey shop in Kuchai Entrepreneurs Park recorded downtrend movements. Rentals of ground floor shops were generally stable with few exceptionally high increases recorded at selected areas namely those in new established shopping localities such as Solaris Dutamas, Wangsa Metroview and Diamond Square, Jalan Gombak.

Several shopping complexes' transactions were recorded in the review period namely The Store in Jalan Radin Tengah, the Intermark Mall in Jalan Tun Razak and Odean and Houz Deport in Jalan Tuanku Abdul Rahman. The latter two transactions were 2015's transfers but registered in the review period.

The performance of retail sub-sector moderated with an average occupancy rate of 86.9% in 2016, down slightly compared to 87.4% recorded in 2015. The annual take-up increased to 143,271 sqm against 44,197 sqm recorded in 2015.

Apart from the three new completions, there was one each in starts (57,600 sqm) and new planned supply (92,902 sqm). As at end-2016, there were 104 existing shopping complexes (2,854,109 sqm) with another 10 complexes (435,693 sqm) in the incoming supply and five complexes (400,430 sqm) in the planned supply.

Generally, rental of retail space was stable for most shopping complexes with few exceptions. Positive rental movements recorded in selected complexes due to tenancy and rental renewals. Suria KLCC sustained its prominence, recording a marginal increase of 4.6% for its level two, fetching a rental range from RM271.68 per sqm to as high as RM2,054 per sqm. On a better note, Setapak Central recorded an upward rental movement due to rental renewal whilst a marginal increase was witnessed in Semua House and Avenue K.

The review period saw a number of prominent purpose-built office transactions. These included Wisma FAM in Jalan Maharajalela, Prudential Building in Jalan Sultan Ismail, Wisma RZA in Jalan Raja Abdullah and RHB Centre in Jalan Tun Razak. Meanwhile, the sales of AmBank Building in Jalan Punchak, The Integra Tower in Jalan Tun Razak and NU Tower in Jalan Tun Sambathan, which dated 2015 as well as Signature C and D in Persiaran CapSquare, which dated 2014 were also concluded in the review period.

The purpose-built office segment portrayed downward performance as the average occupancy rate contracted slightly to 77.9% (2015: 81.2%). The annual take-up remained positive at 24,646 sqm.

Menara TH Platinum, Naza Tower and Ilham Tower, which were completed in 2015 continued to see low occupancy. Meanwhile, Bangunan MBSB in Lebu Ampang is undergoing refurbishment and targeted to reopen as hotel. Likewise, level one to four of Kompleks Dayabumi is under renovation and expected to add about 3,250 sqm office space into the market. Bangunan Wisma Megah also have changed its usage to WOLO Chinatown Hotel and still under renovation.

In terms of price and rental, the office sub-sector portrayed mixed performance across the board. Oval Damansara recorded an increase of 11.9% for its level two whilst Q Sentral fetched a higher price range of RM13,993 per sqm to RM15,402 per sqm. On the contrary, Menara UOA Bangsar and Menara MBMR recorded a marginal decrease.

The office rental market was stable with few exceptions. Investment grade buildings in good locations with close proximity or within city transit hub are amongst those with competitive edge and fetched higher rental. Petronas Twin Towers led the sub-sector with the highest rental, followed by Integra Tower, Menara Shell, GTower KL and Menara Prestige, a relatively new office building in the vicinity.

The leisure sub-sector witnessed the completion of four new hotels offering 994 rooms into market. In addition, Plaza Atrium and Menara ING have been converted into Oasia Suites KL and Holiday Inn Express, which were launched in Q2 2016. Meanwhile, The Nomad SuCasa All Suite Hotel has been revamped and rebranded as Oakwood Hotel and Residence.

2017 outlook

Forward-looking, the state's property market would remain on a positive path backed by various on-going and proposed development projects. Transport infrastructure development is being stepped up in Greater Kuala Lumpur/Klang Valley, having been outpaced by the rapid urbanisation in the region.

The completion of MRT 1 (MRT Line 1) from Sungai Buloh to Semantan involving four stations (Taman Tun Dr. Ismail, Phileo Damansara, Pusat Bandar Damansara and Semantan) as well as the expected completion of MRT Line Phase 2 (Semantan - Kajang) by July 2017 will reinvigorate the property market within the vicinity.

Other infrastructure projects that are expected to improve accessibility and connectivity are:-

- (i) MRT Line 2 (Sungai Buloh - Serdang - Putrajaya), which has commenced construction and expected to complete in 2022.
- (ii) High Speed Rail (HSR), which will facilitate the journey between Kuala Lumpur and Singapore within 90 minutes, and connects six transit locations namely Putrajaya, Seremban, Ayer Keroh, Muar, Batu Pahat and Iskandar Puteri.

In the residential sub-sector, market is expected to sustain given the on-going construction of luxury condominium/serviced residence as well as affordable homes. Amongst the high-end schemes included TRX - Signature Tower and Lifestyle Quarter KL Metropolis by NAZA TTDI.

Other proposed commercial mega projects in the pipeline are:-

- (i) Bukit Bintang City Centre (BBCC) - the urban rejuvenation mixed development is jointly undertaken by UDA Holdings Berhad, ECO World and Employees' Provident Fund.
- (ii) Bukit Jalil City - a mixed development comprising commercial and residential.
- (iii) Oxley Towers Kuala Lumpur City Centre - a mixed-use development comprising an office tower, hotel and residential, by Oxley Holdings is slated to house Jumeirah Kuala Lumpur Hotel and Jumeirah Living Kuala Lumpur Residences.
- (iv) M101 Skywheel-an integrated project located in Kampung Baru vicinity is being developed by M101 Holdings Sdn Bhd and will boast Asia's first Planet Hollywood Hotel.

(Source: Property Market Report 2016, Valuation and Property Services Department, Ministry of Finance)

8.5 Prospects and future plans for the Group

Prior to the Group's diversification into the F&B segment in 2014, the Group has been incurring consecutive losses since 2009 due to the weak financial performance of its then existing core businesses, namely the Engineering Services Segment and Manufacturing Segment. The weak performance was mainly due to, amongst others, the increasingly competitive environment in the engineering and manufacturing sectors.

In order to improve its financial performance, the Group has undertaken various efforts as set out in Section 14.2, Part A of this Circular including, amongst others, diversifying into the F&B segment in 2014. In addition, the Group further identified the business venture with the Business Partners to develop the Project as an opportunity to further contribute to the Group's earnings and improve its financial performance.

Moving forward, the Group expects its financial performance to improve in view of the following:-

- (i) with the Project's unique features and offerings as well as its strategic location next to TREC KL and the Tun Razak Exchange, the Project is expected to attract considerable consumer traffic, thereby generating streams of revenue to the Group to be contributed by the retail / F&B lots, event hall, Chinese restaurant(s), seafood restaurant(s), western restaurant(s), karaoke centre and car park;
- (ii) the Group intends to leverage on its existing F&B outlets, namely 'Chaze', 'LAVO Restaurant & Wine Bar' and 'Maze' to further expand its F&B business including, amongst others, opening of additional outlets or launching new F&B brands or concepts. In this regard, the Group intends to launch a new F&B outlet, which is envisaged to serve Asian and Western style Tapas as well as Dim Sum, by the first quarter of 2018; and
- (iii) for the Engineering Services Segment, the Group will implement cost-cutting measures, enhance its products and services and capitalise on the increasing awareness of green technology in Malaysia and government initiatives to promote green technology.

In addition, the Group is of the view that the prospects of the Malaysian economy, the F&B segment in Malaysia, the MICE segment in Kuala Lumpur and the property market in Kuala Lumpur as set out in Sections 8.1, 8.2, 8.3 and 8.4, Part A of this Circular should augur well for the commercial success of the Project.

9. EFFECTS OF THE PROPOSALS

The Proposed M&A Amendments will not have any effect on the issued share capital of the Company, the NA and gearing of the Group, the substantial Shareholders' shareholdings in the Company and the consolidated earnings as well as EPS of the Company.

9.1 Share capital

The pro-forma effects of the Proposed Share Split and Proposed Rights Issue of ICPS with Warrants on the issued share capital of the Company are as follows:-

	Minimum Scenario		Base Case Scenario		Maximum Scenario	
	No. of Focus Shares	Share capital ⁽¹⁾ RM	No. of Focus Shares	Share capital ⁽¹⁾ RM	No. of Focus Shares	Share capital ⁽¹⁾ RM
Issued share capital as at the LPD	782,058,088	39,102,904	782,058,088	39,102,904	782,058,088	39,102,904
New Shares to be issued assuming full exercise of the granted ESOS Options	-	-	-	-	104,999,700	⁽²⁾ 9,708,097
New Shares to be issued assuming full exercise of the Warrants C	-	-	-	-	230,199,230	⁽³⁾ 11,509,962
After full exercise of the Convertible Securities	782,058,088	39,102,904	782,058,088	39,102,904	1,117,257,018	60,320,963
After the Proposed Share Split	1,485,910,367	39,102,904	1,485,910,367	39,102,904	2,122,788,334	60,320,963
New Shares to be issued assuming full conversion of the ICPS	56,939,922	⁽⁴⁾ 14,234,981	297,182,073	⁽⁵⁾ 74,295,518	2,122,788,334	⁽⁶⁾ 530,697,084
New Shares to be issued assuming full exercise of the Warrants D	56,939,922	⁽⁷⁾ 22,377,389	297,182,073	⁽⁷⁾ 116,792,555	424,557,666	⁽⁷⁾ 166,851,163
Enlarged issued share capital	1,599,790,211	75,715,274	2,080,274,513	230,190,977	4,670,134,334	757,869,209

Notes:-

(1) Excludes share premium and other capital reserves.

(2) Based on the exercise price of RM0.05 per ESOS Option and after accounting for the reversal of ESOS reserve.

(3) Based on the exercise price of RM0.05 per Warrant C.

(4) Assuming all the 284,699,610 ICPS issued under the Minimum Scenario are fully converted into 56,939,922 Shares based on the implied Conversion Price of RM0.25 and the Conversion Mode of surrendering 5 ICPS for 1 new Share without additional cash payment.

(5) Assuming all the 1,485,910,367 ICPS issued under the Base Case Scenario are fully converted into 297,182,073 Shares based on the implied Conversion Price of RM0.25 and the Conversion Mode of surrendering 5 ICPS for 1 new Share without additional cash payment.

(6) Assuming all the 2,122,788,334 ICPS issued under the Maximum Scenario are fully converted into 2,122,788,334 Shares based on the implied Conversion Price of RM0.25 and the Conversion Mode of surrendering 1 ICPS (which are issued at an illustrative issue price of RM0.05 each) with additional cash payment of RM0.20 for 1 new Share.

(7) Based on the illustrative exercise price of RM0.25 per Warrant D and after accounting for the reversal of warrant reserve.

9.2

NA and gearing

The pro-forma effects of the Proposed Rights Issue of ICPS with Warrants on the NA and gearing of the Group are as follows:-

Minimum Scenario

	Audited as at 31 December 2016 RM'000	(I) After subsequent events ⁽³⁾ RM'000	(II) After (I) and the Proposed Share Split RM'000	(III) After (II) and the Proposed Rights Issue of ICPS with Warrants ^{(4)/(5)} RM'000	(IV) After (III) and assuming full conversion of the ICPS ⁽⁶⁾ RM'000	(V) After (IV) and assuming full exercise of the Warrants D ⁽⁷⁾ RM'000
Share capital ⁽¹⁾	38,854	39,103	39,103	39,103	53,338	75,715
Reserves ⁽²⁾	(11,946)	(11,946)	(11,946)	789	(13,446)	(21,589)
Shareholders' equity / NA	26,908	27,157	27,157	39,892	39,892	54,126
Non-controlling interest	(415)	(415)	(415)	(415)	(415)	(415)
Total equity	26,493	26,742	26,742	39,477	39,477	53,711
No. of Focus Shares in issue ('000)	777,090	782,058	1,485,910	1,485,910	1,542,850	1,599,790
NA per Focus Share (RM)	0.03	0.03	0.02	0.03	0.03	0.03
Total borrowings (RM'000)	1,360	1,360	1,360	1,360	1,360	1,360
Gearing (times)	0.05	0.05	0.05	0.03	0.03	0.03

Notes:-

- (1) Excludes share premium and other capital reserves.
- (2) Reserves comprise equity portion of the ICPS, share premium, ESOS reserve, warrant reserve and accumulated losses.
- (3) After taking into account the issuance of 4,968,366 new Shares arising from the exercise of Warrants C from 1 January 2017 up to the LPD.
- (4) Based on the Minimum Subscription Level of 284,699,610 ICPS together with 56,939,922 Warrants D at an illustrative issue price of RM0.05 per ICPS.
- (5) After accounting for the warrant reserve based on the issuance of 56,939,922 Warrants D at an allocated fair value of RM0.1430 per Warrant D (computed based on the Trinomial option pricing model with data sourced from Bloomberg) and estimated expenses incidental to the Proposals of approximately RM1.5 million.
- (6) Assuming all the 284,699,610 ICPS issued under the Minimum Scenario are fully converted into 56,939,922 Shares based on the implied Conversion Price of RM0.25 and Conversion Mode of surrendering 5 ICPS for 1 new Share without additional cash payment.
- (7) Based on an illustrative exercise price of RM0.25 per Warrant D.

