

**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). Bursa Malaysia Securities Berhad ("**Bursa Securities**") has not perused the contents of this Circular pertaining to the Proposed Amendments (as defined herein) prior to its issuance as it is prescribed as an Exempt Circular pursuant to Guidance Note 22 of the ACE Market Listing Requirement of Bursa Securities.

Bursa Securities takes no responsibility for the contents of this Circular, valuation certificate and report if any, 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.



## **FOCUS DYNAMICS GROUP BERHAD**

[Registration No. 200201015261 (582924-P)]  
(Incorporated in Malaysia)

### **CIRCULAR TO SHAREHOLDERS IN RELATION TO:-**

- (I) **PROPOSED SHARE SPLIT INVOLVING THE SUBDIVISION OF EVERY 1 EXISTING ORDINARY SHARE IN FOCUS ("FOCUS SHARE" OR "SHARE") HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED AT A LATER DATE ("BOOKS CLOSURE DATE") INTO 3 SHARES ("PROPOSED SHARE SPLIT")**
- (II) **PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 2,044,266,157 NEW IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES IN FOCUS ("ICPS") TOGETHER WITH UP TO 3,066,399,235 FREE DETACHABLE WARRANTS IN FOCUS ("WARRANTS D") ON THE BASIS OF 2 ICPS TOGETHER WITH 3 FREE WARRANTS D FOR EVERY 6 SPLIT SHARES HELD BY THE ENTITLED SHAREHOLDERS OF THE COMPANY ON AN ENTITLEMENT DATE TO BE DETERMINED LATER ("PROPOSED RIGHTS ISSUE OF ICPS WITH WARRANTS")**
- (III) **PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY TO FACILITATE THE ISSUANCE OF THE ICPS PURSUANT TO THE PROPOSED RIGHTS ISSUE OF ICPS WITH WARRANTS ("PROPOSED AMENDMENTS")**

**AND**

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

*Principal Adviser*



## **MERCURY SECURITIES SDN BHD**

[Registration No. 198401000672 (113193-W)]  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting of the Company ("**EGM**") will be held on a fully virtual basis and entirely via remote participation and voting. The Notice of 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 or e-mail it to [proxy@shareworks.com.my](mailto:proxy@shareworks.com.my) on or before the time and date indicated below or at any adjournment thereof if you are not able to attend the EGM. The completion and 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 and in such an event, your Form of Proxy shall be deemed to have been revoked.

Last date and time for lodging the Form of Proxy for the EGM	: Thursday, 8 October 2020 at 11.00 a.m.
Date and time of the EGM	: Friday, 9 October 2020 at 11.00 a.m.
Broadcast venue of the EGM	: 18th Floor, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan

This Circular is dated 17 September 2020

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## DEFINITIONS

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

<b>Act</b>	- Companies Act, 2016 of Malaysia, as amended from time to time and any re-enactment thereof
<b>AGM</b>	- Annual general meeting
<b>BNM</b>	- Bank Negara Malaysia
<b>Board</b>	- Board of Directors of Focus
<b>Books Closure Date</b>	- 5.00 p.m. on a date to be determined by the Board in their absolute discretion as they deem fit and announced later, in which the Shareholders who are registered in the Record of Depositors of the Company are entitled to the Split Shares under the Proposed Share Split
<b>Bursa Depository</b>	- Bursa Malaysia Depository Sdn Bhd [Registration No. 198701006854 (165570-W)]
<b>Bursa Securities</b>	- Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)]
<b>Business Partners</b>	- Collectively, Mr. Ong Kah Hoe and Ms. Ong Yew Ming
<b>CAGR</b>	- Compound annual growth rate
<b>Circular</b>	- This circular to Shareholders in relation to the Proposals
<b>City Growth</b>	- City Growth Sdn Bhd [Registration No. 199401035236 (320919-M)], the master lessee of the Project Land pursuant to a Master Lease Agreement dated 6 June 2008
<b>CMSA</b>	- Capital Markets and Services Act, 2007, as amended from time to time and any re-enactment thereof
<b>Code</b>	- Malaysian Code on Take-Overs and Mergers, 2016, as amended from time to time and any re-enactment thereof
<b>Constitution</b>	- Constitution of the Company
<b>Conversion Price</b>	- Amount to be satisfied in order for an ICPS holder to convert his/her/its ICPS into 1 new Share
<b>COVID-19</b>	- Coronavirus disease
<b>Deed Poll D</b>	- Deed poll constituting the Warrants D and governing the rights of Warrant D holders to be executed by the Company
<b>Directors</b>	- Directors of the Company
<b>EGM</b>	- Extraordinary general meeting
<b>Engineering Services Segment</b>	- 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

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**DEFINITIONS (CONT'D)**

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<b>Entitled Shareholders</b>	- Shareholders whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date in order to be entitled to participate in the Proposed Rights Issue of ICPS with Warrants
<b>Entitlement Date</b>	- 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
<b>EPS</b>	- Earnings per Share
<b>F&amp;B</b>	- Food and beverage
<b>Famous Ambience</b>	- Famous Ambience Sdn Bhd [Registration No. 201301001386 (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 Arch
<b>Fintec</b>	- Fintec Global Berhad [Registration No. 200701016619 (774628-U)], a company listed on the ACE Market of Bursa Securities and the holding company of the Undertaking Shareholder
<b>Focus or the Company</b>	- Focus Dynamics Group Berhad [Registration No. 200201015261 (582924-P)]
<b>Focus Group or the Group</b>	- Collectively, the Company and its subsidiaries
<b>Focus Shares or Shares</b>	- Ordinary shares in the Company
<b>Foreign-Addressed Shareholders</b>	- 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
<b>FPE</b>	- Financial period ended
<b>FYE</b>	- Financial years ended / ending, as the case may be
<b>GDP</b>	- Gross domestic product
<b>GFA</b>	- Gross floor area
<b>Government</b>	- Government of Malaysia
<b>GP</b>	- Gross profit
<b>ICPS</b>	- Irredeemable convertible preference shares in the Company to be issued pursuant to the Proposed Rights Issue of ICPS with Warrants
<b>IMR Report</b>	- Independent market research report dated 8 September 2020 prepared by SMITH ZANDER
<b>LAT</b>	- Loss after taxation
<b>LBT</b>	- Loss before taxation

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**DEFINITIONS (CONT'D)**

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<b>Listing Requirements</b>	- ACE Market Listing Requirements of Bursa Securities including any amendments made thereto from time to time
<b>LPD</b>	- 8 September 2020, being the latest practicable date prior to the printing of this Circular
<b>Manufacturing Segment</b>	- Manufacturing of variable speed drives and instruments for the control of industrial machines and processes
<b>Market Days</b>	- Any day on which Bursa Securities is open for trading in securities
<b>Maximum Scenario</b>	- Assuming:- <ul style="list-style-type: none"><li>(i) 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</li><li>(ii) the ICPS issued are fully converted into new Shares based on the conversion mode of surrendering 1 ICPS (which is issued at an illustrative issue price of RM0.055 each) with additional cash payment of RM0.495 to arrive at the Conversion Price of RM0.55 for 1 new Share</li></ul>
<b>MCO</b>	- Movement control order issued by the Government under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967
<b>Mercury Securities or the Principal Adviser</b>	- Mercury Securities Sdn Bhd [Registration No. 198401000672 (113193-W)]
<b>MICE</b>	Meetings, incentives, conferences and exhibitions
<b>Minimum Scenario</b>	- Assuming:- <ul style="list-style-type: none"><li>(i) the Proposed Rights Issue of ICPS with Warrants is undertaken on the Minimum Subscription Level; and</li><li>(ii) the ICPS issued are fully converted into Shares based on the implied conversion price of RM0.55 and conversion mode of surrendering 10 ICPS for 1 new Share without additional cash payment</li></ul>
<b>Minimum Subscription Level</b>	- Minimum subscription level of 512,099,792 ICPS together with 768,149,688 Warrants D based on the Undertaking and an illustrative issue price of RM0.055 per ICPS
<b>NA</b>	- Net assets
<b>Official List</b>	- Official list of the ACE Market of Bursa Securities
<b>PAT</b>	- Profit after taxation
<b>PBT</b>	- Profit before taxation

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**DEFINITIONS (CONT'D)**

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<b>Previous Rights Issue of ICPS with Warrants</b>	- Renounceable rights issue of up to 2,122,788,334 new ICPS together with up to 424,557,666 free detachable warrants on the basis of 5 ICPS together with 1 free warrant for every 5 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 23 February 2018 but not implemented, as stipulated in the Company's announcement on 24 July 2020
<b>Project Land</b>	- 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
<b>Proposals</b>	- Collectively, the Proposed Share Split, Proposed Rights Issue of ICPS with Warrants and Proposed Amendments
<b>Proposed Amendments</b>	- Proposed amendments to the Constitution to facilitate the issuance of the ICPS pursuant to the Proposed Rights Issue of ICPS with Warrants
<b>Proposed Rights Issue of ICPS with Warrants</b>	- Proposed renounceable rights issue of up to 2,044,266,157 ICPS together with up to 3,066,399,235 free detachable Warrants D on the basis of 2 ICPS together with 3 free Warrants D for every 6 Split Shares held by the Entitled Shareholders on the Entitlement Date
<b>Proposed Share Split</b>	- Proposed share split involving the subdivision of every 1 existing Share into 3 Split Shares
<b>p.s.m.</b>	- Per square metre
<b>Record of Depositors</b>	- A record of securities holders established by Bursa Depository under the Rules of Bursa Depository
<b>RM and sen</b>	- Ringgit Malaysia and sen respectively
<b>RSGC</b>	- The Royal Selangor Golf Club [Registration No. 192101000018 (351-D)]
<b>Rules of Bursa Depository</b>	- Rules of Bursa Depository as issued pursuant to the SICDA, as amended from time to time
<b>Rules on Take-Overs, Mergers and Compulsory Acquisitions</b>	- Rules on Take-Overs, Mergers and Compulsory Acquisitions issued by the SC pursuant to Section 377 of the Capital Markets and Services Act, 2007, as amended from time to time
<b>SICDA</b>	- Securities Industry (Central Depositories) Act, 1991, as amended from time to time and any re-enactment thereof
<b>SC</b>	- Securities Commission Malaysia
<b>sf</b>	- Square feet
<b>Shareholders</b>	- Registered holders of the Shares
<b>SMITH ZANDER</b>	- Smith Zander International Sdn Bhd [Registration No. 201301028298 (1058128-V)], an independent market researcher
<b>Split Shares</b>	- Shares after the Proposed Share Split
<b>sqm or s.m.</b>	- Square metres

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**DEFINITIONS (CONT'D)**

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<b>SST</b>	- Sales and services tax
<b>TEAP</b>	- Theoretical ex-all price
<b>The Arch</b>	- A mixed commercial development which is expected to feature retail / F&B lots, concept stores, 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 1st floor and 2nd floor as well as 2 lower ground levels to be erected on the Project Land
<b>Undertaking</b>	- Written undertaking from the Undertaking Shareholder pursuant to which it has irrevocably and unconditionally undertaken, amongst others, to apply and subscribe in full for its entitlement of the ICPS and additional ICPS not taken up by other Entitled Shareholders by way of excess applications (if required), to the extent such that the aggregate subscription in terms of number of ICPS received by the Company arising from the subscription by all Entitled Shareholders and/or their renounee(s) (including the Undertaking Shareholder, if necessary) amounts to not less than 512,099,792 ICPS, which is equivalent to the Undertaking Shareholder's entitlement under the Proposed Rights Issue of ICPS with Warrants based on its shareholding in the Company as at the LPD
<b>Undertaking Shareholder or Asiabio Capital</b>	- Asiabio Capital Sdn Bhd [Registration No. 200801038768 (840116-P)], a wholly-owned subsidiary of Fintec and a substantial shareholder of the Company which has provided the Undertaking
<b>VWAP</b>	- Volume-weighted average market price
<b>Warrants D</b>	- Up to 3,066,399,235 free detachable warrants in the Company 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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**NOTICE OF EGM** **ENCLOSED**

**FORM OF PROXY FOR THE EGM** **ENCLOSED**

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**FOCUS DYNAMICS GROUP BERHAD**

[Registration No. 200201015261 (582924-P)]  
(Incorporated in Malaysia)

**Registered Office**

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

17 September 2020

**Board of Directors**

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*)

**To: The Shareholders**

Dear Sir / Madam,

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

**(COLLECTIVELY REFERRED TO AS THE “PROPOSALS”)**

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**1. INTRODUCTION**

On 24 July 2020, in relation to the Previous Rights Issue of ICPS with Warrants, Mercury Securities had, on behalf of the Board, announced that the Board is reassessing the funding requirements of the Group and will announce an amended rights issue scheme in due course.

On 18 August 2020, Mercury Securities had, on behalf of the Board, announced that the Company proposes to undertake the Proposals.

On 10 September 2020, Mercury Securities had, on behalf of the Board, announced that Bursa Securities had, vide its letter on even date, granted its approval for the following:-

- (i) Proposed Share Split;
- (ii) admission to the Official List and the initial listing and quotation of the ICPS and Warrants D;
- (iii) listing and quotation of the new Shares to be issued pursuant to the conversion of the ICPS; and
- (iv) listing and quotation of the new Shares to be issued pursuant to the exercise of the Warrants D.



The approval of Bursa Securities is subject to the conditions as set out in Section 11 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 ARCH**

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;
- (iii) a bar known as 'Bounce', which offers beer-pong, electronic games such as console games and integrated electronic darts, located at Menara Lien Hoe; and
- (iv) a lifestyle club known as 'Wicked' that offers international DJ events and premium beverages, located in W Hotel in Kuala Lumpur.

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 an F&B and lifestyle hub known as 'The Arch' on the Project Land, which is owned by RSGC.

Further details of The Arch and the Project Land are set out in Sections 2.1 and 2.2 of this Circular respectively.

## 2.1 Information on The Arch

### Layout of The Arch

2MF			Retail / F&B Lots
2F		Event Hall 1 & 2	
1MF		Karaoke Centre	Retail / F&B Lots Restaurants
1F		Retail / F&B Lots 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 Arch as at the LPD, The Arch 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 of this Circular.

### Features of The Arch

Based on the latest layout plan of The Arch as at the LPD, upon completion, The Arch 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 and F&B lots / Concept stores**

The Arch is expected to feature approximately 100 units of specially-designated retail and F&B lots / concept stores with a combined total floor space of approximately 157,100 sf. Some of these lots and innovative concept stores will be positioned at the front of The Arch 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 and F&B lots / concept stores, 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 / concept stores are convertible into showrooms, making them ideal for branding purposes. The retail lots / concept stores 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 Arch. The presence of international brands is envisaged to elevate the prestige of The Arch and attract consumers with high spending power to The Arch.

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 Arch, thereby promoting vibrancy and a livelier atmosphere with spill-over benefits for The Arch's other attractions.

These retail and F&B lots / concept stores are expected to be The Arch's main crowd-pulling feature, promoting The Arch as a lifestyle retail, F&B and entertainment centre. The Arch will 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 2<sup>nd</sup> floor of The Arch 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 Arch'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, 1<sup>st</sup> floor and 1<sup>st</sup> mezzanine floor of The Arch, 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 Arch'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 Arch'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 1<sup>st</sup> floor. With a gross floor area of approximately 14,940 sf, the karaoke centre provides an entertainment offering to complement The Arch'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 en-suite 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.