Base Case Scenario

	Audited as at 31 December 2016 RM'000	(I) After subsequent events ⁽³⁾ RM'000	(II) After (I) and the Proposed Share Split RM'000	(III) After (II) and the Proposed Rights Issue of ICPS with Warrants ⁽⁴⁾⁽⁵⁾ RM'000	(IV) After (III) and assuming full conversion of the ICPS ⁽⁶⁾ RM'000	(V) After (IV) and assuming full exercise of the Warrants D ⁽⁷⁾ RM'000
Share capital ⁽¹⁾ Reserves ⁽²⁾	38,854 (11,946)	39,103 (11,946)	39,103 (11,946)	39,103 60,849	113,398 (13,446)	230,191 (55,943)
Shareholders' equity / NA	26,908	27,157	27,157	99,952	99,952	174,248
Non-controlling interest	(415)	(415)	(415)	(415)	(415)	(415)
Total equity	26,493	26,742	26,742	99,537	99,537	173,833
No. of Focus Shares in issue ('000)	777,090	782,058	1,485,910	1,485,910	1,783,092	2,080,275
NA per Focus Share (RM)	0.03	0.03	0.02	0.07	0.06	0.08
Total borrowings (RM'000)	1,360	1,360	1,360	1,360	1,360	1,360
Gearing (times)	0.05	0.05	0.05	0.01	0.01	0.01

Notes:-

- (1) Excludes share premium and other capital reserves.
- (2) Reserves comprise equity portion of the ICPS, share premium, ESOS reserve, warrant reserve and accumulated losses.
- (3) After taking into account the issuance of 4,968,366 new Shares arising from the exercise of Warrants C from 1 January 2017 up to the LPD.
- (4) Assuming all the Entitled Shareholders and/or their renouncee(s) fully subscribe for their respective entitlements at an illustrative issue price of RM0.05 per ICPS.
- (5) After accounting for the warrant reserve based on the issuance of 297,182,073 Warrants D at an allocated fair value of RM0.1430 per Warrant D (computed based on the Trinomial option pricing model with data sourced from Bloomberg) and estimated expenses incidental to the Proposals of approximately RM1.5 million.
- (6) Assuming all the 782,058,088 ICPS issued under the Minimum Scenario are fully converted into 297,182,073 Shares based on the implied Conversion Price of RM0.25 and Conversion Mode of surrendering 5 ICPS for 1 new Share without additional cash payment.
- (7) Based on an illustrative exercise price of RM0.25 per Warrant D.

Maximum Scenario

	Audited as at 31 December 2016 RM'000	(I) After subsequent events ⁽³⁾ RM'000	(II) After (I) and exercising full Convertible Securities ⁽⁴⁾ RM'000	(III) After (II) and the Proposed Share Split RM'000	(IV) After (III) and the Proposed Rights Issue of ICPS with Warrants ⁽⁵⁾⁽⁶⁾ RM'000	(V) After (IV) and assuming full conversion of the ICPS ⁽⁷⁾ RM'000	(VI) After (V) and assuming full exercise of the Warrants D ⁽⁸⁾ RM'000
Share capital ⁽¹⁾	38,854	39,103	60,321	60,321	60,321	591,018	757,869
Reserves ⁽²⁾	(11,946)	(11,946)	(16,405)	(16,405)	88,235	(17,905)	(78,616)
Shareholders' equity / NA	26,908	27,157	43,916	43,916	148,556	573,113	679,253
Non-controlling interest	(415)	(415)	(415)	(415)	(415)	(415)	(415)
Total equity	26,493	26,742	43,501	43,501	148,141	572,698	678,838
No. of Focus Shares in issue ('000)	777,090	782,058	1,117,257	2,122,788	2,122,788	4,245,577	4,670,134
NA per Focus Share (RM)	0.03	0.03	0.04	0.02	0.07	0.13	0.15
Total borrowings (RM'000)	1,360	1,360	1,360	1,360	1,360	1,360	1,360
Gearing (times)	0.05	0.05	0.03	0.03	0.01	(9)	(9)

Notes:-

- (1) Excludes share premium and other capital reserves.
- (2) Reserves comprise equity portion of the ICPS, share premium, ESOS reserve, warrant reserve and accumulated losses.
- (3) After taking into account the issuance of 4,968,366 new Shares arising from the exercise of Warrants C from 1 January 2017 up to the LPD.
- (4) Assuming:-
 - (i) all the 230,199,230 outstanding Warrants C are exercised at the exercise price of RM0.05 per Warrant C; and
 - (ii) all the 104,999,700 granted ESOS Options are exercised at the exercise price of RM0.05 per ESOS Option.
- (5) Assuming all the Entitled Shareholders and/or their renouncee(s) fully subscribe for their respective entitlements at an illustrative issue price of RM0.05 per ICPS.
- (6) After accounting for the warrant reserve based on the issuance of 424,557,666 Warrants D at an allocated fair value of RM0.1430 per Warrant D (computed based on the Trinomial option pricing model with data sourced from Bloomberg) and deducting estimated expenses incidental to the Proposals of approximately RM1.5 million.
- (7) Assuming all the 2,122,788,334 ICPS issued under the Maximum Scenario are fully converted into 2,122,788,334 Shares based on the implied Conversion Price of RM0.25 and Conversion Mode of surrendering 1 ICPS (which is issued at an illustrative issue price of RM0.05 each) with additional cash payment of RM0.20 for 1 new Share.
- (8) Based on an illustrative exercise price of RM0.25 per Warrant D.
- (9) Negligible.

9.3

Substantial Shareholders' shareholdings

The pro-forma effects of the Proposed Rights Issue of ICPS with Warrants on the substantial Shareholders' shareholdings based on the register of substantial Shareholders of the Company as at the LPD are as follows:-

Minimum Scenario

	(I) As at the LPD				(II) After the Proposed Share Split			
	Direct		Indirect		Direct		Indirect	
	No. of Focus Shares	% ⁽¹⁾	No. of Focus Shares	% ⁽¹⁾	No. of Focus Shares	% ⁽²⁾	No. of Focus Shares	% ⁽²⁾
Substantial Shareholders								
Asiabio Capital	149,841,900	19.16	-	-	284,699,610	19.16	-	-
Fintec	-	-	(5)149,841,900	19.16	-	-	(5)284,699,610	19.16

	(II) After (I) and assuming full conversion of the ICPS				(III) After (II) and assuming full exercise of the Warrants D			
	Direct		Indirect		Direct		Indirect	
	No. of Focus Shares	% ⁽³⁾	No. of Focus Shares	% ⁽³⁾	No. of Focus Shares	% ⁽⁴⁾	No. of Focus Shares	% ⁽⁴⁾
Substantial Shareholders								
Asiabio Capital	341,639,532	22.14	-	-	398,579,454	24.91	-	-
Fintec	-	-	(5)341,639,532	22.14	-	-	(5)398,579,454	24.91

Notes:-

- (1) Based on the issued share capital of 782,058,088 Focus Shares as at the LPD.
- (2) Based on the enlarged issued share capital of 1,485,910,367 Focus Shares.
- (3) Based on the enlarged issued share capital of 1,542,850,289 Focus Shares.
- (4) Based on the enlarged issued share capital of 1,599,790,211 Focus Shares.
- (5) Deemed interested by virtue of its interest in Asiabio Capital.

Base Case Scenario

	(I)			
	As at the LPD		After the Proposed Share Split	
	Direct	Indirect	Direct	Indirect
Substantial Shareholders	No. of Focus Shares	% ⁽¹⁾	No. of Focus Shares	% ⁽²⁾
Asiabio Capital	149,841,900	19.16	284,699,610	19.16
Fintec	-	-	-	-
			(5)284,699,610	19.16

	(II)			
	After (I) and assuming full conversion of the ICPS		After (II) and assuming full exercise of the Warrants D	
	Direct	Indirect	Direct	Indirect
Substantial Shareholders	No. of Focus Shares	% ⁽³⁾	No. of Focus Shares	% ⁽⁴⁾
Asiabio Capital	341,639,532	19.16	398,579,454	19.16
Fintec	-	-	-	-
			(5)398,579,454	19.16

Notes:-

- (1) Based on the issued share capital of 782,058,088 Focus Shares as at the LPD.
- (2) Based on the enlarged issued share capital of 1,485,910,367 Focus Shares.
- (3) Based on the enlarged issued share capital of 1,783,092,440 Focus Shares.
- (4) Based on the enlarged issued share capital of 2,080,274,513 Focus Shares.
- (5) Deemed interested by virtue of its interest in Asiabio Capital.

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Maximum Scenario

	(I) As at the LPD				(II) Assuming full exercise of the Convertible Securities			
	Direct		Indirect		Direct		Indirect	
	No. of Focus Shares	% ⁽¹⁾	No. of Focus Shares	% ⁽¹⁾	No. of Focus Shares	% ⁽²⁾	No. of Focus Shares	% ⁽²⁾
Substantial Shareholders								
Asiabio Capital	149,841,900	19.16	-	-	⁽⁷⁾ 259,627,733	23.24	-	-
Fintec	-	-	⁽⁶⁾ 149,841,900	19.16	-	-	⁽⁶⁾ 259,627,733	23.24

	(II) After (I) and the Proposed Share Split				(III) After (II) and assuming full conversion of the ICPS			
	Direct		Indirect		Direct		Indirect	
	No. of Focus Shares	% ⁽³⁾	No. of Focus Shares	% ⁽³⁾	No. of Focus Shares	% ⁽⁴⁾	No. of Focus Shares	% ⁽⁴⁾
Substantial Shareholders								
Asiabio Capital	493,292,693	23.24	-	-	986,585,385	23.24	-	-
Fintec	-	-	⁽⁶⁾ 493,292,693	23.24	-	-	⁽⁶⁾ 986,585,385	23.24

	(IV) After (III) and assuming full exercise of the Warrants D			
	Direct		Indirect	
	No. of Focus Shares	% ⁽³⁾	No. of Focus Shares	% ⁽³⁾
Substantial Shareholders				
Asiabio Capital	1,085,243,924	23.24	-	-
Fintec	-	-	⁽⁶⁾ 1,085,243,924	23.24

Notes:-

- (1) Based on the issued share capital of 782,058,088 Focus Shares as at the LPD.
- (2) Based on the enlarged issued share capital of 1,117,257,018 Focus Shares.
- (3) Based on the enlarged issued share capital of 2,122,788,334 Focus Shares.
- (4) Based on the enlarged issued share capital of 4,245,576,668 Focus Shares.
- (5) Based on the enlarged issued share capital of 4,670,134,334 Focus Shares.
- (6) Deemed interested by virtue of its interest in Asiabio Capital.
- (7) After taking into consideration the exercise of 109,785,833 Warrants C held by Asiabio Capital as at the LPD.

9.4 Earnings and EPS

Subsequent to the completion of the Proposed Share Split, the EPS of the Company will be proportionally diluted as a result of the increase in the number of Focus Shares in issue.

The Board expects the Proposed Rights Issue of ICPS with Warrants to contribute positively to the future earnings of the Group via the utilisation of proceeds.

Subsequent to the completion of the Proposed Rights Issue of ICPS with Warrants, the consolidated EPS of the Company shall be correspondingly diluted as a result of the increase in the number of Focus Shares arising from the conversion of the ICPS during the Conversion Period and/or the exercise of the Warrants D during the Exercise Period.

The potential effects of the conversion of the ICPS and the exercise of the Warrants D on the future consolidated earnings and EPS of the Company will depend on, amongst others, the Conversion Mode of the ICPS to be chosen by the holders of the ICPS during the Conversion Period and any additional contributions to earnings that may be derived from the utilisation of proceeds received from the conversion of the ICPS with cash option and exercise of the Warrants D as well as the number of Warrants D exercised at any point in time.

9.5 Convertible securities

Save for the following, the Company does not have any other outstanding convertible securities in issue as at the LPD:-

9.5.1 ESOS Options

As at the LPD, there are 104,999,700 ESOS Options which have been granted but unexercised and up to 129,617,700 ESOS Options which may be granted pursuant to the maximum allowable amount under the ESOS.

In conjunction with the Proposed Share Split and the Proposed Rights Issue of ICPS with Warrants, the Company has undertaken not to grant any further ESOS Options until completion of the Proposed Share Split and the subsequent Proposed Rights Issue of ICPS with Warrants.

Consequential to the Proposed Share Split and the Proposed Rights Issue of ICPS with Warrants, the exercise price and/or number of ESOS Options which have been granted but unexercised prior to the books closure date for the Proposed Share Split as well as the Rights Entitlement Date may be adjusted in accordance with the provisions of the by-laws governing the ESOS Options to ensure that the status of ESOS Option holders is not prejudiced as a result of the Proposed Share Split and the Proposed Rights Issue of ICPS with Warrants.

9.5.2 Warrants C

As at the LPD, there are 230,199,230 outstanding Warrants C in the Company.

(i) Adjustments arising from the Proposed Share Split

Consequential to the Proposed Share Split, the exercise price and/or number of outstanding Warrants C may be adjusted in accordance with the provisions of the Deed Poll C to ensure that the status of the Warrant C holders is not prejudiced as a result of the Proposed Share Split.

For illustrative purposes, the adjustments to the exercise price and/or number of outstanding Warrants C are set out below based on the assumption that the books closure date for the Proposed Share Split has been fixed on the LPD and that the resolutions for the Proposed Deed Poll C Amendments, further details of which are set out in Part B of this Circular, have been approved by the Shareholders and Warrant C Holders at the forthcoming EGM and Warrant C Holders' Meeting respectively.

As amended following the Proposed Deed Poll C Amendments, the exercise price and number of outstanding Warrants C which are not exercised prior to the books closure date for the Proposed Share Split will be adjusted based on the following formula:-

$$\text{Adjusted exercise price of warrants} = \frac{\text{Existing exercise price of warrants} \times Y}{Z}$$

$$\text{Adjusted number of warrants} = \frac{\text{Existing number of warrants} \times Z}{Y}$$

where:-

Y = The aggregate number of issued shares of Focus immediately before the Proposed Share Split as at the Books Closure Date

Z = The aggregate number of issued shares of Focus immediately after the Proposed Share Split as at the Books Closure Date

The above formulae are based on the amended Condition 2(i) of the Memorandum to the Deed Poll C which are proposed to be amended under the Proposed Deed Poll C Amendments.

Following the above, the adjustments to the exercise price and number of Warrants C arising from the Proposed Share Split are as follows:-

$$\begin{aligned} \text{Adjusted exercise price of Warrants C} &= \frac{RM0.05 \times 782,058,088}{1,485,910,367} \\ &= \textbf{RM0.03 (rounded up to the nearest 1 Sen)} \end{aligned}$$

$$\begin{aligned} \text{Adjusted number of Warrants C} &= \frac{230,199,230 \times 1,485,910,367}{782,058,088} \\ &= \textbf{437,378,537} \end{aligned}$$

The above adjustments will only be finalised on the books closure date for the Proposed Share Split and will be effective on the next Market Day after the said books closure date. The rights and obligations of the holders of the existing Warrants C will remain unchanged, save for the aforesaid adjustments. The holders of the outstanding Warrants C will be officially notified in due course on the effective adjustments arising from the Proposed Share Split.

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Further to the above, the Board wishes to highlight that in the event the resolutions for the Proposed Deed Poll C Amendments are not approved by the Shareholders and/or Warrant C Holders at the forthcoming EGM and Warrant C Holders' Meeting respectively, there will be no adjustment to the exercise price of outstanding Warrants C arising from the Proposed Share Split. This is due to the following clause in the existing Deed Poll C, which limits any adjustment to the exercise price of Warrants C to the par value of a Share i.e. RM0.05 (which is the par value of a Share prior to the implementation of the no par value regime under the new Act on 31 January 2017 and is also the current exercise price of the Warrants C):-

Existing Deed Poll C	
Clause 2(ix)(c) of the Memorandum to the Deed Poll C	No adjustment will be made in any event whereby the Exercise Price would be reduced to below the par value of a Share and in the event that any adjustment will result in the Exercise Price be reduced below the par value of a Share, then the adjustment will be made to the par value of a Share only.

Under the Proposed Deed Poll C Amendments, this clause is proposed to be deleted in order to be aligned with the no par value regime under the new Act.

Given the above, the adjustments to the exercise price and number of outstanding Warrants C arising from the Proposed Share Split, depending on whether the resolutions for the Proposed Deed Poll C Amendments are approved or not approved by the Shareholders and Warrant C Holders at the forthcoming EGM and Warrant C Holders' Meeting, shall be as follows:-

	In the event the resolutions for the Proposed Deed Poll C Amendments are			
	Approved by the Shareholders and Warrant C Holders		Not approved by the Shareholders and/or Warrant C Holders	
	Existing	After the adjustments	Existing	After the adjustments
Exercise price of Warrants C	0.05	0.03	0.05	0.05
Number of Warrants C	230,199,230	437,378,537	230,199,230	437,378,537

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(ii) Adjustments arising from the Proposed Rights Issue of ICPS with Warrants

Pursuant to the provisions of the Deed Poll C, there shall be no adjustment to the number of Warrants C arising from the Proposed Rights Issue of ICPS with Warrants.

For illustrative purposes, assuming:-

- (a) the price-fixing date has been fixed on the LPD;
- (b) an illustrative issue price of RM0.05 per ICPS; and
- (c) the resolutions for the Proposed Deed Poll C Amendments, further details of which are set out in Part B of this Circular, have been approved by the Shareholders and Warrant C Holders at the forthcoming EGM and Warrant C Holders' Meeting respectively,

the adjusted exercise price of the Warrants C, based on the adjustment formula as set out in the Deed Poll C, would be computed as follows:-

$$\text{New exercise price of Warrants C} = \frac{C - D}{C} \times \text{Existing exercise price of Warrants C}$$

where:-

C = the market price of each Share as may be determined in accordance with any guideline or rule issued by the SC from time to time, if any, or if there is none, the average of the last dealt prices for each Share on Bursa Securities for the 5 consecutive Market Days immediately before such date for 1 or more board lots of Shares quoted on Bursa Securities on the Market Day immediately preceding the date on which the capital distribution or, as the case may be, at the price fixing date or failing which, immediately preceding the date of the announcement of the Entitlement Date of the capital distribution or, as the case may be, of the offer or invitation; and

D = in the case of any offer or invitation to acquire or subscribe for Shares by way of rights or for securities convertible into Shares, the "value of rights attributable to 1 share", calculated in accordance with the following formula:

$$\frac{C - E}{F + 1}$$

where:-

C = as C above;

E = the subscription consideration for 1 additional Share under the terms of such offer or invitation or subscription price of 1 additional Share upon conversion of the convertible securities or exercise of such rights to acquire or subscribe for 1 Share under the offer or invitation; and

F = the number of Shares which is necessary to hold in order to be offered or invited to acquire or subscribe for 1 additional Share or such number of securities with rights to acquire or subscribe for 1 additional Share.

$$\begin{aligned} \text{New exercise price of Warrants C} &= \frac{^{(1)}0.215 - \frac{^{(1)}0.215 - 0.25}{5 + 1}}{^{(1)}0.215} \times 0.03^{(2)} \\ &= 0.03 \text{ (after taking into consideration Clause 2(ix)(a) of the Memorandum to the Deed Poll C}^{(3)}) \end{aligned}$$

Notes:-

- (1) This has been adjusted to take into account the effects of the Proposed Share Split.
- (2) This is the adjusted exercise price of the Warrants C after the Proposed Share Split. Further details of this adjustment are set out in Section 9.5.2(i), Part A of this Circular.
- (3) Clause 2(ix)(a) of the Memorandum to the Deed Poll C states the following:-

“On any such adjustment the resultant Exercise Price will be rounded up to the nearest one (1) Sen and in no event will any adjustment (otherwise that upon the consolidation of Shares into Shares of larger par value) involve an increase in the Exercise Price or reduce the number of Warrant that a Warrant Holder is already entitled to;”

Based on the above, there will be no adjustment to the exercise price of the Warrants C, which shall remain at RM0.03.

Notwithstanding the above which are shown for illustrative purposes only based on the stated assumptions, the necessary adjustments will only be finalised on the Entitlement Date and will be effective on the date following the Entitlement Date, and the relevant notifications to the respective holders will be issued by the Company at a later date.

In relation thereto, the Company must appoint an approved adviser to consider the adjustment calculations or determination and the Company shall have discretion in determining the appropriate adjustment calculations or determination to be made in such manner as may be considered by such approved adviser in accordance with the provisions of the Deed Poll C.

For the avoidance of doubt, the Proposed Deed Poll C Amendments does not have any impact on the adjustment formula set out above.

However, in the event the resolutions for the Proposed Deed Poll C Amendments are not approved by the Shareholders and/or Warrant C Holders at the forthcoming EGM and Warrant C Holders' Meeting respectively, there will be no adjustment to the exercise price of the Warrants C arising from the Proposed Share Split and the exercise price of the Warrants C will remain at RM0.05. Accordingly, the adjusted exercise price of the Warrants C after the Proposed Rights Issue of ICPS with Warrants would be computed as follows:-

$$\begin{aligned} \text{New exercise price of Warrants C} &= \frac{^{(1)}0.215 - \frac{^{(1)}0.215 - 0.25}{5 + 1}}{^{(1)}0.215} \times 0.05^{(2)} \\ &= 0.05 \text{ (after taking into consideration Clause 2(ix)(a) of the Memorandum to the Deed Poll C}^{(3)}) \end{aligned}$$

Notes:-

- (1) This has been adjusted to take into account the effects of the Proposed Share Split.

(2) *This is the exercise price of the Warrants C after the Proposed Share Split, which remains unchanged at RM0.05 in the event the resolutions for the Proposed Deed Poll C Amendments are not approved by the Shareholders and/or Warrant C Holders at the forthcoming EGM and Warrant C Holders' Meeting respectively. Further details of the adjustments arising from the Proposed Share Split are set out in Section 9.5.2(i), Part A of this Circular.*

(3) *Clause 2(ix)(a) of the Memorandum to the Deed Poll C states the following:-*

"On any such adjustment the resultant Exercise Price will be rounded up to the nearest one (1) Sen and in no event will any adjustment (otherwise that upon the consolidation of Shares into Shares of larger par value) involve an increase in the Exercise Price or reduce the number of Warrant that a Warrant Holder is already entitled to;"

Based on the above, there will be no adjustment to the exercise price of the Warrants C, which shall remain at RM0.05.

10. TENTATIVE TIMELINE

Subject to all relevant approvals being obtained, the Proposals are expected to be completed by the 2nd quarter of 2018. The tentative timeline of events leading to the completion of the Proposals is as follows:-

Date	Events
End February 2018	<ul style="list-style-type: none">• EGM for the Proposals• Announcement of the books closure date for the Proposed Share Split
March 2018	<ul style="list-style-type: none">• Listing and quotation of the Split Shares and Split Warrants C• Announcement of the Rights Entitlement Date• Despatch of abridged prospectus, notices of provisional allotment and rights subscription forms
April 2018	<ul style="list-style-type: none">• Last day for payment and acceptance of the ICPS with Warrants D• Listing and quotation of the ICPS and Warrants D

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11. APPROVALS REQUIRED AND CONDITIONALITY

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

- (i) Bursa Securities for the following:-
 - (a) Proposed Share Split;
 - (b) listing and quotation of the Additional Warrants C;
 - (c) admission to the Official List and the initial listing and quotation of the ICPS and Warrants D;
 - (d) listing and quotation of the new Shares to be issued pursuant to the conversion of the ICPS;
 - (e) listing and quotation of the new Shares to be issued pursuant to the exercise of the Warrants D; and
 - (f) listing and quotation of the new Shares to be issued pursuant to the exercise of the Additional Warrants C.

The approval of Bursa Securities for the above was obtained on 24 January 2018, subject to, amongst others, the following conditions:-

- (a) Focus and Mercury Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Share Split and Proposed Rights Issue of ICPS with Warrants;
 - (b) Focus and Mercury Securities to inform Bursa Securities upon the completion of the Proposals; and
 - (c) Focus to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposals are completed.
- (ii) Shareholders at the forthcoming EGM for the Proposals; and
- (iii) any other relevant authorities and/or parties, if required.

The Proposed Rights Issue of ICPS with Warrants is conditional upon the completion of the Proposed Share Split but not *vice versa*.

The Proposed Rights Issue of ICPS with Warrants and the Proposed M&A Amendments are inter-conditional.

The Proposals are not conditional upon any other corporate exercise / scheme undertaken or to be undertaken by the Company.

12. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals and the Proposed Deed Poll C Amendments, there are no other corporate exercises which have been announced by the Company and are pending completion as at the LPD.

13. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

None of the Directors, major Shareholders and/or persons connected to them have any interest, whether direct or indirect, in the Proposals apart from their respective entitlements under the Proposed Share Split and the Proposed Rights Issue of ICPS with Warrants (including the right to apply for additional ICPS under excess ICPS applications), to which all the entitled Shareholders are similarly entitled.