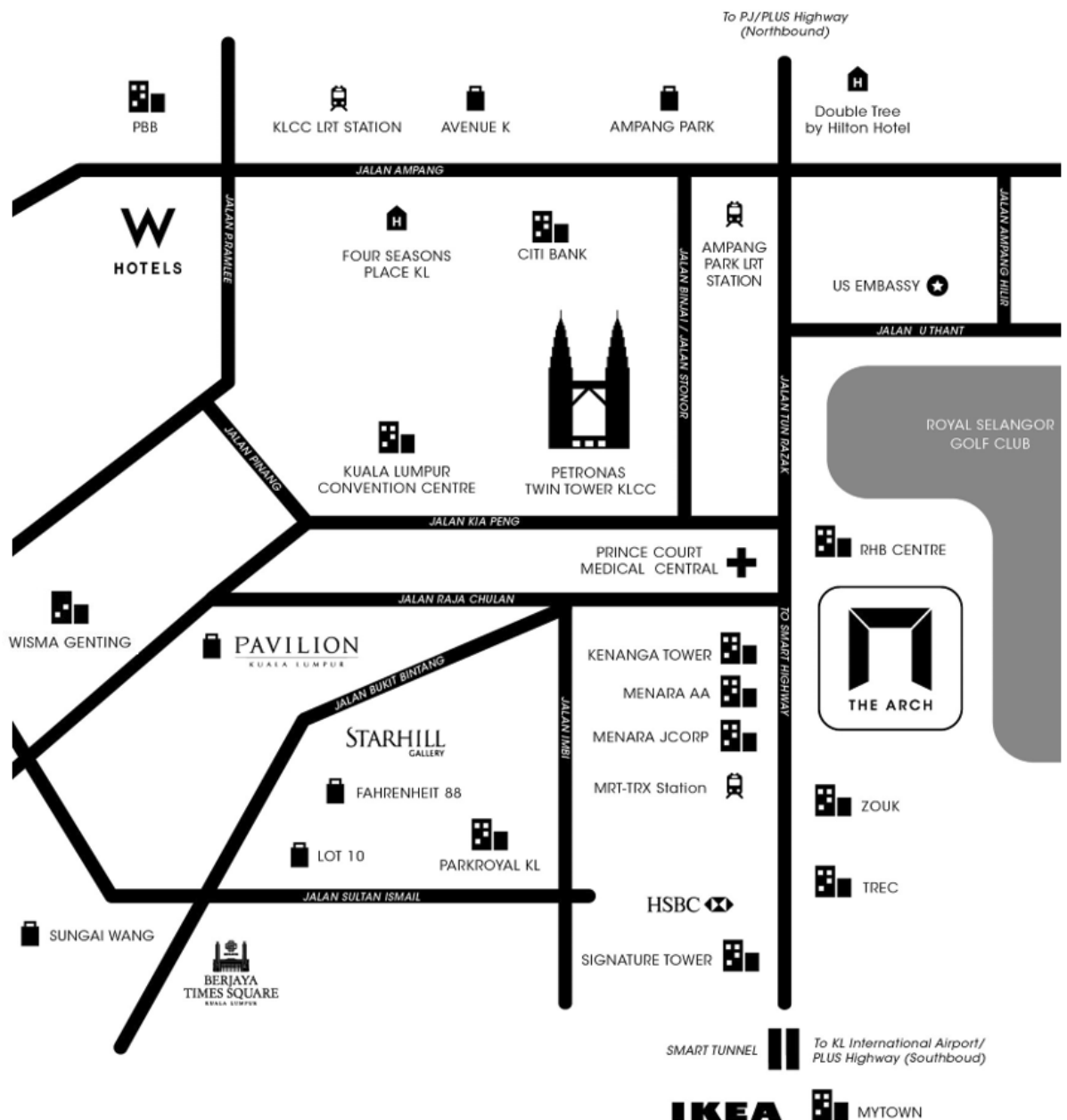
**(v) Car park**

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 is estimated to take up approximately 219,230 sf in lettable area. 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 Arch'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 Arch 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 Arch's car park facilities will ensure that there will be sufficient parking for the convenience of guests of large scale events hosted at The Arch's event hall.

### Location of The Arch



The Project Land fronts Jalan Tun Razak on one end and is located adjacent to TREC KL, the headquarters of RHB Banking Group and the Royal Selangor Golf Club. TREC KL is an urban F&B, lifestyle and entertainment centre situated on a 7-acre site featuring Zouk Club KL, the largest dance entertainment centre in Malaysia, as its anchor tenant and main attraction as well as various F&B outlets, retail lots and commercial spaces. Since the launch of Phase 1 with the opening of Zouk Club KL in August 2015, TREC has attracted a loyal crowd of party-goers.

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.

Once completed, The Arch together with TREC KL is envisioned to be the largest urban entertainment, F&B and retail hub in Kuala Lumpur with entertainment venues, casual and fine dining F&B outlets and luxurious retail spaces.

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 Arch 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 Arch 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 Arch across Jalan Tun Razak.

The relevant applications for planning approval and building plans for The Arch is expected to be submitted by Famous Ambience to the relevant authorities in the 1st quarter of 2021. The construction of The Arch is expected to commence in the 2nd quarter of 2021 and is expected to be completed within 24 months from commencement of construction i.e. by 3rd quarter of 2022.

The Company had on 9 January 2018 announced that it intends to undertake, amongst others, the Previous Rights Issue of ICPS with Warrants where the proceeds to be raised will be mainly earmarked for The Arch. The Previous Rights Issue of ICPS with Warrants was subsequently approved by the Shareholders via an EGM held on 23 February 2018. However, the Previous Rights Issue of ICPS with Warrants was not implemented as since then, the stock market performance and investor sentiments have been on a downward trend. This was mainly due to the political uncertainties commencing from the last Malaysian general election in May 2018 up to the worsening trade war between the United States of America - China which affected the sentiments of the global and local markets over much of 2019. When these uncertainties and tensions have started to be gradually abated, the COVID-19 pandemic started to hit the country which eventually lead to the MCO imposed by the Government in March 2020. At that time, the benchmark FBM KLCI index fell to close to 1,200 points.

The MCO however was eased and relaxed, and extended under a conditional MCO from 4 May 2020 to 9 June 2020 and a recovery MCO which took effect thereafter from 10 June 2020 until 31 August 2020. During this period, stock market and investor activities have steeply increased, with Bursa Securities achieving record trading volumes and retail participation. As at end July 2020, the FBM KLCI index has recovered to close to 1,600 points. In view thereof, the Board has now decided to resume to undertake the Proposed Rights Issue of ICPS with Warrants.

### **Other information on The Arch**

Description	: Mixed commercial development comprising a 3-storey building with 2 mezzanine floors together with 2 lower ground levels
Estimated lettable area (approximate)	: 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) 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 Arch	: Proceeds from the Proposed Rights Issue of ICPS with Warrants, internally generated funds, bank borrowings and/or future fund raising exercises to be undertaken, if required. 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 other funding options at the relevant time.
Stage of completion	: Building 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.

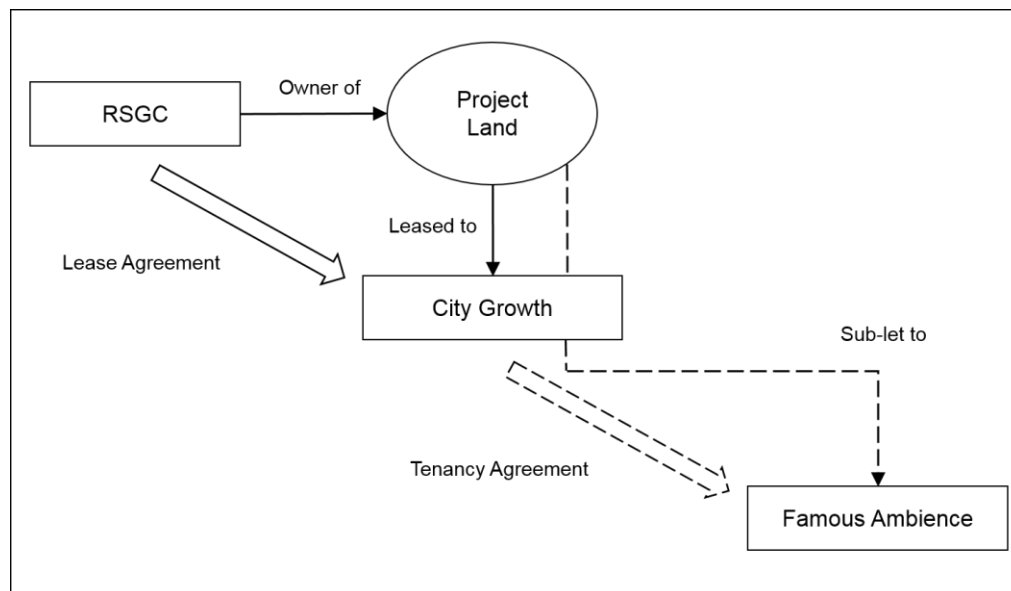
In turn, the Project Land is sub-let by City Growth to Famous Ambience for a term of 3 years commencing from 1 February 2013, which shall be extended automatically and continuously<sup>(1)(2)</sup> for additional 11 terms of 3 years each until 31 May 2047, at a current rental rate of approximately RM0.39 million<sup>(3)</sup> per month. Since the commencement of this tenancy, Famous Ambience has expended a total of RM24.72 million in rental payments to City Growth, which were all funded via shareholders' advances. Out of this amount, RM0.8 million was advanced by Focus to Famous Ambience. These shareholders' advances are interest-free and have no fixed term of repayment.

### **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 SST.*

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) HSD 110729 PT 431  
97,676 sf

(ii) HSD 110730 PT 432  
71,827 sf

Category of land use : Nil

Restriction in interest : Nil

Encumbrance : Nil

Endorsement : Nil

Existing use : Construction site

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### 3. PROPOSED SHARE SPLIT

#### 3.1 Details of the Proposed Share Split

The Proposed Share Split entails the subdivision of every 1 existing Share into 3 Split Shares.

As at the LPD, the Company has an issued share capital of RM86,965,549 comprising 2,044,266,157 Shares and no outstanding convertible securities in issue. Upon completion of the Proposed Share Split, the Company will have an issued share capital of RM86,965,549 comprising 6,132,798,471 Split Shares.

The Proposed Share Split will result in an adjustment to the reference share price of the Shares listed and quoted on the ACE Market of Bursa Securities. For illustration purposes, based on the last transacted market price of the Shares on the LPD of RM2.20, the theoretical adjusted reference share price of the Shares upon the completion of the Proposed Share Split based on 10,000 Shares is set out below:-

	<u>Assumed no. of Shares</u>	<u>Market / Theoretical adjusted reference price per Share</u>	<u>(1)Total value</u>
		<u>RM</u>	<u>RM'000</u>
As at the LPD	10,000	2.20 (Last transacted market price on the LPD)	22
After the Proposed Share Split	30,000	(2)0.73 (Theoretical adjusted reference share price after adjustment)	22

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 share price is arrived at based on the following formula:-

$$\begin{aligned}
 \text{Theoretical adjusted reference share price} &= \frac{\text{Market price per Share on the LPD} \times \text{Assumed number of Shares held on the LPD}}{\text{Assumed number of Split Shares}} \\
 &= \text{RM2.20} \times \frac{10,000}{30,000} \\
 &= \text{RM0.73}
 \end{aligned}$$

Based on the illustration above, the Proposed Share Split will decrease the reference price of the Shares but it will not have any impact on the total market value of the Shares held by the Shareholders.

Fractional entitlements for the Split Shares arising from the Proposed Share Split, if any, 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.

The Proposed Share Split is in compliance with Rule 6.31(1A) of the Listing Requirements, as the adjusted price of a Share is not less than RM0.20 based on the daily volume-weighted average share price of the Shares during the 3-month period before 18 August 2020, being the date of the submission of the application to Bursa Securities in relation to the Proposed Share Split.

For illustration purposes, based on the lowest daily volume-weighted average share price of the Shares during the 3-month period before 18 August 2020 of RM0.7000 (on 29 May 2020), the theoretical adjusted reference share price of the Shares upon the completion of the Proposed Share Split based on 10,000 Shares is set out below:-

	<b>Assumed no. of Shares</b>	<b>Daily volume-weighted average share price / Theoretical adjusted price per Share</b>	<b>Total value</b>
		<b>RM</b>	<b>RM'000</b>
As at the LPD	10,000	0.7000	7
After the Proposed Share Split	30,000	0.2333 <i>(Theoretical adjusted reference share price after adjustment)</i>	7

### **3.2 Ranking of the Split Shares**

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

### **3.3 Listing and quotation of the securities**

The approval from Bursa Securities for the listing and quotation of the new Shares to be issued arising from the Proposed Share Split on the ACE Market of Bursa Securities has been obtained via its letter dated 10 September 2020.

The Split Shares will be listed and quoted on the ACE Market of Bursa Securities on the next Market Day after the Books Closure Date.

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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 2,044,266,157 ICPS together with up to 3,066,399,235 free Warrants D to be implemented on a renounceable basis of 2 ICPS together with 3 free Warrants D for every 6 Split Shares held by the Entitled Shareholders on the Entitlement Date at an issue price to be determined and announced by the Board at a later date.

For avoidance of doubt, the Proposed Rights Issue of ICPS and Warrants D will only be undertaken after the completion of the Proposed Share Split.

The actual number of ICPS and Warrants D to be issued will depend on 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 RM86,965,549 comprising 2,044,266,157 Shares and there are no outstanding convertible securities in issue.

Based on the issued share capital of 6,132,798,471 Split Shares after the Proposed Share Split, the Proposed Rights Issue of ICPS with Warrants would entail the issuance of up to 2,044,266,157 ICPS together with up to 3,066,399,235 Warrants D.

The ICPS and Warrants D will be provisionally allotted and issued to the Entitled Shareholders. The 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 of the ICPS and/or Warrants D arising from the Proposed Rights Issue of ICPS with Warrants, if any, shall be disregarded and/or 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 2,044,266,157 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 Entitlement Date.
Form and denomination	: The ICPS will be constituted by the Constitution and will be issued in registered form.
Dividend	: The Company has full discretion over the declaration of dividends, if any. Dividends declared and payable annually in arrears are non-cumulative and shall be paid in priority over the Shares.
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 from time to time.
Tenure	: 10 years commencing from and including the date of issuance of the ICPS.
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, at the option of the holders of ICPS, 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 mandatorily converted into new fully-paid Shares at the conversion ratio of 10 ICPS for every 1 new Share.
Redemption	: Not redeemable for cash.
Conversion Price	: The conversion price of the ICPS into 1 new Share shall be based on the issue price of the ICPS multiplied by the conversion ratio of 10 ICPS for every 1 new Share.
Conversion Mode	: The ICPS may be converted into new fully-paid Shares at the Conversion Price in the following manner:- <ul style="list-style-type: none"><li>(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 10 ICPS for every 1 new Share ("<b>Conversion Ratio</b>"); and</li><li>(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.</li></ul>

Conversion Mode (cont'd) : Based on the above, assuming an illustrative issue price of RM0.055 per ICPS which translates to an illustrative conversion price of RM0.55, the different conversion modes are illustrated below:-

No. of ICPS to surrender for cancellation	Total issue price of ICPS surrendered RM	Additional cash payment RM	Conversion price RM
1	0.055	0.495	0.550
2	0.110	0.440	0.550
...	...	...	...
10	0.550	-	0.550

- Conversion mechanism :
- (i) The conversion of the ICPS into new Shares shall be exercised by the ICPS holders by delivering a duly completed and signed conversion notice ("**Conversion Notice**") and the 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 Conversion Price, if any, to the office of the share 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 at the share registrar's office. A holder of the ICPS who has 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.
  - (ii) Once a Conversion Notice has been submitted to the Company and received by the Company at the share registrar's office, the Converting ICPS Holder shall not sell, transfer, dispose or otherwise encumber the ICPS in respect of which the Conversion Rights has been exercised.
  - (iii) Any remaining ICPS that are not converted by the Maturity Date shall be mandatorily converted into new Shares at the conversion ratio of 10 ICPS for every 1 new Share.
  - (iv) Subject to all applicable laws, rules and regulations, within 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:-
    - (a) issue and/or allot to the relevant Converting ICPS Holders, such number of Shares to which such holders are entitled to receive by virtue of the exercise of the Conversion Rights, 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
    - (b) dispatch a notice of allotment to the relevant Converting ICPS Holders in respect of the Conversion Shares.
  - (v) Once converted, the ICPS shall not be capable of reissuance.

- 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
- (ii) If the conversion results in a fractional entitlement to the 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:-
- (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,
- 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.
- Ranking of the ICPS and liquidation preference : The ICPS are unsecured and shall, upon allotment and issue, rank *pari passu* amongst themselves and shall rank in priority to any other class of shares in the capital of the Company, except that:-
- (i) they will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared by the Company in respect of the ordinary shares; 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.
- In the event of liquidation or winding-up of the Company:-
- (i) the assets of the Company shall be distributed to the holders of the ICPS in full of the amount which is equal to the issue price for each ICPS in preference over the holders of the Shares, provided that there shall be no further right for the holders of the 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 the ICPS, the assets of the Company shall be distributed pro rata on an equal priority to the holders of the ICPS in proportion to the amount that each holder of the 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>: The ICPS holders shall not have the right to vote at any general meeting of the Company except with regard to:-</p> <ul style="list-style-type: none"> <li>(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);</li> <li>(ii) on a proposal for the sale of the whole of the Company's property, business and undertaking;</li> <li>(iii) on a proposal that directly affects the rights and privileges attached to the ICPS;</li> <li>(iv) on a proposal to wind-up the Company; and</li> <li>(v) during the winding-up of the Company,</li> </ul> <p>in which case, the ICPS holders shall be entitled to vote at any general meeting whereby every 10 ICPS shall, on a poll, carry 1 vote for each Share into which the ICPS may be converted into, based on the conversion ratio of 10 ICPS for every 1 new Share.</p> <p>The ICPS holders shall be entitled to receive notice of meetings, reports and accounts, and attend meetings and vote at any class meeting of the holders of the ICPS in relation to any proposal by the Company to vary or abrogate the rights of the ICPS as stated in the Constitution.</p>
Listing	: The ICPS and the new Shares to be issued upon conversion of the ICPS will be listed, quoted and traded on the ACE Market of Bursa Securities. The listing and quotation of the ICPS on the ACE Market of Bursa Securities is subject to a minimum of 100 holders of ICPS.
Transferability	: 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. The ICPS shall be transferable in the manner provided under the SICDA and the Rules of Bursa Depository.
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	: The laws of Malaysia.



#### **4.3 Indicative salient terms of the Warrants D**

Issuer	: Focus
Issue size	: Up to 3,066,399,235 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	: 5 years commencing from 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. 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 shall be determined by the Board at a later date after obtaining the relevant approvals but prior to the 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 under circumstances prescribed in accordance with the terms and 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 share registrar, duly completed, signed and stamped together with payment by way of banker's draft or cashier's order drawn on a bank operating in Malaysia or money order or postal order issued by a post office in Malaysia or any other mode of payment that may be accepted by the Company at its absolute discretion, for the aggregate of the Exercise Price payable when exercising their Warrants D to subscribe for new 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 auditors 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 Shares to be issued pursuant to the exercise of the Warrants D : The new 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 *pari passu* in all respects with the then existing issued Shares, save and except that the holders of such new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the Shareholders, the entitlement date of which is prior to the date of allotment and issuance of such new Shares 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:-
- (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 Warrant 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 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 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 : The Warrants D and the new Shares to be issued upon exercise of the Warrants D will be listed and traded 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 SICDA 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 law : 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 together with any ICPS not taken up by way of excess ICPS applications (if required), to the extent such that the aggregate subscription in terms of number of ICPS received by the Company arising from the subscription by all Entitled Shareholders and/or their renouncee(s) (including the Undertaking Shareholder, if necessary) amounts to not less than 512,099,792 ICPS, which is equivalent to the Undertaking Shareholder's entitlement under the Proposed Rights Issue of ICPS with Warrants based on its shareholding in the Company as at the LPD.

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	Entitlement of Warrants D	No. of Shares held after full conversion of the ICPS and assuming none of the other Entitled Shareholders subscribe for their ICPS			
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(2)</sup>			Surrender 10 ICPS without additional cash payment		Surrender 1 ICPS with additional cash payment of RM0.495	
							No. of Shares	% <sup>(3)</sup>	No. of Shares	% <sup>(4)</sup>
Asiabio Capital	512,099,792	25.05	1,536,299,376	25.05	<sup>(5)</sup> 512,099,792	768,149,688	1,587,509,355	25.67	2,048,399,168	30.83

##### Notes:-

- (1) Based on the issued share capital of 2,044,266,157 Shares as at the LPD.
- (2) Based on the issued share capital of 6,132,798,471 Shares after the Proposed Share Split.
- (3) Based on the enlarged issued share capital of 6,184,008,450 Shares after full conversion of the ICPS.
- (4) Based on the enlarged issued share capital of 6,644,898,263 Shares after full conversion of the ICPS.
- (5) This represents 25.05% of the total number of ICPS available for subscription under the Proposed Rights Issue of ICPS with Warrants.

Pursuant to the Undertaking, the Undertaking Shareholder has confirmed that:-

- (i) it shall be obliged to subscribe for such number of excess ICPS as are required to ensure that it complies with its Undertaking irrespective of any sale or other disposal or transfer of any part of its existing holding of Shares during the period commencing from the date of the Undertaking up to the Entitlement Date; and
- (ii) it has sufficient financial means and resources to fulfil its obligations under the Undertaking.

To meet the minimum funding requirements of the Group as set out in Section 6 of this Circular, the Proposed Rights Issue of ICPS with Warrants will be undertaken based on the Minimum Subscription Level of 512,099,792 ICPS together with 768,149,688 Warrants D, which will be achieved in view of the Undertaking above.

Mercury Securities has verified the sufficiency of financial resources of the Undertaking Shareholder for the purpose of subscribing for the ICPS and excess ICPS pursuant to the Undertaking based on the illustrative issue price of RM0.055 per ICPS.

The Undertaking Shareholder has confirmed that its subscription for the 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 the completion of the Proposed Rights Issue of ICPS with Warrants.

In the event that the Undertaking Shareholder 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, the Undertaking Shareholder 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.

The Undertaking is not expected to result in any breach in the public shareholding spread requirement by the Company under Rule 8.02(1) of the Listing Requirements, which stipulates that a listed corporation must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders. As at the LPD, the Company does not hold any treasury shares.

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

##### **4.5.1 Issue price of the ICPS**

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

- (a) the funding requirements of the Group as set out in Section 6 of this Circular;
- (b) the TEAP of the Shares based on the 5-day VWAP of the Shares up to and including the last 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 the Conversion Ratio of 10 ICPS for every 1 new Share) is at a range of discount of between 10% to 40% to the TEAP of the Shares. This was determined by the Board after taking into consideration the current market price of the 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 of this Circular; and

- (c) the rationale for the Proposed Rights Issue of ICPS with Warrants, as set out in Section 7.2 of this Circular.

Based on the illustrative issue price of RM0.055 per ICPS and the Conversion Ratio of 10 ICPS for every 1 new Share, the implied Conversion Price of RM0.55 represents a discount of approximately 28.62% to the TEAP of the Shares of RM0.7705 calculated based on the 5-day VWAP of the Shares up to and including the LPD of RM2.3337 and after adjusting for the effects of the Proposed Share Split as well as assuming an illustrative exercise price of RM0.80 per Warrant D.

Under the Maximum Scenario and assuming all the ICPS are converted via the Conversion Mode of surrendering 1 ICPS with additional cash payment of the difference between the aggregate issue price of the ICPS surrendered and the Conversion Price for 1 new Share, the maximum number of new Shares to be issued upon full conversion of the ICPS is 2,044,266,157 new Shares.

#### **4.5.2 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 before the announcement of the Entitlement Date after taking into consideration, amongst others, the TEAP of the Shares based on the 5-day VWAP of the Shares up to and including the last trading day prior to the price-fixing date.

The Board intends to fix the exercise price of the Warrants D such that the exercise price is at a range of premium of between 0% to 30% to the TEAP of the Shares. This was determined by the Board after taking into consideration the future prospects of the Group, further details of which are set out in Section 8.5 of this Circular.

Based on the illustrative exercise price of RM0.80 per Warrant D, this represents a premium of approximately 3.83% to the TEAP of RM0.7705, calculated based on the 5-day VWAP of the Shares up to and including the LPD of RM2.3337 and after adjusting for the effects of the Proposed Share Split as well as assuming an illustrative issue price of RM0.055 per ICPS.

#### **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 and issuance 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 of documents in Malaysia as registered in the Company's Record of Depositors on the Entitlement Date and will not be sent to Foreign-Addressed Shareholders as at the 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, Tricor Investor & Issuing House Services Sdn Bhd 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 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 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 solely 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 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 of 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 AMENDMENTS**

The Proposed Amendments entail the consequential amendments to the Constitution 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 Amendments.

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## 6. UTILISATION OF PROCEEDS

The total funding requirement for The Arch is estimated to be RM168.0 million, which covers construction, renovation, fixtures and fittings as well as working capital.

Out of this amount, the Company is required to contribute an estimated total of RM85.68 million and the Business Partners are required to contribute an estimated total of RM82.32 million, being 51% and 49% of The Arch'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 Arch	Total funding requirement RM'000	To be contributed by	
		Focus RM'000	Business Partners RM'000
Construction works for The Arch	128,000	65,280	62,720
Renovations, fixtures and fittings for The Arch	28,000	14,280	13,720
Working capital for The Arch	12,000	6,120	5,880
<b>Total</b>	<b>168,000</b>	<b>85,680</b>	<b>82,320</b>

Given the above and based on an illustrative issue price of RM0.055 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	<sup>(1)</sup> Minimum Scenario RM'000	Maximum Scenario RM'000
(i) Construction works for The Arch	Within 24 months	28,165	65,280
(ii) Renovations, fixtures and fittings <sup>(4)</sup> for The Arch	Within 3 months from completion of The Arch's construction	-	14,280
(iii) Working capital for The Arch	Upon completion of The Arch's construction and renovation	-	6,120
(iv) Working capital for the Group	Within 24 months	-	6,000
(v) Acquisition and/or investment in other complementary F&B businesses	Within 24 months	-	20,115
(vi) Estimated expenses for the Proposals	Immediate	<sup>(2)</sup> -	<sup>(3)</sup> 640
<b>Total</b>		<b><sup>(5)</sup>28,165</b>	<b>112,435</b>

### Notes:-

(1) Any additional proceeds raised in excess of the RM28.17 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 Arch;
- (iii) renovations, fixtures and fittings for The Arch;

- (iv) *working capital for The Arch;*
  - (v) *working capital for the Group; and*
  - (vi) *acquisition and/or investment in other complementary F&B businesses.*
- (2) *Under the Minimum Scenario, the estimated expenses for the Proposals of RM0.64 million will be funded via internally generated funds.*
- (3) *If the actual expenses incurred are higher than the budgeted amount of RM0.64 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 note (1) above.*
- (4) *Please refer to Section 6(ii) of this Circular for details on the types of fixtures and fittings.*
- (5) *Based on the Undertaking.*

Any shortfall between the Company's funding requirement for The Arch of RM85.68 million and the amount to be raised under the Proposed Rights Issue of ICPS with Warrants will be financed via internally generated funds, bank borrowings and/or future fund raising exercises to be undertaken by the Company (if required). 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 with the actual proceeds ascertained, as well as the availability and suitability of other funding options at the relevant time.

Under the Maximum Scenario, if the Company's actual funding requirement for The Arch exceeds the budgeted amount of RM85.68 million, the deficit will be funded from the portion allocated for the acquisition and/or investment in other complementary F&B businesses and/or future fund raising exercises to be undertaken by the Company (if required). Conversely, if the actual funding requirement for The Arch is less than the budgeted amount of RM85.68 million, any surplus funds will be reallocated for the acquisition and/or investment in other complementary F&B businesses or working capital.

Under the Minimum Scenario, the Company has set the Minimum Subscription Level based on a funding requirement of RM28.17 million instead of RM85.68 million in view that the Company:-

- (a) intends to utilise other sources of funds i.e. internally generated funds, bank borrowings and/or future fund raising exercises to be undertaken by the Company (if required) to meet the balance financial commitment of RM57.51 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 Arch**

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

<b><u>Construction works</u></b>	<b><u>Amount RM'000</u></b>
<i>Preliminaries<sup>(1)</sup></i>	<i>10,700</i>
<i>Building &amp; external works</i>	<i>55,730</i>
<i>Mechanical &amp; electrical works</i>	<i>33,120</i>
<i>Provisional sums such as project contingencies, landscape and final finishing costs</i>	<i>11,720</i>
<i>Associated development cost</i>	<i>16,730</i>
<b><i>Total estimated construction cost</i></b>	<b><i>128,000</i></b>

**Note:-**

- (1) *Preliminaries include, amongst others, site clearance, site survey, soil survey and construction planning and designing.*

Out of this RM128 million, the Company is required to contribute an estimated RM65.28 million in accordance with the Company's 51% shareholding in Famous Ambience. The balance RM62.72 million shall be contributed by the Business Partners.

(ii) **Renovations, fixtures and fittings for The Arch**

Once construction of The Arch is completed, Famous Ambience will need approximately RM28 million to renovate as well as install fixtures and fittings at The Arch'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:-

<b><u>Renovations, fixtures and fittings</u></b>	<b><u>Amount RM'000</u></b>
Event hall	(1) 13,000
Chinese restaurant(s)	(2) 5,000
Seafood restaurant(s)	(2) 5,000
Western restaurant(s)	(2) 5,000
<b>Total estimated cost for renovations, fixtures and fittings</b>	<b><u>28,000</u></b>

**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.

Out of this RM28 million, the Company is required to contribute an estimated RM14.28 million in accordance with the Company's 51% percentage shareholding in Famous Ambience. The balance RM13.72 million shall be contributed by the Business Partners.

(iii) **Working capital for The Arch**

Once The Arch is launched, Famous Ambience will need approximately RM12 million as initial working capital to operate The Arch's Chinese restaurant(s), seafood restaurant(s), western restaurant(s) and event hall.