14. ADDITIONAL INFORMATION

14.1 Commentary on the financial performance of the Group

The profit and dividend records of the Group for the past 3 FYE 31 December 2014 to 2016 as well as the 9-month FPE 30 September 2016 and 30 September 2017 are as follows:-

	Audited FYE 31 December			Unaudited FPE 30 September	
	2014	2015	2016	2016	2017
	(RM)	(RM)	(RM)	(RM)	(RM)
Revenue	12,210,718	8,045,098	15,532,933	10,712,286	23,038,628
Cost of sales	(5,853,484)	(4,894,259)	(8,697,211)	(6,292,625)	(8,606,284)
GP	6,357,234	3,150,839	6,835,722	4,419,661	14,432,344
Other income	498,888	1,347,746	640,619	528,276	6,235,934
Other operating expenses	(13,041,506)	(17,765,387)	(24,438,977)	(12,591,144)	(14,924,439)
Finance costs	(405,869)	(140,767)	(65,041)	(46,256)	(47,888)
PBT / (LBT)	(6,591,253)	(13,407,569)	(17,027,677)	(7,689,463)	5,695,951
Taxation	(6,815)	(200,703)	(73,627)	(70,311)	(5,831)
PAT / (LAT)	(6,598,068)	(13,608,272)	(17,101,304)	(7,759,774)	5,690,120
Profit / (loss) attributable to:-					
- owners of the Company	(6,481,873)	(13,608,272)	(16,721,953)	(7,660,250)	4,604,656
- non-controlling interests	(116,195)	-	(379,351)	(99,524)	1,085,464
Earnings / (loss) before interest, tax, depreciation and amortisation	(4,602,942)	(11,797,293)	(14,534,712)	(5,953,766)	8,060,037
GP margin (%)	52.1	39.2	44.0	41.26	62.64
PAT / (LAT) margin (%)	(54.0)	(169.1)	(110.1)	(72.44)	24.70
Weighted average number of Shares in issue	405,905,714	705,502,788	748,985,181	720,414,819	777,089,722
EPS / (LPS)					
- basic (sen)	(1.63)	(1.93)	(2.23)	(1.06)	0.59
- diluted (sen)	(1) ₋	(1) ₋	(1) ₋	(1) ₋	0.49
Dividend (sen)	-	-	-	-	-

Note:-

(1) Diluted EPS is not presented as the conversion of ESOS options and warrants to Shares would be anti-dilutive given that their exercise price is higher than the fair value of the Shares.

(i) 9-month FPE 30 September 2017 vs 9-month FPE 30 September 2016

The Group recorded a 115.1% increase in revenue for the 9-month FPE 30 September 2017 as compared to the previous financial year. The significant increase in revenue was mainly due to higher contribution from the F&B segment following the opening of the Group's F&B outlets, namely 'Chaze' and 'LAVO Restaurant & Wine Bar', in December 2015 and June 2016 respectively.

The Group's GP margin improved to 62.6% during the 9-month FPE 30 September 2017 as compared to a GP margin of 41.3% during the previous corresponding period. This was mainly due to higher profit margin generated from 'Chaze' and 'LAVO Restaurant & Wine Bar' which target middle to high income consumers.

In line with the higher revenue, the Group recorded a PAT of RM5.7 million as compared to a LAT of RM7.8 million in the previous corresponding period. This was mainly due to the higher revenue, reversal of impairment loss on trade receivable of RM1.2 million following the collection of certain trade receivable which was previously overdue and gain on disposal of property, plant and equipment of RM2.0 million during the 9-month FPE 30 September 2017.

(ii) FYE 2016 vs 2015

The Group recorded a 93.1% increase in revenue for the FYE 2016 as compared to the previous financial year. This was mainly due to higher contribution from the F&B segment following the opening of the Group's F&B outlets, namely 'Chaze' and 'LAVO Restaurant & Wine Bar', in December 2015 and June 2016 respectively.

The Group achieved a higher GP margin of 44.0% during the FYE 2016 as compared to a GP margin of 39.2% during the previous financial year. This was mainly due to higher profit margin generated from 'Chaze' and 'LAVO Restaurant & Wine Bar' which target middle to high income consumers.

Despite the increase in revenue and higher GP margin, the Group recorded a 25.7% increase in LAT for the FYE 2016 as compared to the previous financial year. This was mainly due to the reduction in other income and increase in other operating expenses as elaborated below.

The Group recorded other income of RM0.6 million during the FYE 2016 as compared to RM1.3 million in the previous financial year. The significant variance was mainly due to decrease in interest income from fixed deposits.

Other operating expenses increased by 37.6% during the FYE 2016 as compared to the previous financial year. This was mainly due to:-

- (a) impairment loss on trade receivables amounting to RM5.3 million from the Engineering Services segment (2015: Nil); and
- (b) higher depreciation charges of RM2.4 million incurred (increased by approximately RM0.9 million from RM1.5 million in FYE 2015) arising from the renovation costs incurred for 'Chaze' and 'LAVO Restaurant & Wine Bar' during the FYE 2016.

(iii) FYE 2015 vs 2014

The Group recorded a 34.1% decrease in revenue for the FYE 2015 as compared to the previous financial year. This was mainly due to the deconsolidation of results from MWSB, formerly a wholly-owned subsidiary of the Company, where the Company's entire 100% equity interest in Max Wisdom Sdn Bhd ("**MWSB**") (*formerly a wholly-owned subsidiary of the Company*) was disposed of in July 2015. Further details on this disposal are set out in Section 14.2(i), Part A of this Circular.

The Group achieved a lower GP margin of 39.2% during the FYE 2015 as compared to a GP margin of 52.1% during the previous financial year. This was mainly due to weaker performance of the Engineering Services Segment which recorded lower revenue but incurred higher material costs.

The Group recorded other income of RM1.3 million during the FYE 2015 as compared to RM0.5 million in the previous financial year. The significant variance was mainly due to higher fixed deposits interest of RM1.1 million in FYE 2015 as compared to RM0.2 million in FYE 2014.

Administrative and operating expenses increased by 36.6% during the FYE 2015 as compared to the previous financial year. This was mainly due to:-

- (a) share-based payment cost for the issuance of ESOS options to eligible employees of the Group amounting to RM3.2 million in FYE 2015;
- (b) impairment loss on goodwill amounting to RM1.7 million in FYE 2015;
- (c) the writing-off of property, plant and equipment amounting to RM0.8 million in FYE 2015; and
- (d) higher rental expenses of RM2.7 million as compared to RM2.1 million due to the Group's rental of additional premises for its F&B segment.

As a result of the lower revenue and GP margin as well as higher administrative and operating expenses as elaborated above, the Group recorded a 106.2% increase in LAT for the FYE 2015 as compared to the previous financial year.

(iv) FYE 2014 vs 2013

The Group recorded a 39.6% increase in revenue for the FYE 2014 as compared to the previous financial year. This was mainly due to higher revenue contribution from MWSB (*a former wholly-owned subsidiary of the Company*). The financial results of MWSB was consolidated with the Group for a full year in FYE 2014 as compared to only 6 months in FYE 2013. The Company acquired 51% equity interest in MWSB in June 2013, followed by the remaining 49% equity interest in February 2014 before proposing to diversify into the F&B segment in March 2014. MWSB was principally involved in the restaurant, food and beverages business.

The Group achieved a higher GP margin of 52.1% during the FYE 2014 as compared to a GP margin of 39.3% during the previous financial year. This was mainly due to the higher GP margin recorded by the Group's F&B segment via MWSB. The F&B business typically enjoys a higher GP margin than manufacturing-related segments. Moreover, as the F&B outlets operated by MWSB targeted middle to high income consumers, prices were charged at a higher mark-up than average.

The Group recorded other income of RM0.5 million during the FYE 2014 as compared to RM1.2 million in the previous financial year. The significant variance was mainly due to a lawsuit settlement amounting to RM1 million received by Focus Dynamics Centre Sdn Bhd, a wholly-owned subsidiary of the Company, from former directors of the Company in August 2013.

Administrative and operating expenses increased by 41.7% during the FYE 2014 as compared to the previous financial year. This was mainly due to:-

- (a) start-up costs incurred in opening new F&B outlets following the Group's diversification into the F&B segment;
- (b) higher impairment loss on trade receivables amounting RM0.9 million in FYE 2014 as compared to RM0.3 million in FYE 2013;
- (c) higher rental expenses of RM2.1 million as compared to RM1.5 million due to the Group's rental of additional premises for its F&B segment; and
- (d) revaluation deficit of RM0.4 million arising from the revaluation of the Group's properties.

The Group recorded a 31.5% increase in LAT for the FYE 2014 as compared to the previous financial year, in line with the reduction in other income and increase in administrative and operating expenses.

14.2 Steps undertaken or to be undertaken to improve the financial condition of the Group

Prior to the Group's diversification into the F&B segment in 2014, the Group has been facing challenges in its existing core businesses in the Engineering Services Segment and the Manufacturing Segment. The Group has been incurring consecutive losses since 2009, mainly due to the increasingly competitive market in the engineering and manufacturing sectors, amongst others.

In light of this, the Group diversified into the F&B segment in 2014 in order to reduce its reliance on its then existing core businesses and improve its financial performance. In addition, the Group has undertaken other efforts including, amongst others, disposal of loss-making subsidiaries, cost saving initiatives and identification of opportunities to further venture into F&B-related businesses.

Some of the steps which the Group has undertaken to strengthen its financial and operational performance are as follows:-

- (i) In July 2015, the Group completed the disposal of the entire equity interest in MWSB, which was an indirect wholly-owned subsidiary of the Company, for a disposal consideration of RM50,000. The disposal of MWSB enabled the Company to deconsolidate a loss-making business entity and focus its resources into other profitable F&B business.
- (ii) In December 2015, the Group launched '*Chaze*', a lounge / bar which provides a luxurious environment for social gatherings and corporate functions / events.
- (iii) In February 2016, the Group completed a par value reduction exercise involving the cancellation of RM0.05 from the then existing par value of every ordinary share of RM0.10 each in the Company to RM0.05 each ("**Par Value Reduction**"). This resulted in, amongst others, the elimination of accumulated losses at the Company level.
- (iv) In June 2016, the Group launched '*LAVO Restaurant & Wine Bar*', a casual dining restaurant / wine bar which serves pork-free western food.
- (v) In April 2017, the Group launched '*Maze*', a coffee saloon by day and gin parlour by night.
- (vi) Since the FYE 2015, the Group has progressively scaled down and eventually discontinued its Manufacturing Segment as it has persistently continued to incur losses.

The Group's F&B segment contributes approximately 72% and 88% of the Group's total revenue for FYE 31 December 2016 and 3-month FPE 31 March 2017 respectively, making it the largest revenue contributor to the Group. Moving forward, although the Group's F&B segment recorded operating losses of RM7.70 million and RM0.25 million for FYE 31 December 2016 and 3-month FPE 31 March 2017 respectively, the Group's F&B segment via the operation of 'Chaze', 'LAVO Restaurant & Wine Bar' and 'Maze' is expected to contribute positively to the earnings of the Group.

After a gestation period following the opening of 'Chaze', 'LAVO Restaurant & Wine Bar' and 'Maze' in December 2015, June 2016 and April 2017 respectively, these outlets are now starting to contribute to a turnaround in the Group's F&B segment. For the 9-month FPE 30 September 2017, the F&B segment recorded revenue of RM16.9 million and operating profit of RM1.5 million as compared to revenue of RM7.2 million and operating loss of RM4.9 million in the previous corresponding period. With the proposed opening of a new F&B outlet by the first quarter of 2018 as set out in Section 8.5, Part A of this Circular, the F&B segment's performance is expected to improve further. This is premised on the fact that these 4 outlets, which are all located under one roof in Menara Lien Hoe, are envisaged to have a synergistic relationship with each other as they target the same middle to high income market segment while serving complementary F&B choices.

Indirectly, the encouraging performance of its F&B outlets in Menara Lien Hoe has contributed to the F&B management team's decision to cease operations of its Chinese restaurant chain known as 'The Prince' in June 2017. The decision was made to allow the F&B management team to give more attention on developing and managing its flagship F&B outlets in Menara Lien Hoe while at the same time being a cost-cutting measure as 'The Prince' has struggled to remain profitable over the last few years. Moving forward, these steps are expected to contribute to a turnaround in the F&B segment's results in the coming years.

The Group's continued diversification initiative also resulted in the opportunity for the Group to develop the Project with the Business Partners via Famous Ambience. By leveraging on the Group's existing experience in the F&B segment as well as the prospects of the various segments as set out in Section 8, Part A of this Circular, the Board believes that the Project will contribute positively to the future earnings of the Group upon its completion and commencement of operations.

Besides these ventures, the Board views its Engineering Services Segment as a strategic business that is worth retaining despite the loss-making trend in the past few years⁽¹⁾. This is in view of the increasing awareness on cost and energy efficiency as well as green technology initiatives gradually being adopted by manufacturers across the country. For its Engineering Services Segment, the Group will continue to implement prudent cost-cutting measures as well as leverage on government initiatives to promote green technology and renewable energy, such as the Green Technology Financing Scheme as well as various tax allowances and exemptions for the use of green technology equipment and systems.

Note:-

(1) The financial information on the revenues and losses recorded by the Engineering Services Segment in the past 3 years are as follows:-

	Audited FYE 31 December			Unaudited
	2014 (RM)	2015 (RM)	2016 (RM)	FPE 30 September 2017 (RM)
Revenue	5,252,112	3,768,391	3,597,179	873,914
Operating PBT / (LBT)	(1,572,602)	(4,321,872)	(7,858,830)	2,474,294

LBT has been on an increasing trend from FYE 2014 to FYE 2016, mainly due to the tough business environment faced by the Engineering Services Segment under an increasingly competitive market in the engineering sector.