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

<b><u>Working capital</u></b>	<b><u>Amount RM'000</u></b>
Chinese restaurant(s)	(1) 3,200
Seafood restaurant(s)	(1) 3,200
Western restaurant(s)	(1) 3,200
Event hall	(2) 2,400
<b>Total working capital</b>	<b><u>12,000</u></b>

**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.

Out of this RM12 million, the Company is required to contribute an estimated RM6.12 million in accordance with the Company's 51% percentage shareholding in Famous Ambience. The balance RM5.88 million shall be contributed by the Business Partners.

**(iv) Working capital for the Group**

The Group intends to utilise part of the proceeds to be raised from the Proposed Rights Issue of ICPS with Warrants for its general working capital purposes in the following manner:-

Utilisation	Percentage allocation %	RM'000
Payment of salaries to staffs of the Group	60	3,600
Operating expenses and administrative expenses such as purchasing costs, utilities, rental costs, transportation costs and other miscellaneous items <sup>(1)</sup>	40	2,400
<b>Total</b>	<b>100</b>	<b>6,000</b>

*Note:-*

(1) *The actual breakdown of these expenses cannot be determined at this juncture as it will depend on the actual operating and administrative requirements of the Group at the relevant time.*

The additional working capital funds will help to support the Group's cashflow as its existing F&B outlets navigate the current challenging business environment due to the COVID-19 outbreak. For information, as at the LPD, the Group's cash and bank balances stood at RM33.3 million.

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

The balance proceeds are 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 Arch. The Company may also acquire and/or invest in other types of F&B businesses such as cloud kitchens. The Company may 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 as and when it has entered into any agreement in relation to the acquisition and/or investment in other complementary F&B businesses. In the event that the acquisition and/or investment in other complementary F&B businesses requires Shareholders' approval and/or other regulatory approvals pursuant to the Listing Requirements and/or other relevant laws and regulations, the necessary approvals will be sought.

Pending the identification of new businesses to be invested in, the Company will place the unutilised cash proceeds in interest-bearing deposits. The status of utilisation will also be reported in the quarterly financial announcements as well as annual reports of the Company.

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 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 results announcements until the Company has successfully identified suitable businesses to acquire and/or invest in.

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

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

<b>Estimated expenses</b>	<b>Amount RM'000</b>
Professional fees	400
Fees to relevant authorities	100
Printing, despatch and advertising expenses	110
Miscellaneous expenses and contingencies	30
<b>Total</b>	<b>640</b>

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 Price 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.

It is unlikely for the Company to receive significant additional proceeds from the conversion of the ICPS as the ICPS are expected to be converted mainly based on the conversion mode of surrendering 10 ICPS without additional cash payment instead of the conversion mode of surrendering such number of ICPS with additional cash payment to arrive at the Conversion Price for 1 new Share.

Nevertheless, any proceeds arising from the conversion of ICPS via the conversion mode of surrendering at least 1 ICPS with additional cash payment to arrive at the Conversion Price for 1 new Share during the Conversion Period will be used to finance the Group's working capital requirements such as those set out in Section 6(iv) above. The exact breakdown and timeframe of such utilisation cannot be determined at this juncture as it would be dependent on the actual requirements at the relevant time.

Strictly for illustrative purposes, based on the illustrative issue price of RM0.055 per ICPS which translates to an implied Conversion Price of RM0.55 and assuming all the ICPS issued under the Maximum Scenario are converted into new Shares based on the conversion mode of surrendering 1 ICPS with additional cash payment of RM0.495, the Company will raise gross proceeds of approximately RM1.01 billion upon full conversion of the ICPS.

Strictly for illustrative purposes, based on the illustrative exercise price of RM0.80 per Warrant D, the Company will raise gross proceeds of up to RM2.45 billion 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 the Group's working capital requirements such as those set out in Section 6(iv) above. The exact breakdown and timeframe of such utilisation cannot be determined at this juncture as it would be dependent on the actual requirements at the relevant time.

## **7. RATIONALE FOR THE PROPOSALS**

### **7.1 Proposed Share Split**

The adjustment in the market price of the 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 the 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 3 times and the total number of Shares in issue will increase 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 will enable the Company to fix the issue price of the ICPS at a more attractive level.

### **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 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 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 the Entitled Shareholders to subscribe for the ICPS. In addition, the free Warrants D will provide the 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 the 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.

For information, save as disclosed below, the Company has not announced any other equity fund raising exercises in the past 3 years prior to the first announcement of the Proposals on 18 August 2020:-

**(a) Previous Rights Issue of ICPS with Warrants**

On 9 January 2018, the Company announced that it proposes to undertake, amongst others, the following:-

- (i) share split involving the subdivision of every 10 existing Shares into 19 Shares ("**Previous Share Split**"); and
- (ii) rights issue of up to 2,122,788,334 new ICPS together with up to 424,557,666 free warrants in the Company on the basis of 5 ICPS together with 1 free warrant for every 5 split Shares (after the Previous Share Split) held by the entitled Shareholders on an entitlement date to be determined.

The Previous Share Split was completed on 26 March 2018. However, the Previous Rights Issue of ICPS with Warrants was subsequently replaced by the current Proposed Rights Issue of ICPS with Warrants. Further details are set out in the announcement dated 24 July 2020.

**(b) Rights issue of ICPS with warrants in 2017**

On 28 July 2017, the Company announced that it proposes to undertake, amongst others, a rights issue of up to 1,245,384,218 new ICPS together with up to 207,564,036 free warrants in the Company on the basis of 6 ICPS together with 1 free warrant for every 6 existing Shares held by the entitled Shareholders on an entitlement date to be determined.

However, this proposal was subsequently replaced by the Previous Rights Issue of ICPS with Warrants, as set out in (a) above. Further details are set out in the announcement dated 9 January 2018.

**(c) Rights issue of ordinary shares with warrants in 2016**

On 2 September 2016, the Company announced that it proposes to undertake, amongst others, a rights issue of up to 1,245,384,218 new Shares together with up to 622,692,109 free warrants in the Company on the basis of 2 rights Shares together with 1 free warrant for every 2 existing Shares held by the entitled Shareholders on an entitlement date to be determined.

However, this proposal was subsequently replaced by a rights issue of ICPS with warrants exercise, as set out in (b) above. Further details are set out in the announcement dated 28 July 2017.

**7.3 Proposed Amendments**

The Proposed 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 Malaysia economy moderated sharply to 0.7% in the first quarter of 2020 (4Q 2019: 3.6%). On the supply side, the services and manufacturing sectors moderated while the other sectors contracted. In terms of expenditure, external demand and investments declined, while private consumption growth moderated. On a quarter-on-quarter seasonally-adjusted basis, the economy contracted by 2.0%.

The moderation reflected the impact of measures taken both globally and domestically to contain the spread of the COVID-19 pandemic. Domestically, it mainly reflected the implementation of the MCO. After a steady expansion in the first two months of the quarter, economic activity came to a sharp downshift with the implementation of the MCO on 18 March 2020. Movement restrictions including international and domestic travel restrictions, limited work and operating hours and mandatory social distancing significantly curtailed economic activity. Production was only permitted for essential goods and services and the industries integral to their supply chains. Labour-intensive and consumer-oriented sectors were also impacted.

The Malaysian economy is expected to contract in the second quarter. This reflects the longer duration of containment measures both globally and domestically. As these containment measures are eased and the domestic MCO is lifted, economic activity is expected to gradually improve in the second half of 2020 ("**2H 2020**"). The sizable fiscal, monetary and financial measures and progress in transport-related public infrastructure projects will provide further support to growth in 2H 2020. In line with the projected improvement in global growth, the Malaysian economy is expected to register a positive recovery in 2021.

*(Source: Economic and Financial Developments in the Malaysian Economy in the First Quarter of 2020, BNM)*

In 2019, the Malaysian economy expanded by 4.3%. 2020 is an exceptionally challenging year for the global economy. Confronted with an unprecedented health crisis, global growth is expected to contract. As an open economy, Malaysia will not be spared. Malaysia's GDP growth is projected to be between -2.0% and +0.5% in 2020, affected by weak global demand, supply chain disruptions and COVID-19 containment measures both abroad and domestic.

While the MCO and measures to promote social distancing will dampen economic activity temporarily, they are necessary to contain the spread of the virus. The Government's stimulus package will help to cushion the economic fallout. Both Pakej Rangsangan Ekonomi 2020 and Pakej Rangsangan Ekonomi Prihatin Rakyat as well as Bank Negara Malaysia's financial measures will provide sizable support to households and businesses. These measures are expected to add 2.8 percentage points to 2020 GDP growth. Also supporting growth is the ongoing large-scale infrastructure projects, which are expected to provide an additional 1 percentage point lift to growth in 2020.

There remains significant uncertainties surrounding the growth outlook, with both upside and downside risks to the outlook. Downside risks stems from more prolonged and wider spread of COVID-19 globally and domestically, recurring commodities supply disruptions and tighter financial conditions following heightened volatility in financial markets. However, there are also upside risks, emanating from potentially larger-than-expected impact from the pro-growth measures, faster normalisation in activity amid pent-up demand and better-than expected global economy, arising from the various stimulus measures. Bank Negara Malaysia expects the Malaysian economy to rebound in 2021, in line with the projected global recovery.

*(Source: Bank Negara Malaysia's Press Statement dated 3 April 2020: "Bank Negara Malaysia Publishes Annual Report 2019, Economic and Monetary Review 2019 and Financial Stability Review for Second Half 2019")*



## 8.2 F&B segment in Malaysia

Malaysia's foodservice market is fragmented, 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, amongst others, full-service restaurant, café and bar, fast food restaurant or quick service restaurant ("QSR") and street stall/kiosk.

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.

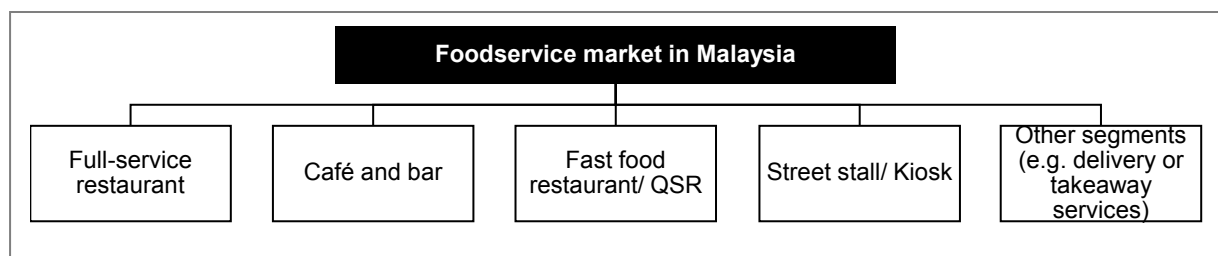
Cafés and bars have a stronger focus on beverages, as compared to full-service restaurants. In general, cafés do not have waiters to serve patrons, and are largely self-service restaurants. Meanwhile, the differentiating factor for bars is that they have a stronger focus on alcoholic beverages. Visiting 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 restaurants or QSRs are typically self-service restaurants with pre-cooked meals. Fast food restaurants 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.

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, such as 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)



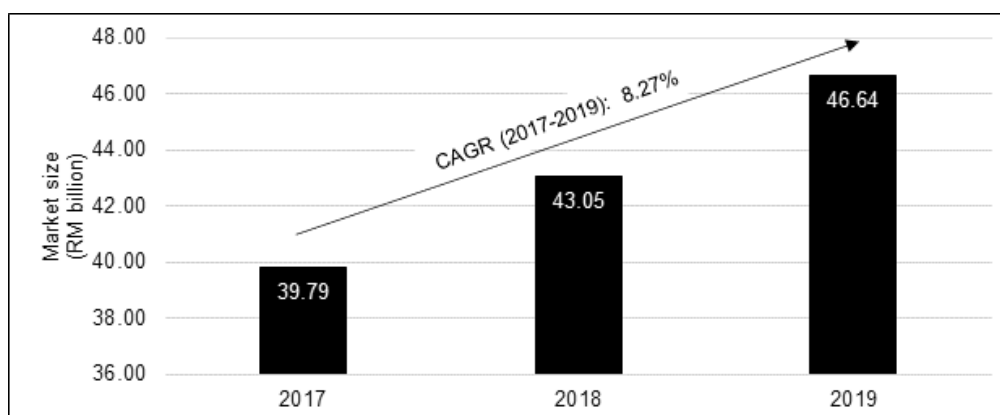
*Note: This list is not exhaustive.*

The foodservice market size in Malaysia grew, in terms of foodservice sales, from RM39.79 billion in 2017 to reach RM46.64 billion in 2019, registering a CAGR of 8.27%.

However, in the short-term, the foodservice market is estimated to decline in 2020 due to the imposition of the MCO, conditional MCO and recovery MCO by the Government to curb the spread of the COVID-19 virus, whereby during the MCO period, dine-ins at foodservice outlets were not allowed and foodservice outlets were only allowed to operate for takeaway or delivery services. Subsequently, during the conditional MCO and recovery MCO periods, the Government has instructed all foodservice outlet operators and consumers to adhere to strict guidelines such as maintaining table and physical distancing when dining-in at foodservice outlets. As a result, foodservice outlets are expected to derive lower sales from dine-ins during the MCO, conditional MCO and recovery MCO periods and instead depend on sales of takeaway or delivery services.

In addition, many consumers may choose to cook at home and be more cautious in their spending in view of anticipated adverse economic impact of the COVID-19 virus which may lead to loss of businesses and jobs, pay cuts or increase in unemployment. As such, the demand for foodservice in Malaysia is expected to slowdown in 2020. SMITH ZANDER expects the foodservice market in Malaysia to decline by 21.74% from RM46.64 billion in 2019 to RM36.50 billion in 2020.

### Foodservice market size (Malaysia), 2017-2019



Nevertheless, in the long term, 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 RM40,620.34 in 2017 to RM43,615.99 in 2019 at a CAGR of 3.62%. The increasing GDP per capita indicates a more affluent population with greater propensity to spend, which would in turn benefit the foodservice segment. In view of the COVID-19 pandemic in Malaysia, the Government has revised the GDP forecast growth in 2020, which was initially targeted at 4.80%, to the range of -5.50% to -3.50%, indicating potential slowdown in economic activities for the year. As such, Malaysia's per capita GDP is expected to decline to between RM41,132.43 and RM42,002.95 in 2020 in view of the potential adverse economic conditions for the year due to the COVID-19 pandemic in early 2020.

As a developing country, Malaysia experiences rising urbanisation rates, which has led to increased employment rates and busier lifestyles amongst working individuals. This has led to a growing need for convenient meal options and a culture of dining out in Malaysia, resulting in 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. According to Tourism Malaysia, the expenditure by tourists on food and beverages in Malaysia grew from RM10.93 billion in 2017 to RM11.46 billion in 2019 at a CAGR of 2.40%. However, in view of the COVID-19 pandemic in Malaysia since early 2020, all tourism activities in Malaysia were halted during the MCO and conditional MCO periods, and tourism activities are limited to domestic travels during the recovery MCO period.

While this is expected to temporarily dampen tourism activities in Malaysia, Malaysia remains an attractive tourist destination and tourism activities are expected to resume when the crisis ends. Since the outbreak of COVID-19 virus is unprecedented, the extent of the uncertainties caused to the tourism activities in Malaysia in 2020 is not clear at this point in time until the MCO, conditional MCO and recovery MCO are fully uplifted or until the crisis ends. Hence, the expenditure by tourists on food and beverages in Malaysia in 2020 cannot be quantified at this point in time.

(Source: IMR Report dated 8 September 2020 prepared 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;

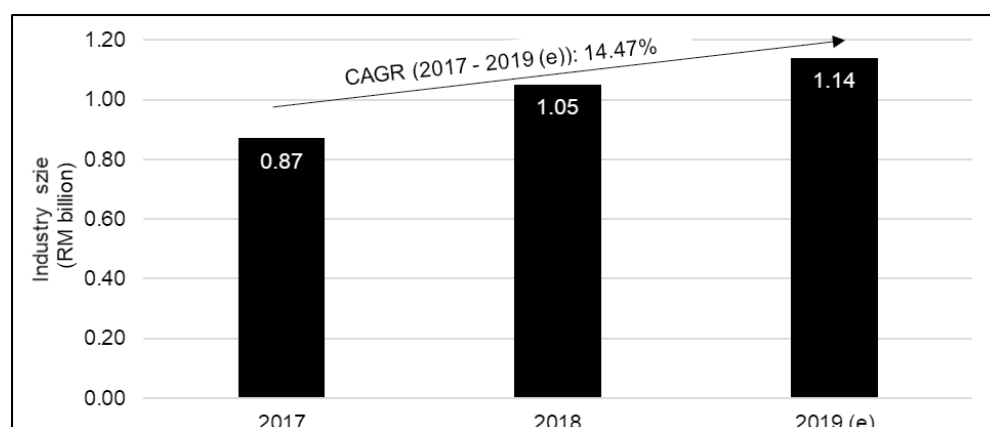
**Meetings:** are organised to bring employees of a corporation together in a place, usually to discuss and share ideas, and solve problems. Examples of meetings include board/management/shareholder meetings, training seminars, as well as company retreats;

**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:** allow 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.

The MICE industry grew, in terms of visitor expenditure, from RM0.87 billion in 2017 to an estimated RM1.14 billion in 2019, registering a CAGR of 14.47%.

#### MICE industry size (Malaysia), 2017-2019 (e)



Note:-

(e) – Estimate.

(Sources: Malaysia Convention and Exhibition Bureau, SMITH ZANDER analysis)

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. 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 which 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 larger budgets 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 relative to other areas in Malaysia. This has resulted in Kuala Lumpur being one of the main hubs to hold events, exhibitions, fairs and concerts in Malaysia.

Moving forward, the MICE industry in Kuala Lumpur will likely gain from the positive long-term economic growth prospects in Malaysia. However, in the short-term, the MICE industry is estimated to decline in 2020 in view of the outbreak of the COVID-19 in Malaysia since early 2020. The imposition of MCO from 18 March 2020 to 3 May 2020 and conditional MCO from 4 May 2020 to 9 June 2020 by the Government to curb the spread of COVID-19 virus has caused all corporate and social group events to be cancelled during this period. Subsequently, during the recovery MCO period from 10 June 2020 to 31 December 2020, corporate events such as meetings, seminars, and trainings are allowed to operate. Further, social group events such as wedding receptions and engagement parties are also allowed as of 1 July 2020. Such corporate and social group events are permitted given that the maximum number of participants are limited depending on the size of the event space and compliance of physical distancing starting from 15 July 2020. In addition, the Government has instructed all event organisers and participants to adhere to strict guidelines such as ensuring physical distancing and registration of participants.

Since the outbreak of the COVID-19 virus is unprecedented, the extent of the uncertainties caused to the MICE industry is not clear at this point in time until the MCO, conditional MCO and recovery MCO are fully uplifted or until the crisis ends. While the MICE industry in 2020 cannot be quantified at this point in time, the demand for MICE venue is expected to shrink in 2020 as event organisers and participants may still be cautious and there may be continuous restrictions imposed on corporate and social group events by the Government after the MCO, conditional MCO and recovery MCO are lifted, and until the impact of the outbreak of the COVID-19 virus fully subsides.

Nevertheless, in efforts to support the events and exhibitions industry affected by the COVID-19 virus outbreak to adapt to the new normal, the Government has dedicated funding through a Pelan Jana Semula Ekonomi Negara (PENJANA) Short-Term Economic Recovery Plan (June – December 2020) by providing RM100 million in soft loans with interest rate of 3.50% and RM30 million in grants for the creative, events and exhibitions industries under MyCreative Ventures and RM10 million for the Cultural Economy Development Agency. Further, RM50 million worth of digital marketing from RM10 million Digital Marketing and Promotions Grant under MyCreative Ventures with a cap of RM5,000 per event which can benefit 2,000 events, exhibitions and productions is also provided. In addition, in order to support the events and exhibitions industry players in adapting the new normal, MyCreative Ventures will collaborate with the private sector to provide trainings in digital distribution methods and promotion, development of new business models as well as connectivity.

*(Source: IMR Report dated 8 September 2020 prepared by SMITH ZANDER)*

## **8.4 Property market in Kuala Lumpur**

The property market performance recorded a slight improvement with a marginal increase in 2019. A total of 328,647 transactions worth RM141.40 billion were recorded, showing an increase of 4.8% in volume and 0.8% in value compared to 2018, which recorded 313,710 transactions worth RM140.33 billion.

The residential sub-sector led the overall property market, with 63.7% contribution. This was followed by agriculture sub-sector (20.9%), commercial (7.8%), development land (5.7%) and industrial (1.9%). In terms of value, residential took the lead with 51.2% share, followed by commercial (20.5%), industrial (10.5%), development land (9.0%) and agriculture (8.8%).

### **Residential property**

There were 209,295 transactions worth RM72.41 billion recorded in the review period, increased by 6.0% in volume and 5.3% in value as compared with 2018 (197,385 transactions worth RM68.75 billion). Performance across the states improved in the review period. All states recorded higher market volume except for Negeri Sembilan and Perak. The uptrend in major states namely Kuala Lumpur (1.1%), Selangor (8.9%), Johor (7.5%) and Pulau Pinang (1.3%) supported the overall increase in the sub-sector. These four major states formed 50% of the total national residential volume.

By types, demand focus on terraced houses, formed around 40% of the total, followed by high-rise units around 15% of the total volume of transactions. By price range, demand continued to focus on RM300,000 and below, accounting for 61.7% of the residential transaction, followed by RM300,000 to RM500,000 (21.3%), RM500,000 – RM1,000,000 (13.3%) and more than RM1,000,000 (3.7%).

Fewer new launches in 2019 and better sales performance led to the decrease in residential overhang and unsold under construction and not constructed. After four consecutive years of increase, the overhang recorded a decline in 2019. There were 30,664 overhang units worth RM18.82 billion, decreased by 5.1% in volume and 5.2% in value against 2018 (32,313 units worth RM19.86 billion).

The rental market was generally stable with upward movements recorded in choice areas served with efficient connectivity, adjacent to LRT and MRT stations as well as those located nearby higher learning institutions. In Selangor, rental was generally stable for double storey terrace house in USJ 1 – USJ 20, with some upward movements, range from RM1,200 to RM2,200 per month. In Johor, rental of double storey terrace was stable, Taman Laguna and Horizon Hills were among the highest rental recorded, ranging from RM2,200 to RM3,000 per month.

### **Commercial property**

The sub-sector performed moderately in 2019. There were 25,654 transactions worth RM28.99 billion recorded, up by 7.2% in volume but value declined by -1.8%. All states recorded higher market volume except for WPKL, Negeri Sembilan and Perlis. On the contrary, the total commercial transactions value recorded a decline as half the states in the country saw a decline.

Shop sub-sector recorded 13,280 transactions worth RM11.28 billion, dominating 51.8% of the commercial property transactions and 38.9% of the total value. Market performance recorded an increase of 2.7% in volume (2018: 12,934 transactions) and 5.1% in value (2018: RM10.74 billion).

Prices of shops witnessed mixed performance across the board. In Kuala Lumpur, two storey shops in Lucky Garden and Bangsar Park were transacted at RM4.2 million and RM5.5 million respectively. Similar shops in Taman Midah saw prices softening, declined by 5.4% at a price range of RM1,680,000 - RM2,000,000. Three storey shops in Taman Tun Dr Ismail recorded marginal increase by 5.0% at a price range of RM4.1 million - RM5.05 million. In Selangor, double storey shops located in Denai Alam recorded double-digit growth, at a price range of RM2.0 million – RM2.1 million. In Johor Bahru, double storey shops in Taman Johor Jaya (Jalan Dedap), (Jalan Bakawali) and (Jalan Rosmerah) were transacted at RM1.35 million, RM630,000 – RM800,000 and RM755,000 – RM920,000, increased by 4.2%, 7.5% and 10.3% respectively.

The retail sub-sector recorded a stable performance, recording an overall occupancy rate of 79.2%, attributed to decreased slightly from 79.3% recorded in 2018. Kuala Lumpur recorded an encouraging performance, securing more than 83.0% occupancy rate whereas Selangor slightly dropped to 82%. Johor and Pulau Pinang managed to secure an average occupancy of 75.3% and 73.7% respectively. These four states recorded higher available space (vacancy), led by Selangor (0.65 million s.m.), Johor (0.59 million s.m.), Kuala Lumpur (0.54 million s.m.), and Pulau Pinang (0.48 million s.m.).

On the development front, there were 23 complexes completed with CCC, adding more than 0.56 million s.m. of retail space into the market in 2019. As at yearend, there were more than 16.5 million s.m. existing retail space from 1,036 shopping complexes. Selangor dominated the existing retail space with 151 shopping complexes offering 3.62 million s.m. There were another 40 complexes with 1.95 million s.m. in the incoming supply and 14 complexes with 0.51 million s.m. in the planned supply. WP Kuala Lumpur and Selangor dominated the incoming supply while Kuala Lumpur dominated planned supply.

Rentals of retail space were generally stable with upwards movements in selected complexes. Suria KLCC sustained its prominence, recorded double-digit rental growth and fetching the highest rental range per month from RM337 p.s.m. to as high as RM2,066 p.s.m. Mid Valley Mega Mall recorded marginal rental growth with monthly rental ranging from RM120 p.s.m. to RM782 p.s.m. In Selangor, Central I-City secured rental ranging from RM65 p.s.m. to RM323 p.s.m. depending on level and siting. In Johor newly completed Southkey Mid Valley Mall saw its ground floor units securing rental ranging from RM26.91 p.s.m. to as high as RM425 p.s.m.

The overall performance of office sub-sector was less promising as the overall occupancy rate declined to 80.6% in 2019, down from 82.4% in 2018. The private office buildings recorded average occupancy rate at 74.8%; WPKL and Pulau Pinang secured higher occupancy rate at 76.9% and 76.5% respectively; whereas Selangor and Johor lower than national level at 70.0% and 65.7% respectively. Private office buildings in Putrajaya recorded the lowest occupancy rate at 37.6%.

In terms of price and rental, the office rental market was generally stable with minimal mixed movements in selected buildings. Office space in the Intermark, Kuala Lumpur commanded higher rental range of RM99 p.s.m. to RM129 p.s.m. In KL Sentral, market was generally stable with office space in 1 Sentrum and Q Sentral securing rental rates ranging from RM70-RM86 p.s.m. and RM55-RM75 p.s.m. respectively. In Selangor, Jaya 33's tower block secured rental range of RM41 p.s.m. to RM53 p.s.m., while office space in Century Square and Wisma Mustapha Kamal, both in Cyberjaya were rented at the range of RM40 – RM52 p.s.m.

## **2020 outlook**

The Malaysian economy expanded by 4.3% in 2019. Bank Negara Malaysia's report forecast that economic growth would gradually improve in 2020, with continued support from household spending and better export performance. However, there may be high near-term downside risks resulting from the unforeseeable outbreak of coronavirus (COVID-19) worldwide. This may dampen the anticipated economic growth, particularly for the first half year of 2020.

The Covid-19 outbreak is expected to take its toll on the world economies and the Malaysian economy, in particular tourism-related sectors such as airlines, retail, food and beverage and hospitality; as well as the manufacturing and selected services sector. The magnitude of the impact on the Malaysian economy would depend on the duration and spread of the outbreak not only in Malaysia but also in other countries, especially those that are Malaysia's major trading partners.

Nevertheless, government have introduced several incentives which to help cushion-off the impact on the property market namely:

1. The revision of the base year for RPGT to 1 Jan 2013 (initially 1 Jan 2000) for property purchased before the date;
2. The reduction of price threshold for foreign purchasers from RM1 million to RM600,000 for unsold completed high-rise properties in urban areas; and
3. The reduction of OPR by 25 basis points to 2.75% on 22 Jan 2020, will lead to lower borrowing cost for home loans, to remain accommodative and supportive of property market.

*(Source: Property Market Report 2019, Valuation and Property Services Department, Ministry of Finance)*

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## 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 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 Arch 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 Arch's unique features and offerings as well as its strategic location next to TREC KL and the Tun Razak Exchange, The Arch 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; and
- (ii) the Group intends to leverage on its existing F&B outlets, namely '*Chaze*' and '*LAVO Restaurant & Wine Bar*', to further expand its F&B business including, amongst others, opening of additional outlets or launching new F&B brands or concepts such as cloud kitchens.

The outbreak of COVID-19 has impacted the business operations of the Group as the F&B outlets of the Group, save for LAVO Restaurant & Wine Bar which offers takeaway and delivery services, were temporarily closed from March 2020 to June 2020 in line with the imposition of MCO. Following the reopening of the other F&B outlets, the Group is currently adhering to the standard operating procedure by practicing social distancing and body temperature screening across all the outlets of the Group. Notwithstanding the above, the business of the Group is showing rapid recovery since the reopening of the premises. Given the unpredictability of the COVID-19 situation in Malaysia, the Group is unable to quantify the potential financial impact of the COVID-19 outbreak on the Group's business and financial performance at this juncture.

During the MCO period, the Group launched an e-commerce wine platform known as "LavoWine.com" which sells, amongst others, wine, spirits and wine accessories online. The launch of LavoWine.com signifies an additional stream of income to the Group. Further, the outbreak of COVID-19 has demonstrated the importance of business digitalisation across all industries. Thus, moving forward, the Group also intends to transform its business towards digitalisation to capitalise on the emerging consumer trends.

In addition, the Group is hopeful that the Malaysian economy, especially the F&B industry, will rebound strongly in the next year as consumer sentiment improves with the gradual containment of the COVID-19 pandemic.