The Board believes that the abovementioned initiatives in the F&B, property investment and management as well as Engineering Services Segment should place the Group in a better position to turnaround its financial performance and return to profitability in the near future.

14.3 Impact of the Proposals to the Group, value creation to the Group and its Shareholders and adequacy of the Proposals in addressing the financial concerns of the Group

As set out in Section 6, Part A of this Circular, the proceeds to be raised from the Proposed Rights Issue of ICPS with Warrants will mainly be used to part finance the construction costs of the Project. The Project fronts Jalan Tun Razak, which is one of the busiest roads in Kuala Lumpur given its linkage with major highways and main roads serving traffic into and out from Kuala Lumpur. In addition, as set out in Section 2.1, Part A of this Circular, the Project is located near landmarks such as TREC KL, Tun Razak Exchange and office complexes such as the headquarters of RHB Banking Group, Menara JCorp and Menara AA. In view of these unique features and strategic location in a prime area of Kuala Lumpur, the Project is expected to contribute positively to the future earnings of the Group via revenue contribution from the Project's retail / F&B lots, event hall, Chinese restaurant(s), seafood restaurant(s), western restaurant(s), karaoke centre as well as car park. In turn, this is expected to create value for the Group and Shareholders.

The Proposed Rights Issue of ICPS with Warrants will also enable the Group to raise the requisite funds without incurring additional interest expense, thereby minimising any potential cash outflow in respect of interest servicing, which will preserve the Company's shareholders' value.

As set out in Section 9.3, Part A of this Circular, the Proposed Rights Issue of ICPS with Warrants is expected to contribute positively to the future earnings of the Group via the utilisation of proceeds. However, the consolidated EPS of the Company shall be correspondingly diluted as a result of the increase in the number of Focus Shares arising from the conversion of ICPS and/or exercise of Warrants D in the future. Hence, the net impact of the Proposed Rights Issue of ICPS with Warrants will depend on, amongst others, the Conversion Mode chosen by the converting ICPS holders, the number of Warrants D exercised at any point in time and the benefits to be accrued via the utilisation of proceeds from the Proposed Rights Issue of ICPS with Warrants as well as the conversion of ICPS and/or exercise of Warrants D.

The Proposed Share Split will help to facilitate the Proposed Rights Issue of ICPS with Warrants as the resultant lower share price gives greater flexibility to the Company in fixing the issue price of the ICPS at a more attractive price. In turn, this will encourage a higher subscription level and translate into more proceeds being raised from the Proposed Rights Issue of ICPS with Warrants to meet the Company's funding requirements in relation to the Project. On the other hand, the Proposed Share Split is not expected to alter the total value of the Split Shares held by Shareholders. Please refer to Section 9.2, Part A of this Circular for further details on the effects of the Proposals on the NA of the Group.

The Proposed M&A Amendments will facilitate the implementation of the Proposed Rights Issue of ICPS with Warrants.

Premised on the above as well as the prospects of the Malaysian economy, the F&B segment in Malaysia, the MICE segment in Kuala Lumpur and the property market in Kuala Lumpur as set out in Section 8, Part A of this Circular, and taking into consideration the steps taken by the Group to improve its financial condition, the proposed utilisation of proceeds from the Proposed Rights Issue of ICPS with Warrants and its ensuing benefits as well as the effects of the Proposals as set out in Section 9, Part A of this Circular, the Board is of the view that the Proposals are adequate to address the Group's current financial concerns.

15. BOARD'S RECOMMENDATION

The Board, having considered the current and prospective financial position, needs and capacity of the Group, and after careful deliberation and taking into consideration the rationale, risk factors and all other aspects of the Proposals, is of the opinion that the Proposals are in the best interests of the Company.

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

16. EGM

The EGM, the Notice of which is enclosed in this Circular, will be held at Theatre Room, 4th Floor, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on the date and time indicated below or at any adjournment thereof for the purpose of considering and, if thought fit, passing the resolutions, with or without any modifications, to give effect to the Proposals.

Date and time of the EGM	: Friday, 23 February 2018 at 10.00 a.m.
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If you are unable to attend and vote in person at the EGM, you may appoint a proxy or proxies to attend and vote on your behalf by completing, signing and returning the enclosed Form of Proxy in accordance with the instructions contained therein as soon as possible, so as to arrive at the registered office of the Company not less than 48 hours before the date and time appointed for holding the EGM as indicated above or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently decide to do so.

17. FURTHER INFORMATION

You are requested to refer to the enclosed appendices for further information.

Yours faithfully,
For and on behalf of the Board of
FOCUS DYNAMICS GROUP BERHAD

LEUNG KOK KEONG
Executive Director

PART B

**LETTER TO THE SHAREHOLDERS IN RELATION TO THE PROPOSED DEED POLL C
AMENDMENTS**



FOCUS DYNAMICS GROUP BERHAD

(Company No. 582924-P)
(Incorporated in Malaysia)

Registered Office

No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan
Malaysia

26 January 2018

Board of Directors

Leung Kok Keong (*Executive Director*)
Tay Ben Seng, Benson (*Executive Director*)
Tan Aik Heang (*Independent Non-Executive Director*)
Abdul Menon Bin Arsad @ Abdul Manan Bin Arshad (*Independent Non-Executive Director*)
Chang Yun Lung (*Independent Non-Executive Director*)

To: The Shareholders

Dear Sir / Madam,

PROPOSED DEED POLL C AMENDMENTS

1. INTRODUCTION

On 9 January 2018, Mercury Securities had, on behalf of the Board, announced that the Company proposes to undertake the Proposed Deed Poll C Amendments.

The purpose of this Circular is to provide you with relevant information on the Proposed Deed Poll C Amendments and to set out the views and recommendation of the Board as well as to seek your approval for the resolution pertaining to the Proposed Deed Poll C Amendments which will be tabled at the forthcoming EGM. The Notice of EGM and Form of Proxy are enclosed in this Circular.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH ITS APPENDICES BEFORE VOTING ON THE RESOLUTION TO GIVE EFFECT TO THE PROPOSED DEED POLL C AMENDMENTS TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED DEED POLL C AMENDMENTS

Pursuant to the new Act which was gazetted on 15 September 2016 and came into effect on 31 January 2017, the Proposed Deed Poll C Amendments is intended to streamline the Deed Poll C to be aligned with the provisions of the Act. The Proposed Deed Poll C Amendments include, amongst others, the removal of all references to 'par value' as the concept of par value is no longer applicable under the new Act.

The Proposed Deed Poll C Amendments also include other administrative amendments and updates to take into account, amongst others, the change in the Company's name.

The Proposed Deed Poll C Amendments will be effected by way of a supplemental deed poll to be executed by the Company.

The details of the Proposed Deed Poll C Amendments are as follows:-

	Existing Deed Poll C	Amended Deed Poll C
Clause 1.1 (Definitions)	Act means the Companies Act, 1965 (Act 125) including any amendments, modifications and re-enactments for the time being in force;	Act means the Companies Act, 2016 including any amendments, modifications and re-enactments for the time being in force;
Clause 1.1 (Definitions)	Approved Adviser means a licensed universal broker or investment banker or corporate finance adviser in Malaysia selected by the Directors for the purposes of this Deed Poll;	Approved Adviser means a person who is eligible to act as a principal adviser under guidelines issued by the Securities Commission Malaysia from time to time, and approved by the Directors for the purposes of this Deed Poll;
Clause 1.1 (Definitions)	Company means Focus Dynamics Technologies Berhad (Company No. 582924-P) a company incorporated in Malaysia and having its registered office at No. 4-1, Kompleks Niaga Melaka Perdana, Jalan KNMP 3, Bukit Katil, 75450 Melaka	Company means Focus Dynamics Group Berhad [Company No. 582924-P], a company incorporated in Malaysia with its registered office at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan;
Clause 1.1 (Definitions)	Shares means ordinary shares of Ringgit Malaysia Ten sen (RM0.10) only each fully paid-up or credited as fully paid-up in the capital of the Company and "Share" shall mean each or any one of them.	Shares means ordinary shares in the capital of the Company and 'Share' shall mean each or any one of them;
Clause 3.4	Subject to the provisions of the Central Depositories Act and the Rules, the registration and subsequent administration of the Warrants will be in the manner as set out in the First Schedule and the Conditions. The Company is entitled to appoint a Registrar for the registration and administration of the Warrants. The Company confirms that it will/has appointed the Registrar for the purpose stipulated in this Deed Poll who will perform such duties as required by the Company under the First Schedule and the Conditions and as required pursuant to Section 68A of the Act.	Subject to the provisions of the Central Depositories Act and the Rules, the registration and subsequent administration of the Warrants will be in the manner as set out in the First Schedule and the Conditions. The Company is entitled to appoint a Registrar for the registration and administration of the Warrants. The Company confirms that it will/has appointed the Registrar for the purposes stipulated in this Deed Poll who will perform such duties as required by the Company under the First Schedule and the Conditions and as required pursuant to Section 129 of the Act.

	Existing Deed Poll C	Amended Deed Poll C
Clause 5 of the First Schedule	The Company will cause and procure the Registrar to keep and maintain the Warrant Register. The Warrant Register will contain such particulars as required pursuant to Section 68A of the Act.	The Company will cause and procure the Registrar to keep and maintain the Warrant Register. The Warrant Register will contain such particulars as required pursuant to Section 129 of the Act.
Exhibit A of the First Schedule	Subscription of [*] new ordinary shares of RM0.10 each in Focus Dynamics Technologies Berhad pursuant to the exercise of Exercise Rights attached to 2011/2016 Warrant	Subscription of [*] new ordinary shares in Focus Dynamics Group Berhad pursuant to the exercise of Exercise Rights attached to 2011/2016 Warrants
Second Schedule (Part I) <i>(Form of Warrant Certificate)</i>	All references to '...of RM0.10 each'.	Deleted.
Second Schedule (Part II) <i>(Exercise Form for the Warrants)</i>		
Second Schedule (Part III) <i>(Terms and Conditions of the Warrants)</i>		
Second Schedule (Part I) <i>(Form of Warrant Certificate)</i>	All references to 'Focus Dynamics Technologies Berhad'.	Replaced with 'Focus Dynamics Group Berhad'.
Second Schedule (Part II) <i>(Exercise Form for the Warrants)</i>		
Second Schedule (Part III) <i>(Terms and Conditions of the Warrants)</i>		
Note 6 of Second Schedule (Part II) <i>(Exercise Form for the Warrants)</i>	The attention of the Warrant Holders is drawn to Rule 9(1) of Part III of the Malaysian Code on Takeovers and Mergers 2010 and relevant practice notes, if any and the provisions of the Capital Markets and Services Act 2007 as amended from time to time.	The attention of the Warrant Holders is drawn to Paragraph 4.01 of the Rules on Take-Overs, Mergers and Compulsory Acquisitions and the provisions of the Capital Markets and Services Act, 2007 as amended from time to time.

	Existing Deed Poll C	Amended Deed Poll C
Paragraph 3.1.2 of Condition 3.1 in the Second Schedule (Part III) <i>(Terms and Conditions of the Warrants)</i>	The Company must keep available free from pre-emptive or other rights parts of its authorised but unissued share capital to satisfy in full all Exercise Rights for the time being outstanding;	The Company must keep available free from pre-emptive or other rights parts of its unissued share capital to satisfy in full all Exercise Rights for the time being outstanding;
Condition 7.3 of Second Schedule (Part III) <i>(Terms and Conditions of the Warrants)</i>	The Company will or cause and procure the Registrar to keep and maintain a register of the details of the issue of the Warrants (as required pursuant to section 68A of the Act). In the event of any discrepancy whatsoever, the entries in the Record of Depositors will, unless otherwise determined, be deemed conclusive.	The Company will or cause and procure the Registrar to keep and maintain a register of the details of the issue of the Warrants (as required pursuant to section 129 of the Act). In the event of any discrepancy whatsoever, the entries in the Record of Depositors will, unless otherwise determined, be deemed conclusive.
The Notes of the Second Schedule (Part III) <i>(Terms and Conditions of the Warrants)</i>	The attention of the Warrant Holders is drawn to Rule 9(1) of Part III of the Malaysian Code on Takeovers and Mergers 2010 and relevant practice notes, if any, and the provisions of the Capital Markets and Services Act 2007 as amended from time to time.	The attention of the Warrant Holder is drawn to Paragraph 4.01 of the Rules on Take-Overs, Mergers and Compulsory Acquisitions and the provisions of the Capital Markets and Services Act, 2007 as amended from time to time.
Sub-paragraph 2(i) of the Memorandum	If and wherever a Share by reason of any consolidation or subdivision or conversion will have a different par value, the Exercise Price will be adjusted by multiplying it by the revised par value and dividing the result by the former par value and the number of Warrants will be adjusted by multiplying the existing number of Warrants held by the former par value and dividing the result by the revised par value. Each such adjustment will be effective from the close of business on the Market Day or such period as may be prescribed by Bursa Securities, immediately preceding the date on which the consolidation or subdivision or conversion becomes effective (being the date when the Shares are traded on Bursa Securities at the new par value).	If and whenever Shares shall be consolidated or subdivided or converted or reduced, then the Exercise Price shall be adjusted by multiplying it by the aggregate number of issued Shares immediately before such consolidation or subdivision or conversion or reduction and dividing the result by the aggregate number of issued Shares immediately after such consolidation or subdivision or conversion or reduction and the number of Warrants shall be adjusted by multiplying the existing number of Warrants held by the aggregate number of issued Shares immediately after such consolidation or subdivision or conversion or reduction and dividing the result by the aggregate number of issued Shares immediately before such consolidation or subdivision or conversion or reduction.
		Unless otherwise prescribed by Bursa Securities, each such adjustment will be effective from the close of business of Bursa Securities on the Market Day (or such other period as may be prescribed by Bursa Securities) next following the date on which the consolidation or subdivision or conversion or reduction becomes effective.