## 9. EFFECTS OF THE PROPOSALS

The Proposed 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		Maximum Scenario	
	No. of Shares	Share capital RM	No. of Shares	Share capital RM
Issued share capital as at the LPD	2,044,266,157	86,965,549	2,044,266,157	86,965,549
After the Proposed Share Split	6,132,798,471	86,965,549	6,132,798,471	86,965,549
New Shares to be issued assuming full conversion of the ICPS	51,209,979	<sup>(1)</sup> 28,165,488	2,044,266,157	<sup>(2)</sup> 1,124,346,386
New Shares to be issued assuming full exercise of the Warrants D	768,149,688	<sup>(3)</sup> 961,108,890	3,066,399,235	<sup>(3)</sup> 3,836,678,723
<b>Enlarged issued share capital after the Proposed Rights Issue of ICPS with Warrants</b>	<b>6,952,158,138</b>	<b>1,076,239,927</b>	<b>11,243,463,863</b>	<b>5,047,990,658</b>

Notes:-

- (1) Assuming all the 512,099,792 ICPS issued under the Minimum Scenario are fully converted into 51,209,979 new Shares based on the conversion mode of surrendering 10 ICPS (which are issued at an illustrative issue price of RM0.055 each) without additional cash payment to arrive at the implied conversion price of RM0.55 for every 1 new Share.
- (2) Assuming all the 2,044,266,157 ICPS issued under the Maximum Scenario are fully converted into 2,044,266,157 Shares based on the conversion mode of surrendering 1 ICPS (which is issued at an illustrative issue price of RM0.055 each) with additional cash payment of RM0.495 to arrive at the implied conversion price of RM0.55 for every 1 new Share.
- (3) Based on the assumed fair value of RM0.4512 per Warrant D (computed based on the Trinomial option pricing model with data sourced from Bloomberg) and the illustrative exercise price of RM0.80 per Warrant D.

## 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 2019 RM'000	(I) After the Proposed Share Split RM'000	(II) After (I) and the Proposed Rights Issue of ICPS with Warrants <sup>(1)</sup> RM'000	(III) After (II) and assuming full conversion of the ICPS <sup>(3)</sup> RM'000	(IV) After (III) and assuming full exercise of the Warrants D <sup>(4)</sup> RM'000
Share capital	86,966	86,966	86,966	115,131	1,076,240
Share capital – ICPS	-	-	28,165	-	-
Foreign exchange translation	(14)	(14)	(14)	(14)	(14)
Warrants reserve	-	-	346,589	346,589	-
Accumulated losses	(47,521)	(47,521)	(2)(394,751)	(394,751)	(394,751)
<b>Shareholders' equity / NA</b>	<b>39,430</b>	<b>39,430</b>	<b>66,956</b>	<b>66,956</b>	<b>681,476</b>
Non-controlling interest	1,373	1,373	1,373	1,373	1,373
<b>Total equity</b>	<b>40,804</b>	<b>40,804</b>	<b>68,329</b>	<b>68,329</b>	<b>682,849</b>
No. of Shares in issue ('000)	2,044,266	6,132,798	6,132,798	6,184,008	6,952,158
NA per Share (RM)	0.02	0.01	0.01	0.01	0.10
Total borrowings (RM'000)	5,931	5,931	5,931	5,931	5,931
Gearing (times)	0.15	0.15	0.09	0.09	0.01

#### Notes:-

- (1) Based on the Minimum Subscription Level of 512,099,792 ICPS together with 768,149,688 Warrants D, an illustrative issue price of RM0.055 per ICPS and the assumed fair value of RM0.4512 per Warrant D (computed based on the Trinomial option pricing model with data sourced from Bloomberg).
- (2) After deducting estimated expenses incidental to the Proposals of RM0.64 million.
- (3) Assuming all the 512,099,792 ICPS issued are fully converted into 51,209,979 Shares based on the conversion mode of surrendering 10 ICPS (which are issued at an illustrative issue price of RM0.055 each) without additional cash payment to arrive at the implied conversion price of RM0.55 for every 1 new Share.
- (4) Based on an illustrative exercise price of RM0.80 per Warrant D.

## Maximum Scenario

	Audited as at 31 December 2019 RM'000	(I) After the Proposed Share Split RM'000	(II) After (I) and the Proposed Rights Issue of ICPS with Warrants <sup>(1)</sup> RM'000	(III) After (II) and assuming full conversion of the ICPS <sup>(3)</sup> RM'000	(IV) After (III) and assuming full exercise of the Warrants D <sup>(4)</sup> RM'000
Share capital	38,854	86,966	86,966	1,211,312	5,047,991
Share capital – ICPS	-	-	112,435	-	-
Foreign exchange translation	(14)	(14)	(14)	(14)	(14)
Warrants reserve	-	-	1,383,559	1,383,559	-
Accumulated losses	(47,521)	(47,521)	(2)(1,431,721)	(1,431,721)	(1,431,721)
<b>Shareholders' equity / NA</b>	<b>39,430</b>	<b>39,430</b>	<b>151,225</b>	<b>1,163,137</b>	<b>3,616,256</b>
Non-controlling interest	1,373	1,373	1,373	1,373	1,373
<b>Total equity</b>	<b>40,804</b>	<b>40,804</b>	<b>152,598</b>	<b>1,164,510</b>	<b>3,617,630</b>
No. of Shares in issue ('000)	2,044,266	6,132,798	6,132,798	8,177,065	11,243,464
NA per Share (RM)	0.02	0.01	0.02	0.14	0.32
Total borrowings (RM'000)	5,931	5,931	5,931	5,931	5,931
Gearing (times)	0.15	0.15	0.04	0.01	(5)

### Notes:-

- (1) Based on the assumption that all the Entitled Shareholders and/or their renouncee(s) fully subscribe for their respective entitlements of 2,044,266,157 ICPS together with 3,066,399,235 Warrants D, an illustrative issue price of RM0.055 per ICPS and the assumed fair value of RM0.4512 per Warrant D (computed based on the Trinomial option pricing model with data sourced from Bloomberg).
- (2) After deducting estimated expenses incidental to the Proposals of approximately RM0.64 million.
- (3) Assuming all the 2,044,266,157 ICPS issued are fully converted into 2,044,266,157 Shares based on the conversion mode of surrendering 1 ICPS (which is issued at an illustrative issue price of RM0.055 each) with additional cash payment of RM0.495 to arrive at the implied conversion price of RM0.55 for every 1 new Share.
- (4) Based on an illustrative exercise price of RM0.80 per Warrant D.
- (5) Less than 0.01.

### 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

Substantial Shareholders	As at the LPD			(I) After the Proposed Share Split		
	Direct		Indirect	Direct		Indirect
	No. of Shares	% <sup>(1)</sup>		No. of Shares	% <sup>(2)</sup>	No. of Shares
Asiabio Capital	512,099,792	25.05	-	1,536,299,376	25.05	-
Fintec	-	-	(5)512,099,792	-	-	(5)1,536,299,376
Credit Suisse AG, Dublin Branch	133,088,000	6.51	-	399,264,000	6.51	-
Credit Suisse Group AG	-	-	(6)206,466,200	-	-	(6)619,398,600
						10.10

Substantial Shareholders	(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 Shares	% <sup>(3)</sup>		No. of Shares	% <sup>(4)</sup>	No. of Shares
Asiabio Capital	1,587,509,355	25.67	-	2,355,659,043	33.88	-
Fintec	-	-	(5)1,587,509,355	-	-	(5)2,355,659,043
Credit Suisse AG, Dublin Branch	399,264,000	6.46	-	399,264,000	5.74	-
Credit Suisse Group AG	-	-	(6)619,398,600	-	-	(6)619,398,600
						8.91

#### Notes:-

- (1) Based on the issued share capital of 2,044,266,157 Shares as at the LPD.
- (2) Based on the enlarged issued share capital of 6,132,798,471 Shares.
- (3) Based on the enlarged issued share capital of 6,184,008,450 Shares.
- (4) Based on the enlarged issued share capital of 6,952,158,138 Shares.
- (5) Deemed interested by virtue of its interest in Asiabio Capital.
- (6) Deemed interested by virtue of its interest in Credit Suisse AG, Dublin Branch and Credit Suisse (Hong Kong) Limited.

## Maximum Scenario

Substantial Shareholders	As at the LPD			(I) After the Proposed Share Split		
	Direct		Indirect	Direct		Indirect
	No. of Shares	% <sup>(1)</sup>		No. of Shares	% <sup>(2)</sup>	No. of Shares
Asiabio Capital	512,099,792	25.05	-	1,536,299,376	25.05	-
Fintec	-	-	<sup>(5)</sup> 512,099,792	-	-	<sup>(5)</sup> 1,536,299,376
Credit Suisse AG, Dublin Branch	133,088,000	6.51	-	399,264,000	6.51	-
Credit Suisse Group AG	-	-	<sup>(6)</sup> 206,466,200	-	-	<sup>(6)</sup> 619,398,600
						10.10

Substantial Shareholders	(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 Shares	% <sup>(3)</sup>		No. of Shares	% <sup>(4)</sup>	No. of Shares
Asiabio Capital	2,048,399,168	25.05	-	2,816,548,856	25.05	-
Fintec	-	-	<sup>(5)</sup> 2,048,399,168	-	-	<sup>(5)</sup> 2,816,548,856
Credit Suisse AG, Dublin Branch	532,352,000	6.51	-	731,984,000	6.51	-
Credit Suisse Group AG	-	-	<sup>(6)</sup> 825,864,800	-	-	<sup>(6)</sup> 1,135,564,100
						10.10

### Notes:-

- (1) Based on the issued share capital of 2,044,266,157 Shares as at the LPD.
- (2) Based on the enlarged issued share capital of 6,132,798,471 Shares.
- (3) Based on the enlarged issued share capital of 8,177,064,628 Shares.
- (4) Based on the enlarged issued share capital of 11,243,463,863 Shares.
- (5) Deemed interested by virtue of its interest in Asiabio Capital.
- (6) Deemed interested by virtue of its interest in Credit Suisse AG, Dublin Branch and Credit Suisse (Hong Kong) Limited.

## 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 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 as set out in Section 6 of this Circular.

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 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

The Company does not have any outstanding convertible securities in issue as at the LPD.

## 10. TENTATIVE TIMELINE

Subject to all relevant approvals being obtained, the Proposals are expected to be completed by the 4th quarter of 2020. The tentative timeline of events leading to the completion of the Proposals is as follows:-

Date	Events
9 October 2020	<ul style="list-style-type: none"><li>• EGM for the Proposals</li></ul>
October 2020	<ul style="list-style-type: none"><li>• Announcement of the Books Closure Date</li><li>• Listing and quotation of the Split Shares</li><li>• Announcement of the Entitlement Date</li></ul>
November 2020	<ul style="list-style-type: none"><li>• Despatch of abridged prospectus, notices of provisional allotment and rights subscription forms</li><li>• Last day for payment and acceptance of the ICPS with Warrants D</li></ul>
December 2020	<ul style="list-style-type: none"><li>• Listing and quotation of the ICPS and Warrants D</li></ul>

## 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) admission to the Official List and the initial listing and quotation of the ICPS and Warrants D;

- (c) listing and quotation of the new Shares to be issued pursuant to the conversion of the ICPS; and
- (d) listing and quotation of the new Shares to be issued pursuant to the exercise of the Warrants D.

The approval of Bursa Securities for the above was obtained on 10 September 2020, subject to the following conditions:-

Conditions		Status of compliance
(a)	Focus and Mercury Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Rights Issue of ICPS with Warrants;	To be fulfilled
(b)	Focus and Mercury Securities to inform Bursa Securities upon the completion of the Proposed Rights Issue of ICPS with Warrants;	To be fulfilled
(c)	Focus to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Rights Issue of ICPS with Warrants is completed; and	To be fulfilled
(d)	Focus to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the conversion of the ICPS and exercise of Warrants D as at the end of each quarter together with a detailed computation of listing fees payable.	To be fulfilled

- (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 Amendments are inter-conditional.

Save for the above, the Proposals are not conditional upon any other corporate exercise / scheme being or proposed to be undertaken by the Company.

## 12. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals, there are no other corporate exercises which have been announced by the Company but are pending completion before the date of this Circular.

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

None of the Directors, major Shareholders, chief executive of the Company and/or persons connected to them have any interest, 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 via excess applications), if any, to which all the Entitled Shareholders are similarly entitled to.

## 14. ADDITIONAL INFORMATION

### 14.1 Commentary on the financial performance and financial position of the Group

	Audited			Unaudited	
	Restated FYE 31 December 2017	FYE 31 December 2018	FYE 31 December 2019	3-month FPE 31 March 2019	3-month FPE 31 March 2020
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	24,024	24,210	39,077	9,947	9,279
Cost of sales	(12,172)	(11,954)	(18,683)	(4,577)	(3,822)
GP	11,852	12,256	20,394	5,370	5,457
Other operating income	17,118	6,336	3,509	179	107
Other operating expenses	(23,648)	(18,220)	(20,080)	(4,410)	(4,105)
Finance costs	(64)	(65)	(905)	(17)	(219)
Net impairment losses on financial assets	-	(2,938)	(2,237)	-	-
Share of profit on investment in joint venture	(1)	438	60	(244)	(11)
<b>PBT / (LBT)</b>	<b>5,258</b>	<b>(2,193)</b>	<b>741</b>	<b>878</b>	<b>1,230</b>
Taxation	(635)	(826)	(2,632)	(248)	(482)
<b>PAT / (LAT)</b>	<b>4,623</b>	<b>(3,019)</b>	<b>(1,891)</b>	<b>630</b>	<b>748</b>
Profit / (loss) attributable to:-					
- owners of the Company	3,180	(3,122)	(1,809)	617	748
- non-controlling interests	1,443	103	(81)	13	(1)
GP margin (%)	49.33	50.62	52.19	53.99	58.81
PAT / (LAT) margin (%)	19.24	(12.47)	(4.84)	6.33	8.06
Weighted average number of Shares in issue ('000)	1,477,589	1,984,811	2,042,866	2,041,954	2,044,266
EPS / (LPS)					
- basic (sen)	0.22	(0.16)	(0.09)	0.03	0.04
- diluted (sen)	0.19	(2)(0.16)	(2)(0.09)	0.03	(3)0.04
Dividend (sen)	-	-	-	-	-

**Notes:-**

- (1) Negligible.
- (2) Diluted LPS is equal to the basic LPS as the conversion of options granted under the previous employees' share option scheme of the Company and warrants into Shares would be anti-dilutive in view that the Company was loss-making.
- (3) Diluted EPS is equal to the basic EPS as there were no securities convertible into Shares.

**(i) 3-month FPE 31 March 2020 vs 3-month FPE 31 March 2019**

The Group's revenue for 3-month FPE 31 March 2020 decreased by RM0.67 million or 6.72% as compared to the previous corresponding period. The lower revenue was mainly due to lower sales across the F&B segment following the implementation of the MCO from 18 March 2020 by the Government of Malaysia to curb the spread of COVID-19.

Despite the lower revenue, the Group recorded a higher GP of RM5.46 million (GP margin of 58.81%) in 3-month FPE 31 March 2020 as compared to a GP of RM5.37 million (GP margin of 53.99%) in the previous corresponding period, representing an increase of 1.68%. This was mainly due to higher sales of own imported wines which have higher GP margin.



In line with the higher GP, the Group recorded a higher PAT of RM0.75 million in 3-month FPE 31 March 2020 as compared to a PAT of RM0.63 million in the previous corresponding period, representing an increase of 19.05%.

**(ii) FYE 31 December 2019 vs FYE 31 December 2018**

The Group's revenue for FYE 31 December 2019 increased by RM14.87 million or 61.41% as compared to the previous financial year. The higher revenue was mainly due to the opening and operation of the Group's entertainment bar known as '*Bounce*' towards the end of 2018.

In line with the higher revenue, the Group recorded a higher GP of RM20.39 million (GP margin of 52.19%) in FYE 31 December 2019 as compared to a GP of RM12.26 million (GP margin of 50.62%) in the previous financial year. The higher GP was mainly due to the additional sales contributed by '*Bounce*'.

In line with the higher GP, the Group recorded a lower LAT of RM1.89 million in FYE 31 December 2019 as compared to a LAT of RM3.02 million in the previous financial year, representing a decrease of 37.42%. The higher GP was partly offset by the following:-

- (a) higher other operating expenses of RM20.08 million in FYE 31 December 2019 (FYE 31 December 2018: RM18.22 million) due to additional expenses incurred arising from the opening and operation of '*Bounce*'; and
- (b) lower other operating income of RM3.51 million in FYE 31 December 2019 (FYE 31 December 2018: RM6.34 million) due to lower income from rental of car park and billboard as a result of conversion of part of the rental space into construction site as well as absence of reversal of impairment loss on property, plant and equipment of RM1.08 million as described in Section 14.1 (iii) below.

**(iii) FYE 31 December 2018 vs FYE 31 December 2017**

The Group's revenue for FYE 31 December 2018 remained relatively unchanged at RM24.21 million as compared to RM24.02 million in the previous financial year, representing a slight increase of 0.79%.

Similarly, the Group's GP remained relatively unchanged at RM12.26 million (GP margin of 50.62%) in FYE 31 December 2018 as compared to a GP of RM11.85 million (GP margin of 49.33%) in the previous financial year.

Despite the relatively unchanged GP, the Group recorded a LAT of RM3.02 million in FYE 31 December 2018 as compared to a PAT of RM4.62 million in the previous financial year. This was mainly due to:-

- (a) lower other operating income of RM6.34 million in FYE 31 December 2018 (FYE 31 December 2017: RM17.12 million) due to lower rental income from car park and billboard as a result of conversion of part of the rental space into construction site as well as absence of a one-off gain on disposal of property, plant and equipment of RM2.02 million in the previous financial year;
- (b) an impairment loss on trade and other receivables amounting RM2.94 million in 31 FYE 31 December 2018 (FYE 31 December 2017: nil) as a result of the non-collectability of certain debts.

The above was partly offset by:-

- (a) lower other operating expenses of RM18.22 million for FYE 31 December 2018 (FYE 31 December 2017: RM23.65 million) as a result of lower rental of premises following the closure of a few loss-making outlets; and
- (b) a one-off reversal of impairment loss on property, plant and equipment amounting RM1.08 million for 31 FYE 31 December 2018 (FYE 31 December 2017: nil) due to refund by the contractor on renovation works that were not up to mark.

**(iv) FYE 31 December 2017 vs FYE 31 December 2016**

The Group's revenue for FYE 31 December 2017 increased by RM8.49 million or 54.66% as compared to the previous financial year. The higher revenue was mainly due to the opening and operation of the Group's F&B outlet known as '*LAVO Restaurant & Wine Bar*' in June 2016.

In line with the higher revenue, the Group recorded a higher GP of RM11.85 million (GP margin of 49.33%) in FYE 31 December 2017 as compared to a GP of RM6.84 million (GP margin of 44.01%) in the previous financial year. The higher GP was mainly due to the additional sales contributed by '*LAVO Restaurant & Wine Bar*'.

In line with the higher GP, the Group recorded a PAT of RM4.62 million in FYE 31 December 2017 as compared to a LAT of RM17.10 million in the previous financial year. This was also contributed by higher other operating income of RM17.12 million in FYE 31 December 2017 (FYE 31 December 2016: RM0.64 million) which in turn was contributed by the following:-

- (a) one-off gain on disposal of property, plant and equipment of RM2.02 million; and
- (b) reversal of impairment loss on trade receivables of RM1.16 million (FYE 31 December 2016: impairment loss of RM5.26 million) mainly due the collection of certain trade receivable which was previously overdue.

**14.2 Steps taken by the Group to improve its financial condition**

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 environment 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 Max Wisdom Sdn Bhd ("**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. '*Maze*' is currently out of operation as part of the Group's business rationalization measures to enhance the performance of its F&B segment.
- (vi) In November 2018, the Group launched '*Bounce*', a bar which offers beer-pong, electronic games such as console games and integrated electronic darts.
- (vii) In December 2018, the Group launched '*Wicked*', a lifestyle club that offers international DJ events and premium beverages.
- (viii) In May 2020, the Group launched its first e-commerce wine platform known as 'LavoWine.com' which offers wine, spirits, wine accessories, flowers as well as balloons online.

Since the FYE 31 December 2015, the Group has been progressively scaling down its Manufacturing Segment and eventually discontinued its Manufacturing Segment since 2016 as it has persistently continued to incur losses.

The Group's F&B segment contributed approximately 99% of the Group's total revenue for FYE 31 December 2019, making it the largest revenue contributor to the Group. The operating profit derived from the F&B segment was RM3.16 million. Moving forward, the Group's F&B segment via the operation of '*Chaze*', '*LAVO Restaurant & Wine Bar*', '*Bounce*' and '*Wicked*' is expected to contribute positively to the earnings of the Group.

### 14.3 Impact of the Proposals to the Company and its Shareholders

As set out in Section 6 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 Arch. The Arch 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 of this Circular, The Arch 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 Arch is expected to contribute positively to the future earnings of the Group via revenue contribution from The Arch'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 and preserving the Group's cash flow.

As set out in Section 9.4 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 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 Arch. Meanwhile, the Proposed Share Split is not expected to alter the total value of the Split Shares held by the Shareholders.

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

Further details on the effects of the Proposals on the NA and gearing as well as the earnings and EPS of the Group are set out in Section 9 of this Circular.

#### **14.4 Value creation to the Company and its Shareholders**

Despite the expected dilution in the consolidated EPS of the Company, the Proposed Rights Issue of ICPS with Warrants is expected to generate the benefits as disclosed in Section 14.3 above. This will aid the Company in its effort to continuously improve its financial performance and to enhance value for the Shareholders moving forward.

#### **14.5 Adequacy of the Proposals in addressing the financial requirements of the Group**

Premised on Sections 14.2, 14.3 and 14.4 above, the effects of the Proposals as set out in Section 9 of this Circular as well as the industry overview and future prospects as set out in Section 8 of this Circular, the Board is of the view that the Proposals are adequate to address the Group's financial requirements at this juncture.

Moving forward, the Group intends to focus on developing The Arch as well as explore opportunities to acquire and/or invest in new F&B assets and/or businesses, such as cloud kitchens, in its effort to maximize shareholders' value and to improve its financial position in the longer term.

### **15. BOARD'S RECOMMENDATION**

The Board, having considered the current and prospective financial position, needs and capacity of the Group, and after careful deliberation as well as taking into consideration the rationale, utilisation of proceeds 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 on a fully virtual basis from the Broadcast Venue at 18th 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, 9 October 2020 at 11.00 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 at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan, Malaysia or e-mail it to [proxy@shareworks.com.my](mailto:proxy@shareworks.com.my), not less than 48 hours before the date and time for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll. 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**

**TAY BEN SENG, BENSON**  
Executive Director

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**APPENDIX I – FURTHER INFORMATION**

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**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, for the inclusion of its name and all references thereto 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 conflict of interest which exists or is likely to exist in relation to its role as the Principal Adviser for the Proposals.

**2.2 SMITH ZANDER**

The written consent of SMITH ZANDER, being the independent market researcher, for the inclusion of its name and extracts of its IMR Report referred to in Section 8 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 conflict of interest which exists or is likely to exist in relation to its role as the independent market researcher.

**3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES****Material commitments**

Save as disclosed below, as at the LPD, the Board confirmed that there are no other material commitments incurred or known to be incurred by the Group:-

<b>Capital commitments</b>	<b>RM'000</b>
Construction works for The Arch	85,680

**Contingent liabilities**

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

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**APPENDIX I – FURTHER INFORMATION (CONT'D)**

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**4. MATERIAL LITIGATION**

As at the LPD, the Board confirmed that 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 the Board confirmed that there are no proceedings pending or threatened against the Company and/or any of 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 the Shares as transacted on Bursa Securities for the past 12 months preceding the date of this Circular are as follows:-

	High RM	Low RM
<b>2019</b>		
September	0.380	0.330
October	0.410	0.340
November	0.390	0.335
December	0.505	0.355
<b>2020</b>		
January	0.695	0.490
February	0.790	0.605
March	0.760	0.545
April	0.685	0.495
May	0.740	0.620
June	0.875	0.690
July	1.400	0.845
August	2.600	1.370
Last transacted market price on 17 August 2020, being the last Market Day immediately prior to the first announcement of the Proposals	2.000	
Last transacted market price on the LPD	2.200	

(Source: Bloomberg)

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**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 Constitution;
- (ii) audited consolidated financial statements of the Company for the FYE 31 December 2018 and FYE 31 December 2019;
- (iii) unaudited consolidated financial statements of the Company for the 3-month FPE 31 March 2020;
- (iv) the Undertaking;
- (v) letters of consent referred to in Section 2 of this Appendix I;
- (vi) draft Deed Poll D; and
- (vii) IMR Report referred to in Section 8 of this Circular.

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## APPENDIX II – DETAILS OF THE PROPOSED AMENDMENTS

The Constitution of the Company is proposed to be amended in the following manner:-

- (i) The Constitution of the Company shall be amended by deleting the existing Clause 19 in its entirety and substituting it with the following new Clause 19:-

Existing provisions	Proposed amendments
<p>In these Clauses, 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> <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. The ICPS shall lapse at the end of the Market Day immediately preceding the date which is the tenth (10<sup>th</sup>) anniversary from the Issue Date ("Maturity Date").</p> <p>(b) The ICPS will be listed, quoted and traded on the ACE Market of Bursa Securities, subject to a minimum of 100 holders of ICPS.</p> <p>(c) The new ordinary shares to be issued arising from the conversion of the ICPS will be listed and quoted on Bursa Securities.</p> <p>(d) 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> <p>(e) The ICPS shall be transferable in the manner provided under the Securities Industry (Central Depositories) Act, 1991 and the Rules.</p>	<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>(b) The ICPS shall lapse at the end of the Market Day immediately preceding the date which is the tenth (10<sup>th</sup>) anniversary from the Issue Date ("Maturity Date").</p> <p>(c) The ICPS will be listed, quoted and traded on the ACE Market of Bursa Securities, subject to a minimum of 100 holders of ICPS.</p> <p>(d) The new ordinary shares to be issued arising from the conversion of the ICPS will be listed and quoted on Bursa Securities.</p> <p>(e) 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> <p>(f) The ICPS shall be transferable in the manner provided under the Securities Industry (Central Depositories) Act, 1991 and the Rules.</p>

## APPENDIX II – DETAILS OF THE PROPOSED AMENDMENTS (CONT'D)

Existing provisions	Proposed amendments
<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> <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 Clause 19(4) ("<b>Rights of the holders of ICPS</b>") 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 <i>pro rata</i> 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>	<p>(e) In the event the ICPS become unlisted, 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. 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 Company has full discretion over the declaration of dividends, if any. Dividends declared and payable annually in arrears are non-cumulative and shall be paid in priority over the ordinary shares.</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 in respect of the ordinary shares; 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 Clause 19(4) ("<b>Rights of the holders of ICPS</b>") below.</p>

## APPENDIX II – DETAILS OF THE PROPOSED 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> <p>(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);</p> <p>(b) on a proposal for the sale of the whole of the Company's property, business and undertaking;</p> <p>(c) on a proposal that directly affects the rights and privileges attached to the ICPS;</p> <p>(d) on a proposal to wind-up the Company; and</p> <p>(e) during the winding-up of the Company.</p> <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>	<p>In the event of liquidation or winding-up of the Company:-</p> <p>(a) the assets of the Company shall be distributed to the holders of ICPS in full of the amount which is equal to the Issue Price for each ICPS in preference over the holders of the ordinary shares, 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> <p>(4) <u>Rights of the holders of ICPS</u></p> <p>The ICPS holders shall not have the right to vote at any general meeting of the Company except with regard to:-</p> <p>(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);</p> <p>(b) on a proposal for the sale of the whole of the Company's property, business and undertaking;</p> <p>(c) on a proposal that directly affects the rights and privileges attached to the ICPS;</p> <p>(d) on a proposal to wind-up the Company; and</p> <p>(e) during the winding-up of the Company.</p> <p>in which case, the ICPS holders shall be entitled to vote at any general meeting whereby every 10 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 10 ICPS for every 1 new ordinary share.</p> <p>The ICPS holders shall be entitled to receive notice of meetings, reports and accounts, and attend meetings and vote at any class meeting of the holders of the ICPS in relation to any proposal by the Company to vary or abrogate the rights of the ICPS as stated in the Constitution.</p>

## APPENDIX II – DETAILS OF THE PROPOSED 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 ("<b>Conversion Mode</b>"):-</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 ("<b>Conversion Ratio</b>"); 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 ("<b>Conversion Period</b>").</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> <p>(v) The conversion price of the ICPS shall be based on the Issue Price multiplied by the conversion ratio of 5 ICPS for every 1 new ordinary share ("<b>Conversion Price</b>").</p>	<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 ("<b>Conversion Mode</b>"):-</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 ten (10) ICPS for every one (1) new ordinary share ("<b>Conversion Ratio</b>"); 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 Rights / 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 ("<b>Conversion Rights</b>").</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 ("<b>Conversion Period</b>").</p> <p>(iv) Any remaining ICPS that are not converted by the Maturity Date shall be mandatorily converted into new fully-paid ordinary shares at the conversion ratio of 10 ICPS for every 1 new ordinary share.</p>

## APPENDIX II – DETAILS OF THE PROPOSED 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 ("<b>Conversion Notice</b>") 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 ("<b>Converting ICPS Holder</b>") 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> <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 ("<b>Conversion Shares</b>"), 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>(v) The conversion price of the ICPS to be converted into 1 new ordinary share shall be based on the Issue Price multiplied by the conversion ratio of 10 ICPS for every 1 new ordinary share ("<b>Conversion Price</b>").</p> <p>(c) <u>Conversion Mechanism</u></p> <p>(i) The conversion of the ICPS into new ordinary shares shall be exercised by the relevant holder of ICPS or his/her/its agent, nominee or attorney by 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 ("<b>Conversion Notice</b>") and the 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 Conversion Price, if any, to the office of the share 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 at the share registrar's office. A holder of the ICPS who has issued a Conversion Notice ("<b>Converting ICPS Holder</b>") 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 and received by the Company at the share registrar's office, the Converting ICPS Holder shall not sell, transfer, dispose or otherwise encumber the ICPS in respect of which the Conversion Rights has been exercised.</p>

## APPENDIX II – DETAILS OF THE PROPOSED AMENDMENTS (CONT'D)

Existing provisions	Proposed amendments
<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> <ul style="list-style-type: none"> <li>(i) a bonus issue of ordinary shares by the Company; or</li> <li>(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</li> <li>(iii) a rights issue of ordinary shares or convertible securities by the Company; or</li> <li>(iv) a consolidation of shares, subdivision of shares or reduction of capital; or</li> <li>(v) any other circumstances deemed necessary by the Board, 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.</li> </ul> <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 pari passu 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>(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> <ul style="list-style-type: none"> <li>(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 Rights, credited as fully paid-up ("<b>Conversion Shares</b>"), and shall cause the securities account of the said holders to be credited with such number of Conversion Shares; and</li> <li>(B) dispatch a notice of allotment to the relevant Converting ICPS Holders in respect of the Conversion Shares.</li> </ul> <p>(iv) 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 may be adjusted at the determination of the Board, in all or any of the following events:-</p> <ul style="list-style-type: none"> <li>(i) a bonus issue of ordinary shares by the Company; or</li> <li>(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</li> <li>(iii) a rights issue of ordinary shares or convertible securities by the Company; or</li> </ul>

## APPENDIX II – DETAILS OF THE PROPOSED AMENDMENTS (CONT'D)

Existing provisions	Proposed amendments
<p>(6) <u>Redemption</u></p> <p>The ICPS shall not be redeemable for cash.</p> <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>	<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, 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>

## APPENDIX II – DETAILS OF THE PROPOSED 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 Rights 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

[Registration No. 200201015261 (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**") will be held on a fully virtual basis from the Broadcast Venue at 18th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Friday, 9 October 2020 at 11.00 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:-

#### SPECIAL RESOLUTION 1

##### **PROPOSED SHARE SPLIT INVOLVING THE SUBDIVISION OF EVERY 1 EXISTING ORDINARY SHARE IN FOCUS ("FOCUS SHARE" OR "SHARE") INTO 3 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 1 Focus Share 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 3 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

##### **PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 2,044,266,157 NEW IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES IN FOCUS ("ICPS") TOGETHER WITH UP TO 3,066,399,235 FREE DETACHABLE WARRANTS IN FOCUS ("WARRANTS D") ON THE BASIS OF 2 ICPS TOGETHER WITH 3 FREE WARRANTS D FOR EVERY 6 SPLIT 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 Special Resolution 1 and Special Resolution 2 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 2,044,266,157 ICPS together with up to 3,066,399,235 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 renounee(s), on the basis of 2 ICPS together with 3 Warrants D for every 6 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 Constitution 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 of the Circular to Shareholders dated 17 September 2020 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 2**

### **PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY (“PROPOSED AMENDMENTS”)**

“**THAT** subject to the passing of the Special Resolution 1 and Ordinary Resolution, approval be and is hereby given to the Company to authorise the Proposed Amendments in the manner as set out in Appendix II of the Circular to Shareholders dated 17 September 2020.