	Existing Deed Poll C	Amended Deed Poll C
Sub-paragraph 2(ix) of the Memorandum	<p>The foregoing provisions on adjustment of the Exercise Price will be subject to the following:-</p> <p>(a) On any such adjustment the resultant Exercise Price will be rounded up to the nearest one (1) Sen and in no event will any adjustment (otherwise that upon the consolidation of Shares into Shares of larger par value) involve an increase in the Exercise Price or reduce the number of Warrant that a Warrant Holder is already entitled to;</p> <p>(b) No adjustment will be made to the Exercise Price in any case in which the amount by which the same would be reduced in accordance with the foregoing provisions of this paragraph 2 would be less than one (1) Sen or less than one (1) Warrant and any adjustment that would otherwise be required then to be made will not be carried forward;</p> <p>(c) No adjustment will be made in any event whereby the Exercise Price would be reduced to below the par value of a Share and in the event that any adjustment will result in the Exercise Price be reduced below the par value of a Share, then the adjustment will be made to the par value of a Share only.</p>	<p>The foregoing provisions on adjustment of the Exercise Price will be subject to the following:-</p> <p>(a) On any such adjustment, the resultant Exercise Price will be rounded up to the nearest one (1) Sen and in no event will any adjustment (otherwise that upon the consolidation of Shares) involve an increase in the Exercise Price or reduce the number of Warrant that a Warrant Holder is already entitled to;</p> <p>(b) No adjustment will be made to the Exercise Price in any case in which the amount by which the same would be reduced in accordance with the foregoing provisions of this paragraph 2 would be less than one (1) Sen or less than one (1) Warrant and any adjustment that would otherwise be required then to be made will not be carried forward.</p>

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3. RATIONALE FOR THE PROPOSED DEED POLL C AMENDMENTS

The Proposed Deed Poll C Amendments is intended to streamline the Deed Poll C to be aligned with the provisions of the Act to ensure the interests of the Warrant C Holders will not be prejudiced pursuant to the implementation of the no par value regime.

The Proposed Deed Poll C Amendments also allows the Company to make administrative amendments and update its Deed Poll C to take into account, amongst others, the change in the Company's name.

4. EFFECTS OF THE PROPOSED DEED POLL C AMENDMENTS

4.1 Share capital

The Proposed Deed Poll C Amendments will not have any effect on the issued share capital of the Company.

4.2 NA and gearing

The Proposed Deed Poll C Amendments will not have any effect on the NA and gearing of the Group.

4.3 Substantial shareholders' shareholding

The Proposed Deed Poll C Amendments will not have any effect on the substantial Shareholders' shareholdings in the Company.

4.4 Earnings and EPS

The Proposed Deed Poll C Amendments will not have any effect on the consolidated earnings and EPS of the Company.

4.5 Convertible securities

Save for the ESOS Options and the Warrants C, the Company does not have any other outstanding convertible securities in issue as at the LPD.

The Proposed Deed Poll C Amendments in itself will not give rise to any adjustments to the exercise price and number of granted ESOS Options and outstanding Warrants C.

Notwithstanding the above, the Proposed Deed Poll C Amendments, if approved, will facilitate the relevant adjustments to the exercise price and number of outstanding Warrants C arising from the Proposed Share Split as set out in Section 9.5.2(i), Part A of this Circular. **However, the Board wishes to highlight that in the event the resolutions for the Proposed Deed Poll C Amendments are not approved by the Shareholders and/or Warrant C Holders at the forthcoming EGM and Warrant C Holders' Meeting respectively, there will be no adjustment to the exercise price of outstanding Warrants C arising from the Proposed Share Split. Please refer to Section 9.5.2(i), Part A of this Circular for further details.**

5. APPROVALS REQUIRED AND CONDITIONALITY

The Proposed Deed Poll C Amendments is subject to the approval of the following:-

- (i) Shareholders at the forthcoming EGM; and
- (ii) Warrant C Holders at the forthcoming Warrant C Holders' Meeting.

The Proposed Deed Poll C Amendments is not conditional upon any other corporate exercise / scheme undertaken or to be undertaken by the Company.

6. BOARD'S RECOMMENDATION

The Board, having considered all aspects of the Proposed Deed Poll C Amendments, including but not limited to the rationale and effects of the Deed Poll C Amendments, is of the opinion that the Proposed Deed Poll C Amendments is in the best interests of the Company.

Accordingly, the Board recommends that you vote in favour of the resolution pertaining to the Proposed Deed Poll C Amendments to be tabled at the forthcoming EGM.

7. TENTATIVE TIMELINE

The Proposed Deed Poll C Amendments are expected to be completed in the 1st quarter of 2018.

8. EGM

The EGM, the Notice of which is enclosed in this Circular, will be held at Theatre Room, 4th Floor, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on the date and time indicated below or at any adjournment thereof for the purpose of considering and, if thought fit, passing the resolution, with or without any modifications, to give effect to the Proposed Deed Poll C Amendments.

Date and time of the EGM	: Friday, 23 February 2018 at 10.00 a.m.
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If you are unable to attend and vote in person at the EGM, you may appoint a proxy or proxies to attend and vote on your behalf by completing, signing and returning the enclosed Form of Proxy in accordance with the instructions contained therein as soon as possible, so as to arrive at the registered office of the Company not less than 48 hours before the date and time appointed for holding the EGM as indicated above or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently decide to do so.

9. FURTHER INFORMATION

You are requested to refer to the enclosed appendices for further information.

Yours faithfully,
For and on behalf of the Board of
FOCUS DYNAMICS GROUP BERHAD

LEUNG KOK KEONG
Executive Director

FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

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

2. CONSENTS AND CONFLICT OF INTEREST

2.1 Mercury Securities

The written consent of Mercury Securities, being the Principal Adviser for the Proposals and the Proposed Deed Poll C Amendments, for the inclusion of its name in the form and context in which it appears in this Circular has been given and has not been subsequently withdrawn before the issuance of this Circular.

Mercury Securities is not aware of any existing conflict of interest nor of any circumstances which would or is likely to give rise to a possible conflict of interest in relation to its role as the Principal Adviser for the Proposals and the Proposed Deed Poll C Amendments.

2.2 SMITH ZANDER

The written consent of SMITH ZANDER for the inclusion of its name and independent market research report referred to in Sections 8.2 and 8.3, Part A of this Circular in the form and context in which it appears in this Circular has been given and has not been subsequently withdrawn before the issuance of this Circular.

SMITH ZANDER is not aware of any existing conflict of interest nor of any circumstances which would or is likely to give rise to a possible conflict of interest in relation to its role as the independent market researcher for the Proposals.

3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

Material commitments

Save as disclosed below, as at the LPD, the Board is not aware of any other material commitments incurred or known to be incurred by the Group that have not been provided for, which upon becoming due or enforceable, may have a material impact on the financial results or position of the Group:-

Capital commitments	RM'000
Capital commitment in respect of property, plant and equipment - approved and contracted for	1,031

Contingent liabilities

As at the LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred by the Group which may have a material impact on the financial results or position of the Group.

FURTHER INFORMATION (CONT'D)**4. MATERIAL LITIGATION**

As at the LPD, neither the Company nor its subsidiaries are engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, which has or would have a material and adverse effect on the financial position or business of the Group and, to the best of the Board's knowledge and belief, the Board is not aware of any proceedings pending or threatened against the Company and/or its subsidiaries or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Company and/or its subsidiaries.

5. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of Focus Shares traded on Bursa Securities for the past 12 months preceding the date of this Circular are as follows:-

	High RM	Low RM
2017		
January	0.090	0.080
February	0.090	0.080
March	0.110	0.080
April	0.150	0.095
May	0.275	0.125
June	0.295	0.195
July	0.295	0.250
August	0.265	0.225
September	0.350	0.235
October	0.500	0.345
November	0.470	0.385
December	0.450	0.390
Last transacted market price on 8 January 2018, being the last Market Day immediately prior to the first announcement of the Proposals	0.425	
Last transacted market price on the LPD	0.405	

(Source: Bloomberg)

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FURTHER INFORMATION (CONT'D)

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan, Malaysia during normal business hours from Monday to Friday (except public holidays) following the date of this Circular up to and including the date of the EGM of the Company:-

- (i) the M&A;
- (ii) audited consolidated financial statements of the Company for the FYE 31 December 2015 and 31 December 2016;
- (iii) unaudited consolidated financial statements of the Company for the 9-month FPE 30 September 2017;
- (iv) the Undertaking;
- (v) letters of consent referred to in Section 2 of this Appendix;
- (vi) draft Deed Poll D; and
- (vii) the independent market research report by SMITH ZANDER referred to in Sections 8.2 and 8.3, Part A of this Circular; and
- (viii) draft supplemental Deed Poll C in connection with the Proposed Deed Poll C Amendments.

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DETAILS OF THE PROPOSED M&A AMENDMENTS

The M&A of the Company is proposed to be amended in the following manner:-

- (i) The Memorandum of Association of the Company shall be amended by deleting Clause 5 in its entirety and substituting such Clause 5 with the following new Clause 5:-

Existing Clause 5	Revised Clause 5
"The capital of the Company is RM250,000,000 divided into 5,000,000,000 ordinary shares of RM0.05 each. The shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise."	"The share capital of the Company is made up of ordinary shares and irredeemable convertible preference shares. The shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise."

- (ii) The Articles of Association of the Company shall be amended by deleting the existing Articles 26, 27 and 28 in their entirety and substituting them with the following new Article 26:-

Existing provisions	Proposed amendments												
<p>Article 26</p> <p>If the Company at any time issues preference capital, it shall indicate at the same time whether it reserves the right to issue further preference capital ranking equally with or in priority to preference shares already issued.</p> <p>Article 27</p> <p>Preference shareholders shall have:</p> <p>(1) the same rights as ordinary shareholders as regards:</p> <p>(a) receiving notices, reports and audited accounts; and</p> <p>(b) attending general meetings of the Company;</p> <p>(2) the right to vote at any meeting convened for the purposes of reducing the capital, or to wind up the Company and during the winding up of the Company, or disposing the whole of the Company's property, business and undertaking or directly affecting the rights and privileges attached to the shares or when the dividend or part of the dividend on the preference share is in arrears for more than six (6) months; and</p>	<p>Article 26</p> <p>In these Articles, if not consistent with the subject or context, the words standing in the first column of the table next hereinafter contained shall bear the meaning set opposite to them respectively in the second column thereof:-</p> <table> <tr> <th>Words</th><th>Meanings</th></tr> <tr> <td>'Conversion Mode'</td><td>Shall have the meaning given in Article 26(5)(a).</td></tr> <tr> <td>'Conversion Notice'</td><td>Shall have the meaning given in Article 26(5)(c)(i).</td></tr> <tr> <td>'Conversion Period'</td><td>Shall have the meaning given in Article 26(5)(b)(iii).</td></tr> <tr> <td>'Conversion Price'</td><td>Shall have the meaning given in Article 26(5)(b)(v).</td></tr> <tr> <td>'Conversion Ratio'</td><td>Shall have the meaning given in Article 26(5)(a)(i).</td></tr> </table>	Words	Meanings	'Conversion Mode'	Shall have the meaning given in Article 26(5)(a).	'Conversion Notice'	Shall have the meaning given in Article 26(5)(c)(i).	'Conversion Period'	Shall have the meaning given in Article 26(5)(b)(iii).	'Conversion Price'	Shall have the meaning given in Article 26(5)(b)(v).	'Conversion Ratio'	Shall have the meaning given in Article 26(5)(a)(i).
Words	Meanings												
'Conversion Mode'	Shall have the meaning given in Article 26(5)(a).												
'Conversion Notice'	Shall have the meaning given in Article 26(5)(c)(i).												
'Conversion Period'	Shall have the meaning given in Article 26(5)(b)(iii).												
'Conversion Price'	Shall have the meaning given in Article 26(5)(b)(v).												
'Conversion Ratio'	Shall have the meaning given in Article 26(5)(a)(i).												

DETAILS OF THE PROPOSED M&A AMENDMENTS (CONT'D)

Existing provisions		Proposed amendments	
(3)	the rights to a return of capital in preference to holders of ordinary shares when a Company is wound up.	Words	Meanings
Article 28			
The repayment of preference capital other than redeemable preference capital or any other alteration of preference shareholders' rights, may only be made pursuant to a special resolution of the preference shareholders concerned, provided always that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing if obtained from the holders of three-fourths of the preference capital concerned within two (2) months of the meeting shall be as valid and effectual as a special resolution carried at the meeting.		'Conversion Shares'	Shall have the meaning given in Article 26(5)(c)(iii)(A).
		'Converting ICPS Holder'	Shall have the meaning given in Article 26(5)(c)(i).
		'Entitlement Date'	Means a date to be determined by the Board on which the names of shareholders of the Company must appear in the Record of Depositors of the Company as at the close of business on that date in order to be entitled to the ICPS.
		'ICPS'	Means irredeemable convertible preference shares in the capital of the Company issued at the Issue Price, the terms and conditions of which are as set forth in these Articles.
		'Issue Date'	Means the date of issuance of the ICPS.
		'Issue Price'	Means the issue price per ICPS as determined by the Board at a later date after the receipt of all relevant approvals but no later than the announcement of the Entitlement Date.
		'Maturity Date'	Shall have the meaning given in Article 26(1)(a).

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DETAILS OF THE PROPOSED M&A AMENDMENTS (CONT'D)

Existing provisions	Proposed amendments
	<p>The ICPS shall confer on the holders thereof the following rights and privileges and be subject to the following conditions:-</p> <p>(1) <u>Maturity, listing and transferability</u></p> <p>(a) The tenure of the ICPS shall be ten (10) years commencing from and inclusive of the Issue Date.</p> <p>The ICPS shall lapse at the end of the Market Day immediately preceding the date which is the tenth (10th) anniversary from the Issue Date ("Maturity Date").</p> <p>(b) The ICPS will be listed, quoted and traded on Bursa Securities.</p> <p>The new Shares to be issued arising from the conversion of the ICPS will be listed and quoted on Bursa Securities.</p> <p>(c) The ICPS shall be transferable by instrument of transfer in such form prescribed by the Board or any form which is common or usual in use or such other form as the Board or the relevant authorities may approve, by depositing at the registered address of the Company the completed transfer form, duly stamped and accompanied by payment of such registration fee, the relevant certificate of title to the ICPS and such other evidence as may be required by the Board to prove title of the ICPS. The instrument of transfer shall be executed by or on behalf of the transferor and the transferor shall remain the holder of the ICPS transferred until the transfer is registered and the name of the transferee is entered in the register of members in respect thereof.</p> <p>(d) As the ICPS will be listed and quoted on Bursa Securities, they will be deposited with the central depository system of Bursa Securities and will be subject to the Rules.</p>

DETAILS OF THE PROPOSED M&A AMENDMENTS (CONT'D)

Existing provisions	Proposed amendments
	<p>(e) The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine, provided that it shall not be suspended for more than thirty (30) days in any year.</p> <p>(2) <u>Dividend</u></p> <p>The holders of ICPS shall not be entitled to be paid any dividends whatsoever.</p> <p>(3) <u>Ranking of the ICPS and liquidation preference</u></p> <p>The ICPS are unsecured and shall upon allotment and issue, rank <i>pari passu</i> amongst themselves, and shall rank in priority to any other class of shares in the capital of the Company, except that:-</p> <p>(i) they will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared by the Company; and</p> <p>(ii) they carry no right to vote at any general meeting of the Company save for having the voting rights as disclosed under Article 26(4) ("Rights of the holders of ICPS") below.</p> <p>In the event of liquidation or winding-up of the Company:-</p> <p>(a) the assets of the Company shall be distributed first to the holders of ICPS in full of the amount which is equal to the Issue Price for each ICPS, provided that there shall be no further right for the holders of ICPS to participate in any surplus capital or surplus profits of the Company; and</p> <p>(b) in the event that the Company has insufficient assets to permit payment of the full Issue Price to the holders of ICPS, the assets of the Company shall be distributed pro rata on an equal priority to the holders of ICPS in proportion to the amount that each holder of ICPS would otherwise be entitled to receive.</p>

DETAILS OF THE PROPOSED M&A AMENDMENTS (CONT'D)

Existing provisions	Proposed amendments
	<p>(4) <u>Rights of the holders of ICPS</u></p> <p>An ICPS does not carry any right to vote at any general meeting of the Company except for the right to vote in person or by proxy or by attorney at such meeting in each of the following circumstances until and unless the holders of ICPS convert their ICPS into new ordinary shares:-</p> <ul style="list-style-type: none"> (a) on a proposal considering the reduction of the share capital of the Company (excluding any cancellation of capital which is lost or unrepresented by assets); (b) on a proposal for the sale of the whole of the Company's property, business and undertaking; (c) on a proposal that directly affects the rights and privileges attached to the ICPS; (d) on a proposal to wind-up the Company; and (e) during the winding-up of the Company. <p>Where the holders of ICPS are entitled to vote at any general meeting, every ICPS shall on a poll, carry one vote for each ordinary share into which the ICPS may be converted into, based on the conversion ratio of 5 ICPS for every 1 new ordinary share.</p> <p>The holders of ICPS shall have the right to receive notices, reports and accounts and attend meetings, of which shareholders of ordinary shares are entitled.</p>

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DETAILS OF THE PROPOSED M&A AMENDMENTS (CONT'D)

Existing provisions	Proposed amendments
	<p>(5) <u>Conversion</u></p> <p>(a) <u>Conversion Mode</u></p> <p>The ICPS may be converted into new fully-paid ordinary shares at the Conversion Price in the following manner ("Conversion Mode"):-</p> <p>(i) by surrendering for cancellation the ICPS with an aggregate Issue Price of the ICPS equivalent to the Conversion Price, subject to a minimum of one (1) ICPS and a maximum of five (5) ICPS for every one (1) new Share ("Conversion Ratio"); and</p> <p>(ii) by paying the difference between the aggregate Issue Price of ICPS surrendered and the Conversion Price, if any, in cash, for every one (1) new ordinary share.</p> <p>(b) <u>Conversion Right / Conversion Period / Conversion Price</u></p> <p>(i) Each ICPS carries the entitlement to convert into new ordinary shares at the Conversion Price through the surrender of the ICPS in the manner of the Conversion Mode.</p> <p>(ii) If the conversion results in a fractional entitlement to the new ordinary shares, such fractional entitlement shall be disregarded and no refund or credit, whether in the form of the ICPS, cash or otherwise, shall be given in respect of the disregarded fractional entitlement.</p> <p>(iii) The ICPS may be converted, at the option of the holders of ICPS, into new ordinary shares on any Market Day commencing on and including the Issue Date up to and including the Maturity Date ("Conversion Period").</p> <p>(iv) Any remaining ICPS that are not converted by the Maturity Date shall be automatically converted into new fully-paid Shares at the conversion ratio of 5 ICPS for every 1 new ordinary share.</p>

DETAILS OF THE PROPOSED M&A AMENDMENTS (CONT'D)

Existing provisions	Proposed amendments
	<p>(c) <u>Conversion Mechanism</u></p> <p>(i) The conversion of the ICPS shall be exercised by the relevant holder of ICPS or his/her/its agent, nominee or attorney delivering a duly completed and signed conversion notice as prescribed from time to time by the Company or in accordance with any applicable laws and regulations from time to time ("Conversion Notice") to the Registrar of the Company during its business hours on any Market Day during the Conversion Period. The Conversion Notice is irrevocable upon receipt by the Company. A holder of the ICPS who had issued a Conversion Notice ("Converting ICPS Holder") shall further furnish to the Company such supporting documents or information as may be prescribed by the Company or as may be required under any applicable laws or regulations from time to time. The conversion shall be carried out in accordance with such procedures as may be prescribed by any applicable laws and regulations.</p> <p>(ii) Once a Conversion Notice has been submitted to the Company, the Converting ICPS Holder shall not sell, transfer, dispose or otherwise encumber the ICPS in respect of which the Conversion Right has been exercised.</p>

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DETAILS OF THE PROPOSED M&A AMENDMENTS (CONT'D)

Existing provisions	Proposed amendments
	<p>(iii) Subject to all applicable laws, rules and regulations, within eight (8) Market Days from the date of receipt by the Company of a Conversion Notice or such other period as may be prescribed or allowed by Bursa Securities or under any applicable laws and regulations, the Company shall:-</p> <p>(A) issue and/or allot to the relevant Converting ICPS Holders, such number of ordinary shares to which such holders are entitled to receive by virtue of the exercise of the Conversion Right, credited as fully paid-up ("Conversion Shares"), and shall cause the securities account of the said holders to be credited with such number of Conversion Shares; and</p> <p>(B) dispatch a notice of allotment to the relevant Converting ICPS Holders in respect of the Conversion Shares.</p> <p>Once converted, the ICPS shall not be capable of reissuance.</p> <p>(d) <u>Adjustments to Conversion Price and/or Conversion Mode</u></p> <p>The Conversion Price and/or Conversion Mode will be adjusted at the determination of the Board, in all or any of the following events:-</p> <p>(i) a bonus issue of ordinary shares by the Company; or</p> <p>(ii) a capital distribution to the shareholders made by the Company whether on a reduction of capital or otherwise, but excluding any cancellation of capital which is lost or unrepresented by assets; or</p> <p>(iii) a rights issue of ordinary shares or convertible securities by the Company; or</p>

DETAILS OF THE PROPOSED M&A AMENDMENTS (CONT'D)

Existing provisions	Proposed amendments
	<p>(iv) a consolidation of shares, subdivision of shares or reduction of capital; or</p> <p>(v) any other circumstances deemed necessary by the Board,</p> <p>provided that any adjustment to the Conversion Price will be rounded down to the nearest 1 sen (RM0.01). The adjustments shall be adjusted, calculated or determined by the Board in consultation with and certified by an approved adviser or external auditor appointed by the Company, as the case may be.</p> <p>(e) <u>Ranking of new ordinary shares to be issued pursuant to the conversion of the ICPS</u></p> <p>The new ordinary shares to be issued pursuant to the conversion of the ICPS shall, upon allotment and issue, rank <i>pari passu</i> in all respects with the then existing issued ordinary shares, save and except that such new ordinary shares shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid, the entitlement date of which is prior to the date of allotment and issuance of such new ordinary shares arising from the conversion of the ICPS.</p> <p>(6) <u>Redemption</u></p> <p>The ICPS shall not be redeemable for cash.</p>

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DETAILS OF THE PROPOSED M&A AMENDMENTS (CONT'D)

Existing provisions	Proposed amendments
	<p>(7) <u>Undertaking of the Company</u></p> <p>So long as any ICPS remains in issue:</p> <p>(a) the Company will send to each holder of the ICPS, by way of information, one (1) copy of every circular, notice or other documents sent to any other shareholders in the Company, at the same time as it sends to such other shareholders; and</p> <p>(b) the Company shall keep available during the Conversion Period, free from pre-emptive or other rights, out of its share capital such number of ordinary shares as would be required to be issued upon the exercise of the Conversion Right from time to time by the holders of the ICPS during the Conversion Period, and to satisfy in full all other rights of conversion into or exchange or subscription for ordinary shares and shall ensure that all ordinary shares delivered upon conversion will be duly and validly issued and fully paid-up.</p> <p>(8) <u>Modification of rights</u></p> <p>The Company may from time to time with the consent or sanction of all the holders of the ICPS make modifications to the terms of which in the opinion of the Company are not materially prejudicial to the interest of the holders of the ICPS or are to correct a manifest error or to comply with mandatory provisions of the laws of Malaysia and the relevant regulations.</p> <p>Any variation, modification or abrogation of the rights and privileges attached to the ICPS shall require the sanction of a special resolution of the holders of ICPS holding or representing not less than 75% of the outstanding ICPS.</p> <p>(9) <u>Governing law</u></p> <p>The ICPS shall be governed by the laws of Malaysia.</p>



FOCUS DYNAMICS GROUP BERHAD

(Company No. 582924-P)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of Focus Dynamics Group Berhad ("**Focus**" or the "**Company**") ("**EGM**") will be held at Theatre Room, 4th Floor, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Friday, 23 February 2018 at 10.00 a.m. or at any adjournment thereof for the purpose of considering and, if thought fit, passing the following resolutions with or without any modifications:-

ORDINARY RESOLUTION 1

PROPOSED SHARE SPLIT INVOLVING THE SUBDIVISION OF EVERY 10 EXISTING ORDINARY SHARES IN FOCUS ("FOCUS SHARES" OR "SHARES") INTO 19 SHARES ("PROPOSED SHARE SPLIT")

"THAT subject to the approval of all relevant authorities or parties being obtained (if required), approval be and is hereby given to the Board of Directors of the Company ("**Board**") to subdivide every 10 Focus Shares held by the entitled shareholders of the Company whose names appear on the Record of Depositors of the Company as at the close of business on an entitlement date to be determined and announced later by the Board ("**Share Split Entitlement Date**"), into 19 Focus Shares ("**Split Shares**");

THAT the Split Shares shall rank *pari passu* in all respects with one another, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid to the shareholders of the Company prior to the Share Split Entitlement Date;

AND THAT the Board be and is hereby authorised with full power to do all such acts, deeds and things and to execute and deliver on behalf of the Company all such documents and/or agreements as the Board may deem fit, necessary or expedient or appropriate in the best interest of the Company, in order to finalise, implement and/or give full effect to the Proposed Share Split with full power to assent to any terms, conditions, modifications, variations and/or amendments as may be required or imposed by the relevant authorities."