**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 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 Amendments.”

By Order of the Board

**FOCUS DYNAMICS GROUP BERHAD**

**WONG YUET CHYN**

**(MAICSA 7047163)**

**(SSM PC 202008002451)**

Company Secretary

Kuala Lumpur

17 September 2020

#### Notes:-

1. A member of the Company entitled to attend and vote is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead.
2. A member of the Company may appoint not more than two (2) proxies to attend the meeting, provided that the member specifies the proportion of the members shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.
3. A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.
4. Where a member is an Authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”) there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, 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 (KL) or e-mail to proxy@shareworks.com.my not later than Thursday, 8 October 2020 at 11.00 a.m., and in default the instrument of proxy shall not be treated as valid.
6. An instrument appointing a proxy shall in the case of an individual, be signed by the appointor or by his attorney duly authorised in writing and in the case of a corporation, be either under its common seal or signed by its attorney or in accordance with the provision of its constitution or by an officer duly authorised on behalf of the corporation.
7. In respect of deposited securities, only members whose names appear on the Record of Depositors on 1 October 2020, shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.
8. Pursuant to Rule 8.31A(1) 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.

CDS ACCOUNT NO.				-				-											
NO. OF SHARES HELD																			

**FORM OF PROXY**

I/We.....  
(FULL NAME IN BLOCK LETTERS)

(NRIC No./Passport No./Company Registration No.....)

of .....  
(FULL ADDRESS)

being a member/members of **FOCUS DYNAMICS GROUP BERHAD**, hereby appoint

<b>Name of Proxy</b>	<b>NRIC No./Passport No.</b>	<b>% of Shareholding to be Represented</b>
<b>Address</b>		
<b>Email Address / Contact Number</b>		

and/or failing him/her

<b>Name of Proxy</b>	<b>NRIC No./Passport No.</b>	<b>% of Shareholding to be Represented</b>
<b>Address</b>		
<b>Email Address / Contact Number</b>		

and/or failing him/her

<b>Name of Proxy</b>	<b>NRIC No./Passport No.</b>	<b>% of Shareholding to be Represented</b>
<b>Address</b>		
<b>Email Address / Contact Number</b>		

or failing him, the **CHAIRMAN OF THE MEETING** as my/our proxy to vote for me/us on my/our behalf at the Extraordinary General Meeting ("EGM") of the Company which will be conducted on a fully virtual basis from the Broadcast Venue at 18th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on **Friday, 9 October 2020 at 11.00 a.m.** and at any adjournment thereof.

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.	Resolutions	First Proxy "A"		Second Proxy "B"		Third Proxy "C"	
		For	Against	For	Against	For	Against
1	Special Resolution 1 Proposed Share Split						
2	Ordinary Resolution Proposed Rights Issue of ICPS with Warrants						
3	Special Resolution 2 Proposed Amendments						

\* 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 entitled to attend and vote is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead.
2. A member of the Company may appoint not more than two (2) proxies to attend the meeting, provided that the member specifies the proportion of the members shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.
3. A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.
4. Where a member is an Authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, 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 (KL) or e-mail to proxy@shareworks.com.my not later than Thursday, 8 October 2020 at 11.00 a.m., and in default the instrument of proxy shall not be treated as valid.
6. An instrument appointing a proxy shall in the case of an individual, be signed by the appointor or by his attorney duly authorised in writing and in the case of a corporation, be either under its common seal or signed by its attorney or in accordance with the provision of its constitution or by an officer duly authorised on behalf of the corporation.
7. In respect of deposited securities, only members whose names appear on the Record of Depositors on 1 October 2020, shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.
8. Pursuant to Rule 8.31A(1) 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.

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AFFIX  
STAMP

The Company Secretary  
**FOCUS DYNAMICS GROUP BERHAD**  
[Registration No. 200201015261 (582924-P)]  
No. 2-1, Jalan Sri Hartamas 8  
Sri Hartamas  
50480 Kuala Lumpur  
Wilayah Persekutuan  
Malaysia

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## FOCUS DYNAMICS GROUP BERHAD

[Registration No. 200201015261 (582924-P)]  
(Incorporated in Malaysia)

### ADMINISTRATIVE GUIDE

#### EXTRAORDINARY GENERAL MEETING (“EGM”) OF FOCUS DYNAMICS GROUP BERHAD (THE “COMPANY”)

Date	Time	Broadcast Venue
Friday, 9 October 2020	11.00 a.m.	18th Floor, Menara Lien Hoe No. 8, Persiaran Tropicana Tropicana Golf & Country Resort 47410 Petaling Jaya Selangor Darul Ehsan

In view of the COVID-19 outbreak and as part of the safety measures, the EGM will be conducted entirely through live streaming from the Broadcast Venue. This is in line with the Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020.

The Broadcast Venue is strictly for the purpose of complying with Section 327 (2) of the Companies Act, 2016 which stipulates that the Chairman of the meeting shall be at the main venue of the EGM. Shareholders of the Company (“**Shareholders**”) are **NOT REQUIRED** to be physically present **NOR ADMITTED** at the Broadcast Venue on the day of the EGM.

Shareholders will have to register to attend the EGM remotely by using the Remote Participation and Voting (“**RPV**”) Facilities, the details as set out below.

#### RPV

The EGM will be conducted through live streaming and online remote voting. You are encouraged to attend the EGM by using the RPV Facilities. With the RPV Facilities, you may exercise your rights as a Shareholder to participate (including to pose questions to the Board of Directors of the Company (“**Board**”)) and vote at the EGM.

**Individual Members** are strongly encouraged to take advantage of RPV Facilities to participate and vote remotely at the EGM. Please refer to the details as set out under RPV Facilities for information.

If an individual member is unable to attend the EGM, he/she is encouraged to appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

**Corporate Members** (through Corporate Representatives or appointed proxies) are also strongly advised to participate and vote remotely at the EGM using the RPV Facilities. Corporate Members who wish to participate and vote remotely at the EGM must contact the poll administrator, ShareWorks Sdn. Bhd. with the details set out below for assistance and will be required to provide the following documents to the Company no later than **8 October 2020 at 11.00 a.m.**:

- (i) Certificate of appointment of its Corporate Representative or Form of Proxy under the seal of the corporation;
- (ii) Copy of the Corporate Representative’s or proxy’s MyKad (front and back) / Passport; and
- (iii) Corporate Representative’s or proxy’s email address and mobile phone number.

Upon receipt of such documents, ShareWorks Sdn. Bhd. or the Company will respond to your remote participation request.

If a Corporate Member (through Corporate Representative(s) or appointed proxy(ies)) is unable to attend the EGM, the Corporate Member is encouraged to appoint the Chairman of the meeting as its proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

In respect of **Nominee Company Members**, the beneficiaries of the shares under a Nominee Company's CDS account are also strongly advised to participate and vote remotely at the EGM using RPV Facilities. Nominee Company Members who wish to participate and vote remotely at the EGM can request its Nominee Company to appoint him/her as a proxy to participate and vote remotely at the EGM. Nominee Company must contact the poll administrator, ShareWorks Sdn. Bhd. with the details set out below for assistance and will be required to provide the following documents to the Company no later than **8 October 2020 at 11.00 a.m.**:

- (i) Form of Proxy under the seal of the Nominee Company;
- (ii) Copy of the proxy's MyKad (front and back) / Passport; and
- (iii) Proxy's email address and mobile phone number.

Upon receipt of such documents, ShareWorks Sdn. Bhd. or the Company will respond to your remote participation request.

If a Nominee Company Member is unable to attend the EGM, it is encouraged to request its Nominee Company to appoint the Chairman of the meeting as its proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

Please refer to the following procedures on RPV Facilities for live streaming and remote voting at the EGM:

Procedures		Action
<b>Before the EGM</b>		
1.	Register as a participant	<ul style="list-style-type: none"> <li>Using your computer, access the website at <a href="https://rebrand.ly/FocusEGM">https://rebrand.ly/FocusEGM</a>. Click on the <b>Register Now</b> button to register for the EGM session.</li> <li>Upon submission of your registration, you will receive an email notifying you that your registration has been received and is pending verification.</li> <li>The event is powered by Cisco Webex. You are recommended to download and install Cisco Webex Meetings (available for PC, Mac, Android, and iOS). Refer to the tutorial guide posted on the same page for assistance.</li> </ul>
2.	Submit your online registration	<ul style="list-style-type: none"> <li>Registration for the EGM will be open from <b>11.00 a.m. on 17 September 2020</b> until <b>11.00 a.m. on 8 October 2020</b>. Registration is mandatory if you wish to attend the said meeting.</li> <li>Clicking on the link will redirect you to the EGM event page. Click on the <b>Register</b> button for the online registration form.</li> <li>Complete your particulars in the registration page. Your name <b>MUST</b> match your CDS account name.</li> <li>Fill in the CDS account number and indicate the number of shares that you hold.</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declarations.</li> <li>Please ensure all information given is accurate before you click <b>Submit</b> to register your remote participation. Failure to do so will result in registration being rejected.</li> <li>System will send an email to notify that your registration for remote participation is received and will be verified.</li> <li>After verification of your registration against the Record of Depositors as at 1 October 2020, the system will send you an <b>email to notify you if your registration is approved or rejected after 2 October 2020</b>.</li> <li>If your registration is rejected, you can contact ShareWorks Sdn. Bhd. or the Company for clarifications or to appeal.</li> </ul>

On the day of EGM		
3.	Attending the virtual EGM	<ul style="list-style-type: none"> <li>Two reminder emails will be sent to your inbox. First email will be sent one day before the EGM, while the second will be sent 1 hour before the EGM session.</li> <li>Click <b>Join Event</b> in the reminder email to participate the RPV.</li> <li>Please ensure you have downloaded and installed Cisco WebEx Meetings application before attending the virtual EGM.</li> </ul>
4.	Participating with live video	<ul style="list-style-type: none"> <li>You will be given a short brief about the system.</li> <li>Your microphone is muted throughout the whole session.</li> <li>If you have any questions for the Chairman / Board, you may use the <b>Q&amp;A panel</b> to send your questions. The Chairman / Board will try to respond to questions submitted by remote participants during the EGM. If there are time constraints, the responses will be e-mailed to you at the earliest possible opportunity after the meeting.</li> <li>The session will be recorded.</li> <li>Please note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at your location.</li> </ul>
5.	Online Remote Voting	<ul style="list-style-type: none"> <li>Voting session commences from <b>11.00 a.m. on 9 October 2020</b> until a time when the Chairman announces the completion of the voting session of the EGM.</li> <li>The list of resolutions for voting will appear at the right-hand side of your computer screen. You are required to indicate your votes for the resolutions within the given time frame.</li> <li>Click on the Submit button when you have completed.</li> <li>Votes cannot be changed once it is submitted.</li> </ul>
6.	End of remote participation	<ul style="list-style-type: none"> <li>Upon the announcement by the Chairman upon the closure of the EGM, the live streaming will end.</li> </ul>

### Proxy

Shareholders who appoint proxies to participate via RPV Facilities in the EGM must ensure that the duly executed proxy forms are deposited in a hard copy form at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan, Malaysia or by e-mail to proxy@shareworks.com.my, no later than Thursday, 8 October 2020 at 11.00 a.m.

If a member is unable to attend the EGM, he/she may appoint a proxy or the Chairman of the meeting as his/ her proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

Please note that if an individual member has submitted his/her Form of Proxy prior to the EGM and subsequently decides to personally participate in the EGM via RPV Facilities, the individual member shall proceed to contact ShareWorks Sdn. Bhd. or the Company with the details set out below to revoke the appointment of his/her proxy no later than **8 October 2020 at 11.00 a.m.**

### Poll Voting

The voting at the EGM will be conducted by poll in accordance with Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed ShareWorks Sdn. Bhd. as Poll Administrator to conduct the poll by way of electronic means and SharePolls Sdn. Bhd. as Scrutineers to verify the poll results.

The Scrutineers will verify and announce the poll results followed by the Chairman's declaration whether the resolution is duly passed.

### No Recording or Photography

Strictly **NO recording or photography** of the proceedings of the EGM is allowed.

### No Breakfast/Lunch Packs, Door Gifts or Food Vouchers

There will be no distribution of breakfast / lunch packs, door gifts or food vouchers.



## **Enquiry**

If you have any enquiry prior to the meeting, please contact the following officers during normal business hours from Monday to Friday (except public holidays).

### **For Registration, logging in and system related: Focus Dynamics Group Berhad**

Name : Mr. Alvin Ng  
Telephone No. : +6011-13033355  
Company Telephone No. : 1-800-88-7299  
Email : [egm@focusdynamics.com.my](mailto:egm@focusdynamics.com.my)

### **For Proxy and other matters: ShareWorks Sdn. Bhd.**

Name : Mr Fong Wee Liam / Mr Chan Wai Kien  
Telephone No. : +603-6201 1120  
Email : [proxy@shareworks.com.my](mailto:proxy@shareworks.com.my)

## **PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD**

To administer the proceedings of the EGM in orderly manner, shareholders may before the EGM, submit questions for the Board to [egm@focusdynamics.com.my](mailto:egm@focusdynamics.com.my) **no later than 8 October 2020, Thursday at 11.00 a.m.** The Board will endeavour to address the questions received at the EGM.