ORDINARY RESOLUTION 2

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 2,122,788,334 NEW IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES IN FOCUS ("ICPS") TOGETHER WITH UP TO 424,557,666 FREE DETACHABLE WARRANTS IN FOCUS ("WARRANTS D") ON THE BASIS OF 5 ICPS TOGETHER WITH 1 FREE WARRANT D FOR EVERY 5 EXISTING SHARES HELD BY THE ENTITLED SHAREHOLDERS OF THE COMPANY ON AN ENTITLEMENT DATE TO BE DETERMINED LATER ("PROPOSED RIGHTS ISSUE OF ICPS WITH WARRANTS")

"THAT subject to the passing of the Ordinary Resolution 1 and Special Resolution 1 as well as the approval of all relevant authorities or parties being obtained (if required), including but not limited to the approval-in-principle of Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing and quotation of the ICPS and the Warrants D to be issued hereunder and the new Shares to be issued pursuant to the conversion of the ICPS and exercise of the Warrants D, the Board be and is hereby authorised:-

- (i) to provisionally allot and issue by way of a renounceable rights issue of up to 2,122,788,334 ICPS together with up to 424,557,666 Warrants D to the shareholders of the Company ("**Shareholders**") whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined by the Board ("**Entitlement Date**") ("**Entitled Shareholders**") and/or their renouncee(s), on the basis of 5 ICPS together with 1 Warrant D for every 5 existing Shares held on the Entitlement Date at an 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 the deed poll constituting the Warrants D ("**Deed Poll D**") 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 D (including, without limitation, the affixing of the Company's common seal, where necessary);
- (iii) to allot and issue the Warrants D in registered form to the Entitled Shareholders (and/or their renounee(s), as the case may be) and Excess Applicants (defined below), if any, who subscribe for and are allotted the ICPS, each Warrant D 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 D in accordance with the provisions of the Deed Poll D to be executed;
- (iv) to allot and issue such number of additional Warrants D pursuant to adjustments as provided under the Deed Poll D ("**Additional Warrants D**") and to adjust from time to time the exercise price of the Warrants D as a consequence of the adjustments under the provisions of the Deed Poll D and/or to effect such modifications, variations and/or amendments as may be imposed, required or permitted by Bursa Securities and any other relevant authorities or parties (if required);
- (v) to allot and issue such number of new Shares credited as fully paid-up to the holders of the ICPS upon their conversion of the relevant ICPS to subscribe for new Shares during the tenure of the ICPS in accordance with the Articles of Association of the Company; and
- (vi) to allot and issue such number of new Shares credited as fully paid-up to the holders of the Warrants D upon their exercise of the relevant Warrants D to subscribe for new Shares during the tenure of the Warrants D, and such further new Shares as may be required or permitted to be issued pursuant to the exercise of the Additional Warrants D and such adjustments in accordance with the provisions of the Deed Poll D.

THAT the Board be and is hereby authorised to determine and vary if deemed fit, necessary and/or expedient, the issue price of the ICPS and the exercise price of the Warrants D to be issued in connection with the Proposed Rights Issue of ICPS with Warrants;

THAT any ICPS which are not validly taken up or which are not allotted for any reason whatsoever to the Entitled Shareholders and/or their renounee(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 ICPS, Warrants D and the new Shares to be issued pursuant to the conversion of the ICPS and/or the exercise of the Warrants D shall be listed on the ACE Market of Bursa Securities;

THAT the proceeds of the Proposed Rights Issue of ICPS with Warrants be utilised for the purposes as set out in Section 6, Part A of the Circular to Shareholders dated 26 January 2018 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 of ICPS with Warrants, with full powers to assent to and accept any condition, modification, variation, arrangement and/or amendment to the terms of the Proposed Rights Issue of ICPS with Warrants 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 of ICPS with Warrants in order to implement and give full effect to the Proposed Rights Issue of ICPS with Warrants;

THAT the new Shares to be issued arising from the conversion of the ICPS and/or the exercise of the Warrants D (including the Additional Warrants D, if any) shall, upon allotment, issuance and (where applicable) full payment of the conversion price of the ICPS or exercise price of the Warrants D (or the Additional Warrants D, as the case may be), rank *pari passu* in all respects with the then existing 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 and issuance of such new Shares arising from the conversion of the ICPS and/or the exercise of the Warrants D (or the Additional Warrants D, as the case may be);

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 ICPS, Warrants D, Additional Warrants D (if any) and new Shares to be issued pursuant to or in connection with the Proposed Rights Issue of ICPS with Warrants have been allotted and issued in accordance with the terms of the Proposed Rights Issue of ICPS with Warrants.”

SPECIAL RESOLUTION 1

PROPOSED AMENDMENTS TO THE CONSTITUTION / MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY (“PROPOSED M&A AMENDMENTS”)

“**THAT** subject to the passing of the Ordinary Resolution 2, approval be and is hereby given to the Company to authorise the Proposed M&A Amendments in the manner as set out in Appendix II of the Circular to Shareholders dated 26 January 2018.

AND THAT the Board be and are hereby empowered and authorised to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents (including, without limitation, the affixing of the Company’s common seal, where necessary) as the Board may consider necessary, expedient or relevant to give effect to and complete the Proposed M&A Amendments with full power to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or as the Board may deem necessary or expedient in order to implement, finalise and give full effect to the Proposed M&A Amendments.”

ORDINARY RESOLUTION 3

PROPOSED AMENDMENTS TO THE DEED POLL DATED 30 SEPTEMBER 2014 CONSTITUTING THE WARRANTS 2014 / 2019 OF FOCUS (“WARRANTS C”) (“DEED POLL C”) (“PROPOSED DEED POLL C AMENDMENTS”)

“**THAT** approval be and is hereby given to the Company to authorise the Proposed Deed Poll C Amendments in the manner as set out in Section 2, Part B of the Circular to Shareholders dated 26 January 2018 by way of a supplemental deed poll in respect of the Deed Poll C.

AND THAT the Board be and are hereby empowered and authorised to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents (including, without limitation, the affixing of the Company’s common seal, where necessary) as the Board may consider necessary, expedient or relevant to give full effect to and complete the Proposed Deed Poll C Amendments with full power to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or as the Board may deem necessary or expedient to implement, finalise and give full effect to the Proposed Deed Poll C Amendments.”

BY ORDER OF THE BOARD

WONG YUET CHYN (MAICSA 7047163)
Company Secretary

Kuala Lumpur
26 January 2018

Notes:-

1. A member of the Company who is entitled to attend, speak and vote at this EGM may appoint a proxy to attend, speak and vote on his behalf. A proxy may not be a member of the Company and a member may appoint any person to be his proxy without limitation.
2. Where a member of the Company appoints up to three (3) proxies to attend at the same meeting, he shall specify in the instrument of proxy the proportions of his shareholdings to be represented by each proxy. He must also specify which proxy is entitled to vote on a show of hands and only one (1) of those proxies is entitled to vote on a show of hands.
3. Where a member of the Company is an authorized nominee as defined under the Securities Industry (Central Depository) Act, 1991 ("SICDA"), he may appoint up to three (3) proxies in respect of each security account it holds with ordinary shares of the Company standing to the credit of the said security account.
4. Where a member of the Company is an exempt authorised nominee holding ordinary shares in the Company for multiple beneficial owner in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
5. The instrument appointing a proxy shall be in writing by the appointer or an attorney duly authorized in writing or, if the appointer is a corporation, whether under its seal or by an officer or attorney duly authorised.
6. The instrument appointing either a proxy, a power of attorney or other authorities, where it is signed or certified by a notary as a true copy shall be deposited at the Registered Office of the Company at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan, Malaysia, not less than 48 hours before this EGM or at any adjournment thereof, and in default the instrument of proxy shall not be treated as valid.
7. In respect of deposited securities, only members whose names appear in the Record of Depositors on 14 February 2018 shall be eligible to attend, speak and vote at this EGM.
8. Any alteration in the form of proxy must be initialled.
9. Pursuant to Rule 8.31A(l) of the ACE Market Listing Requirements of Bursa Securities, all resolutions set out in this Notice will be put to vote by way of poll.

FORM OF PROXY

Number of Shares Held		CDS Account No.	
-----------------------	--	-----------------	--

"A" I/We _____ NRIC No. _____
(Full Name in Capital Letters)
of _____
(Full Address)
being a *Member/Members of FOCUS DYNAMICS GROUP BERHAD ("COMPANY"), do hereby appoint
_____ NRIC No. _____
(Full Name in Capital Letters)
of _____
(Full Address)
or failing him, _____ NRIC No. _____
(Full Name in Capital Letters)
of _____
(Full Address)
or failing whom, the CHAIRMAN of the Meeting as *my/our first proxy to vote for *me/us on my/our behalf at the Extraordinary General Meeting of the Company ("EGM") to be held at Theatre Room, 4th Floor, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Friday, 23 February 2018 at 10.00 a.m. or at any adjournment thereof.

"B" Where it is desired to appoint a second proxy, this section must also be completed, otherwise it should be deleted.
I/We _____ NRIC No. _____
(Full Name in Capital Letters)
of _____
(Full Address)
being a *Member/Members of FOCUS DYNAMICS GROUP BERHAD, do hereby appoint
_____ NRIC No. _____
(Full Name in Capital Letters)
of _____
(Full Address)
or failing him, _____ NRIC No. _____
(Full Name in Capital Letters)
of _____
(Full Address)
or failing whom, the CHAIRMAN of the Meeting as *my/our second proxy to vote for *me/us on my/our behalf at the EGM to be held at Theatre Room, 4th Floor, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Friday, 23 February 2018 at 10.00 a.m. or at any adjournment thereof.

"C" Where it is desired to appoint a third proxy, this section must also be completed, otherwise it should be deleted.
I/We _____ NRIC No. _____
(Full Name in Capital Letters)
of _____
(Full Address)
being a *Member/Members of FOCUS DYNAMICS GROUP BERHAD, do hereby appoint
_____ NRIC No. _____
(Full Name in Capital Letters)
of _____
(Full Address)
or failing him, _____ NRIC No. _____
(Full Name in Capital Letters)
of _____
(Full Address)
or failing whom, the CHAIRMAN of the Meeting as *my/our third proxy to vote for *me/us on my/our behalf at the EGM to be held at Theatre Room, 4th Floor, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Friday, 23 February 2018 at 10.00 a.m. or at any adjournment thereof.

The proportions of my/our holding to be represented by my/our proxies are as follows:

First Proxy "A"	%
Second Proxy "B"	%
Third Proxy "C"	%
	100%

In case of a vote taken by a show of hands. "First Proxy "A"/" Second Proxy "B"/" Third Proxy "C" shall vote on my/our behalf.

My/our proxy/proxies shall vote as follows:

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

No.	Agenda	Resolution	First Proxy "A"		Second Proxy "B"		Third Proxy "C"	
			For	Against	For	Against	For	Against
1	Proposed Share Split	Ordinary Resolution 1						
2	Proposed Rights Issue of ICPS with Warrants	Ordinary Resolution 2						
3	Proposed M&A Amendments	Special Resolution 1						
4	Proposed Deed Poll C Amendments	Ordinary Resolution 3						

* Strike out whichever not applicable

As witness *my/our hand this _____ day of _____

Signature of Member/Common Seal



Notes:-

1. A member of the Company who is entitled to attend, speak and vote at this EGM may appoint a proxy to attend, speak and vote on his behalf. A proxy may not be a member of the Company and a member may appoint any person to be his proxy without limitation.
2. Where a member of the Company appoints up to three (3) proxies to attend at the same meeting, he shall specify in the instrument of proxy the proportions of his shareholdings to be represented by each proxy. He must also specify which proxy is entitled to vote on a show of hands and only one (1) of those proxies is entitled to vote on a show of hands.
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5. The instrument appointing a proxy shall be in writing by the appointer or an attorney duly authorized in writing or, if the appointer is a corporation, whether under its seal or by an officer or attorney duly authorised.
6. The instrument appointing either a proxy, a power of attorney or other authorities, where it is signed or certified by a notary as a true copy shall be deposited at the Registered Office of the Company at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan, Malaysia, not less than 48 hours before this EGM or at any adjournment thereof, and in default the instrument of proxy shall not be treated as valid.
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9. Pursuant to Rule 8.31A(I) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary
FOCUS DYNAMICS GROUP BERHAD
(Company No. 582924-P)
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan
Malaysia

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